



Turf Tank ApS

Lansen 15
9230 Svenstrup J
CVR No. 36722436

Annual report 2022

The Annual General Meeting adopted the
annual report on 05.07.2023

Henrik Kluug Sørensen
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2022	8
Balance sheet at 31.12.2022	9
Statement of changes in equity for 2022	12
Notes	13
Accounting policies	18

Entity details

Entity

Turf Tank ApS

Lansen 15

9230 Svenstrup J

Business Registration No.: 36722436

Registered office: Aalborg

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Johnny Laursen, Chairman of the Board

Erwin Kronborg Tøt, Board member

Mikkel Klitgaard Jacobsen, Board member

Executive Board

Mikkel Klitgaard Jacobsen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Turf Tank ApS 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.

Svenstrup, 05.07.2023

Executive Board

Mikkel Klitgaard Jacobsen
CEO

Board of Directors

Johnny Laursen
Chairman of the Board

Erwin Kronborg Tøt
Board member

Mikkel Klitgaard Jacobsen
Board member

Independent auditor's report

To the shareholders of Turf Tank ApS

Opinion

We have audited the financial statements of Turf Tank ApS 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.

Aalborg, 05.07.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen

State Authorised Public Accountant
Identification No (MNE) mne34173

Thomas Simoni

State Authorised Public Accountant
Identification No (MNE) mne45826

Management commentary

Primary activities

The company's activity consists of the production, development and sale of autonomous line marking robots for sports fields. Turf Tank is the company behind the world's first, and current most well-known, and market-leading, autonomous line marking robot.

Description of material changes in activities and finances

The net loss after tax for 2022 was DKK 43,7m compared to a loss last year of DKK 8,3m.

The equity in 2022 is DKK 0,3m compared to DKK 44,1m in 2021.

Events after the balance sheet date

The company has entered into a new funding agreement after the end of the financial year for a total amount of 225 mDKK. This will allow further investments in the development of the business and to settle part of the existing debt.

Other than the above, no events have occurred after the end of the financial year of material importance for the company's financial position.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		(12,273,614)	11,142,819
Staff costs	1	(26,589,813)	(16,286,454)
Depreciation, amortisation and impairment losses	2	(11,354,900)	(6,271,833)
Other operating expenses		(3,406,012)	0
Operating profit/loss		(53,624,339)	(11,415,468)
Other financial income	3	7,655,736	3,585,734
Other financial expenses	4	(13,138,317)	(2,784,830)
Profit/loss before tax		(59,106,920)	(10,614,564)
Tax on profit/loss for the year	5	15,408,478	2,322,912
Profit/loss for the year		(43,698,442)	(8,291,652)
Proposed distribution of profit and loss			
Retained earnings		(43,698,442)	(8,291,652)
Proposed distribution of profit and loss		(43,698,442)	(8,291,652)

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	7	27,649,282	9,106,668
Acquired intangible assets		978,853	1,009,068
Development projects in progress	7	7,106,166	8,231,640
Intangible assets	6	35,734,301	18,347,376
Other fixtures and fittings, tools and equipment		87,568,783	34,545,968
Leasehold improvements		2,651,357	376,401
Property, plant and equipment in progress		300,000	0
Property, plant and equipment	8	90,520,140	34,922,369
Investments in group enterprises		1,381,157	1,381,157
Receivables from group enterprises		50,632,334	45,385,917
Contract assets		361,584	0
Deposits		389,450	634,850
Financial assets	9	52,764,525	47,401,924
Fixed assets		179,018,966	100,671,669
Raw materials and consumables		17,593,604	10,211,902
Work in progress		22,744,907	9,296,731
Manufactured goods and goods for resale		5,519,387	8,384,609
Prepayments for goods		2,749,115	0
Inventories		48,607,013	27,893,242

Trade receivables		3,067,963	1,836,023
Contract assets		145,000	0
Deferred tax	10	13,937,048	2,506,868
Other receivables		4,369,029	3,928,849
Income tax receivable		4,364,832	1,955,379
Prepayments		510,091	231,302
Receivables		26,393,963	10,458,421
<hr/>			
Cash		2,744,147	4,100,437
<hr/>			
Current assets		77,745,123	42,452,100
<hr/>			
Assets		256,764,089	143,123,769
<hr/>			

