



## Agro Intelligence ApS

Agro Food Park 13  
8200 Aarhus N  
CVR No. 36942975

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 20.04.2022

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**Mogens Stampe Rüdiger**

Chairman of the General Meeting

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# Entity details

## Entity

Agro Intelligence ApS

Agro Food Park 13

8200 Aarhus N

Business Registration No.: 36942975

Registered office: Aarhus

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Mogens Stampe Rüdiger, chairman

Jakob Fuhr Hansen

Ole Green

Eric Alan Rapp

Troels Øberg

Peter Bager

Anders Geert Jensen

## Executive Board

Jens Brylle

## 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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 20.04.2022

## Executive Board

**Jens Brylle**

## Board of Directors

**Mogens Stampe Rüdiger**  
chairman

**Jakob Fuhr Hansen**

**Ole Green**

**Eric Alan Rapp**

**Troels Øberg**

**Peter Bager**

**Anders Geert Jensen**

# 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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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, 20.04.2022

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

The invoicing was lower than expected, but we concluded the year with a satisfactory order backlog. Governmental and EU subsidies is normally seen as an advantage for the industry but for AgroIntelli this has caused customers to postpone their release of orders until subsidies are granted.

Development in activities and financial position for the year 2021 shows a negative result of DKK 30.5 mill. after tax. This is due to a more aggressive impairment and depreciations on assets and change in strategic focus resulting in the closure and expensing of several development projects no longer seen as adding value to Robotti.

Accounting policies concerning lease assets and lease liabilities are changes, which has caused minor changes to equity. We refer to page 16 in Accounting Politicis.

The owners support the continued investment in the Robotti platform as the interest from the market for Robotti has been increasing towards the end of the year and AGROINTELLI will continue to invest in the scale up sales, marketing, R&D and the production of Robotti. We refer to note 1 for further description of going concern.

## Events after the balance sheet date

In February 2022, the owners decided to inject 22 mDKK as new share capital. During april 2022, we introduce a new robot, the Robotti LR. Robotti LR focuses on new market segments and includes both new features and several improvements to our existing Robotti 150D.

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



# Income statement for 2021

	Notes	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>(7,956,620)</b>	<b>(7,077,310)</b>
Staff costs	2	(14,641,728)	(10,891,548)
Depreciation, amortisation and impairment losses	3	(14,982,788)	(2,611,239)
<b>Operating profit/loss</b>		<b>(37,581,136)</b>	<b>(20,580,097)</b>
Other financial income		24,202	22,130
Other financial expenses	4	(2,806,886)	(2,303,240)
<b>Profit/loss before tax</b>		<b>(40,363,820)</b>	<b>(22,861,207)</b>
Tax on profit/loss for the year	5	9,853,974	5,721,253
<b>Profit/loss for the year</b>		<b>(30,509,846)</b>	<b>(17,139,954)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(30,509,846)	(17,139,954)
<b>Proposed distribution of profit and loss</b>		<b>(30,509,846)</b>	<b>(17,139,954)</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	7	62,589,296	8,480,628
Acquired licences		0	0
Development projects in progress	7	23,984,884	71,844,462
<b>Intangible assets</b>	6	<b>86,574,180</b>	<b>80,325,090</b>
Plant and machinery		4,697,454	1,348,634
Other fixtures and fittings, tools and equipment		1,245,082	1,900,941
Leasehold improvements		67,782	93,884
<b>Property, plant and equipment</b>	8	<b>6,010,318</b>	<b>3,343,459</b>
Deposits		367,781	367,507
<b>Financial assets</b>	9	<b>367,781</b>	<b>367,507</b>
<b>Fixed assets</b>		<b>92,952,279</b>	<b>84,036,056</b>
Raw materials and consumables		5,810,521	4,205,226
Work in progress		2,237,307	1,390,905
Manufactured goods and goods for resale		5,730,505	448,928
Prepayments for goods		432,055	1,841,775
<b>Inventories</b>		<b>14,210,388</b>	<b>7,886,834</b>
Trade receivables		433,047	768,152
Other receivables		727,674	2,391,605
Income tax receivable		5,804,567	5,367,251
Prepayments		69,682	212,311
<b>Receivables</b>		<b>7,034,970</b>	<b>8,739,319</b>
<b>Cash</b>		<b>4,182,793</b>	<b>11,204,934</b>
<b>Current assets</b>		<b>25,428,151</b>	<b>27,831,087</b>
<b>Assets</b>		<b>118,380,430</b>	<b>111,867,143</b>

