



## Agro Intelligence ApS

Agro Food Park 13  
8200 Aarhus N  
CVR No. 36942975

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 14.07.2021

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**Karen-Marie Katholm**

Chairman of the General Meeting

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# Entity details

## Entity

Agro Intelligence ApS

Agro Food Park 13

8200 Aarhus N

CVR No.: 36942975

Registered office: Aarhus

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Karen-Marie Katholm, Chairman

Jakob Fuhr Hansen

Ole Green

Eric Alan Rapp

Troels Øberg

Anders Geert Jensen

Peter Bager

## Executive Board

Ole Green

## 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 Agro Intelligence ApS for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 14.07.2021

## Executive Board

**Ole Green**

## Board of Directors

**Karen-Marie Katholm**  
Chairman

**Jakob Fuhr Hansen**

**Ole Green**

**Eric Alan Rapp**

**Troels Øberg**

**Anders Geert Jensen**

**Peter Bager**

# Independent auditor's report

## To the shareholders of Agro Intelligence ApS

### Opinion

We have audited the financial statements of Agro Intelligence ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 14.07.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Mads Fauerskov**

State Authorised Public Accountant  
Identification No (MNE) mne35428

# Management commentary

## Primary activities

AGROINTELLI is continually working towards a vision of making global food production more reliable, sustainable and profitable through integration of new agronomic knowledge, scientific results and technical innovations enabled by state of the art automated farming system for out-door plant production on the global market. The company's main activity is to develop, produce and sell the automated Robotti platform for use in arable farming, horticultural production and, out-door plant production. The products of the company are primarily sold to end-users through AGROINTELLI dealer network.

## Development in activities and finances

AGROINTELLI has successfully initiated sales of the Robotti platform to customers in Europe though the continued presence of the Corona virus have challenged demonstration and sales activities both nationally and throughout Europe.

Development in activities and financial position for the year 2020 shows a negative result of DKK 17.1 mill. after tax. The Result has been expected by the management as resources spent on the development of own technologies does not generate a surplus. The negative result has been matched with a similar equity investment by the owners. In October 2020 AGROINTELLI have received a large equity investment from two new co-owners, respectively Nordic Alpha Partners and Vækstfonden/Danmarks Grønne Fremtidsfond supplemented with an investment from the former owners. An investment plan of total DKK 108 mill. of which DKK 20 mill. came as a loan facility from Vækstfonden. Of this investment DKK 16 mill. was paid in as an equity investment in October 2020. The owners supports the continued investment in the Robotti platform as the interest from the market for Robotti has been beyond expectation and AGROINTELLI will continue to invest in the scale up of the production of Robotti.

Our auditors, Deloitte, has made us aware of a material mistake in previous years annual accounts which is due to the accounting of grants/subsidies received from authorities, related to research & development projects. In previous years grants/subsidies was offset against the gross cost of research & development projects resulting in capitalization of net cost. In the annual report for 2020, grants are recognised separately in the balance sheet as deferred income under current liabilities in accordance with the Danish Financial Statements Act, and the capitalised development costs have been adjusted as a result of identified misstatements.

The management has presented the accounts according with the going concern assumption. See note 1 for further information.

The comparative figures shown have been restated accordingly.

## Events after the balance sheet date

In Q1 of 2021 we have strengthened our management team by hiring a CFO and CSO. We are now building a sales organization throughout Europe, and strengthening our internal controls and business processes.

In May 2021 we received DKK 20 mill. funding in equity from Nordic Alpha Partners and Vækstfonden/Danmarks Grønne Fremtidsfond as part of the total reserved investment sum from investment agreement of October 2020. The liquidity is continuously tight, but we still see ourselves able to finance our future operations.



# Income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>	2	<b>(8,396,429)</b>	<b>(1,496,792)</b>
Staff costs	3	(9,884,333)	(2,801,964)
Depreciation, amortisation and impairment losses	4	(2,310,515)	(675,719)
<b>Operating profit/loss</b>		<b>(20,591,277)</b>	<b>(4,974,475)</b>
Other financial income		22,130	4,403
Other financial expenses	5	(2,258,910)	(1,293,089)
<b>Profit/loss before tax</b>		<b>(22,828,057)</b>	<b>(6,263,161)</b>
Tax on profit/loss for the year	6	5,713,960	1,426,294
<b>Profit/loss for the year</b>		<b>(17,114,097)</b>	<b>(4,836,867)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(17,114,097)	(4,836,867)
<b>Proposed distribution of profit and loss</b>		<b>(17,114,097)</b>	<b>(4,836,867)</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	8	8,480,628	10,889,915
Acquired licences		0	17,791
Development projects in progress	8	71,844,462	57,458,986
<b>Intangible assets</b>	7	<b>80,325,090</b>	<b>68,366,692</b>
Plant and machinery		371,280	688,136
Other fixtures and fittings, tools and equipment		1,900,941	194,774
Leasehold improvements		93,884	119,991
<b>Property, plant and equipment</b>	9	<b>2,366,105</b>	<b>1,002,901</b>
Deposits		367,507	508,239
<b>Financial assets</b>		<b>367,507</b>	<b>508,239</b>
<b>Fixed assets</b>		<b>83,058,702</b>	<b>69,877,832</b>
Raw materials and consumables		6,045,059	1,558,881
Prepayments for goods		1,841,775	0
<b>Inventories</b>		<b>7,886,834</b>	<b>1,558,881</b>
Trade receivables		768,152	32,709
Other receivables		2,391,605	4,749,800
Income tax receivable		5,367,251	4,510,041
Prepayments		212,311	207,705
<b>Receivables</b>		<b>8,739,319</b>	<b>9,500,255</b>
<b>Cash</b>		<b>11,204,934</b>	<b>1,960,908</b>
<b>Current assets</b>		<b>27,831,087</b>	<b>13,020,044</b>
<b>Assets</b>		<b>110,889,789</b>	<b>82,897,876</b>

