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FARMDROID APS
INDUSTRISVINGET 5, 6600 VEJEN
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 14 June 2024**

Kristian Vest Warming

CVR NO. 39 40 85 89

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COMPANY DETAILS

Company	FarmDroid ApS Industrisvinget 5 6600 Vejen CVR No.: 39 40 85 89 Established: 2 March 2018 Municipality: Vejen Financial Year: 1 January - 31 December
Board of Directors	Richa Hallundbæk Misri, chairman Henrik Wendelboe Peter Smedegaard Esben Hallundbæk Østergaard Kristian Vest Warming Jens Vest Warming
Executive Board	Renè Jannick Jørgensen Kristian Vest Warming Jens Vest Warming
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of FarmDroid ApS for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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.

Vejen, 14 June 2024

Executive Board

Renè Jannick Jørgensen

Kristian Vest Warming

Jens Vest Warming

Board of Directors

Richa Hallundbæk Misri
Chairman

Henrik Wendelboe

Peter Smedegaard

Esben Hallundbæk Østergaard

Kristian Vest Warming

Jens Vest Warming

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FarmDroid ApS

Opinion

We have audited the Financial Statements of FarmDroid ApS for the financial year 1 January - 31 December 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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.

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:

- 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.

INDEPENDENT AUDITOR'S REPORT

- *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 Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 of Management Commentary.

Esbjerg, 14 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mikael Grosbøl
State Authorised Public Accountant
MNE no. mne33707

MANAGEMENT COMMENTARY

Principal activities

The company's activities include the production and sale of its commercial field robot, along with the development of additional innovative solutions for sustainable efficiency and automation in agriculture, focusing on crop cultivation.

Development in activities and financial and economic position

The company's income statement for 2023 shows a result of DKK (1,167,153), and the company's balance sheet as of December 31, 2023, shows equity of DKK 14,590,716.

Despite a challenging market for arable farming equipment, the company achieved moderate growth in gross profit of approximately 9%.

The group of owners has positive expectations for the company's future growth potential. Therefore, during the financial year, all owners made a proportional capital contribution. This contribution was made to secure core competencies, develop new products, and explore new markets.

In the coming year, the focus will continue to be on growth in existing markets and the roll-out of the company's Spot-Applications-System, which is designed to significantly reduce the use of plant protection products for conventional crop growers.

Significant events after the end of the financial year

No events have occurred after the balance sheet date that significantly impact the assessment of the annual report.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT		32,071,552	29,801,318
Staff costs.....	1	-24,945,687	-18,185,650
Depreciation, amortisation and impairment losses for tangible and intangible assets.....	2	-5,310,834	-3,755,806
Other operating expenses.....		-68,353	-67,097
OPERATING PROFIT		1,746,678	7,792,765
Other financial income.....		5,504	92,294
Other financial expenses.....	3	-3,325,335	-1,086,765
LOSS BEFORE TAX		-1,573,153	6,798,294
Tax on profit/loss for the year.....	4	406,000	-964,818
LOSS FOR THE YEAR		-1,167,153	5,833,476
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		-1,167,153	5,833,476
TOTAL		-1,167,153	5,833,476

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Completed development projects.....		9,176,448	11,816,948
Acquired patents, trademarks and similar rights.....		311,223	378,109
Development projects in progress.....		13,149,383	4,988,759
Intangible assets.....	5	22,637,054	17,183,816
Other plant, fixtures and equipment.....		2,629,704	3,703,713
Leasehold improvements.....		968,528	957,415
Property, plant and equipment.....	6	3,598,232	4,661,128
Rent deposit and other receivables.....		622,000	622,000
Financial non-current assets.....	7	622,000	622,000
NON-CURRENT ASSETS.....		26,857,286	22,466,944
Raw materials and consumables.....		26,064,874	31,116,418
Prepayments.....		729,595	1,747,612
Inventories.....		26,794,469	32,864,030
Trade receivables.....		5,697,960	1,259,774
Receivables from group enterprises.....		0	1,672
Other receivables.....		282,541	1,643,559
Prepayments.....		622,961	562,688
Receivables.....		6,603,462	3,467,693
Cash and cash equivalents.....		1,638	0
CURRENT ASSETS.....		33,399,569	36,331,723
ASSETS.....		60,256,855	58,798,667

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....		96,565	95,834
Reserve for development costs.....		17,414,148	13,108,451
Retained earnings.....		-2,919,997	263,321
EQUITY.....		14,590,716	13,467,606
Provisions for deferred tax.....		1,871,000	2,277,000
PROVISIONS.....		1,871,000	2,277,000
Convertible and interest-bearing debt instruments.....		4,303,937	1,074,745
Payables to group enterprises.....		165,080	149,854
Other non-current liabilities.....		2,660,078	2,493,807
Accruals and deferred income.....		118,929	304,929
Non-current liabilities.....	8	7,248,024	4,023,335
Bank debt.....		29,871,432	23,302,806
Prepayments from customers.....		1,326,259	2,788,332
Trade payables.....		3,386,305	11,525,742
Other liabilities.....		1,777,119	1,227,846
Deferred income.....		186,000	186,000
Current liabilities.....		36,547,115	39,030,726
LIABILITIES.....		43,795,139	43,054,061
EQUITY AND LIABILITIES.....		60,256,855	58,798,667
Contingencies etc.	9		
Charges and securities	10		

EQUITY

DKK	Share Capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023.....	95,834	13,108,451	263,321	13,467,606
Proposed profit allocation.....			-1,167,153	-1,167,153
Transactions with owners				
Capital increase.....	731		2,289,532	2,290,263
Other legal bindings				
Capitalized development costs.....		4,305,697	-4,305,697	0
Equity at 31 December 2023.....	96,565	17,414,148	-2,919,997	14,590,716

The share holders have agreed to increase the share capital with 159,600 shares with a value of 1,596 DKK. The subscription price is 313,300 DKK.

