

**ATLAS MARIDAN ApS**  
**Rungsted Havn 1D, 2960 Rungsted Kyst**  
**Annual report for 2023/24**

**CVR no. 27 62 77 30**

Adopted at the annual general meeting on 4 April 2025

chairman: Holger Meyer

A handwritten signature in blue ink, appearing to be 'Holger Meyer', written in a cursive style.

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## Statement by management on the annual report

The executive board has today discussed and approved the annual report of ATLAS MARIDAN ApS for the financial year 1 October 2023 - 30 September 2024.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 September 2024 and of the results of the company's operations for the financial year 1 October 2023 - 30 September 2024.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Rungsted, 27 March 2025

### Executive board



Holger Meyer  
Director



Tommy Kalføfen  
CEO

## **Independent auditor's report**

*To the shareholder of ATLAS MARIDAN ApS*

### **Opinion**

We have audited the financial statements of ATLAS MARIDAN ApS for the financial year 1 October 2023 - 30 September 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 September 2024 and of the results of the company's operations for the financial year 1 October 2023 - 30 September 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 the 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 our report. We are independent of the company in accordance with the International Ethics Standards Board for 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 and 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 the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company 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.

## Independent auditor's report

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 company'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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the companies or business units as a basis for expressing an opinion on the financial statements. We are responsible for directing, supervising, and reviewing the audit work performed. We are 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 management's review

Management is responsible for management's review.

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

## Independent auditor's report

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

Based on the work we have performed, we conclude that management's review 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 management's review.

Hellerup, 27 March 2025

BHA STATSAUTORISERET REVISION  
Statsautoriseret revisionsaktieselskab  
CVR no. 18 96 79 01



Palle Harting Johansen  
Statutory Auditor  
mne32856

## Company details

### The company

ATLAS MARIDAN ApS  
Rungsted Havn 1D  
2960 Rungsted Kyst

CVR no.: 27 62 77 30

Reporting period: 1 October 2023 - 30 September 2024

Domicile: Hørsholm

### Executive board

Holger Meyer  
Tommy Kaltofen, CEO

### Auditors

BHA STATSAUTORISERET REVISION  
Statsautoriseret revisionsaktieselskab  
Tuborgvej 32  
2900 Hellerup

## **Management's review**

### **Business review**

ATLAS MARIDAN ApS is a Danish company with branches in Germany.

The Danish site develops, integrates, tests, repairs and maintains unmanned vehicles (UxVs), primarily autonomous underwater vehicles (AUVs).

In February 2024, the business was expanded through an asset deal. This involved the acquisition of equipment and transfer of employees from Patzold, Köbke, Engineers GmbH & Co. KG in Germany at the Buchholz i.d. Nordheide and Bremen sites.

In addition, higher investments were made in the Ultra-high-resolution seismic area during the course of the year. Offshore exploration tasks (surveying operations) and the central management of research and development are carried out by the German branches.

We are active nationally and internationally in the areas of:

- Offshore site investigations with a primary focus on offshore renewables
- Geophysical surveys specialized in the detection of unexploded ordnances
- Ultra-high-resolution seismic surveys
- Development, manufacturing, repair, maintenance, integration, and testing of autonomous, uncrewed maritime vehicles (UxV)

An experienced team is available to handle various projects. The technical staff includes engineers specialising in process engineering, hydrographic engineering and geodesy as well as natural scientists from the fields of geology, geotechnics and geophysics.

### **Recognition and measurement uncertainties**

The recognition and measurement of items in the annual report is not associated with any uncertainty.

### **Unusual matters**

The company's financial position at 30 September 2024 and the results of its operations for the financial year ended 30 September 2024 are not affected by any unusual matters.

### **Financial review**

The company's income statement for the year ended 30 September 2024 shows a loss of DKK 32.703.894, and the balance sheet at 30 September 2024 shows negative equity of DKK 21.940.579.

## **Management's review**

### ***Financing***

The Company Management is aware that the Company has lost equity. However, the Management expects the Company to replenish its capital through future earnings. The Management is furthermore of the opinion that the liquid resources are sufficient for continued operation since the Company's German parent company will provide the necessary liquidity.

