Deloitte.

UNEEG Medical A/S

Borupvang 2
3450 Allerød
CVR No. 29140774

Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the annual report on 28.02.2022

Lars Nørgaard
Chairman of the General Meeting

Contents

Entity details

Entity
UNEEG Medical A/S

Borupvang 2

3450 Allerød

Business Registration No.: 29140774

Registered office: Allerød

Financial year: 01.10.2020 - 30.09.2021

Board of Directors
Søren Erik Westermann, chairman
Lars Nørgaard
Philip Just Larsen
Richard Tøpholm
Henning Beck-Nielsen
Peter Willems-Alnøe

Executive Board
Torben Sandgren

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of UNEEG Medical A/S for the financial year 01.10.2020 - 30.09.2021.

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 30.09.2021 and of the results of its operations for the financial year 01.10.2020 - 30.09.2021.

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.

Lynge, 28.02.2022

Executive Board

Torben Sandgren

Board of Directors

Søren Erik Westermann
chairman

Lars Nørgaard

Philip Just Larsen

Richard Tøpholm

Henning Beck-Nielsen

Peter Willems-Alnøe

Independent auditor's report

To the shareholders of UNEEG Medical A/S

Opinion
We have audited the financial statements of UNEEG Medical A/S for the financial year 01.10.2020 - 30.09.2021, 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 30.09.2021 and of the results of its operations for the financial year 01.10.2020 - 30.09.2021 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.02.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Management commentary

Primary activities

UNEEG™ medical's main activities consist of development and commercialization of active implantable Class III devices and other EEG-/neurological medical solutions. The company's principal product solution is the UNEEG 24/7 EEG™ SubQ, which was granted the CE-mark in April 2019 and is comprised of an EEG recording device for epilepsy supported by the "UNEEG EpiSight™" seizure counter. The solution allows for continuous EEG monitoring day and night for up to 15 months and offers healthcare professionals objective knowledge of seizure activity. A subcutaneous implant and external recorder, combined with a complete data infrastructure and analytics software, provide automated electrographic seizure detection.

Development in activities and finances

In 2020/21, UNEEG™ medical accelerated the commercialization efforts through scaling of the organization, investing in R&D, conducting clinical trials and taking important steps into new markets in Germany, Austria and the Netherlands in addition to the existing markets of Denmark and the UK. UNEEG ™ medical expanded the staff of skilled employees with 20 to strengthen the R&D and commercial teams and drive the positive development. At the end of the financial year, the company's 75 employees had relocated to a new shared headquarter with T&W Engineering A/S.

Following the entry into new markets and a commercial and clinical re-opening in the last part of the financial year, UNEEG™ medical reignited the pending commercial and clinical research activities in both Europe and the USA after a challenging period characterized by detrimental COVID-19 effects. Lockdowns severely complicated the day surgeries required for the new implantation procedure, while travel restrictions across Europe made clinical trials very difficult to undertake.

Despite the impact of COVID-19, UNEEG™ medical announced the initiation of the first US patient in the US pivotal clinical evaluation of the company's product solution in June 2021 based on the investigational device exemption (IDE) from FDA. The study is conducted with the highly accredited epilepsy programs at the University of Pennsylvania and Mayo Clinic in the USA and Freiburg University Hospital in Germany.

In 2020/21, UNEEG™ medical reported a gross loss of DKK 30.3 million compared to a gross loss of DKK 32.4 million in 2019/20 as sales and costs related to technology development increased during the year.
The ordinary result after tax amounted to a loss of DKK 88.6 million against a loss of DKK 68.5 million in the previous financial year due to significant investments in R&D and commercialization. The result was in line with Management's expectations.

UNEEG™ medical entered into a financing agreement with the company's shareholders for the conversion of DKK 348.0 million in debt to equity with a view to support the development activities in the company and support future growth. The shareholders are committed to continue financing the company.

Outlook

UNEEG™ medical will continue to invest in research, development, clinical trials, organizational expansion and commercialization, expecting to generate a loss before tax of DKK 125-150 million in 2021/22.

Research and development activities

UNEEG™ medical has many years of experience conducting research and developing new technology and processes related to EEG monitoring for Epilepsy, Diabetes and recently Sleep Disorder. To maintain its position at the very forefront of these novel technologies and therapy areas, the company continued to strengthen its R&D department during the financial year. In 2020/21, R&D costs of DKK 26.0 million were capitalized as development projects against DKK 21.0 million in the previous financial year. The company expects to increase its investment in R&D in the coming years.

Events after the balance sheet date

UNEEG™ medical's efforts to obtain permanent sick fund reimbursement such as DRG (diagnosis-related group) in various European markets achieved two important milestones after the balance sheet date.

