BEIERHOLM
VI SKABER BALANCE

Factbird ApS

Nyropsgade 37, 3., 1602 København V

CVR no. 37 19 24 22

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 21.03.24

Søren Traumer Schønnemann
Dirigent

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Company information etc.

The company

Factbird ApS
Nyropsgade 37, 3.
1602 København V
CVR no.: 37 19 24 22
Financial year: 01.01 - 31.12

Executive Board

Søren Traumer Schønnemann

Board of Directors

Anders Arnum Jensen
David Owe Andreas Olsson
Jesper Lilledal Holmgaard
Lance Gregory Olmsted
Finn Hunneche

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Factbird ApS.

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 as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, March 21, 2024

Executive Board

Søren Traumer Schønnemann

Board of Directors

Anders Arnum Jensen	David Owe Andreas Olsson	Jesper Lilledal Holmgaard
Lance Gregory Olmsted	Finn Hunneche	

To the shareholder of Factbird ApS

Opinion

We have audited the financial statements of Factbird ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 company's financial position at 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 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 (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility is to read management's review and, in doing so, consider whether management's review 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review 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 of the management's review.

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 scepticism throughout the audit. We also:

- 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.

Soeborg, Copenhagen, March 21, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Anders Ladegaard
State Authorized Public Accountant
MNE-no. mne18830

Primary activities

The main activities consist of the development and sale of hardware and software (IoT Communication Technology) for advisory purposes, mainly aimed at manufacturing companies.

Factbird (formerly Blackbird) continued in 2023 its original focus on developing its unique software and hardware solution, which primarily assists manufacturing companies in measuring and monitoring production activities, making data available to the company in a structured form, and supporting Manufacturing Intelligence functions. The market for Manufacturing Intelligence functions ranges from very simple solutions to very complex ones, where we position ourselves in the absolute quality segment of the field for OEE (Overall Equipment Efficiency) solutions, live tracking, analysis, alarm setup, batch and production planning, video monitoring, analog sensor integration, energy monitoring, maintenance alarms, and a number of additional functions that support continuous improvements in a production environment.

The focus of the development activities continued to be on further developing the Hardware device called "Factbird Duo," which was developed and approved in 2022. Moreover, developing future Hardware versions that contain a stronger set of features. Additionally, throughout 2023, the software platform was further developed with a wide range of new functionalities, which, among other things, ensure that very large amounts of data can be contained and analyzed – all with a necessary high level of security. A number of new modules have been added, thereby putting the platform in a strengthened position to eventually meet a broader digital need for our core customers.

Besides the development activities, as reported in the annual report for 2022, continued focus was placed on the construction of sales channels and a commercial organization. Thus, new departments have been established and staff hired within HR, sales operations, marketing, finance/accounting, and sales. The organization has been significantly strengthened in the USA through management and increased staffing.

The management assesses that despite a continued deficit, we are delivering on the strategy set out to build a leading player in the market for developing Manufacturing Intelligence Software Solutions. The capital increase from EIFO in 2022 has contributed to us being able to successfully fulfill organizational as well as market initiatives, which have secured additional fund investment from EIFO and a new investor named Expedition Growth Capital. Expedition Growth Capital and EIFO have thus created a capital base and access to necessary liquidity totaling EUR 10 million, which has ensured the continued possibility of making necessary and strategic investments in sales, marketing, and development.

Overall, the business has grown significantly in 2023 and now has over 250 customers across 27 countries – primarily in the Nordics, Europe, and the USA.

The result for 2023 is therefore in line with the Management's expectations and considered satisfactory.

More information can be found on Factbird's website with further information about products, solutions, and case stories: www.factbird.com

Income statement

Note		2023 DKK	2022 DKK
	Gross profit	**6,570,525**	**4,692,308**
1	Staff costs	-24,188,652	-15,140,785
	Loss before depreciation, amortisation, write-downs and impairment losses	**-17,618,127**	**-10,448,477**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-618,520	-104,457
	Operating loss	**-18,236,647**	**-10,552,934**
	Financial income	237,905	95,978
	Financial expenses	-1,055,665	-317,276
	Loss before tax	**-19,054,407**	**-10,774,232**
	Tax on loss for the year	2,707,179	2,339,171
	Loss for the year	**-16,347,228**	**-8,435,061**

Proposed appropriation account		
Retained earnings	-16,347,228	-8,435,061
Total	**-16,347,228**	**-8,435,061**