**Equity and liabilities**

	Notes	2021 DKK	2020 DKK
Contributed capital		294,198	180,592
Reserve for development expenditure		67,527,857	62,653,570
Retained earnings		(44,013,224)	(43,515,074)
<b>Equity</b>		<b>23,808,831</b>	<b>19,319,088</b>
Deferred tax		55,072	6,303,984
Other provisions		60,000	60,000
<b>Provisions</b>		<b>115,072</b>	<b>6,363,984</b>
Lease liabilities		3,209,139	764,075
Debt to other credit institutions		33,212,318	32,334,453
Trade payables		0	1,357,000
Payables to shareholders and management		4,799,779	4,304,367
Other payables		3,119,401	1,659,032
<b>Non-current liabilities other than provisions</b>	10	<b>44,340,637</b>	<b>40,418,927</b>
Current portion of non-current liabilities other than provisions	10	2,022,758	1,847,888
Payables to other credit institutions		347,593	0
Prepayments received from customers		1,566,126	1,852,740
Trade payables		9,360,967	5,244,700
Other payables		3,394,461	3,718,282
Deferred income	11	33,423,985	33,101,534
<b>Current liabilities other than provisions</b>		<b>50,115,890</b>	<b>45,765,144</b>
<b>Liabilities other than provisions</b>		<b>94,456,527</b>	<b>86,184,071</b>
<b>Equity and liabilities</b>		<b>118,380,430</b>	<b>111,867,143</b>
Going concern	1		
Unrecognised rental and lease commitments	12		
Assets charged and collateral	13		

# Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	180,592	62,653,570	(43,464,798)	19,369,364
Changes in accounting policies	0	0	(50,276)	(50,276)
<b>Adjusted equity, beginning of year</b>	<b>180,592</b>	<b>62,653,570</b>	<b>(43,515,074)</b>	<b>19,319,088</b>
Increase of capital	113,606	0	34,885,983	34,999,589
Transfer to reserves	0	4,874,287	(4,874,287)	0
Profit/loss for the year	0	0	(30,509,846)	(30,509,846)
<b>Equity end of year</b>	<b>294,198</b>	<b>67,527,857</b>	<b>(44,013,224)</b>	<b>23,808,831</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.

The sales budget is expected by the management to be realistic achievable. At the time of the publication of the annual report, the investors Nordic Alpha Partners and Vækstfonden intends to add approximately 22 mill. to the company through an expected capital increase in June 2022, and this is expected to result in a good positive cash position throughout the year.

In addition, 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 3 months of 2022 have shown that we are able to follow approved sales and cost budget.

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

## 2 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	24,258,029	19,601,432
Pension costs	2,921,847	2,381,631
Other social security costs	558,993	1,090,458
Other staff costs	511,436	305,187
	<b>28,250,305</b>	<b>23,378,708</b>
Staff costs classified as assets	(13,608,577)	(12,487,160)
	<b>14,641,728</b>	<b>10,891,548</b>
Average number of full-time employees	<b>44</b>	<b>40</b>

## 3 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	6,997,538	1,831,728
Impairment losses on intangible assets	2,825,898	0
Depreciation of property, plant and equipment	2,053,583	779,511
Impairment losses on property, plant and equipment	2,571,378	0
Profit/loss from sale of intangible assets and property, plant and equipment	534,391	0
	<b>14,982,788</b>	<b>2,611,239</b>

#### 4 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	2,603,785	2,069,518
Exchange rate adjustments	75,264	39,598
Other financial expenses	127,837	194,124
	<b>2,806,886</b>	<b>2,303,240</b>

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

	2021 DKK	2020 DKK
Current tax	(3,605,062)	(3,167,746)
Change in deferred tax	(6,248,912)	(2,553,507)
	<b>(9,853,974)</b>	<b>(5,721,253)</b>

#### 6 Intangible assets

	Completed development projects DKK	Acquired licences DKK	Development projects in progress DKK
Cost beginning of year	12,113,274	56,250	71,844,462
Transfers	57,951,953	0	(57,951,953)
Additions	6,294,271	0	10,092,375
Disposals	(314,120)	0	0
<b>Cost end of year</b>	<b>76,045,378</b>	<b>56,250</b>	<b>23,984,884</b>
Amortisation and impairment losses beginning of year	(3,632,646)	(56,250)	0
Impairment losses for the year	(2,825,898)	0	0
Amortisation for the year	(6,997,538)	0	0
<b>Amortisation and impairment losses end of year</b>	<b>(13,456,082)</b>	<b>(56,250)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>62,589,296</b>	<b>0</b>	<b>23,984,884</b>

#### 7 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 86.574.180. The first products has been completed and the next are expected to be completed during 2022 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 2022 and forward.

