



## Stenhøj Holding A/S

Barrit Langgade 188-190  
7150 Barrit  
CVR No. 16174394

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 29.06.2022

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**Martin Klitgaard**

Chairman of the General Meeting

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# Entity details

## Entity

Stenhøj Holding A/S

Barrit Langgade 188-190

7150 Barrit

Business Registration No.: 16174394

Registered office: Hedensted

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

John Bøgholm Frederiksen

Giulio Corghi

Cinzia Corghi

Claudio Spiritelli

Kim Josef Stelmach

## Executive Board

Martin Klitgaard

Claudio Spiritelli

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Stenhøj Holding A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Barrit, 29.06.2022

## Executive Board

**Martin Klitgaard**

**Claudio Spiritelli**

## Board of Directors

**John Bøgholm Frederiksen**

**Giulio Corghi**

**Cinzia Corghi**

**Claudio Spiritelli**

**Kim Josef Stelmach**

# Independent auditor's report

## To the shareholders of Stenhøj Holding A/S

### Opinion

We have audited the financial statements of Stenhøj Holding A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Odense, 29.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Bo Damgaard Hansen**

State Authorised Public Accountant  
Identification No (MNE) mne34543

**Thomas Aamand Lund**

State Authorised Public Accountant  
Identification No (MNE) mne47764

# Management commentary

## Primary activities

Stenhøj Holding A/S is the ultimate holding company in Stenhøj Group fully owned by Nexion Group. The Company is responsible for the overall management and administration of the Stenhøj Group.



# Income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
<b>Gross profit/loss</b>		<b>28,722</b>	<b>29,700</b>
Administrative expenses		(30,366)	(33,600)
Other operating expenses		0	(553)
<b>Operating profit/loss</b>		<b>(1,644)</b>	<b>(4,453)</b>
Income from investments in group enterprises		(1,858)	(17,747)
Income from investments in associates		0	376
Other financial income	3	473	7,469
Other financial expenses	4	(5,944)	(4,603)
<b>Profit/loss before tax</b>		<b>(8,973)</b>	<b>(18,958)</b>
Tax on profit/loss for the year	5	0	1,514
<b>Profit/loss for the year</b>		<b>(8,973)</b>	<b>(17,444)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(8,973)	(17,444)
<b>Proposed distribution of profit and loss</b>		<b>(8,973)</b>	<b>(17,444)</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	7	2,774	5,823
Acquired trademarks		9,055	9,609
Goodwill		0	0
Development projects in progress	7	414	173
<b>Intangible assets</b>	<b>6</b>	<b>12,243</b>	<b>15,605</b>
Land and buildings		6,310	5,893
Plant and machinery		5,387	6,528
Other fixtures and fittings, tools and equipment		759	920
<b>Property, plant and equipment</b>	<b>8</b>	<b>12,456</b>	<b>13,341</b>
Investments in group enterprises		177,916	141,118
Receivables from group enterprises		0	19,534
Investments in associates		1,622	1,622
<b>Financial assets</b>	<b>9</b>	<b>179,538</b>	<b>162,274</b>
<b>Fixed assets</b>		<b>204,237</b>	<b>191,220</b>
Receivables from group enterprises		13,076	10,242
Deferred tax		6,700	6,700
Other receivables		1,446	1,550
Prepayments		727	881
<b>Receivables</b>		<b>21,949</b>	<b>19,373</b>
<b>Cash</b>		<b>561</b>	<b>330</b>
<b>Current assets</b>		<b>22,510</b>	<b>19,703</b>
<b>Assets</b>		<b>226,747</b>	<b>210,923</b>

**Equity and liabilities**

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	10	17,428	17,428
Translation reserve		3,702	0
Reserve for fair value adjustments of hedging instruments		684	0
Reserve for development expenditure		2,164	4,542
Retained earnings		26,549	(4,036)
<b>Equity</b>		<b>50,527</b>	<b>17,934</b>
Mortgage debt		13,614	16,419
Lease liabilities		1,762	2,463
Debt to other credit institutions		1,643	7,338
Other payables		1,123	570
<b>Non-current liabilities other than provisions</b>	11	<b>18,142</b>	<b>26,790</b>
Current portion of non-current liabilities other than provisions	11	8,454	9,175
Payables to other credit institutions		80,426	87,241
Trade payables		1,921	1,901
Payables to group enterprises		62,588	63,065
Other payables	12	4,689	4,817
<b>Current liabilities other than provisions</b>		<b>158,078</b>	<b>166,199</b>
<b>Liabilities other than provisions</b>		<b>176,220</b>	<b>192,989</b>
<b>Equity and liabilities</b>		<b>226,747</b>	<b>210,923</b>
Staff costs	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		
Non-arm's length related party transactions	17		
Group relations	18		

# Statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	17,428	0	0	4,542	(4,036)
Exchange rate adjustments	0	3,702	0	0	0
Fair value adjustments of hedging instruments	0	0	684	0	0
Group contributions etc	0			0	37,180
Transfer to reserves	0	0	0	(2,378)	2,378
Profit/loss for the year	0	0	0	0	(8,973)
<b>Equity end of year</b>	<b>17,428</b>	<b>3,702</b>	<b>684</b>	<b>2,164</b>	<b>26,549</b>

	Total DKK'000
Equity beginning of year	17,934
Exchange rate adjustments	3,702
Fair value adjustments of hedging instruments	684
Group contributions etc	37,180
Transfer to reserves	0
Profit/loss for the year	(8,973)
<b>Equity end of year</b>	<b>50,527</b>

# Notes

## 1 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	6,905	9,472
Pension costs	482	651
Other social security costs	205	263
	<b>7,592</b>	<b>10,386</b>
Number of employees at balance sheet date	<b>10</b>	<b>11</b>

## 2 Other operating income

Gross profit/loss in 2020 include other operating income items which include compensation received from the aid schemes established as a result of the outbreak and spread of COVID-19.

The company has received compensation for wages totalling 409k DKK in 2020. No compensation has been received in 2021.

## 3 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	413	2,189
Exchange rate adjustments	0	4,002
Other financial income	60	1,278
	<b>473</b>	<b>7,469</b>

## 4 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	528	561
Other interest expenses	2,519	4,042
Exchange rate adjustments	2,897	0
	<b>5,944</b>	<b>4,603</b>

## 5 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Change in deferred tax	0	(1,891)
Adjustment concerning previous years	0	377
	<b>0</b>	<b>(1,514)</b>

## 6 Intangible assets

	Completed development projects DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	17,633	11,653	125	173
Additions	38	0	0	280
Disposals	0	0	0	(39)
<b>Cost end of year</b>	<b>17,671</b>	<b>11,653</b>	<b>125</b>	<b>414</b>
Amortisation and impairment losses beginning of year	(11,810)	(2,044)	(125)	0
Amortisation for the year	(3,087)	(554)	0	0
<b>Amortisation and impairment losses end of year</b>	<b>(14,897)</b>	<b>(2,598)</b>	<b>(125)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>2,774</b>	<b>9,055</b>	<b>0</b>	<b>414</b>

## 7 Development projects

The basis for capitalising the development projects are that these reflect investments in products and technologies of importance to the future business of the group since they are expected to ensure a competitive edge in the market. No indications of impairment was identified at the balance sheet date.

## 8 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	59,900	53,010	17,210
Additions	1,063	349	47
<b>Cost end of year</b>	<b>60,963</b>	<b>53,359</b>	<b>17,257</b>
Depreciation and impairment losses beginning of year	(54,007)	(46,482)	(16,290)
Depreciation for the year	(646)	(1,490)	(208)
<b>Depreciation and impairment losses end of year</b>	<b>(54,653)</b>	<b>(47,972)</b>	<b>(16,498)</b>
<b>Carrying amount end of year</b>	<b>6,310</b>	<b>5,387</b>	<b>759</b>
Recognised assets not owned by entity	0	3,658	311

## 9 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Investments in associates DKK'000
Cost beginning of year	229,443	19,534	1,053
Additions	34,953	0	0
Disposals	0	(19,534)	0
<b>Cost end of year</b>	<b>264,396</b>	<b>0</b>	<b>1,053</b>
Revaluations beginning of year	(88,325)	0	569
Exchange rate adjustments	3,701	0	0
Amortisation of goodwill	(795)	0	0
Share of profit/loss for the year	12,023	0	0
Adjustment of intra-group profits	(13,084)	0	0
<b>Revaluations end of year</b>	<b>(86,480)</b>	<b>0</b>	<b>569</b>
<b>Carrying amount end of year</b>	<b>177,916</b>	<b>0</b>	<b>1,622</b>

Hereof non amortised goodwill at 4.7 m DKK.