Outstanding payment of the capital increase amounts to 865 DKK with a subscription price of 2,709,920 DKK.

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	46	35	
Wages and salaries.....	22,610,453	16,529,863	
Pensions.....	1,699,798	1,035,515	
Social security costs.....	635,436	620,272	
	24,945,687	18,185,650	
 Depreciation, amortisation and impairment losses for tangible and intangible assets			2
Intangible assets.....	3,989,370	2,954,961	
Other plants, tools and equipment.....	1,321,464	800,845	
	5,310,834	3,755,806	
 Other financial expenses			3
Interest expenses to group enterprises.....	12,228	11,322	
Other interest expenses.....	3,313,107	1,075,443	
	3,325,335	1,086,765	
 Tax on profit/loss for the year			4
Adjustment of deferred tax.....	-406,000	964,818	
	-406,000	964,818	

NOTES

				Note
Intangible assets				5
DKK	Completed development projects	Acquired patents, trademarks and similar rights	Development projects in progress	
Cost at 1 January 2023.....	17,405,312	461,708	4,988,759	
Transfer.....	1,241,622	0	-1,241,622	
Additions.....	40,362	0	9,402,246	
Cost at 31 December 2023.....	18,687,296	461,708	13,149,383	
Amortisation at 1 January 2023.....	5,588,364	83,599	0	
Amortisation for the year.....	3,922,484	66,886	0	
Amortisation at 31 December 2023.....	9,510,848	150,485	0	
Carrying amount at 31 December 2023.....	9,176,448	311,223	13,149,383	

Development projects primarily concern the further development of the company's field robots for sowing and cleaning crops. The company will continue to develop in the coming years and add additional value-adding functions. The robot has been launched on the market with satisfactory commercial results and due to increasing international knowledge and increased interest in the robot, there are positive expectations for sales in the coming years.

				6
Property, plant and equipment				
DKK		Other plant, fixtures and equipment	Leasehold improvements	
Cost at 1 January 2023.....		4,951,941	1,012,424	
Additions.....		236,009	266,996	
Disposals.....		-273,239	0	
Cost at 31 December 2023.....		4,914,711	1,279,420	
Depreciation and impairment losses at 1 January 2023.....		1,248,228	55,009	
Reversal of depreciation of assets disposed of.....		-28,802	0	
Depreciation for the year.....		1,065,581	255,883	
Depreciation and impairment losses at 31 December 2023....		2,285,007	310,892	
Carrying amount at 31 December 2023.....		2,629,704	968,528	

NOTES

				Note
Financial non-current assets				7
DKK			Rent deposit and other receivables	
Cost at 1 January 2023.....			622,000	
Cost at 31 December 2023.....			622,000	
Carrying amount at 31 December 2023.....			622,000	
Long-term liabilities				8
DKK	31/12 2023	Repayment	Debt outstanding	31/12 2022
	total liabilities	next year	after 5 years	total liabilities
Convertible and interest-bearing debt instruments.....	4,303,937	0	0	1,074,745
Payables to group enterprises.....	165,080	0	0	149,854
Other non-current liabilities.....	2,660,078	0	0	2,905,079
Accruals and deferred income.....	304,929	186,000	0	490,929
Frozen holiday pay.....	0	0	144,089	0
	7,434,024	186,000	144,089	4,620,607
Contingencies etc.				9
			2023	2022
			DKK	DKK
Lease liabilities (operating leases), until maturity:				
Within 1 year.....			465,281	279,339
From 1-5 years.....			753,341	403,165
			1,218,622	682,504
Rental agreements until maturity:				
Within 1 year.....			933,000	1,244,000
From 1-5 years.....			0	933,000
			933,000	2,177,000
Joint liabilities				
The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.				
Tax payable on the Group's joint taxable income is stated in the annual report of JK Warming Holding ApS, which serves as management Company for the joint taxation.				

NOTES**Note****Charges and securities****10**

Bank loans are secured by way of a company mortgage deed registered to the mortgagor of DKK 000' 25.000 nominal in receivables, inventory, operating equipment and material and immaterial rights, etc., at a total carrying amount of DKK 000' 59.009.

ACCOUNTING POLICIES

The Annual Report of FarmDroid ApS for 2023 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

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

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

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Engelsk

Engelsk

Other external expenses

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

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, 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.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, 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

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

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

Land and buildings, production plant and machinery, 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:

	<i>Useful life</i>
Other plant, fixtures and equipment.....	3-5 years
Leasehold improvements.....	5 years

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.

Profit or loss from sale of tangible fixed assets is stated as the difference between the sales price less costs of sale and the carrying amount at the date of sale. Profits or losses are recognised in the Income Statement.

Financial non-current assets

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

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.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

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

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

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.

ACCOUNTING POLICIES

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

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.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.