FarmDroid ApS

Industrisvinget 1, 6600 Vejen
CVR-nr. 39 40 85 89

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 26 June 2025

Richa Hallundbæk Misri

Contents

Company Details

Company	FarmDroid ApS Industrisvinget 1 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 Caroline Søeborg Ahlefeldt-Laurvig-Bille Steven Karel Bernaert Esben Hallundbæk Østergaard Kristian Vest Warming Jens Vest Warming Reynier Jan Govert Arendsen de Wolff Eduard Lodewijk Meijer	
Executive Board	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 2024.

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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

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, 12 June 2025

Executive Board

Kristian Vest Warming	Jens Vest Warming

Board of Directors

Richa Hallundbæk Misri Chairman	Caroline Søeborg Ahlefeldt-Laurvig-Bille	Steven Karel Bernaert
Esben Hallundbæk Østergaard	Kristian Vest Warming	Jens Vest Warming
Reynier Jan Govert Arendsen de Wolff	Eduard Lodewijk Meijer	

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 2024, 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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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.

Independent Auditor's Report

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.

- 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.

Independent Auditor's Report

Esbjerg, 12 June 2025

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 robots, as well as the continued development of innovative solutions aimed at sustainable efficiency and automation in agriculture, with a particular focus on crop cultivation.

Development in activities and financial and economic position

The company's income statement for 2024 shows a loss of 000'DKK 8,834, and the balance sheet as of 31 December 2024 shows equity of 000'DKK 46,028.

The year 2024 was marked by continued challenging market conditions within agricultural technology and arable farming equipment, which affected sales performance. Despite this, the company maintained its long-term strategy and worked diligently on product development and market expansion.

In October 2024, the company completed a capital raise, during which three new investors joined the ownership group. This provided the necessary capital to continue development, retain key competencies, and support ongoing product innovation. Tranche 2 of the capital raise is scheduled for disbursement in Q4 2025.

2025 is set to be a pivotal year for advancing innovation and market positioning, with significant sales growth expected to follow in subsequent periods. Management believes that the strengthened capital base and investor support provides a solid foundation for pursuing the company's strategic objectives and realizing its substantial medium-term growth potential. Management maintains a positive long-term outlook for the company's development and its opportunities in the agricultural technology market.

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	2024 DKK	2023 DKK
Gross profit		**20.616.696**	**32.071.552**
Staff costs	1	-21.991.788	-24.945.687
Depreciation, amortisation and impairment losses for tangible and intangible assets	2	-7.028.340	-5.310.834
Other operating expenses		-27.023	-68.353
Operating loss		**-8.430.455**	**1.746.678**
Other financial income		27.340	5.504
Other financial expenses	3	-3.117.442	-3.325.335
Loss before tax		**-11.520.557**	**-1.573.153**
Tax on profit/loss for the year	4	2.687.000	406.000
Loss for the year		**-8.833.557**	**-1.167.153**

Proposed distribution of profit		
Retained earnings	-8.833.557	-1.167.153
Total	**-8.833.557**	**-1.167.153**

Balance Sheet at 31 December

Assets

	Note	2024 DKK	2023 DKK
Completed development projects		16.351.130	9.176.448
Acquired patents, trademarks and similar rights		601.923	311.223
Development projects in progress		11.123.454	13.149.383
Intangible assets	5	**28.076.507**	**22.637.054**
Other plant, fixtures and equipment		2.340.717	2.629.704
Leasehold improvements		712.645	968.528
Property, plant and equipment	6	**3.053.362**	**3.598.232**
Rent deposit and other receivables		622.000	622.000
Financial non-current assets	7	**622.000**	**622.000**
Non-current assets		**31.751.869**	**26.857.286**
Raw materials and consumables		19.842.401	26.064.874
Finished goods and goods for resale		2.284.791	0
Prepayments		246.130	729.595
Inventories		**22.373.322**	**26.794.469**
Trade receivables		4.928.972	5.697.960
Deferred tax assets		816.000	0
Other receivables		1.381.937	282.541
Prepayments		663.391	622.961
Receivables		**7.790.300**	**6.603.462**
Cash and cash equivalents		**0**	**1.638**
Current assets		**30.163.622**	**33.399.569**
Assets		**61.915.491**	**60.256.855**

Balance Sheet at 31 December

Equity and liabilities

	Note	2024 DKK	2023 DKK
Share capital		134.189	96.565
Reserve for development costs		21.430.176	17.414.148
Retained earnings		24.463.975	-2.919.997
Equity		**46.028.340**	**14.590.716**
Provisions for deferred tax		0	1.871.000
Other provisions		371.120	0
Provisions		**371.120**	**1.871.000**
Convertible and interest-bearing debt instruments		0	4.303.937
Payables to group enterprises		121.057	165.080
Other non-current liabilities		3.225.240	2.660.078
Accruals and deferred income		118.929	118.929
Non-current liabilities	8	**3.465.226**	**7.248.024**
Bank debt		4.506.034	29.871.432
Prepayments from customers		37.336	1.326.259
Trade payables		5.291.399	3.386.305
Other liabilities		1.477.886	1.777.119
Deferred income		738.150	186.000
Current liabilities		**12.050.805**	**36.547.115**
Liabilities		**15.516.031**	**43.795.139**
Equity and liabilities		**61.915.491**	**60.256.855**
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Equity

