BEIERHOLM
VI SKABER BALANCE

# TinyMobileRobots ApS

Sofienlystvej 9, 8340 Malling

CVR no. 37 39 73 50

# Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 18.06.24

Anders Borne Fauerskov
Dirigent

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# Company information etc.

## The company

TinyMobileRobots ApS
Sofienlystvej 9
8340 Malling
Registered office: Århus
CVR no.: 37 39 73 50
Financial year: 01.01 - 31.12

## Executive Board

Director Daniel Lindgaard Breum

## Board of Directors

Anders Borne Fauerskov
Jens Peder Kvols Kristensen
Benjamin Junghans
Mehran Zaker

## 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 TinyMobileRobots 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.

Malling, May 1, 2024

**Executive Board**

Daniel Lindgaard Breum
Director

**Board of Directors**

| | |
|---|---|
| Anders Borne Fauerskov<br>Chairman | Jens Peder Kvols Kristensen |
| Benjamin Junghans | Mehran Zaker |

# Independent auditor's report

**To the capital owners of TinyMobileRobots ApS**

## Opinion

We have audited the financial statements of TinyMobileRobots ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet 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.

Aarhus, May 1, 2024

**Beierholm**
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Helle Damsgaard Jensen
State Authorized Public Accountant
MNE-no. mne33690

## Primary activities

The company is engaged in the development, production, sale, and support of robots designed for measuring, premarking, and striping infrastructural facilities and athletic fields.

## Development in activities and financial affairs

During the period from January 1, 2023, to December 31, 2023, the company recorded a profit/loss of DKK 12,567,391, compared to DKK 6,288,238 for the same period in 2022. Our balance sheet reflects equity of DKK 80,023,409.

Throughout 2023, the company experienced robust growth, marked by strong demand and increased sales across all markets. We successfully established new dealer agreements for infrastructure-focused robots and made significant investments in our sales channels targeting athletic fields.

Our unwavering commitment to product development remains a top priority. Anticipated product launches in 2024, coupled with comprehensive updates across our entire product line, signify our dedication to innovation and customer satisfaction.

To sustain our position as market leaders, we continue to heavily invest in the ongoing enhancement of all products and the organizational infrastructure. Despite these investments and substantial growth, we are pleased to report a profitable fiscal year.

## Subsequent events

No significant events have transpired following the conclusion of the financial year.

# Income statement

| Note | | 2023<br>DKK | 2022<br>DKK |
|---|---|---|---|
| | **Gross profit** | **36,571,503** | **21,143,755** |
| 1 | Staff costs | -11,993,712 | -10,354,338 |
| | **Profit before depreciation, amortisation, write-downs and impairment losses** | **24,577,791** | **10,789,417** |
| | Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment | -3,795,724 | -2,193,363 |
| | Other operating expenses | -2,773,207 | 0 |
| | **Operating profit** | **18,008,860** | **8,596,054** |
| 2 | Financial income | 1,369,754 | 127,091 |
| | Financial expenses | -3,560,423 | -1,236,086 |
| | **Profit before tax** | **15,818,191** | **7,487,059** |
| | Tax on profit for the year | -3,250,800 | -1,198,821 |
| | **Profit for the year** | **12,567,391** | **6,288,238** |

**Proposed appropriation account**

| | 2023 | 2022 |
|---|---|---|
| Retained earnings | 12,567,391 | 6,288,238 |
| **Total** | **12,567,391** | **6,288,238** |

# Balance sheet

## ASSETS

| Note | | 31.12.23 DKK | 31.12.22 DKK |
|---|---|---|---|
| | Completed development projects | 26,912,239 | 16,861,315 |
| 3 | **Total intangible assets** | **26,912,239** | **16,861,315** |
| | Leasehold improvements | 1,202,386 | 925,953 |
| | Other fixtures and fittings, tools and equipment | 1,109,220 | 510,568 |
| | **Total property, plant and equipment** | **2,311,606** | **1,436,521** |
| 4 | Equity investments in group enterprises | 199,621 | 1 |
| | Deposits | 657,406 | 341,663 |
| | **Total investments** | **857,027** | **341,664** |
| | **Total non-current assets** | **30,080,872** | **18,639,500** |
| | Raw materials and consumables | 723,117 | 1,740,717 |
| | Work in progress | 6,594,527 | 7,639,975 |
| | Manufactured goods and goods for resale | 2,693,810 | 3,169,605 |
| | Prepayments for goods | 223,288 | 501,051 |
| | **Total inventories** | **10,234,742** | **13,051,348** |
| | Trade receivables | 7,215,816 | 3,167,497 |
| | Receivables from group enterprises | 63,244,708 | 19,132,111 |
| | Income tax receivable | 2,926,068 | 0 |
| | Other receivables | 403,463 | 974,640 |
| | Prepayments | 312,343 | 935,107 |
| 5 | **Total receivables** | **74,102,398** | **24,209,355** |
| | **Cash** | **28,581,497** | **3,385,493** |
| | **Total current assets** | **112,918,637** | **40,646,196** |
| | **Total assets** | **142,999,509** | **59,285,696** |