Balance sheet

ASSETS

Note		31.12.23 DKK	31.12.22 DKK
	Completed development projects	11,104,331	536,700
	Acquired rights	194,132	0
	Development projects in progress	1,410,576	4,670,026
2	**Total intangible assets**	**12,709,039**	**5,206,726**
	Other fixtures and fittings, tools and equipment	387,532	243,976
3	**Total property, plant and equipment**	**387,532**	**243,976**
4	Equity investments in group enterprises	7,073	7,073
5	Deposits	702,558	695,268
	Total investments	**709,631**	**702,341**
	Total non-current assets	**13,806,202**	**6,153,043**
	Work in progress	1,308,343	290,521
	Manufactured goods and goods for resale	2,018,676	1,843,176
	Total inventories	**3,327,019**	**2,133,697**
6	Work in progress for third parties	954,702	453,373
	Trade receivables	3,821,682	2,330,807
	Receivables from group enterprises	2,012,213	375,064
	Income tax receivable	2,707,179	2,332,820
	Other receivables	165,180	524,510
	Prepayments	1,228,871	357,420
	Total receivables	**10,889,827**	**6,373,994**

Balance sheet

Note		31.12.23 DKK	31.12.22 DKK
	Cash	**72,309,381**	**16,870,487**
	Total current assets	**86,526,227**	**25,378,178**
	Total assets	**100,332,429**	**31,531,221**

EQUITY AND LIABILITIES

Note		31.12.23 DKK	31.12.22 DKK
	Share capital	390,980	281,166
	Share premium	109,695,762	35,247,908
	Reserve for development costs	12,514,907	5,206,726
	Retained earnings	-38,429,856	-14,774,447
	Total equity	**84,171,793**	**25,961,353**
7	Other payables	6,000,000	0
	Total long-term payables	**6,000,000**	**0**
	Trade payables	3,493,132	677,617
	Other payables	1,309,664	2,407,548
	Deferred income	5,357,840	2,484,703
	Total short-term payables	**10,160,636**	**5,569,868**
	Total payables	**16,160,636**	**5,569,868**
	Total equity and liabilities	**100,332,429**	**31,531,221**

8 Contingent liabilities

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Reserve for development costs	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	281,166	35,247,908	5,206,726	-14,774,447	25,961,353
Capital increase	109,814	74,447,854	0	0	74,557,668
Transfers to/from other reserves	0	0	7,308,181	-7,308,181	0
Net profit/loss for the year	0	0	0	-16,347,228	-16,347,228
Balance as at 31.12.23	390,980	109,695,762	12,514,907	-38,429,856	84,171,793

	2023 DKK	2022 DKK

1. Staff costs

	2023 DKK	2022 DKK
Wages and salaries	22,790,682	14,291,035
Pensions	1,044,948	671,752
Other social security costs	353,022	177,998
Total	24,188,652	15,140,785
Average number of employees during the year	25	23

2. Intangible assets

Figures in DKK	Completed developmen t projects	Acquired rights	Developmen t projects in progress	Total
Cost as at 01.01.23	585,491	0	4,670,026	5,255,517
Additions during the year	6,369,328	240,991	1,338,291	7,948,610
Transfers during the year to/from other items	4,597,741	0	-4,597,741	0
Cost as at 31.12.23	11,552,560	240,991	1,410,576	13,204,127
Amortisation and impairment losses as at 01.01.23	-48,791	0	0	-48,791
Amortisation during the year	-399,438	-46,859	0	-446,297
Amortisation and impairment losses as at 31.12.23	-448,229	-46,859	0	-495,088
Carrying amount as at 31.12.23	11,104,331	194,132	1,410,576	12,709,039

3. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.01.23	341,834
Additions during the year	414,927
Disposals during the year	-99,148
Cost as at 31.12.23	657,613
Depreciation and impairment losses as at 01.01.23	-97,858
Depreciation during the year	-172,223
Depreciation and impairment losses as at 31.12.23	-270,081
Carrying amount as at 31.12.23	387,532

4. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.01.23	7,073
Cost as at 31.12.23	7,073
Carrying amount as at 31.12.23	7,073

5. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.23	695,268
Additions during the year	7,290
Cost as at 31.12.23	702,558
Carrying amount as at 31.12.23	702,558

6. Work in progress for third parties

Work in progress for third parties	954,702	453,373
Total work in progress for third parties	954,702	453,373

7. Long-term payables

Figures in DKK	Outstanding debt after 5 years	Total payables at 31.12.23
Other payables	1,040,574	6,000,000
Total	1,040,574	6,000,000

8. Contingent liabilities

	31.12.23 DKK
Total contingent liabilities	4,294,773

9. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Material error

The company has identified a material error in the financial statements for 2022. The error relates to the reclassification of staff costs relating to research and development activities.

Comparative figures for 2022 have been restated in the income statement, balance sheet and notes. The accumulated effect of materiel errors has no effect on the equity at the beginning of the comparative year or the result for 2022.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising

9. Accounting policies - continued -

before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

9. Accounting policies - continued -

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise’s activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

9. Accounting policies - continued -

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	5	
Acquired rights	3	0
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on

9. Accounting policies - continued -

the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

9. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated

9. Accounting policies - continued -

depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

9. Accounting policies - continued -

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

9. Accounting policies - continued -

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

9. Accounting policies - continued -

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management’s intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

9. Accounting policies - continued -

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.