



Kvadrat Acoustics A/S

Lundbergsvej 10
8400 Ebeltoft
CVR No. 28989520

Annual report 2024

The Annual General Meeting adopted the
annual report on 30.05.2025

Søren Stenderup Jensen
Conductor

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Entity details

Entity

Kvadrat Acoustics A/S
Lundbergsvej 10
8400 Ebeltoft

Business Registration No.: 28989520
Registered office: Syddjurs
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Søren Stenderup Jensen, chairman
Anders Byriel
Mads Bo Nygård
John Charles Thorpe
Thomas Arne Fischer

Executive Board

Finn Jespersen

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 Kvadrat Acoustics A/S for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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.

Ebeltoft, 30.05.2025

Executive Board

Finn Jespersen

Board of Directors

Søren Stenderup Jensen
chairman

Anders Byriel

Mads Bo Nygård

John Charles Thorpe

Thomas Arne Fischer

Independent auditor's report

To the shareholders of Kvadrat Acoustics A/S

Opinion

We have audited the financial statements of Kvadrat Acoustics A/S for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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 by relevant law and regulations.

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, 30.05.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Jens Lauridsen

State Authorised Public Accountant
Identification No (MNE) mne34323

Management commentary

Primary activities

The Company's objective consists in development, production, marketing and sale of building components.

Events after the balance sheet date

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

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		26,224,561	28,134,915
Staff costs	1	(22,494,685)	(23,218,012)
Depreciation, amortisation and impairment losses	2	(647,904)	(455,091)
Operating profit/loss		3,081,972	4,461,812
Income from investments in group enterprises		14,070,500	13,079,043
Other financial income		556,285	2,539,404
Other financial expenses		(3,350,898)	(3,506,179)
Profit/loss before tax		14,357,859	16,574,080
Tax on profit/loss for the year	3	(948,437)	(899,000)
Profit/loss for the year		13,409,422	15,675,080
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		7,500,000	0
Retained earnings		5,909,422	15,675,080
Proposed distribution of profit and loss		13,409,422	15,675,080

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	5	895,248	244,440
Acquired intangible assets		0	0
Development projects in progress	5	1,114,753	1,233,962
Intangible assets	4	2,010,001	1,478,402
Other fixtures and fittings, tools and equipment		38,960	82,460
Leasehold improvements		0	0
Property, plant and equipment	6	38,960	82,460
Investments in group enterprises		63,763,432	65,435,408
Deposits		609,389	563,189
Financial assets	7	64,372,821	65,998,597
Fixed assets		66,421,782	67,559,459
Raw materials and consumables		4,450,519	4,664,301
Inventories		4,450,519	4,664,301
Trade receivables		627,423	0
Contract work in progress	8	4,308,446	4,087,627
Receivables from group enterprises		33,087,051	27,786,290
Other receivables		2,093,579	806,272
Prepayments		529,733	598,915
Receivables		40,646,232	33,279,104
Current assets		45,096,751	37,943,405
Assets		111,518,533	105,502,864

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		1,250,000	1,250,000
Reserve for net revaluation according to the equity method		11,536,451	13,208,427
Reserve for development expenditure		1,567,801	1,153,154
Retained earnings		39,185,675	30,518,213
Proposed dividend		7,500,000	0
Equity		61,039,927	46,129,794
Deferred tax		1,606,000	1,486,000
Other provisions		151,848	0
Provisions		1,757,848	1,486,000
Bank loans		4,601,000	9,200,000
Non-current liabilities other than provisions	9	4,601,000	9,200,000
Current portion of non-current liabilities other than provisions	9	4,600,000	4,600,000
Bank loans		34,431,651	36,743,127
Trade payables		1,533,785	2,274,166
Payables to group enterprises		0	96,671
Joint taxation contribution payable		278,000	615,000
Other payables		3,276,322	4,358,106
Current liabilities other than provisions		44,119,758	48,687,070
Liabilities other than provisions		48,720,758	57,887,070
Equity and liabilities		111,518,533	105,502,864
Unrecognised rental and lease commitments	10		
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Statement of changes in equity for 2024

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	1,250,000	13,208,427	1,153,154	30,518,213	0
Exchange rate adjustments	0	1,500,711	0	0	0
Dividends from group enterprises	0	(17,395,037)	0	17,395,037	0
Transfer to reserves	0	0	414,647	(414,647)	0
Profit/loss for the year	0	14,222,350	0	(8,312,928)	7,500,000
Equity end of year	1,250,000	11,536,451	1,567,801	39,185,675	7,500,000

