

AL-KO Ginge A/S

Godsbanegade 20, 9700 Brønderslev

Company reg. no. 43 35 65 18

Annual report

1 January - 31 December 2024

The annual report was submitted and approved by the general meeting on the 21 March 2025.

Lars Birk
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of AL-KO Ginge A/S for the financial year 1 January - 31 December 2024.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Brønderslev, 21 March 2025

Managing Director

Tina Bentele
CEO

Board of directors

Sergio Tomaciello
Chairmand of the Board

Stig Risdahl Knudsen

Tina Bentele

Peter Kaltenstadler

Independent auditor's report

To the Shareholder of AL-KO Ginge A/S

Opinion

We have audited the financial statements of AL-KO Ginge A/S for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. 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 financial position of the Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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’ 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 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 judgment and maintain professional skepticism 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.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding 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 Management's Review

Management is responsible for Management's Review.

Independent auditor's report

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.

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 Statement Act. We did not identify any material misstatement of Management's Review.

Thisted, 21 March 2025

RSM Danmark

Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

Rune Vangsøe Sunesen

State Authorised Public Accountant
mne47788

Company information

The company

AL-KO Ginge A/S
Godsbanegade 20
9700 Brønderslev

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Fax 98825454

Company reg. no. 43 35 65 18

Financial year: 1 January - 31 December

Board of directors

Sergio Tomaciello, Chairmand of the Board
Stig Risdahl Knudsen
Tina Bentele
Peter Kaltenstadler

Managing Director

Tina Bentele, CEO

Auditors

RSM Danmark Statsautoriseret Revisionspartnerselskab
Thyparken 10
7700 Thisted

Parent company

AL-KO Geräte GmbH

Subsidiary

Ginge Svenska AB, Sverige

Management's review

Description of key activities of the company

The main activity of AL-KO Ginge A/S consists of trading motorized garden and park equipment, water technology, and snow blowers in the Nordic market.

Significant changes in the company's activities and financial matters

During the financial year 2024, the company experienced a positive development in activities and an increase in gross profit, which amounted to TDKK 14,667 compared to TDKK 10,562 in 2023. The ordinary result after tax stands at TDKK -2,266 compared to TDKK -4,652 last year. Management considers the result unsatisfactory. The balance sheet as of December 31, 2024, shows equity of TDKK 12,209.

Expected developments

Management expects a slight decline in revenue in 2025 due to delays in launching a new generation of robotic lawnmowers. The expected result is anticipated to be at the same level as in 2024.

Branches abroad

The company has a subsidiary in Sweden and a sales office in Norway.

Due to the new size thresholds in the Danish Financial Statements Act, no consolidated financial statements have been prepared for the company for 2024. However, the subsidiary has been fully recognized at equity value as in earlier years.

Financial risks

The company is not exposed to any significant financial risks other than risks related to exchange rate fluctuations and interest rate changes. It is the company's policy not to engage in financial speculation.

Environmental considerations

The company is highly focused on minimizing the environmental impact of its ongoing operations as much as possible.

Events occurring after the end of the financial year

No significant events have occurred after the end of the financial year that would materially impact the company's financial position.

Income statement 1 January - 31 December

All amounts in DKK.

Note	2024	2023
Gross profit	14.667.043	10.562.360
1 Staff costs	-13.717.467	-13.595.732
2 Depreciation, amortisation, and impairment	-112.562	-201.314
Other operating expenses	-16.441	0
Operating profit	820.573	-3.234.686
3 Income from investments in group enterprises	124.728	178.965
4 Other financial income	1.716.591	1.930.283
5 Other financial expenses	-3.674.891	-3.527.054
Pre-tax net profit or loss	-1.012.999	-4.652.492
Tax on net profit or loss for the year	-1.253.472	0
Net profit or loss for the year	-2.266.471	-4.652.492
Proposed distribution of net profit:		
Reserves for net revaluation according to the equity method	124.728	178.965
Allocated from retained earnings	-2.391.199	-4.831.457
Total allocations and transfers	-2.266.471	-4.652.492

Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2024</u>	<u>2023</u>
Non-current assets			
6	Acquired concessions, patents, licenses, trademarks, and similar rights	14.335	31.539
	Total intangible assets	14.335	31.539
7	Other fixtures, fittings, tools and equipment	140.951	167.450
	Total property, plant, and equipment	140.951	167.450
8	Investments in group enterprises	2.332.815	2.208.087
	Total investments	2.332.815	2.208.087
	Total non-current assets	2.488.101	2.407.076
Current assets			
	Manufactured goods and goods for resale	17.021.242	12.787.761
	Total inventories	17.021.242	12.787.761
	Trade receivables	25.984.910	14.785.626
	Receivables from group enterprises	145.895	0
	Deferred tax assets	1.411.983	2.468.000
	Other receivables	746.305	1.138.607
	Prepayments	256.894	324.577
	Total receivables	28.545.987	18.716.810
	Cash and cash equivalents	3.242.901	3.981.132
	Total current assets	48.810.130	35.485.703
	Total assets	51.298.231	37.892.779