Management has conducted impairment tests of the carrying amounts of development projects. The utility value is calculated on the basis of expected net cash flows based on budgets and sales analysis for the years 2022-2025 which is approved by management. During the year, the company wrote down DKK 2,825,898 of previously capitalized development projects as a result of this assessment.

## 8 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	647,171	2,271,238	130,527
Changes in accounting policies	1,503,621	0	0
Additions	9,146,731	113,876	0
Disposals	(2,163,868)	(62,307)	0
<b>Cost end of year</b>	<b>9,133,655</b>	<b>2,322,807</b>	<b>130,527</b>
Depreciation and impairment losses beginning of year	(275,891)	(370,297)	(36,643)
Changes in accounting policies	(526,267)	0	0
Impairment losses for the year	(2,283,172)	(288,206)	0
Depreciation for the year	(1,578,820)	(448,661)	(26,102)
Reversal regarding disposals	227,949	29,439	0
<b>Depreciation and impairment losses end of year</b>	<b>(4,436,201)</b>	<b>(1,077,725)</b>	<b>(62,745)</b>
<b>Carrying amount end of year</b>	<b>4,697,454</b>	<b>1,245,082</b>	<b>67,782</b>
Recognised assets not owned by entity	3,113,784	0	0

Management has conducted impairment tests of the carrying amounts of Property, plant and equipment. The utility value is calculated on the basis of expected net cash flows based on budgets and sales analysis for the years 2022-2025 which is approved by management. During the year, the company wrote down DKK 2,571,378 of previously capitalized cost as a result of this assessment.

## 9 Financial assets

	Deposits DKK
Cost beginning of year	367,507
Additions	274
<b>Cost end of year</b>	<b>367,781</b>
<b>Carrying amount end of year</b>	<b>367,781</b>

## 10 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Lease liabilities	920,580	277,735	3,209,139	0
Debt to other credit institutions	139,178	281,984	33,212,318	11,575,025
Payables to shareholders and management	963,000	1,288,169	4,799,779	0
Other payables	0	0	3,119,401	0
	<b>2,022,758</b>	<b>1,847,888</b>	<b>44,340,637</b>	<b>11,575,025</b>

Long-term other debt consists of loan from the government and frozen holiday pay in accordance with the Danish Holiday Act. It is currently not possible to determinate the short-term part of the frozen holiday 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

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	<b>1,374,626</b>	<b>2,082,290</b>

## 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 107,317.



# 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 Entity has changed its accounting policies with regard to lease assets and lease liabilities. The Entity has decided to add provisions for reporting class C regarding to recognising lease assets and lease liabilities in the balance sheet instead of on a straight-line basis in the income statement over the term of the lease.

We refer to the sections in Accounting policies for Lease liabilities and Operating leases for further description on the accounting policies.

The change in accounting policies has led to an increase in Plant and machinery of DKK 3,113,784 and an increase in Lease liabilities of DKK 4,129,719, respectively. Consequently, the total effect of the change in accounting policies is an increase in this year's pre-tax loss of DKK 22.989. Tax for the year incumbent on the change in accounting policies, consisting of an adjustment of deferred tax, amounts to DKK 5.058, after which net loss for the year increases by DKK 17.932.

The balance sheet total increases by DKK 977,354, while equity decreases by DKK 50,276 at 31.12.2020.

The balance sheet total increases by DKK 3,113,784, while equity decreases by DKK 68,208 at 31.12.2021.

The comparative figures have been restated following the change in accounting policies.

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

## 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. Other operating income also consists of income from grants received in connection with development projects which is taken to income on a straight-line basis over the useful life of the individual project.

#### 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 and leasehold improvements 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	5 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.

**Lease liabilities**

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**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.