### **Significant events occurring after the end of the financial year**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

## Income statement 1 October - 30 September

	<u>Note</u>	<u>2023/2024</u> DKK	<u>2022/2023</u> DKK
<b>Gross profit</b>		<b>-988.852</b>	<b>3.032.104</b>
Staff costs	2	<u>-20.629.093</u>	<u>-4.405.194</u>
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>-21.617.945</b>	<b>-1.373.090</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-9.676.885</u>	<u>-2.936.651</u>
<b>Profit/loss before net financials</b>		<b>-31.294.830</b>	<b>-4.309.741</b>
Financial income	3	25.283	0
Financial costs	4	<u>-1.943.097</u>	<u>-1.228.353</u>
<b>Profit/loss before tax</b>		<b>-33.212.644</b>	<b>-5.538.094</b>
Tax on profit/loss for the year	5	<u>508.750</u>	<u>1.106.680</u>
<b>Profit/loss for the year</b>		<b><u>-32.703.894</u></b>	<b><u>-4.431.414</u></b>
Retained earnings		<u>-32.703.894</u>	<u>-4.431.414</u>
		<b><u>-32.703.894</u></b>	<b><u>-4.431.414</u></b>

## Balance sheet 30 September

	<u>Note</u>	<u>2023/24</u> DKK	<u>2022/23</u> DKK
<b>Assets</b>			
Development projects		0	52.090
Patents		1.782.498	68.792
Goodwill		<u>4.100.674</u>	<u>0</u>
<b>Intangible assets</b>	<b>6</b>	<b><u>5.883.172</u></b>	<b><u>120.882</u></b>
Plant under construction	7	13.152.876	0
Plant and machinery	7	7.946.552	73.453
Other plant, property and equipment	7	13.417.575	15.293.156
Right-of-use assets	7	<u>6.577.843</u>	<u>0</u>
<b>Tangible assets</b>		<b><u>41.094.846</u></b>	<b><u>15.366.609</u></b>
<b>Total non-current assets</b>		<b><u>46.978.018</u></b>	<b><u>15.487.491</u></b>
Inventories		2.015.797	780.117
Prepayments for goods		<u>1.039.586</u>	<u>1.382.534</u>
<b>Stocks</b>		<b><u>3.055.383</u></b>	<b><u>2.162.651</u></b>
Trade receivables		17.157.043	625.994
Contract work in progress	8	9.200	699.225
Receivables from group entities		2.347.969	778.740
Other receivables		397.282	100.747
Joint taxation contributions receivable		0	2.431.225
Accruals and deferrals		<u>258.666</u>	<u>72.520</u>
<b>Receivables</b>		<b><u>20.170.160</u></b>	<b><u>4.708.451</u></b>
<b>Cash at bank and in hand</b>		<b><u>252.196</u></b>	<b><u>99.570</u></b>
<b>Total current assets</b>		<b><u>23.477.739</u></b>	<b><u>6.970.672</u></b>
<b>Total assets</b>		<b><u>70.455.757</u></b>	<b><u>22.458.163</u></b>

## Balance sheet 30 September

	<u>Note</u>	<u>2023/24</u> DKK	<u>2022/23</u> DKK
<b>Equity and liabilities</b>			
Share capital		125.000	125.000
Reserve for development expenditure		0	40.630
Retained earnings		<u>-22.065.579</u>	<u>-8.034.316</u>
<b>Equity</b>		<b><u>-21.940.579</u></b>	<b><u>-7.868.686</u></b>
Provision for deferred tax		<u>286.689</u>	<u>31.699</u>
<b>Total provisions</b>		<b><u>286.689</u></b>	<b><u>31.699</u></b>
Lease obligations		4.836.914	0
Other payables		<u>35.786</u>	<u>35.786</u>
<b>Total non-current liabilities</b>		<b><u>4.872.700</u></b>	<b><u>35.786</u></b>
Trade payables		1.945.540	18.025
Debt with affiliated companies		80.160.238	29.700.785
Other payables		3.403.824	540.554
Lease obligations		<u>1.727.345</u>	<u>0</u>
<b>Total current liabilities</b>		<b><u>87.236.947</u></b>	<b><u>30.259.364</u></b>
<b>Total liabilities</b>		<b><u>92.109.647</u></b>	<b><u>30.295.150</u></b>
<b>Total equity and liabilities</b>		<b><u>70.455.757</u></b>	<b><u>22.458.163</u></b>

