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EASYTRANSLATE A/S
BYGMESTERVEJ 10 2. TH., 2400 KØBENHAVN NV
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2022

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 3 July 2023**

Christian Dulong Hoff

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COMPANY DETAILS

Company	EASYTRANSLATE A/S Bygmestervej 10 2. th. 2400 Copenhagen N CVR No.: 33 24 05 62 Established: 1 October 2010 Municipality: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Christian Dulong Hoff, chairman Joachim Snebang Vanggaard Jensen Frederik Nicolai Riskær Pedersen Peter Ladegaard Michael Kai Petersen Betina Charlotte Nygaard
Executive Board	Frederik Nicolai Riskær Pedersen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of EASYTRANSLATE A/S for the financial year 1 January - 31 December 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 30 June 2023

Executive Board

Frederik Nicolai Riskær Pedersen

Board of Directors

Christian Dulong Hoff
Chairman

Joachim Snebang Vanggaard
Jensen

Frederik Nicolai Riskær Pedersen

Peter Ladegaard

Michael Kai Petersen

Betina Charlotte Nygaard

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EASYTRANSLATE A/S

Opinion

We have audited the Financial Statements of EASYTRANSLATE A/S for the financial year 1 January - 31 December 2022, which comprise Income Statement, Balance Sheet, *statement of changes in equity*, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Financial Statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

Without having affected our conclusion, we must refer to the mention in the note to the annual accounts "Information on uncertainty with respect to recognition and measurement" and "prerequisite for going concern", and the management report.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management Commentary.

Copenhagen, 30 June 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Martin Dahl Jensen
State Authorised Public Accountant
MNE no. mne34294

MANAGEMENT COMMENTARY

Principal activities

EasyTranslate is a SaaS marketplace, where the main activities of the Company are within connecting customers with freelancers services and supporting technologies.

EasyTranslate has revolutionized the market for content creation and translation solutions. Our unique platform combines a marketplace of freelancer services with an AI software tool for content creation and translation.

Our services are innately international. We are among the first companies in the world to offer AI-generated content and translation as a complete solution. At the same time, we were the first company in Northern Europe to offer generative AI for content creation. We have customers in more than 21 countries split between three different continents, so we are present in most parts of the world.

Equally important, our services allow users to test new markets and expand internationally. Our Freemium solution enables e-commerce companies to unfold their global potential, generate and translate content to promote their products, webshops and apps in 80 different target languages with 180 language combinations delivered by 782 freelancers while reducing the costs of translations significantly.

Recognition and measurement uncertainty

Development project

There is a natural uncertainty associated with the measurement of the company's development activities. It is Management's assessment that the company will in the future generate earnings that substantiate the value and the prerequisite for recognition of the current and future development costs on the company's development assets. An important prerequisite for the measurement of the development assets is a continued transformation of the business model into a subscription-based model.

Development in activities and financial and economic position

The development and activities in EasyTranslate in 2022 are mainly influenced by the following:

- Transition in business model
- Product development
- Optimisation of the organisation and operation
- Refinancing

Transition in business model

We have successfully transitioned our business model to a subscription-based platform, allowing our customers to effortlessly automate their content production flow and translation process into any language across any platform. We have achieved an impressive 250% growth in ARR in 2022 compared to the end of year 2021.

Our growth is a testament to our recurring business model's effectiveness and the value customers find in our services. As a result, we secured a significant investment of over 3 million euros led by Pride Capital Partners in January 2023.

Our recent investment from Pride Capital Partners enables us to expand our growth strategy through non-organic growth, including acquisitions, which will support our growth, not only horizontally in the market, but also vertical and by that being able to continue delivering value to our customers.

By securing 1,500 company sign-ups in the first year, we have demonstrated the profitability of our business model. Our primary goal is to deliver value to the end-user, which our software development reflects and our LTV and CAC support.

EasyTranslate financial results for 2022 were impacted by a tougher market environment, including the war in Ukraine, high inflation, and economic uncertainty. This situation led to a decrease in project-

MANAGEMENT COMMENTARY

Development in activities and financial and economic position (continued)

based translation work. On top of these challenges, we strategically shifted our business model from non-recurring to recurring revenue, which finally resulted in an uptick of 250% in recurring revenue from 2021 to 2022. However, despite our efforts to decrease costs, our gross profit shrank from DKK ('000) 24.137 in 2021 to DKK ('000) 15.751 in 2022, leading to a decreased operating result from DKK ('000) -41 in 2021 to DKK ('000) -5.479 in 2022.