DKK	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2024	96.565	17.414.148	-2.919.997	14.590.716
Proposed profit allocation			-8.833.557	-8.833.557
Transactions with owners				
Capital increase	37.624		40.273.784	40.311.408
Additions/disposals relating to equity by mergers and acquisitions			-40.227	-40.227
Other legal bindings				
Capitalized development costs		4.016.028	-4.016.028	0
Equity at 31 December 2024	**134.189**	**21.430.176**	**24.463.975**	**46.028.340**

Notes

	2024 DKK	2023 DKK
1 | Staff costs		
Average number of full time employees	38	46
Wages and salaries	19.349.661	22.610.453
Pensions	2.141.105	1.699.798
Social security costs	501.022	635.436
	21.991.788	**24.945.687**

2 | Depreciation, amortisation and impairment losses for tangible and intangible assets

Development projects	5.218.901	3.922.484
Aquired patents, trademarks and similar rights	70.368	66.886
Other plants, tools and equipment	1.739.071	1.321.464
	7.028.340	**5.310.834**

3 | Other financial expenses

Interest expenses to group enterprises	0	12.228
Other interest expenses	3.117.442	3.313.107
	3.117.442	**3.325.335**

4 | Tax on profit/loss for the year

Adjustment of deferred tax	-2.687.000	-406.000
	-2.687.000	**-406.000**

Notes

5 | Intangible assets

DKK	Completed development projects	Acquired patents, trademarks and similar rights	Development projects in progress
Cost at 1 January 2024	18.687.296	461.708	13.149.383
Transfer	12.371.855	0	-12.371.855
Additions	21.728	361.068	10.345.926
Cost at 31 December 2024	**31.080.879**	**822.776**	**11.123.454**
Amortisation at 1 January 2024	9.510.848	150.485	0
Amortisation for the year	5.218.901	70.368	0
Amortisation at 31 December 2024	**14.729.749**	**220.853**	**0**
Carrying amount at 31 December 2024	**16.351.130**	**601.923**	**11.123.454**

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 incresed interest om 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 2024	4.914.711	1.279.420
Additions	1.721.453	0
Disposals	-714.508	0
Cost at 31 December 2024	**5.921.656**	**1.279.420**
Depreciation and impairment losses at 1 January 2024	2.285.007	310.892
Reversal of depreciation of assets disposed of	-187.256	0
Impairment losses	353.556	0
Depreciation for the year	1.129.632	255.883
Depreciation and impairment losses at 31 December 2024	**3.580.939**	**566.775**
Carrying amount at 31 December 2024	**2.340.717**	**712.645**

Notes

7 | Financial non-current assets

DKK	Rent deposit and other receivables
Cost at 1 January 2024	622.000
Cost at 31 December 2024	**622.000**
Carrying amount at 31 December 2024	**622.000**

8 | Long-term liabilities

DKK	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Convertible and interest-bearing debt instruments	0	0	0	4.303.937
Payables to group enterprises	121.057	0	0	165.080
Other non-current liabilities	3.865.240	640.000	149.000	2.660.078
Accruals and deferred income	118.929	0	0	304.929
	4.105.226	**640.000**	**149.000**	**7.434.024**

9 | Contingencies etc.

	2024 DKK	2023 DKK
Lease liabilities (operating leases), until maturity:		
Within 1 year	503.544	465.281
From 1-5 years	190.452	753.341
	693.996	**1.218.622**

Rental agreements until maturity:		
Within 1 year	274.120	933.000
From 1-5 years	548.240	0
	822.360	**933.000**

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

10 | Charges and securities
Bank loans are secured by way of a company mortgage deed registered to the mortgagor of DKK 000' 26.000 nominal in receivables, inventory, operating equipment and material and immaterial rights, etc., at a total carrying amount of DKK 000' 61.838.

11 | Going concern assumptions
The company has evaluated its ability to sustain operations for at least 12 months following the end of the financial year. This evaluation is predicated on the anticipated capital increase in October, which will bolster the company's financial position, ensuring it can fulfill its obligations and continue as a going concern.

An investment agreement has been executed, structured in three tranches. The first tranche was completed upon signing the agreement, with subsequent tranches scheduled for the 1st of October 2025. The capital increase will amount to approximately 000'DKK 35,388

The investment will be utilized to enhance the company's capital structure and support the ongoing development of its autonomous agricultural robot, which employs high-precision GPS technology for sustainable seeding and weeding of various crops. This capital injection will thus ensure the company can maintain its operations and growth trajectory as planned.

12 | Information on uncertainties at recognition and measurement
The company continuously invests in the development of advanced agricultural robots, where the recognition and measurement of development costs involve significant forward-looking uncertainty.

The assessment of when a project meets the criteria for capitalization relies on management’s judgment regarding technological feasibility, expected market acceptance, and future economic benefits. As the agricultural robotics market is characterized by rapid technological advancement and evolving regulatory and commercial conditions, changes in these assumptions may impact the accounting treatment.

Management continuously monitors the progress of development projects and reassesses them when new information arises that may affect recognition or measurement.

Despite the inherent uncertainties, management maintains a positive long-term outlook for the agricultural robotics sector and the company’s role within it.

Accounting Policies

The Annual Report of FarmDroid ApS for 2024 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.

Own work capitalised
Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

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.

Accounting Policies

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.

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.

Property, plant and equipment
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:

	Useful life
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.

Accounting Policies

Financial non-current assets
Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Impairment of fixed assets
The carrying amount of intangible fixed and property, plant and equipment 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.

Accounting Policies

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

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.

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.