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		2,124,518	2,124,518
Reserve for development expenditure		27,109,249	13,523,879
Retained earnings		(28,927,655)	28,439,978
Equity		306,112	44,088,375
Subordinate loan capital		35,647,500	0
Bank loans		17,317,204	0
Debt to other credit institutions		88,461,619	43,992,440
Other payables		482,865	471,251
Deferred income		696,031	870,039
Non-current liabilities other than provisions	11	142,605,219	45,333,730
Current portion of non-current liabilities other than provisions	11	11,574,008	174,008
Bank loans		61,771,250	30,211,464
Trade payables		11,670,734	6,748,149
Payables to group enterprises		400	12,275
Income tax payable		374,763	0
Other payables	12	24,470,227	12,836,705
Deferred income		3,991,376	3,719,063
Current liabilities other than provisions		113,852,758	53,701,664
Liabilities other than provisions		256,457,977	99,035,394
Equity and liabilities		256,764,089	143,123,769
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		

Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2,124,518	13,523,879	28,439,978	44,088,375
Exchange rate adjustments	0	0	(83,821)	(83,821)
Transfer to reserves	0	13,585,370	(13,585,370)	0
Profit/loss for the year	0	0	(43,698,442)	(43,698,442)
Equity end of year	2,124,518	27,109,249	(28,927,655)	306,112

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	23,592,384	15,065,580
Pension costs	2,496,731	839,950
Other social security costs	500,698	380,924
	26,589,813	16,286,454
Average number of full-time employees	41	27

2 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Amortisation of intangible assets	3,004,605	1,484,330
Depreciation of property, plant and equipment	8,350,295	4,781,390
Profit/loss from sale of intangible assets and property, plant and equipment	0	6,113
	11,354,900	6,271,833

3 Other financial income

	2022	2021
	DKK	DKK
Financial income from group enterprises	3,797,318	1,423,870
Other interest income	6,959	0
Exchange rate adjustments	3,851,459	2,161,864
	7,655,736	3,585,734

4 Other financial expenses

	2022	2021
	DKK	DKK
Other interest expenses	9,656,670	2,580,313
Exchange rate adjustments	2,735,899	202,517
Other financial expenses	745,748	2,000
	13,138,317	2,784,830

5 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	(3,978,298)	(1,955,379)
Change in deferred tax	(11,430,180)	(367,533)
	(15,408,478)	(2,322,912)

6 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	13,842,275	1,500,116	8,231,640
Transfers	21,389,995	0	(21,389,995)
Additions	0	127,009	20,264,521
Cost end of year	35,232,270	1,627,125	7,106,166
Amortisation and impairment losses beginning of year	(4,735,607)	(491,048)	0
Amortisation for the year	(2,847,381)	(157,224)	0
Amortisation and impairment losses end of year	(7,582,988)	(648,272)	0
Carrying amount end of year	27,649,282	978,853	7,106,166

7 Development projects

The development projects comprise the development of autonomous line marking robots for sports fields. The development projects in progress proceed as planned and are expected to be completed within 1-3 years.

The development projects includes development of robotic line makers. The product developments are used by the Company to sell robotic line makers to customers. The development projects are continuously developed by the Company. The management is of the opinion that it is technically possible to complete the development projects and intends to do so.

Management has not identified indication of impairment of the recognised projects.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalized costs for development projects in the reserve for development costs under equity.

The value of the recognized development projects depends on the Company's ability to continue developing its autonomous line robots, as well as attracting enough customers to generate positive earnings that could yield the total investment. The management believes that the company will succeed in doing so in the coming years.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	39,947,988	1,802,006	0
Additions	61,616,649	2,905,133	300,000
Disposals	(1,025,584)	(1,423,968)	0
Cost end of year	100,539,053	3,283,171	300,000
Depreciation and impairment losses beginning of year	(5,402,020)	(1,425,605)	0
Depreciation for the year	(7,759,808)	(590,487)	0
Depreciation and impairment losses on assets disposed of	191,558	1,384,278	0
Depreciation and impairment losses end of year	(12,970,270)	(631,814)	0
Carrying amount end of year	87,568,783	2,651,357	300,000