In December 2021, UNEEG™ medical and partners were awarded a significant grant for the evaluation of clinical value of the company's product solution by the health authorities in one of Europe's largest countries. The grant is earmarked for a study of the clinical value in collaboration with several university hospitals and health economists, etc. The aim of the grant is to assess the product solution as an important step towards implementation in the health system and for reimbursement purposes.

End of January 2022, UNEEG™ medical was granted access to the NUB reimbursement program (Neue Untersuchungs und Behandlungsmethoden) by the German Health Authorities, enabling a significant number of expert epilepsy hospitals to work with states' health insurance to introduce this novel solution to relevant epilepsy patients. These hospitals have shown clinical interest in the company's product solution and applied for the initiation of the NUB procedure.

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 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
Gross profit/loss		**(30,325)**	**(32,356)**
Staff costs	1	(47,288)	(29,681)
Depreciation, amortisation and impairment losses		(18,196)	(17,853)
Operating profit/loss		**(95,809)**	**(79,890)**
Income from investments in group enterprises		(109)	0
Other financial income	2	0	6
Other financial expenses	3	(16,868)	(11,583)
Profit/loss before tax		**(112,786)**	**(91,467)**
Tax on profit/loss for the year	4	24,184	22,967
Profit/loss for the year		**(88,602)**	**(68,500)**
Proposed distribution of profit and loss			
Retained earnings		(88,602)	(68,500)
Proposed distribution of profit and loss		**(88,602)**	**(68,500)**

Balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK'000	2019/20 DKK'000
Completed development projects	6	51,677	68,903
Acquired intangible assets		831	1,246
Development projects in progress	6	49,797	22,933
Intangible assets	5	**102,305**	**93,082**
Other fixtures and fittings, tools and equipment		2,331	1,217
Leased assets		9,298	0
Property, plant and equipment in progress		3,083	0
Property, plant and equipment	7	**14,712**	**1,217**
Investments in group enterprises		398	0
Financial assets	8	**398**	**0**
Fixed assets		**117,415**	**94,299**
Manufactured goods and goods for resale		6,351	2,228
Inventories		**6,351**	**2,228**
Trade receivables		638	965
Receivables from group enterprises		225	0
Other receivables		2,826	6,502
Income tax receivable		31,426	48,717
Prepayments		1,808	344
Receivables		**36,923**	**56,528**
Cash		**5,186**	**4,524**
Current assets		**48,460**	**63,280**
Assets		**165,875**	**157,579**

Equity and liabilities

	Notes	2020/21 DKK'000	2019/20 DKK'000
Contributed capital		2,388	2,388
Reserve for development expenditure		79,150	71,632
Retained earnings		49,719	(202,161)
Equity		**131,257**	**(128,141)**
Deferred tax		3,959	20,529
Provisions		**3,959**	**20,529**
Lease liabilities		7,723	0
Payables to group enterprises		81	242,661
Non-current liabilities other than provisions		**7,804**	**242,661**
Lease liabilities		1,643	0
Trade payables		6,205	2,613
Payables to group enterprises		1,243	10,306
Other payables		13,764	9,611
Current liabilities other than provisions		**22,855**	**22,530**
Liabilities other than provisions		**30,659**	**265,191**
Equity and liabilities		**165,875**	**157,579**
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Statement of changes in equity for 2020/21

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2,388	71,632	(202,161)	(128,141)
Capital increase by debt conversion	0	0	348,000	348,000
Transfer to reserves	0	7,518	(7,518)	0
Profit/loss for the year	0	0	(88,602)	(88,602)
Equity end of year	**2,388**	**79,150**	**49,719**	**131,257**

Notes

1 Staff costs

	2020/21 DKK'000	2019/20 DKK'000
Wages and salaries	40,149	25,389
Pension costs	4,511	2,375
Other social security costs	411	206
Other staff costs	2,217	1,711
	47,288	**29,681**

Average number of full-time employees	**66**	**39**

2 Other financial income

	2020/21 DKK'000	2019/20 DKK'000
Other interest income	0	1
Exchange rate adjustments	0	5
	0	**6**

3 Other financial expenses

	2020/21 DKK'000	2019/20 DKK'000
Financial expenses from group enterprises	16,581	11,539
Other interest expenses	287	44
	16,868	**11,583**

4 Tax on profit/loss for the year

	2020/21 DKK'000	2019/20 DKK'000
Current tax	(18,962)	(23,813)
Change in deferred tax	(31,348)	846
Refund in joint taxation arrangement	26,126	0
	(24,184)	**(22,967)**

