

Stenhøj DK A/S

Barrit Langgade 188-190
7150 Barrit
CVR No. 16926485

Annual report 2020

The Annual General Meeting adopted the
annual report on 08.06.2021

A handwritten signature in blue ink, appearing to read 'Martin Klitgaard', positioned above a horizontal line.

Martin Klitgaard
Chairman of the General Meeting

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Entity details

Entity

Stenhøj DK A/S
Barrit Langgade 188-190
7150 Barrit

CVR No.: 16926485
Registered office: Hedensted
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Giulio Corghi, Chairman
Cinzia Corghi
Martin Klitgaard

Executive Board

Martin Klitgaard

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 DK A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 08.06.2021

Executive Board

Martin Klitgaard

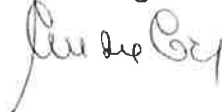
Board of Directors

Giulio Corghi
Chairman



Martin Klitgaard

Cinzia Corghi



Independent auditor's report

To the shareholders of Stenhøj DK A/S

Opinion

We have audited the financial statements of Stenhøj DK A/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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.

Kolding, 08.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556



B6 Damgaard Hansen

State Authorised Public Accountant
Identification No (MNE) mne34543

Management commentary

Financial highlights

| | 2020 DKK'000 | 2018/19 DKK'000 | 2017/18 DKK'000 | 2016/17 DKK'000 | 2015/16 DKK'000 |
|--------------------------|-----------------|--------------------|--------------------|--------------------|--------------------|
| Key figures | | | | | |
| Gross profit/loss | 11,016 | 8,257 | 24,644 | 18,727 | 16,912 |
| Operating profit/loss | (3,080) | (11,664) | 5,262 | 832 | 1,602 |
| Net financials | (435) | (621) | (169) | (3) | (31) |
| Profit/loss for the year | (3,464) | (9,583) | 3,965 | 640 | 1,224 |
| Total assets | 50,867 | 70,554 | 39,639 | 23,040 | 21,061 |
| Equity | 16,644 | 2,108 | 11,691 | 7,726 | 7,085 |
| Ratios | | | | | |
| Return on equity (%) | (36.95) | (138.89) | 40.84 | 8.64 | 17.62 |
| Equity ratio (%) | 32.72 | 2.99 | 29.49 | 33.53 | 33.64 |

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

The financial year 2020 and 2018/2019 is not comparable. The length of 2018/19 was 18 months, where as the other financials years are 12 months.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The Company's activities are manufacturing and sale and service of equipment for garages, including sales of compressors, spare parts, accessories and services.

Development in activities and finances

Loss for the year amount to DKK 3.5 million which is considered unsatisfactory.

The loss is affected significantly by Covid-19 and the close down of the Danish society.

Profit/loss for the year in relation to expected developments

The Company original expected a minor profit for 2020 but at the time for adopting the annual report for 2019 these expectations were revised due to Covid-19. The new expectation was a negative result which also has been realized. The Company has also been significantel affect by the second wave of Covid-19 in the second half of 2020.

Outlook

For the fiscal year 2021 a positive gross profit is expected in the level of DKK 3-5 million and a result before tax at DKK 2-3 million.

Particular risks

The Company has only presence at the Danish market which make the currency risk very limited.

The Company is a part of Stenhøj Group. The Group monitor the Company's financial risks centrally and coordinate matters related to liquidity. The Group follow a financial policy setting out a low risk profile in order to ensure that fluctuations from currency rates and interests are only entered into for commercial reasons.

The Company is ensured for ordinary risks related to assets and business interruptions.