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2024</u>	<u>2023</u>
Equity		
Contributed capital	3.000.000	3.000.000
Reserve for net revaluation according to the equity method	2.291.166	2.166.438
Reserve for hedging transactions	0	-862.651
Retained earnings	6.917.668	9.308.867
Total equity	12.208.834	13.612.654
Provisions		
Other provisions	2.546.623	2.293.480
Total provisions	2.546.623	2.293.480
Liabilities other than provisions		
Trade payables	2.812.443	1.834.911
Payables to group enterprises	25.518.467	12.328.479
Other payables	8.211.864	7.823.255
Total short term liabilities other than provisions	36.542.774	21.986.645
Total liabilities other than provisions	36.542.774	21.986.645
Total equity and liabilities	51.298.231	37.892.779

9 Contingencies

10 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for hedging transactions	Retained earnings	Total
Equity 1					
January 2023	3.000.000	1.978.317	0	14.140.324	19.118.641
Share of profit or loss	0	178.967	0	-4.831.457	-4.652.490
Foreign currency translation adjustments	0	9.154	0	0	9.154
Fair value adjustment	0	0	-862.651	0	-862.651
Equity 1					
January 2024	3.000.000	2.166.438	-862.651	9.308.867	13.612.654
Share of profit or loss	0	124.728	0	-2.391.199	-2.266.471
Fair value adjustment	0	0	862.651	0	862.651
	3.000.000	2.291.166	0	6.917.668	12.208.834

Notes

All amounts in DKK.

	2024	2023
1. Staff costs		
Salaries and wages	12.216.800	12.264.022
Pension costs	1.089.679	1.003.794
Other costs for social security	410.988	327.916
	13.717.467	13.595.732
Average number of employees	21	23
2. Depreciation, amortisation, and impairment		
Amortisation of development projects	17.204	99.339
Depreciation of buildings	7.783	7.783
Depreciation of installations	2.399	2.399
Depreciation of plant and machinery	55.422	64.119
Depreciation of other fixtures and fittings, tools and equipment	10.926	18.301
Minor acquisitions	18.828	9.373
	112.562	201.314
3. Income from investments in group enterprises		
Income from Ginge Svenska AB	124.728	178.965
	124.728	178.965
4. Other financial income		
Interest, banks	35.464	61.300
Interest, trade receivables	0	4.407
Exchange differences	1.681.127	1.864.576
	1.716.591	1.930.283
5. Other financial expenses		
Financial costs, group enterprises	1.394.502	961.877
Other financial costs	2.280.389	2.565.177
	3.674.891	3.527.054

Notes

All amounts in DKK.

	31/12 2024	31/12 2023
6. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 January 2024	1.181.032	1.181.032
Cost 31 December 2024	1.181.032	1.181.032
Amortisation and write-down 1 January 2024	-1.149.493	-1.050.154
Amortisation and depreciation for the year	-17.204	-99.339
Amortisation and write-down 31 December 2024	-1.166.697	-1.149.493
Carrying amount, 31 December 2024	14.335	31.539
7. Other fixtures, fittings, tools and equipment		
Cost 1 January 2024	1.432.580	1.383.646
Additions during the year	87.095	48.934
Disposals during the year	-410.147	0
Cost 31 December 2024	1.109.528	1.432.580
Depreciation and write-down 1 January 2024	-1.265.130	-1.163.155
Amortisation and depreciation for the year	-95.358	-101.975
Depreciation, amortisation and impairment loss for the year, assets disposed of	391.911	0
Depreciation and write-down 31 December 2024	-968.577	-1.265.130
Carrying amount, 31 December 2024	140.951	167.450

Notes

All amounts in DKK.

	31/12 2024	31/12 2023
8. Investments in group enterprises		
Cost 1 January 2024	41.651	41.651
Cost 31 December 2024	41.651	41.651
Revaluations, opening balance 1 January 2024	2.166.436	1.978.316
Translation at the exchange rate at the balance sheet date	-68.544	9.154
Net profit or loss for the year before amortisation of goodwill	193.272	178.966
Revaluations 31 December 2024	2.291.164	2.166.436
Carrying amount, 31 December 2024	2.332.815	2.208.087

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year
Ginge Svenska AB, Sverige	100 %	2.332.815	193.272
		2.332.815	193.272

9. Contingencies

Operational leasing

The company has entered into operational rental and leasing agreements with an annual lease payment of TDKK 663.

The lease contracts have a remaining term of 1-57 months, with a total lease obligation of TDKK 789.

Rent obligations

The company has entered into rent obligations, which at the balance sheet date amount to TDKK 724 during the non-terminable period of 6 months.

Notes

All amounts in DKK.

10. Related parties

Controlling interest

AL-KO Geräte GmbH, Ichenhauser Strasse 14, 89359 Kötzing, Germany. Majority shareholder

Consolidated financial statements

The company is included in the consolidated financial statements of AL-KO Geräte GmbH, Ichenhauser Strasse 14, 89359 Kötzing, Germany.

Accounting policies

The annual report for AL-KO Ginge A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Expenses concerning investment properties comprise operating expenses, repair and maintenance expenses, taxes, charges, and other expenses. Expenses concerning the heating accounts are recognised in the statement of financial position as a balance with lessees.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Accounting policies

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Plant and machinery	5 years

Accounting policies

Other fixtures and fittings, tools and equipment

5-10 years

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Accounting policies

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

Liabilities other than provisions relating to investment properties are measured at amortised cost.