5 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Development projects in progress DKK'000
Cost beginning of year	86,129	3,845	22,933
Additions	0	0	26,864
Cost end of year	**86,129**	**3,845**	**49,797**
Amortisation and impairment losses beginning of year	(17,226)	(2,599)	0
Amortisation for the year	(17,226)	(415)	0
Amortisation and impairment losses end of year	**(34,452)**	**(3,014)**	**0**
Carrying amount end of year	**51,677**	**831**	**49,797**

6 Development projects

Development projects relate to the development of products for monitoring of Epilepsy and Diabetes patients. The costs of the development projects comprise salaries, external consultant costs and other external costs that are directly and indirectly attributable to the development projects. The recognition of development costs is based on the actual progress of the projects, measured based on internal time registrations and achieved milestones. The development projects are progressing as planned.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leased assets DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	1,461	0	0
Additions	1,324	9,644	3,083
Cost end of year	**2,785**	**9,644**	**3,083**
Depreciation and impairment losses beginning of year	(244)	0	0
Depreciation for the year	(210)	(346)	0
Depreciation and impairment losses end of year	**(454)**	**(346)**	**0**
Carrying amount end of year	**2,331**	**9,298**	**3,083**

8 Financial assets

	Investments in group enterprises DKK'000
Additions	507
Cost end of year	**507**
Share of profit/loss for the year	(109)
Impairment losses end of year	**(109)**
Carrying amount end of year	**398**

Investments in subsidiaries	Registered in	Equity interest %
UNEEG Medical DE GmbH	Germany	100
UNEEG Medical US Inc.	USA	100
UNEEG Medical UK Ltd.	England	100

9 Contingent liabilities

The Company participates in a Danish joint taxation arrangement where T&W Medical A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as 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.

10 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

T&W Medical A/S, Nymøllevej 6, 3450 Lynge

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 policy on recognition of leases.

To better achieve a fair presentation of the Entity's financial position and results, leases are rec-ognised in accordance with the accounting principles of the International Financial Reporting Standard IFRS 16 Leases, effective 1 January 2018. IFRS 16 does not distinguish between operating leases and finance leases but requires the recognition of a lease asset (right-of-use asset) and a lease liability when entering into leases, except for leases with a lease term ending within 12 months (short-term leases) and contracts to lease assets of low value.

Application of transition requirements

According to the transition requirements of the Danish Financial Statements Act, the comparative figures are not restated, and the cumulative effect of the transition is recognised in equity at the beginning of the financial year. The change only includes leases stretching into the cur-rent financial year.

Moreover, the following transition requirements of IFRS 16 have been applied:

- Amounts previously recognised for leases classified and recognised as a finance lease have not been changed.
- For leases previously classified as an operating lease, the following is applicable:

  - Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Entity's incremental borrowing rate at the date of initial application on 1 October 2020.

  - Lease assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

  - Lease assets are written down to the lower of recoverable amount and carrying amount.

  - Leases for which the lease term ends within 12 months on 1October 2022 are accounted for in the same way as short-term leases, despite the original lease term, thus not rec-ognised as a lease asset or a lease liability

Interpretation of changes in accounting policies due to the application of IFRS 16

Leases previously classified as operating leases

The application of IFRS 16 changes the treatment of leases previously classified as operating leases, thus not recognised in the balance sheet. Lease payments from operating leases were previously recognised on a straight-line basis in the income statement as Other external expenses over the lease term.

For all other leases:

a) Lease assets and lease liabilities are recognised in the balance sheet, initially measured at the present value of future lease payments.

b) Depreciation and impairment losses on lease assets and interest on lease liabilities are rec-ognised in the

income statement.
c) The total lease payment is separated into repayment of the lease liability (disclosed as cash flow from financing activities) and interest (disclosed as cash flow from operating activities).

Monetary effect of changes in accounting policies
The change in accounting policies leads to a reduction in other external expenses by DKK 200 thousand, an increase in depreciation by DKK 346 thousand, and an increase in interest expenses by DKK 65 thousand. The total effect of the change in accounting policies amounts to a reduction in results for the year before tax of DKK 411 thousand. The balance sheet total is increased by DKK 9,298 thousand.

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

Consolidated financial statements
Referring to section 112(2) 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.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue 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.

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

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

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for distribution, premises and administration.

Staff costs
Staff costs comprise salaries and wages as well as 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, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as 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 payables and transactions in foreign currencies, amortisation of financial assets as well as 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 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.

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 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 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 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are mortised 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
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:

Other fixtures and fittings, tools and equipment	3-5 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.

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.

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 the reserve for net revaluation according to the equity method in equity.

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. Cost of manufactured goods consists of costs of raw materials.

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 cash in hand and 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.

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.

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