## Statement of changes in equity

	<u>Share capital</u>	<u>Reserve for development expenditure</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 October 2023	125.000	40.630	-8.034.565	-7.868.935
Transfers, reserves	0	-40.630	40.630	0
Net profit/loss for the year	0	0	-32.703.894	-32.703.894
Contribution from group	<u>0</u>	<u>0</u>	<u>18.632.250</u>	<u>18.632.250</u>
<b>Equity at 30 September 2024</b>	<b><u>125.000</u></b>	<b><u>0</u></b>	<b><u>-22.065.579</u></b>	<b><u>-21.940.579</u></b>

## Notes

### 1 Uncertainty about the continued operation (going concern)

In connection with the financial statements as of September 30, 2024, the ultimate holding company ATLAS ELEKTRONIK GmbH confirms on the current situation that it is its intention to continue its affiliate ATLAS Maridan ApS ("the Company") on a going basis for a period not shorter than 12 months from the date of signing on the 30 September 2024 financial statements of the Company. Furthermore, it is not its intention to terminate the financial support to the Company for above mentioned period as long as the Company is a fully consolidated company of the ATLAS ELEKTRONIK Group.

	<u>2023/2024</u> DKK	<u>2022/2023</u> DKK
<b>2 Staff costs</b>		
Wages and salaries	16.918.593	3.782.242
Pensions	2.675.482	350.092
Other social security costs	30.055	73.631
Other staff costs	<u>1.004.963</u>	<u>199.229</u>
	<b><u>20.629.093</u></b>	<b><u>4.405.194</u></b>
Number of fulltime employees on average	<u>47</u>	<u>9</u>
<b>3 Financial income</b>		
Other financial income	275	0
Exchange adjustments	<u>25.008</u>	<u>0</u>
	<b><u>25.283</u></b>	<b><u>0</u></b>
<b>4 Financial costs</b>		
Financial expenses, group entities	1.692.230	1.197.721
Other financial costs	128.840	3.178
Exchange loss	<u>122.027</u>	<u>27.454</u>
	<b><u>1.943.097</u></b>	<b><u>1.228.353</u></b>

## Notes

	<u>2023/2024</u> DKK	<u>2022/2023</u> DKK
<b>5 Tax on profit/loss for the year</b>		
Deferred tax for the year	-513.373	-1.106.680
Adjustment of tax concerning previous years	<u>4.623</u>	<u>0</u>
	<b><u>-508.750</u></b>	<b><u>-1.106.680</u></b>
<b>6 Intangible assets</b>		
	<u>Patents</u>	<u>Goodwill</u>
Cost at 1 October 2023	229.484	0
Additions for the year	<u>1.886.612</u>	<u>4.354.696</u>
Cost at 30 September 2024	<u>2.116.096</u>	<u>4.354.696</u>
Impairment losses and amortisation at 1 October 2023	160.691	0
Amortisation for the year	<u>172.907</u>	<u>254.022</u>
Impairment losses and amortisation at 30 September 2024	<u>333.598</u>	<u>254.022</u>
<b>Carrying amount at 30 September 2024</b>	<b><u>1.782.498</u></b>	<b><u>4.100.674</u></b>

## Notes

### 7 Tangible assets

	<u>Plant under construction</u>	<u>Plant and machinery</u>	<u>Other plant, property and equipment</u>	<u>Right-of-use assets</u>
Cost at 1 October 2023	0	415.021	25.778.733	1.739.124
Additions for the year	13.152.876	8.847.136	5.085.454	7.155.068
Transfers for the year	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
Cost at 30 September 2024	<u>13.152.876</u>	<u>9.262.158</u>	<u>30.864.187</u>	<u>8.894.192</u>
Impairment losses and depreciation at 1 October 2023	0	289.478	10.367.293	1.368.228
Depreciation for the year	<u>0</u>	<u>1.026.128</u>	<u>7.079.319</u>	<u>948.121</u>
Impairment losses and depreciation at 30 September 2024	<u>0</u>	<u>1.315.606</u>	<u>17.446.612</u>	<u>2.316.349</u>
<b>Carrying amount at 30 September 2024</b>	<b><u>13.152.876</u></b>	<b><u>7.946.552</u></b>	<b><u>13.417.575</u></b>	<b><u>6.577.843</u></b>

