



Chromaviso A/S

Finlandsgade 25 A
8200 Aarhus N
CVR No. 27525202

Annual report 2022

The Annual General Meeting adopted the
annual report on 12.06.2023

Anders Kristian Kryger Nielsen
Chairman of the General Meeting

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Entity details

Entity

Chromaviso A/S
Finlandsgade 25 A
8200 Aarhus N

Business Registration No.: 27525202
Registered office: Aarhus
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Steen Hvidt
Claus Munch Puggaard
Anders Kristian Kryger Nielsen
Jacob Printz
Niels Holst Svenningsen
Thomas Charles Marie Delalande

Executive Board

Anders Kristian Kryger Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Chromaviso A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 12.06.2023

Executive Board

Anders Kristian Kryger Nielsen

Board of Directors

Steen Hvidt

Claus Munch Puggaard

Anders Kristian Kryger Nielsen

Jacob Printz

Niels Holst Svenningsen

Thomas Charles Marie Delalande

Independent auditor's report

To the shareholders of Chromaviso A/S

Opinion

We have audited the financial statements of Chromaviso A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including 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 Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Aarhus, 12.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Jacob Nørmark

State Authorised Public Accountant

Identification No (MNE) mne30176

Management commentary

Primary activities

The Company's primary activity is to develop and deliver health-promoting light solutions to hospitals, the psychiatric sector and the nursing sector.

Further information about the company activities can be found at www.chromaviso.com or [LinkedIn/Chromaviso](https://www.linkedin.com/company/chromaviso).

Development in activities and finances

The financial result for the year with a profit after tax of 998 t. DKK is considered satisfactory.

There is satisfaction with the technological and market development, where the company is making good progress with its health-promoting lighting concepts in Denmark, Sweden and the other Nordic countries.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022

| | Notes | 2022 DKK | 2021 DKK |
|--|-------|------------------|--------------------|
| Gross profit/loss | | 9,515,609 | 2,646,796 |
| Staff costs | 1 | (5,011,513) | (5,116,100) |
| Depreciation, amortisation and impairment losses | | (1,837,614) | (1,481,320) |
| Operating profit/loss | | 2,666,482 | (3,950,624) |
| Income from investments in group enterprises | | 616,586 | 400,712 |
| Other financial income | 2 | 580,507 | 573,665 |
| Other financial expenses | 3 | (2,005,049) | (1,823,728) |
| Profit/loss before tax | | 1,858,526 | (4,799,975) |
| Tax on profit/loss for the year | 4 | (859,785) | 1,376,501 |
| Profit/loss for the year | | 998,741 | (3,423,474) |
| Proposed distribution of profit and loss | | | |
| Retained earnings | | 998,741 | (3,423,474) |
| Proposed distribution of profit and loss | | 998,741 | (3,423,474) |

Balance sheet at 31.12.2022

Assets

| | Notes | 2022 DKK | 2021 DKK |
|--|-------|-------------------|-------------------|
| Completed development projects | 6 | 9,764,422 | 10,991,893 |
| Acquired intangible assets | | 2,132,793 | 0 |
| Development projects in progress | 6 | 12,344,475 | 10,607,990 |
| Intangible assets | 5 | 24,241,690 | 21,599,883 |
| Other fixtures and fittings, tools and equipment | | 433,094 | 105,986 |
| Leasehold improvements | | 248,332 | 382,080 |
| Property, plant and equipment | 7 | 681,426 | 488,066 |
| Investments in group enterprises | | 1,400,253 | 850,946 |
| Financial assets | 8 | 1,400,253 | 850,946 |
| Fixed assets | | 26,323,369 | 22,938,895 |
| Manufactured goods and goods for resale | | 6,510,205 | 3,883,346 |
| Inventories | | 6,510,205 | 3,883,346 |
| Trade receivables | | 5,303,489 | 1,865,989 |
| Contract work in progress | 9 | 1,474,815 | 1,651,672 |
| Receivables from group enterprises | | 5,485,013 | 3,944,559 |
| Other receivables | | 417,045 | 597,103 |
| Joint taxation contribution receivable | | 931,215 | 1,093,050 |
| Prepayments | | 623,728 | 733,784 |
| Receivables | | 14,235,305 | 9,886,157 |
| Cash | | 0 | 503,333 |
| Current assets | | 20,745,510 | 14,272,836 |
| Assets | | 47,068,879 | 37,211,731 |