**Equity and liabilities**

	Notes	2020 DKK	2019 DKK
Contributed capital		180,592	97,898
Reserve for development expenditure		62,653,570	53,312,142
Retained earnings		(43,464,798)	(40,945,959)
<b>Equity</b>		<b>19,369,364</b>	<b>12,464,081</b>
Deferred tax		6,318,164	8,864,378
Other provisions		60,000	0
<b>Provisions</b>		<b>6,378,164</b>	<b>8,864,378</b>
Debt to other credit institutions		32,334,453	5,446,909
Trade payables		1,357,000	1,357,000
Payables to shareholders and management		4,304,367	6,515,602
Other payables		1,659,032	651,071
<b>Non-current liabilities other than provisions</b>	10	<b>39,654,852</b>	<b>13,970,582</b>
Current portion of non-current liabilities other than provisions	10	1,570,153	1,132,834
Convertible and dividend-yielding debt instruments		0	7,014,575
Prepayments received from customers		1,852,740	1,792,325
Trade payables		5,244,700	3,737,053
Payables to shareholders and management		0	2,017,438
Other payables		3,718,282	3,928,002
Deferred income	11	33,101,534	27,976,608
<b>Current liabilities other than provisions</b>		<b>45,487,409</b>	<b>47,598,835</b>
<b>Liabilities other than provisions</b>		<b>85,142,261</b>	<b>61,569,417</b>
<b>Equity and liabilities</b>		<b>110,889,789</b>	<b>82,897,876</b>
Going concern	1		
Unrecognised rental and lease commitments	12		
Assets charged and collateral	13		

# Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	97,898	26,462,779	(20,151,669)	6,409,008
Corrections of material errors	0	26,849,363	(20,794,290)	6,055,073
<b>Adjusted equity, beginning of year</b>	<b>97,898</b>	<b>53,312,142</b>	<b>(40,945,959)</b>	<b>12,464,081</b>
Increase of capital	82,694	0	23,936,686	24,019,380
Transfer to reserves	0	9,341,428	(9,341,428)	0
Profit/loss for the year	0	0	(17,114,097)	(17,114,097)
<b>Equity end of year</b>	<b>180,592</b>	<b>62,653,570</b>	<b>(43,464,798)</b>	<b>19,369,364</b>

# Notes

## 1 Going concern

The management of the Company expects sufficient liquidity and, on this basis, the annual report is presented on a going concern basis.

Based on the agreed investment plan from October 2020 with Nordic Alpha Partners and Vækstfonden, achievement of certain milestones will release the continued use of funds from the original investment plan, this ensures continued growth capital for the company. The milestones set in the investment plan is expected by the management to be realistic achievable. At the time of the publication of the annual report, no further investments are committed, but the owners, Vækstfonden and Nordic Alpha Partners has signed a statement of support to the Company. The statements of supports are non binding.

The continued operation of the company demands strong internal control and operations management. The first 5 months of 2021 have shown that we are able to follow approved cost budget and based on expected commercial activities we will be able to fund daily operation by ourselves.

If the company's planned operations is fulfilled as expected, then the continued equity investment is not required to fulfil the going concern principle, these funds will purely be needed for the continued growth of the company's commercial activities.

On this basis, the annual report is presented on a going concern basis.

## 2 Gross profit/loss

Other operating income included in the gross profit/loss includes DKK 888.975 in compensation received from the support schemes regarding salaries that were established as a result of the eruption and spread of COVID-19 in 2020.

## 3 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	19,601,432	15,098,158
Pension costs	2,381,631	1,841,671
Other social security costs	1,090,458	835,452
Other staff costs	305,187	438,840
	<b>23,378,708</b>	<b>18,214,121</b>
Staff costs classified as assets	(13,494,375)	(15,412,157)
	<b>9,884,333</b>	<b>2,801,964</b>
Average number of full-time employees	40	33

#### 4 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	1,831,728	924,416
Depreciation of property, plant and equipment	478,787	110,346
Profit/loss from sale of intangible assets and property, plant and equipment	0	(359,043)
	<b>2,310,515</b>	<b>675,719</b>

Amortisation of intangible assets consists of DKK 2.422.655 in depreciation of completed development projects and DKK 608.718 in amortisation of deferred income and DKK 17.791 in depreciation of Acquired licenses.