### 8 Contract work in progress

Work in progress	15.119.001	699.225
Work in progress, invoiced on account	<u>-15.109.801</u>	<u>0</u>
	<b><u>9.200</u></b>	<b><u>699.225</u></b>

Calculated loss on work in progress for customers is included in the income statement and reduced in work in progress with DKK 8.950.356 (2022/23 Zero)

### 9 Rent and lease liabilities

Within 1 year	1.727.345	574.000
Between 1 and 5 years	<u>4.836.914</u>	<u>0</u>
	<b><u>6.564.259</u></b>	<b><u>574.000</u></b>

## Notes

### 10 Contingent liabilities

#### **Recourse and non-recourse guarantee commitments**

The company is jointly taxed with, Rias A/S (management company). It has limited and secondary liability with other jointly taxed entities for payment of income taxes and withholding taxes on dividends, interest and royalties.

## Accounting policies

The annual report of ATLAS MARIDAN ApS for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The annual report for 2023/24 is presented in DKK

### Changes in accounting policies

#### IFRS 15

With effect from 1 October 2023, the Company has chosen to rely on IFRS 15 Revenue from contracts with customers as the basis of interpretation when recognising revenue.

In contrast to the previous bases of interpretation, IFRS 15 contains one overall and comprehensive model for the recognition of revenue. The fundamental principle in IFRS 15 is that the Company is to recognise revenue, so it reflects goods or services provided to customers at the amounts to which the Company is expected to be entitled for the provision of these goods or services.

The effect for the Company of using IFRS 15 as the basis of interpretation is that:

- Variable consideration from contracts on which the customer's price may vary if a number of conditions are complied with after performance of the contract is to be recognised as revenue if it is highly likely that changes in estimated variable consideration do not have the outcome that an important part of the amount is to be reversed and thereby will reduce revenue. Accordingly, the Company is to recognize the most probable value of the variable consideration in revenue.

The implementation of IFRS 15 has mean that an on-account loss is calculated to 8.950.356 DKK compared to that work in progress have been calculated to cost.

No influence from the previous year as there were no profit on the work in progress that also was in much smaller amount.

## Accounting policies

### IFRS 16

With effect from 1 October 2023, the Company has chosen to use IFRS 16 Leases as the basis of interpretation for recognizing and measurement of leases to which the Company is the lessee.

Consequently, with effect from 1 October 2023, the Company recognizes all finance and operating leases in the balance sheet as a right-of-use asset and a lease liability except from:

- Short-term leases with a maximum lease term of 12 months
- Leases for low-value assets.

For such leases, lease payments are recognized on a straight-line basis in the income statement over the lease term.

When changing its basis of interpretation, the Company has used the lessee accounting model under IFRS 16 from 1 October 2023 without restatement of comparative figures. The Company has applied the following practical expedients for right-of-use assets and lease liabilities previously accounted for as operating leases:

- Not recognized leases for which the lease term ends within 12 months from the date of transition.
- Excluded initial direct costs from the measurement of the right-of-use-assets at 1 October 2023.
- At 1st October 2023, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Profit/loss for the year remains substantially unchanged. This is due to the depreciation of the right-of-use assets and interest costs from the lease liabilities being almost equal to the operating lease expense.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

## **Accounting policies**

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

#### **Raw materials and consumables**

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

#### **Other operating income**

The item Other operating income includes items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment as well as payroll refunds.

#### **Other external expenses**

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### **Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

#### **Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

## Accounting policies

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to realised and unrealised capital/exchange gains and losses on foreign currency transactions and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

### Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Plant, property and equipment	5 - 15 years
Technical systems and machines	5 - 15 years
Patents	3-10 years
Development costs	10 years
Goodwill	10 years

Assets costing less than DKK 33.100 are expensed in the year of acquisition.

## **Accounting policies**

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale.

Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

### **Leases**

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

### **Impairment of fixed assets**

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

### **Stocks**

Stocks are measured at cost using the weighted average method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

## **Accounting policies**

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### **Receivables**

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

### **Contract work in progress**

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

### **Prepayments**

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and deposits at banks.

## **Accounting policies**

### **Equity**

#### **Reserve for development costs**

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

#### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

#### **Liabilities**

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

#### **Deferred income**

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.