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Stenhøj A/S	Barrit	A/S	100
Stenhøj DK A/S	Barrit	A/S	100
GEMCO Corporate Management Ltd.	Northampton, England	Ltd	100
GEMCO Equipment Ltd.	Northampton, England	Ltd	100
GEMCO Service Ltd.	Northampton, England	Ltd	100
GEMCO Property Management Ltd.	Hebden Bridge, England	Ltd	100
STH Holding GmbH	Rheine, Germany	GmbH	100
Autop Maschinenbau GmbH	Rheine, Germany	GmbH	100
Sherpa Autodiagnostik GmbH	Mühldorf an Inn, Germany	GmbH	100
Perkute Autodiagnostik GmbH	Rheine, Germany	GmbH	100
Stenhøj Romania SRL	Cluj, Romania	SRL	100
Stenhøj PTY Ltd.	Mona Vale, Australia	Ltd	85
Tecalemit OY	Vantaa, Finland	OY	100
UAB Tecalemit	Vilnius, Lithuania	Ltd	100
Tecalemit AS	Talinn, Estonia	AS	100

<b>Investments in associates</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Verksted & Industriservice AS	Norway	AS	45

## 10 Share capital

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
Shares	17,427,884	1	17,427,884
	<b>17,427,884</b>		<b>17,427,884</b>



## 11 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	2,106	2,094	13,614	4,124
Lease liabilities	653	1,386	1,762	0
Debt to other credit institutions	5,695	5,695	1,643	0
Other payables	0	0	1,123	0
	<b>8,454</b>	<b>9,175</b>	<b>18,142</b>	<b>4,124</b>

Mortgage debt includes the fair value of hedging instruments of DKK 1.065. The hedging instruments has been entered to secure a fixed interest rate on the company's variable-rate bank loans. The hedging instruments has a principal of DKK 12,5 million and secures a fixed interest rate of 2% for the remaining term of 7 years. The hedging instruments and bank debt are entered into with the same counterparty.

## 12 Other payables

	2021 DKK'000	2020 DKK'000
VAT and duties	190	720
Wages and salaries, personal income taxes, social security costs, etc payable	3,747	3,474
Other costs payable	752	623
	<b>4,689</b>	<b>4,817</b>

## 13 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Liabilities under rental or lease agreements until maturity in total	<b>9,644</b>	<b>11,611</b>

## 14 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

## 15 Assets charged and collateral

Mortgage debt is secured by way of mortgage on buildings. The mortgage also comprises the plant and machinery deemed part of the property. The carrying amount of mortgaged buildings amounts to 6,310k DKK.

In addition to the parent company's own obligations, the mortgage is collateral for the bank's balances with a number of subsidiaries.

In addition to the entitie's own obligations, the mortgage is collateral for the bank's balances with a number of

subsidiaries. The Entity has guaranteed the debt in most of its subsidiaries.

#### **16 Related parties with controlling interest**

Nexion S.p.A, Corregio, Italy owns all shares in the Entity, thus exercising control.

#### **17 Non-arm's length related party transactions**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

#### **18 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Nexion S.p.A, Corregio, Italy

Copies of the consolidated financial statements of Nexion S.p.A may be ordered at the following address:  
Barrit Langgade 188 - 190, 7150 Barrit

# Accounting policies

## Reporting class

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

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

The currency has been changed compared to last year due to no consolidated financial statements this year and therefor a change in the primarily users of the financial statements to a more local perspective.

Furthermore the annual report is now presented in DKK instead of EUR last year. This change is decided with regards to the viewers of the financial statements on a collective basis and the fact that EUR has increased the complexity in the annual report for the viewers.

## Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, costs directly associated to the revenue and other operating income.

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Administrative expenses**

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

**Other operating income**

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

**Other operating expenses**

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

**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.

**Income from investments in associates**

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

**Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The useful life of goodwill has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation

periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### **Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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:

Buildings	25 years
Plant and machinery	5-10 years
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 plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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

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

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The useful life of goodwill has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Investments in associates**

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

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

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

**Receivables**

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

**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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Mortgage debt**

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

**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.