#### 5 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	2,025,188	1,230,530
Exchange rate adjustments	39,598	20,468
Other financial expenses	194,124	42,091
	<b>2,258,910</b>	<b>1,293,089</b>

#### 6 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(3,167,746)	(3,754,055)
Change in deferred tax	(2,546,214)	2,327,761
	<b>(5,713,960)</b>	<b>(1,426,294)</b>

#### 7 Intangible assets

	Completed development projects DKK	Acquired licences DKK	Development projects in progress DKK
Cost beginning of year	12,099,906	56,250	57,458,986
Additions	13,368	0	14,385,476
<b>Cost end of year</b>	<b>12,113,274</b>	<b>56,250</b>	<b>71,844,462</b>
Amortisation and impairment losses beginning of year	(1,209,991)	(38,459)	0
Amortisation for the year	(2,422,655)	(17,791)	0
<b>Amortisation and impairment losses end of year</b>	<b>(3,632,646)</b>	<b>(56,250)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>8,480,628</b>	<b>0</b>	<b>71,844,462</b>

#### 8 Development projects

Development projects in progress comprise from the development of projects regarding innovative agricultural technologies. The carrying amount end of year amounts to DKK 80.325.090. The first products has been completed and the next are expected to be completed during 2021 and the marketing and sales has already begun.

The products are expected to bring significant benefits to users and thus expected a significant increase in activity and results of the company for 2021 and forward.

Management has conducted impairment tests of the carrying amounts of development projects in progress. The utility value is calculated on the basis of expected net cash flows based on budgets and sales analysis for the-years 2021-2024 approved by management.

## 9 Property, plant and equipment

	<b>Plant and machinery DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	692,891	383,527	130,527
Transfers	(673,892)	0	0
Additions	628,172	2,051,909	0
Disposals	0	(164,198)	0
<b>Cost end of year</b>	<b>647,171</b>	<b>2,271,238</b>	<b>130,527</b>
Depreciation and impairment losses beginning of year	(4,755)	(188,753)	(10,536)
Depreciation for the year	(271,136)	(181,544)	(26,107)
<b>Depreciation and impairment losses end of year</b>	<b>(275,891)</b>	<b>(370,297)</b>	<b>(36,643)</b>
<b>Carrying amount end of year</b>	<b>371,280</b>	<b>1,900,941</b>	<b>93,884</b>

## 10 Non-current liabilities other than provisions

	<b>Due within 12 months 2020 DKK</b>	<b>Due within 12 months 2019 DKK</b>	<b>Due after more than 12 months 2020 DKK</b>	<b>Outstanding after 5 years 2020 DKK</b>
Debt to other credit institutions	281,984	691,184	32,334,453	11,575,025
Trade payables	0	0	1,357,000	0
Payables to shareholders and management	1,288,169	441,650	4,304,367	0
Other payables	0	0	1,659,032	0
	<b>1,570,153</b>	<b>1,132,834</b>	<b>39,654,852</b>	<b>11,575,025</b>

Long-term other debt consists exclusively of frozen holiday pay in accordance with the Danish Holiday Act. It is currently not possible to determinate the short-term part of this debt, nor the outstanding debt after 5 years.

## 11 Deferred income

Deferred income consists of grants received for development projects. The grants received are recognized as income in line with the depreciation of the associated development projects.

## 12 Unrecognised rental and lease commitments

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	2,082,290	2,580,108

## 13 Assets charged and collateral

The company has issued a mortgage deed to the company's bank capped at MDKK 0.5 in other fixtures and fittings, tools and equipment.

The company has issued a floating charge to the company's bank capped at MDKK 6 in unsecured claims, inventories, machinery, goodwill, etc.

The company has issued a floating charge to Vækstfonden capped at MDKK 12 in unsecured claims, inventories, machinery, goodwill, etc.

The booked value of fixed assets, inventories and receivables is KDKK 103,248.



# 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 certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year, with a few reclassifications on the balance sheet.

## Material errors in previous years

Grants received relating to development projects have so far been set off against capitalised development costs. In the annual report for 2020, grants are recognised separately in the balance sheet as deferred income under current liabilities in accordance with the Danish Financial Statements Act, and the capitalised development costs have been adjusted as a result of identified misstatements.

The comparative figures shown have been restated accordingly.

As a result of the change in recognition, the loss for 2019 has decreased by DKK 2,069k, the balance sheet total at

31.12.2019 has increased by DKK 36,167k and equity at 31.12.2019 has increased by DKK 6,055k compared to the accounting policies applied so far.

## 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. Intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### 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 equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

#### Other financial income

Other financial income comprises interest income 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 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.

**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.

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 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 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**

Plant and machinery, 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:

Plant and machinery	4 years
Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	10-20 years

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.

**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, direct labour costs and indirect production 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.

**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 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 or the planned settlement of each liability.

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 provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

**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 include grants received in connection with development projects, and 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 individual project.