To navigate this challenging context, EasyTranslate sought to optimize and strengthen its operations. Our product development strategy focuses on enhancing our position in the translation market by combining AI technology, freelance services, and translation management software in a comprehensive solution. Our platform brings all these elements together, resulting in time savings and cost-effectiveness, particularly for our e-commerce customers. Our organizational optimization involved creating an IT department in North Macedonia and reducing costs across the board, making us more streamlined and efficient.

Significant events after the end of the financial year

Understanding the financial challenges 2022 posed, we took a proactive approach early in 2023 by securing significant refinancing above DKK 20 m. This action primarily served in settling short-term and long-term debt and also converted subordinated loans into capital and added fresh capital injection. This step has solidified our financial position, enabling us to weather future storms and focus on growth.

The management therefore expects growth in both result and cashflow, and with the above-mentioned refinancing in January 2023 the Financial Statements are thus based on the going concern principle.

In addition, no events have occurred that could materially affect the Company's financial position at 31 December 2022.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
GROSS PROFIT		15.750.657	24.136.857
Staff costs.....	1	-10.831.961	-12.903.118
Depreciation, amortisation and impairment losses.....		-10.664.881	-9.511.071
OPERATING LOSS		-5.746.185	1.722.668
Income from investments in subsidiaries.....		-41.723	0
Other financial income.....		472.864	646.074
Other financial expenses.....		-2.309.460	-3.097.751
LOSS BEFORE TAX		-7.624.504	-729.009
Tax on profit/loss for the year.....	2	2.145.223	688.348
LOSS FOR THE YEAR		-5.479.281	-40.661
PROPOSED DISTRIBUTION OF PROFIT			
Allocation to reserve for net revaluation under the equity method.....		-43.495	0
Retained earnings.....		-5.435.786	-40.661
TOTAL		-5.479.281	-40.661

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Development projects completed.....		27.123.096	15.465.204
Development projects in progress and prepayments.....		3.826.886	16.846.180
Intangible assets.....	3	30.949.982	32.311.384
Other plant, machinery tools and equipment.....		256.880	357.562
Property, plant and equipment.....	4	256.880	357.562
Investments in subsidiaries.....		26.121	292.633
Rent deposit and other receivables.....		38.673	0
Financial non-current assets.....	5	64.794	292.633
NON-CURRENT ASSETS.....		31.271.656	32.961.579
Trade receivables.....		3.764.583	8.079.937
Deferred tax assets.....		1.196.316	0
Other receivables.....		1.009.553	634.639
Prepayments.....		720.630	173.272
Receivables.....		6.691.082	8.887.848
Cash and cash equivalents.....		4.184.991	9.523.501
CURRENT ASSETS.....		10.876.073	18.411.349
ASSETS.....		42.147.729	51.372.928

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK
Share capital.....		534.211	534.211
Reserve for net revaluation under the equity method.....		0	43.495
Reserve for development costs.....		24.140.986	24.340.739
Retained earnings.....		-26.389.300	-21.153.269
EQUITY.....		-1.714.103	3.765.176
Provision for deferred tax.....		0	948.907
PROVISIONS.....		0	948.907
Subordinate loan capital.....		0	3.223.808
Bank loan.....		10.000.000	13.333.333
Other non-current liabilities.....		2.396.398	3.968.162
Frozen holiday pay.....		1.402.840	1.405.795
Non-current liabilities.....	6	13.799.238	21.931.098
Subordinate loan capital.....		3.363.756	0
Bank debt.....		12.782.304	10.567.994
Prepayments from customers.....		1.233.831	2.424.588
Trade payables.....		6.341.478	4.564.814
Debt to Group companies.....		0	223.084
Other liabilities.....		3.777.410	6.947.267
Deferred income.....		2.563.815	0
Current liabilities.....		30.062.594	24.727.747
LIABILITIES.....		43.861.832	46.658.845
EQUITY AND LIABILITIES.....		42.147.729	51.372.928
Contingencies etc.	7		
Charges and securities	8		
Prerequisite for going concern	9		
Information on uncertainty with respect to recognition and measurement	10		

EQUITY

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022.....	534.211	43.495	24.340.739	-21.153.267	3.765.178
Proposed profit allocation.....		-43.495		-5.435.786	-5.479.281
Other legal bindings					
Capitalised development costs.....			7.989.358	-7.989.358	0
Transfers					
Depreciations.....			-8.189.111	8.189.111	0
Equity at 31 December 2022.....	534.211	0	24.140.986	-26.389.300	-1.714.103