	Total DKK
Equity beginning of year	46,129,794
Exchange rate adjustments	1,500,711
Dividends from group enterprises	0
Transfer to reserves	0
Profit/loss for the year	13,409,422
Equity end of year	61,039,927

Notes

1 Staff costs

	2024	2023
	DKK	DKK
Wages and salaries	20,841,962	21,527,104
Pension costs	1,404,469	1,412,834
Other social security costs	248,254	278,074
	22,494,685	23,218,012
Average number of full-time employees	23	23

2 Depreciation, amortisation and impairment losses

	2024	2023
	DKK	DKK
Amortisation of intangible assets	604,404	370,120
Depreciation of property, plant and equipment	43,500	84,971
	647,904	455,091

3 Tax on profit/loss for the year

	2024	2023
	DKK	DKK
Current tax	278,000	615,000
Change in deferred tax	120,000	165,000
Adjustment concerning previous years	550,437	119,000
	948,437	899,000

4 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	3,056,122	3,963,055	1,233,962
Transfers	1,255,212	0	(1,255,212)
Additions	0	0	1,136,003
Cost end of year	4,311,334	3,963,055	1,114,753
Amortisation and impairment losses beginning of year	(2,811,682)	(3,963,055)	0
Amortisation for the year	(604,404)	0	0
Amortisation and impairment losses end of year	(3,416,086)	(3,963,055)	0
Carrying amount end of year	895,248	0	1,114,753

5 Development projects

Development projects consist of capitalised costs relating to development of new products as well as improvement of already existing products with new features. Management see no impairment issues.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	302,955	2,991,771
Cost end of year	302,955	2,991,771
Depreciation and impairment losses beginning of year	(220,495)	(2,991,771)
Depreciation for the year	(43,500)	0
Depreciation and impairment losses end of year	(263,995)	(2,991,771)
Carrying amount end of year	38,960	0

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	52,226,981	563,189
Additions	0	46,200
Cost end of year	52,226,981	609,389
Revaluations beginning of year	13,208,427	0
Exchange rate adjustments	1,500,711	0
Amortisation of goodwill	(4,353,708)	0
Share of profit/loss for the year	18,424,208	0
Dividend	(17,395,035)	0
Investments with negative equity value transferred to provisions	151,848	0
Revaluations end of year	11,536,451	0
Carrying amount end of year	63,763,432	609,389
Goodwill or negative goodwill recognised during the financial year	8,712,186	

Investments in subsidiaries	Registered in	Equity interest %
Kvadrat Soft Cells Sp. z.o.o.	Poland	100.00
Fabric Systems Limited	England	100.00
Kvadrat Soft Cells Hong Kong Ltd.	Hong kong	100.00
Kvadrat Soft Cells A/S Inc.	USA	100.00
Kvadrat Acoustics Pty.	Australia	100.00

8 Contract work in progress

	2024	2023
	DKK	DKK
Contract work in progress	22,293,403	22,293,403
Progress billings regarding contract work in progress	(17,984,957)	(18,205,776)
	4,308,446	4,087,627

9 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after
	months	months	more than 12
	2024	2023	2024
	DKK	DKK	DKK
Bank loans	4,600,000	4,600,000	4,601,000
	4,600,000	4,600,000	4,601,000

10 Unrecognised rental and lease commitments

	2024	2023
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	1,434,631	1,771,893

11 Contingent liabilities

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

12 Related parties with controlling interest

Related parties with controlling interest:

Kvadrat A/S, Lundbergsvej 10, 8400 Ebeltøft, Central Business Registration No 45 99 85 17

The Company does not disclose transactions with related parties in accordance with S 98c(7) of the Danish Financial Statements Act.

13 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kvadrat Holding A/S, Lundbergsvej 10, 8400 Ebeltøft, Central Business Registration No 15 12 00 02

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kvadrat A/S, Lundbergsvej 10, 8400 Ebeltøft, Central Business Registration No 45 99 85 17

Accounting policies

Reporting class

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

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

Consolidated financial statements

Referring to section 112(1) 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

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

Revenue

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

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

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.

Other operating income

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

Costs of raw materials and consumables

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, 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, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, 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 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 3-5 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

Leashold improvements 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.

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

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 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 recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

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

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

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises 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.

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

Receivables

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

Contract work in progress

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

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

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

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

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

Prepayments

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

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

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

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

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, 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.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

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

Joint taxation contributions payable or receivable

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