# Balance sheet

## EQUITY AND LIABILITIES

| Note | | 31.12.23 DKK | 31.12.22 DKK |
|---|---|---|---|
| | Share capital | 265,892 | 159,088 |
| | Share premium | 49,842,964 | 189,910 |
| | Reserve for development costs | 20,991,547 | 13,151,826 |
| | Retained earnings | 8,923,006 | 4,005,426 |
| | **Total equity** | **80,023,409** | **17,506,250** |
| | Provisions for deferred tax | 9,223,531 | 3,046,663 |
| | **Total provisions** | **9,223,531** | **3,046,663** |
| 6 | Convertible and profit-sharing debt instruments | 0 | 9,440,000 |
| 6 | Payables to other credit institutions | 12,316,678 | 9,731,929 |
| 6 | Other payables | 984,863 | 962,462 |
| 6 | Deferred income | 5,789,293 | 3,229,105 |
| | **Total long-term payables** | **19,090,834** | **23,363,496** |
| 6 | Short-term part of long-term payables | 7,923,081 | 2,973,178 |
| | Payables to other credit institutions | 19,469,776 | 8,505,764 |
| | Prepayments received from customers | 27,869 | 2,386 |
| | Trade payables | 4,587,287 | 1,922,603 |
| | Other payables | 2,653,722 | 1,965,356 |
| | **Total short-term payables** | **34,661,735** | **15,369,287** |
| | **Total payables** | **53,752,569** | **38,732,783** |
| | **Total equity and liabilities** | **142,999,509** | **59,285,696** |

7 Contingent liabilities
8 Charges and security

| | 2023<br>DKK | 2022<br>DKK |
|---|---|---|

## 1. Staff costs

| | 2023 DKK | 2022 DKK |
|---|---|---|
| Wages and salaries | 28,690,543 | 20,535,450 |
| Pensions | 108,000 | 0 |
| Other social security costs | 731,566 | 730,371 |
| Other staff costs | 2,050,769 | 1,327,544 |
| Staff costs recognised in assets | -19,587,166 | -12,239,027 |
| Total | 11,993,712 | 10,354,338 |
| Average number of employees during the year | 51 | 40 |

## 2. Financial income

| | 2023 DKK | 2022 DKK |
|---|---|---|
| Interest, group enterprises | 972,564 | 119,800 |
| Other interest income | 397,190 | 7,291 |
| Total | 1,369,754 | 127,091 |

## 3. Intangible assets

Development projects relate to the development of products within the Company's core business. The projects are progressing according to plan through the use of the resources allocated by Management to the development.

## 4. Equity investments in group enterprises

| Name and registered office: | Ownership interest |
|---|---|
| Subsidiaries: | |
| TinyMobileRobots US LLC, US | 100% |

## 5. Receivables

| | | |
|---|---|---|
| Receivables which fall due for payment more than 1 year after the end of the financial year | 2,847,523 | 0 |

## 6. Long-term payables

| Figures in DKK | Repayment first year | Total payables at 31.12.23 | Total payables at 31.12.22 |
|---|---|---|---|
| Convertible and profit-sharing debt instruments | 0 | 0 | 9,440,000 |
| Payables to credit institutions | 4,746,666 | 17,063,344 | 11,591,929 |
| Other payables | 0 | 984,863 | 962,462 |
| Deferred income | 3,176,415 | 8,965,708 | 4,342,283 |
| Total | 7,923,081 | 27,013,915 | 26,336,674 |

## 7. Contingent liabilities

*Lease commitments*

The company has concluded lease agreements with terms to maturity of 4-7 months and total lease payments of DKK 53k.

The company has concluded rent agreements with teams to maturity of 3-18 months and total rent payments of DKK 1,358k.

## 8. Charges and security

As security for debt to credit institutions of DKK 36.533k, a company charge has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 46.674k.

## 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.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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

### LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

### GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

## 9. Accounting policies - continued -

### INCOME STATEMENT

#### Gross profit

Gross profit comprises revenue, change in inventories of finished goods and work in progress, 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.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

#### Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

#### 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.

## 9. Accounting policies - continued -

### 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.

### 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 | 5-10 | |
| Leasehold improvements | 3-5 | 0 |
| Other plant, fixtures and fittings, tools and equipment | 3-5 | 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.

## 9. Accounting policies - continued -

### Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

### Other net financials

Interest income and interest expenses 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 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.

The company is jointly taxed with Danish and foreign consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that Danish enterprises with a tax loss receive joint taxation contributions from other Danish enterprises which have been able to use this loss to reduce their own taxable profit. Danish enterprises using tax losses of foreign enterprises settle the joint taxation contribution for the tax loss used with the administration company in which the retaxation balance is recognised as a deferred tax liability.

### BALANCE SHEET

### Intangible assets

*Completed development projects*

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

## 9. Accounting policies - continued -

development projects and development costs are recognised in the income statement in the year in which they are incurred.

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

## 9. Accounting policies - continued -

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.

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 leasehold improvements as well as other fixtures and fittings, tools and equipment.

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

## 9. Accounting policies - continued -

### 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.

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 cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

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.

### Prepayments

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

### Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost.

### Cash

Cash includes deposits in bank account.

### 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.

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

9. **Accounting policies** - continued -

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.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

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 relating to retaxation of losses previously deducted in foreign subsidiaries (international joint taxation) is recognised based on a specific assessment of the purpose of the individual subsidiary.

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.

### Payables

Convertible debt instruments are issued on terms that entitle the lender to convert the loan into equity interests in the company.

Convertible debt instruments are issued on terms that entitle the lender to convert the loan into equity interests in the company.

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

## 9. Accounting policies - continued -

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.

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.

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.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

### Deferred income

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