Equity and liabilities

| | Notes | 2022 DKK | 2021 DKK |
|--|--------------|---------------------|---------------------|
| Contributed capital | | 606,000 | 606,000 |
| Translation reserve | | 20,031 | 87,310 |
| Reserve for development expenditure | | 17,281,558 | 13,201,358 |
| Retained earnings | | (9,673,361) | (6,591,902) |
| Equity | | 8,234,228 | 7,302,766 |
| Deferred tax | | 4,355,000 | 2,564,000 |
| Provisions | | 4,355,000 | 2,564,000 |
| Bank loans | | 6,290,000 | 3,000,000 |
| Debt to other credit institutions | | 7,847,613 | 6,513,725 |
| Payables to owners and management | | 1,000,000 | 1,000,000 |
| Other payables | | 725,169 | 1,034,324 |
| Non-current liabilities other than provisions | 10 | 15,862,782 | 11,548,049 |
| Current portion of non-current liabilities other than provisions | 10 | 3,265,973 | 323,621 |
| Bank loans | | 2,027,371 | 5,000,000 |
| Prepayments received from customers | | 0 | 38,750 |
| Contract work in progress | 9 | 2,792,850 | 903,780 |
| Trade payables | | 2,701,135 | 3,500,306 |
| Payables to group enterprises | | 6,103,180 | 3,857,608 |
| Other payables | 11 | 1,578,457 | 1,927,632 |
| Deferred income | | 147,903 | 245,219 |
| Current liabilities other than provisions | | 18,616,869 | 15,796,916 |
| Liabilities other than provisions | | 34,479,651 | 27,344,965 |
| Equity and liabilities | | 47,068,879 | 37,211,731 |
| Unrecognised rental and lease commitments | 12 | | |
| Contingent liabilities | 13 | | |
| Assets charged and collateral | 14 | | |

Statement of changes in equity for 2022

| | Contributed capital DKK | Translation reserve DKK | Reserve for development expenditure DKK | Retained earnings DKK | Total DKK |
|---------------------------|-------------------------------|-------------------------------|--|-----------------------------|------------------|
| Equity beginning of year | 606,000 | 87,310 | 13,201,358 | (6,591,902) | 7,302,766 |
| Exchange rate adjustments | 0 | (67,279) | 0 | 0 | (67,279) |
| Transfer to reserves | 0 | 0 | 4,080,200 | (4,080,200) | 0 |
| Profit/loss for the year | 0 | 0 | 0 | 998,741 | 998,741 |
| Equity end of year | 606,000 | 20,031 | 17,281,558 | (9,673,361) | 8,234,228 |

Notes

1 Staff costs

| | 2022 | 2021 |
|---|------------------|------------------|
| | DKK | DKK |
| Wages and salaries | 3,633,192 | 3,721,931 |
| Pension costs | 1,202,774 | 1,136,575 |
| Other social security costs | 0 | 163,981 |
| Other staff costs | 175,547 | 93,613 |
| | 5,011,513 | 5,116,100 |
| Number of employees at balance sheet date | 23 | 17 |

2 Other financial income

| | 2022 | 2021 |
|---|----------------|----------------|
| | DKK | DKK |
| Financial income from group enterprises | 574,892 | 330,706 |
| Other interest income | 0 | 242,959 |
| Exchange rate adjustments | 5,615 | 0 |
| | 580,507 | 573,665 |

3 Other financial expenses

| | 2022 | 2021 |
|---|------------------|------------------|
| | DKK | DKK |
| Financial expenses from group enterprises | 375,344 | 275,000 |
| Exchange rate adjustments | 59,415 | 0 |
| Other financial expenses | 1,570,290 | 1,548,728 |
| | 2,005,049 | 1,823,728 |

4 Tax on profit/loss for the year

| | 2022 | 2021 |
|------------------------|----------------|--------------------|
| | DKK | DKK |
| Current tax | (931,215) | (820,501) |
| Change in deferred tax | 1,791,000 | (556,000) |
| | 859,785 | (1,376,501) |