9 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Contract assets DKK	Deposits DKK
Cost beginning of year	1,381,157	45,385,917	0	634,850
Additions	0	5,246,417	361,584	389,450
Disposals	0	0	0	(634,850)
Cost end of year	1,381,157	50,632,334	361,584	389,450
Carrying amount end of year	1,381,157	50,632,334	361,584	389,450

Management has prepared a cash flow estimate for the recognized receivables from group enterprises and investment in group enterprises based on a 5 year forecast horizon. The recorded receivables and investments are sensitive to changes in the assumptions applied including forecast and budgets applied.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Turf Tank USA ApS	Denmark	ApS	100
- Turf Tank Inc	United States	Inc	100

10 Deferred tax

The value of the recognized deferred tax assets depends on the Company's ability to continue developing its autonomous line robots, as well as attracting enough customers to generate positive taxable income in the coming years. Deferred tax primarily relates to taxable losses and property, plant and equipment. Recognized deferred tax is based on a 3-5 year forecast horizon.

11 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
Subordinate loan capital	0	0	35,647,500	35,647,500
Bank loans	11,400,000	0	17,317,204	0
Debt to other credit institutions	0	0	88,461,619	19,443,267
Other payables	0	0	482,865	482,865
Deferred income	174,008	174,008	696,031	0
	11,574,008	174,008	142,605,219	55,573,632

12 Other payables

	2022 DKK	2021 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	516,103	2,487,171
Holiday pay obligation	733,326	322,611
Other costs payable	23,220,798	10,026,923
	24,470,227	12,836,705

13 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	5,004,501	4,776,292

14 Contingent liabilities

In connection with the sales of autonomus line marking robots the Company has provided normal warranty and repair obligations.

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

15 Assets charged and collateral

A business pledge of a nominal amount of 190.667 TDKK has been provided as security for bank loans and Vækstfonden covering the Company's goodwill, domain names and rights protected by the Danish Consolidate Patents Act, the Danish Consolidate Trademark Act, the Danish Consolidate Designs Act, the Danish Utility Models Act, the Danish Patterns Act, the Danish Copyright Act and the Danish Act on Protection of the Design of Semiconductor Products (topography), operating equipment and unsecured claims relating to the sale of goods and services, also including inventories of raw materials, semi-manufactures and finished goods as well as vehicles that are not or have not previously been registered.

The carrying amount of property, plant and equipment in progress amounts to 300 TDKK

The carrying amount of other fixtures and fittings amounts to 85.788 TDKK

The carrying amount of decoration of rented premises amounts to 2.651 TDKK

The carrying amount of inventories of rented premises amounts to 45.858 TDKK

The carrying amount of receivables from sales and services to 3.068 TDKK

The carrying amount of charged assets amounts to 137.665TDKK.

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.

Changes in accounting policies

The company have changed their accounting policies with regard to staff costs classified as assets.

An amount of DKK 11.252.659 has been reclassified so that the figures previously offset under "staff costs" (staff costs classified as assets) in the future will be recognized under the item "Own work capitalised". The change in classification has no effect on the net profit or loss for the year, only on the classification in the income statement for the current financial year and the previous financial year. As a consequence the comparative figures have been restated following the change in accounting policies with DKK 6.962.541.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Consolidated financial statements

Referring to section 110 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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other 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.

Revenue from the sale of leases is recognised over the contract period.

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 operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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, and gains and losses from the sale of property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including compensation paid to suppliers.

Other financial income

Other financial income comprises interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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, acquired intellectual property rights and prepayments for intangible assets.

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 under 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 costs that are directly 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 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. The amortisation periods used are 10 years.

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

Property, plant and equipment

Plant and machinery, and 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. For self-constructed assets, cost comprises direct of materials, components, sub-suppliers and labour costs.

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 - 7 years
Leasehold improvements	2 - 5 years

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

Receivables

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

Contract assets

Contract assets comprise incurred sales commission costs relating to subsequent financial years. Contract assets are measured at cost.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs.

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

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.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Deferred income

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