NOTES

	2022 DKK	2021 DKK	Note
Staff costs			1
Average number of employees	35	38	
Wages and salaries.....	9.674.680	12.690.789	
Pensions.....	0	6.068	
Social security costs.....	312.049	202.446	
Other staff costs.....	845.232	3.815	
	10.831.961	12.903.118	
Tax on profit/loss for the year			2
Adjustment of deferred tax.....	-2.145.223	-688.348	
	-2.145.223	-688.348	
Intangible assets			3
	Development projects completed	Development projects in progress and prepayments	
Cost at 1 January 2022.....	37.514.930	16.846.179	
Transfer.....	15.686.166	-15.686.166	
Additions.....	6.461.522	2.666.873	
Cost at 31 December 2022.....	59.662.618	3.826.886	
Amortisation at 1 January 2022.....	22.049.726	0	
Amortisation for the year.....	10.489.796	0	
Amortisation at 31 December 2022.....	32.539.522	0	
Carrying amount at 31 December 2022.....	27.123.096	3.826.886	
The aim of the development projects is to further develop the Company's services and to create automatic work procedures. During the financial year, the Company has completed a series of projects.			
Property, plant and equipment		Other plant, machinery tools and equipment	4
Cost at 1 January 2022.....		4.768.453	
Additions.....		66.006	
Disposals.....		-23.398	
Cost at 31 December 2022.....		4.811.061	
Depreciation and impairment losses at 1 January 2022.....		4.411.557	
Reversal of depreciation of assets disposed of.....		-23.398	
Depreciation for the year.....		166.022	
Depreciation and impairment losses at 31 December 2022.....		4.554.181	
Carrying amount at 31 December 2022.....		256.880	

NOTES

					Note
Tangible fixed assets (continued)					4
					Note
Financial non-current assets					5
		Investments in	Rent deposit and		
		subsidiaries	other receivables		
Cost at 1 January 2022.....		292.633	0		
Additions.....		26.121	38.673		
Disposals.....		-292.633	0		
Cost at 31 December 2022.....		26.121	38.673		
Carrying amount at 31 December 2022.....		26.121	38.673		
Long-term liabilities					6
	31/12 2022	Repayment	Debt	31/12 2021	
	total liabilities	next year	outstanding	total liabilities	
			after 5 years		
Subordinate loan capital.....	3.363.756	3.363.756	0	3.223.808	
Bank loan.....	13.333.333	3.333.333	0	16.666.667	
Other non-current liabilities.....	3.798.144	1.401.746	0	5.529.090	
Frozen holiday pay.....	1.402.840	0	1.402.840	1.405.795	
	21.898.073	8.098.835	1.402.840	26.825.360	
The investors providing subordinated loans have pledged to retract for other creditors, if needed, so that the Company can meet ordinary financial liabilities.					
Contingencies etc.					7
Contingent liabilities					
As security for rent deposit, the Company has provided a guarantee of a nominal amount of DKK ('000) 499.					
The Company has entered a tenancy agreement. The notice period of the lease is 11 months, and the total tenancy commitments comprise DKK ('000) 996.					
Charges and securities					8
As security for debt of DKK ('000) 26,580, the Company has provided company charge of a nominal amount of DKK ('000) 17,000. The company charge includes the following assets, of which the carrying amount on the balance sheet date come to:					
				DKK	
Development projects completed.....				27.123.096	
Development projects in progress and prepayments.....				3.826.886	
Other plant, machinery tools and equipment.....				256.880	
Trade receivables.....				3.764.583	

NOTES**Note****Prerequisite for going concern****9**

EasyTranslate has finalised a major refinancing of more than DKK 20 m in January 2023, as planned. The refinancing will secure the future development of EasyTranslate. The refinancing includes primarily settlement of short-term and long-term debt, conversion of subordinated loans into capital and new capital injection.

Easytranslate's short-term bank debt facilities are periodically renegotiated. An agreement has not yet been concluded covering all months of 2023. It is Management's expectation that the overdraft facilities will be renegotiated in accordance with the current overdraft facilities.

Information on uncertainty with respect to recognition and measurement**10***Development project*

There is a natural uncertainty associated with the measurement of the Company's development activities. It is Management's assessment that the company will in the future generate earnings that substantiate the value and the prerequisite for recognition of the current and future development costs on the Company's development assets. An important prerequisite for the measurement of the development assets is a continued transformation of the business model into a subscription-based model.

ACCOUNTING POLICIES

The Annual Report of EASYTRANSLATE A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Revenue from the sale of services is recognised in the Income Statement when delivery is made to the buyer.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities.

Cost of sales

Cost of sales comprises services consumed in the financial year measured at cost.

Other external expenses

Other external expenses include sales and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Income from investments in subsidiaries

The proportional share of the results of subsidiaries, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold subsidiaries are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company’s development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-10 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises’ carrying equity value, calculated in accordance with the Parent Company’s accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the Income Statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.