5 Intangible assets

| | Completed development projects DKK | Acquired intangible assets DKK | Development projects in progress DKK |
|---|---|---|---|
| Cost beginning of year | 18,357,035 | 0 | 10,607,990 |
| Transfers | (788,036) | 3,284,345 | (2,496,309) |
| Additions | 0 | 49,885 | 4,232,794 |
| Disposals | (1,993,583) | (164,064) | 0 |
| Cost end of year | 15,575,416 | 3,170,166 | 12,344,475 |
| Amortisation and impairment losses beginning of year | (7,365,142) | 0 | 0 |
| Transfers | 890,131 | (890,131) | 0 |
| Amortisation for the year | (1,298,346) | (311,306) | 0 |
| Reversal regarding disposals | 1,962,363 | 164,064 | 0 |
| Amortisation and impairment losses end of year | (5,810,994) | (1,037,373) | 0 |
| Carrying amount end of year | 9,764,422 | 2,132,793 | 12,344,475 |

6 Development projects

The Company's development projects in progress consist of development of projects to support the Company's primary activity and to further develop the Company's products. The development projects are transferred to completed development projects when completed and are all expected to generate profits in future. The development projects recognised proceed as expected.

7 Property, plant and equipment

| | Other fixtures and fittings, tools and equipment DKK | Leasehold improvements DKK |
|---|--|----------------------------------|
| Cost beginning of year | 1,008,820 | 700,749 |
| Additions | 421,323 | 0 |
| Disposals | (748,777) | (32,000) |
| Cost end of year | 681,366 | 668,749 |
| Depreciation and impairment losses beginning of year | (902,834) | (318,669) |
| Depreciation for the year | (94,212) | (133,750) |
| Reversal regarding disposals | 748,774 | 32,002 |
| Depreciation and impairment losses end of year | (248,272) | (420,417) |
| Carrying amount end of year | 433,094 | 248,332 |

8 Financial assets

| | Investments in group enterprises DKK |
|------------------------------------|---|
| Cost beginning of year | 2,163,180 |
| Cost end of year | 2,163,180 |
| Revaluations beginning of year | (1,312,234) |
| Exchange rate adjustments | (67,279) |
| Share of profit/loss for the year | 616,586 |
| Revaluations end of year | (762,927) |
| Carrying amount end of year | 1,400,253 |

9 Contract work in progress

| | 2022 DKK | 2021 DKK |
|---|------------------|------------------|
| Contract work in progress | 28,153,172 | 10,468,922 |
| Progress billings regarding contract work in progress | (29,471,207) | (9,721,030) |
| Transferred to liabilities other than provisions | 2,792,850 | 903,780 |
| | 1,474,815 | 1,651,672 |

10 Non-current liabilities other than provisions

| | Due within 12 months 2022 DKK | Due within 12 months 2021 DKK | Due after more than 12 months 2022 DKK | Outstanding after 5 years 2022 DKK |
|-----------------------------------|--|--|--|---|
| Bank loans | 1,390,000 | 0 | 6,290,000 | 250,000 |
| Debt to other credit institutions | 1,875,973 | 323,621 | 7,847,613 | 53,511 |
| Payables to owners and management | 0 | 0 | 1,000,000 | 1,000,000 |
| Other payables | 0 | 0 | 725,169 | 725,169 |
| | 3,265,973 | 323,621 | 15,862,782 | 2,028,680 |

11 Other payables

| | 2022 DKK | 2021 DKK |
|--|------------------|------------------|
| VAT and duties | 689,233 | 0 |
| Wages and salaries, personal income taxes, social security costs, etc. payable | 427,390 | 860,369 |
| Other costs payable | 461,834 | 1,067,263 |
| | 1,578,457 | 1,927,632 |

12 Unrecognised rental and lease commitments

| | 2022 | 2021 |
|--|------------------|------------------|
| | DKK | DKK |
| Liabilities under rental or lease agreements until maturity in total | 1,980,942 | 2,587,052 |

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Chromaviso Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14 Assets charged and collateral

The Company has granted a floating charge of DKK 15,000k on trade receivables, inventories, goodwill, operating equipment and vehicles. The value of the floating charge is DKK 12,495k at 31.12.2022.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year with a few reclassifications.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in

question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | Useful life |
|--|--------------------|
| Other fixtures and fittings, tools and equipment | 3/5 |
| Leasehold improvements | 5 |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a

loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments are written down to the lower of recoverable amount and carrying amount.

The accounting policies applied to material financial statement items of group enterprises are:

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.