Events after the balance sheet date

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

Income statement for 2020

| | Notes | 2020 DKK | 2018/19 DKK |
|---------------------------------|-------|--------------------|---------------------|
| Gross profit/loss | | 11,015,893 | 8,257,087 |
| Distribution costs | | (7,254,430) | (11,179,817) |
| Administrative expenses | | (6,841,328) | (8,741,749) |
| Operating profit/loss | | (3,079,865) | (11,664,479) |
| Other financial income | 3 | 85,469 | 39,787 |
| Other financial expenses | 4 | (520,724) | (661,280) |
| Profit/loss before tax | | (3,515,120) | (12,285,972) |
| Tax on profit/loss for the year | 5 | 50,738 | 2,702,913 |
| Profit/loss for the year | 6 | (3,464,382) | (9,583,059) |

Balance sheet at 31.12.2020

Assets

| | Notes | 2020 DKK | 2018/19 DKK |
|---|-------|-------------------|-------------------|
| Goodwill | | 9,340,055 | 5,268,403 |
| Intangible assets | 7 | 9,340,055 | 5,268,403 |
| Fixed assets | | 9,340,055 | 5,268,403 |
| Manufactured goods and goods for resale | | 23,366,138 | 20,300,795 |
| Inventories | | 23,366,138 | 20,300,795 |
| Trade receivables | | 14,996,661 | 14,979,295 |
| Contract work in progress | | 0 | 1,330,024 |
| Receivables from group enterprises | | 153,845 | 25,418,281 |
| Deferred tax | 8 | 2,516,029 | 2,516,029 |
| Other receivables | | 178,129 | 373,759 |
| Prepayments | 9 | 315,783 | 367,494 |
| Receivables | | 18,160,447 | 44,984,882 |
| Current assets | | 41,526,585 | 65,285,677 |
| Assets | | 50,866,640 | 70,554,080 |

Equity and liabilities

| | Notes | 2020 DKK | 2018/19 DKK |
|--|-------|-------------------|-------------------|
| Contributed capital | 10 | 2,000,000 | 2,000,000 |
| Retained earnings | | 14,643,605 | 107,987 |
| Equity | | 16,643,605 | 2,107,987 |
| Other payables | | 3,260,271 | 1,937,391 |
| Non-current liabilities other than provisions | 11 | 3,260,271 | 1,937,391 |
| Current portion of non-current liabilities other than provisions | 11 | 700,000 | 700,000 |
| Trade payables | | 6,142,145 | 5,505,925 |
| Payables to group enterprises | | 14,877,735 | 52,400,287 |
| Other payables | | 9,242,884 | 7,902,490 |
| Current liabilities other than provisions | | 30,962,764 | 66,508,702 |
| Liabilities other than provisions | | 34,223,035 | 68,446,093 |
| Equity and liabilities | | 50,866,640 | 70,554,080 |
| Staff costs | 1 | | |
| Unrecognised rental and lease commitments | 12 | | |
| Contingent liabilities | 13 | | |
| Assets charged and collateral | 14 | | |
| Related parties with controlling interest | 15 | | |
| Non-arm's length related party transactions | 16 | | |
| Group relations | 17 | | |

Statement of changes in equity for 2020

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year | 2,000,000 | 107,987 | 2,107,987 |
| Group contributions etc | 0 | 18,000,000 | 18,000,000 |
| Profit/loss for the year | 0 | (3,464,382) | (3,464,382) |
| Equity end of year | 2,000,000 | 14,643,605 | 16,643,605 |

Notes

1 Staff costs

| | 2020 DKK | 2018/19 DKK |
|---|-------------------|-------------------|
| Wages and salaries | 30,933,523 | 44,291,658 |
| Pension costs | 2,570,038 | 3,672,361 |
| Other social security costs | 454,966 | 844,536 |
| Other staff costs | 268,244 | 440,354 |
| | 34,226,771 | 49,248,909 |
| Number of employees at balance sheet date | 61 | 62 |

2 Other operating income

Gross profit/loss 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 and salaries which total amounts to 1,919k DKK at year end.

3 Other financial income

| | 2020 DKK | 2018/19 DKK |
|---------------------------|---------------|----------------|
| Other interest income | 21,243 | 23,288 |
| Exchange rate adjustments | 64,226 | 16,499 |
| | 85,469 | 39,787 |

4 Other financial expenses

| | 2020 DKK | 2018/19 DKK |
|---|----------------|----------------|
| Financial expenses from group enterprises | 395,987 | 407,473 |
| Other interest expenses | 127,034 | 230,406 |
| Other financial expenses | (2,297) | 23,401 |
| | 520,724 | 661,280 |

5 Tax on profit/loss for the year

| | 2020 DKK | 2018/19 DKK |
|--------------------------------------|-----------------|--------------------|
| Change in deferred tax | 0 | (2,702,913) |
| Refund in joint taxation arrangement | (50,738) | 0 |
| | (50,738) | (2,702,913) |

6 Proposed distribution of profit and loss

| | 2020 DKK | 2018/19 DKK |
|-------------------|--------------------|--------------------|
| Retained earnings | (3,464,382) | (9,583,059) |
| | (3,464,382) | (9,583,059) |

7 Intangible assets

| | Goodwill DKK |
|---|--------------------|
| Cost beginning of year | 7,038,286 |
| Additions | 5,000,000 |
| Cost end of year | 12,038,286 |
| Amortisation and impairment losses beginning of year | (1,769,883) |
| Amortisation for the year | (928,348) |
| Amortisation and impairment losses end of year | (2,698,231) |
| Carrying amount end of year | 9,340,055 |

8 Deferred tax

| | 2020 DKK | 2018/19 DKK |
|-------------------------------|------------------|------------------|
| Intangible assets | 358,374 | 154,137 |
| Property, plant and equipment | 38,198 | 38,198 |
| Inventories | 902,516 | 736,951 |
| Receivables | (69,472) | (80,849) |
| Tax losses carried forward | 1,286,413 | 1,667,592 |
| Deferred tax | 2,516,029 | 2,516,029 |

| Changes during the year | 2020 DKK |
|--------------------------------|------------------|
| Beginning of year | 2,516,029 |
| End of year | 2,516,029 |

The carrying amount of the deferred tax is based on an assessment of the taxable income for the company on stand-alone basis as well as the joint taxation collectively. The deferred tax asset is expected to be utilized within a timeframe of 3-5 years. Management is of the opinion that it is highly probable that the deferred tax asset will be utilized but there is an inherent uncertainty associated with this assessment.

9 Prepayments

Prepayments consist of costs related to the following year such as rent and lease.

10 Share capital

| | Number | Par value DKK | Nominal value DKK |
|--------|--------------|------------------|-------------------------|
| Shares | 2,000 | 1,000 | 2,000,000 |
| | 2,000 | | 2,000,000 |

11 Non-current liabilities other than provisions

| | Due within 12 months 2020 DKK | Due within 12 months 2018/19 DKK | Due after more than 12 months 2020 DKK |
|----------------|--|---|--|
| Other payables | 700,000 | 700,000 | 3,260,271 |
| | 700,000 | 700,000 | 3,260,271 |

12 Unrecognised rental and lease commitments

| | 2020 DKK | 2018/19 DKK |
|---|-------------|----------------|
| Liabilities under rental or lease agreements until maturity in total | 7,275,482 | 9,472,092 |
| Liabilities under rental agreements or leases with group enterprises until expiry | 1,414,800 | 1,274,400 |

13 Contingent liabilities

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

14 Assets charged and collateral

The Entity has guaranteed Stenhøj Holding A/S's debt with Nykredit Bank by floating charge for a maximum of 10,000K DKK

The floating charge covers receivable from sales, inventory, intangible, and tangible assets. The carrying amount is 47,703k DKK.

15 Related parties with controlling interest

Stenhøj Holding A/S, Barrit owns all stock in the Entity and thereby controlling interest.

16 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.

17 Group relations

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

Copies of the consolidated financial statements of Nexion S.p.A.:
Barrit Langgade 188 - 190, 7150 Barrit

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Non-comparability

The financial years are not comparable due to a change in length of the financial year. The current financial year covers 12 months, where last financial year covered 18 months.

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, production costs and other operating income.

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. 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.

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

Production costs

Trade: Production costs comprise cost of sales for the financial year, including ordinary writedown

of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Cost of sales

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

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

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 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 amortisation periods used are 10 years.

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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

Receivables

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

Contract work in progress

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

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

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

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.

Other financial liabilities

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

Cash flow statement

With reference to the Danish Financial Statements Act § 86 section 4 a cash flow statement is not prepared for Stenhøj DK A/S since this is included in the consolidated cash flow statement for Nexion S.p.A.