# Seneco A/S

**Bøgekildevej 4, 8361 Hasselager**

**Company reg. no. 35 68 05 86**

## Annual report

## 1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 2 May 2022.

Geert van der Meer
Chairman of the meeting

# Contents



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 presented the annual report of Seneco A/S for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2021 and of the company’s results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Hasselager, 2 May 2022

**Managing Director**

Kurt Byskov

**Board of directors**

Bodil Sonesson | Geert Jan van der Meer | Michael Wood

Jørn Brinkmann

## Independent auditor's report

**To the Shareholders of Seneco A/S**

**Opinion**

We have audited the financial statements of Seneco A/S for the financial year 1 January - 31 December 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and a summary of significant accounting policies,. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the results of the company's activities for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. 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.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

**Statement on the Management’s Review**
Management is responsible for the Management’s Review.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that Management's Review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the Management's Review.

Aarhus, 2 May 2022

**Redmark**
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Tim Dürr Nielsen
State Authorised Public Accountant
mne41385

## Company information

| | | |
|---|---|---|
| **The company** | Seneco A/S<br>Bøgekildevej 4<br>8361 Hasselager | |
| | Company reg. no. | 35 68 05 86 |
| | Established: | 10 March 2014 |
| | Domicile: | Hasselager |
| | Financial year: | 1 January - 31 December |
| **Board of directors** | Bodil Sonesson<br>Geert Jan van der Meer<br>Michael Wood<br>Jørn Brinkmann | |
| **Managing Director** | Kurt Byskov | |
| **Auditors** | Redmark<br>Godkendt Revisionspartnerselskab<br>Sommervej 31C<br>8210 Aarhus V | |
| **Bankers** | Handelsbanken, Åboulevarden 11-13, 8000 Aarhus C | |

## Management´s review

**The principal activities of the company**

The company's main activity has as in accordance to previous years consisted of developing and selling innovative monitoring devices for outdoor lighting.

**Uncertainties about recognition or measurement**

Long term trade payables are recognized in the balance sheet with t.DKK 632. The amount concerns the mobile network and cloud costs regarding income from 20 years contracts. The value is based on the current costs for the mobile network and cloud access and the managements estimate of the future costs. Sine the costs are based on a 20 year forecast of the price of mobile network and cloud access there is an amount of uncertainty connected to the measurement.

**Development in activities and financial matters**

The gross profit for the year is DKK 529.618 against DKK 357.892 last year. The results from ordinary activities after tax are DKK -7.166.729 against DKK -2.879.684 last year.

The management consider the results satisfactory.

*Financial resources*

The equity represents less than half of the subscribed capital and measures have been taken to ensure that the equity will be re-established. It is the management opinion that the equity will be re-established by the company’s own activities in the coming years. To ensure that the company can carry out its activities the parent company AB Fagerhult has agreed to provide adequate financial support to ensure the company’s continuity for the coming year.

**Expected developments**

The profit margin is less than the budget. This is due to a number of installations being put on hold because of COVID-19.

We expect increasing activity in 2022 with more developers joining. So the result is expected to be similar to 2021.

## Income statement 1 January - 31 December

All amounts in DKK.

| Note | | 2021 | 2020 |
|---|---|---|---|
| | **Gross profit** | **529.618** | **357.893** |
| 3 | Staff costs | -2.455.497 | -2.209.165 |
| | Depreciation, amortisation, and impairment | -5.383.722 | -702.815 |
| | Research and development costs | -597.101 | 0 |
| | **Operating profit** | **-7.906.702** | **-2.554.087** |
| | Other financial income | -497 | 21.913 |
| 4 | Other financial costs | -241.530 | -651.455 |
| | **Pre-tax net profit or loss** | **-8.148.729** | **-3.183.629** |
| | Tax on net profit or loss for the year | 982.000 | 303.945 |
| | **Net profit or loss for the year** | **-7.166.729** | **-2.879.684** |
| | **Proposed appropriation of net profit:** | | |
| | Allocated from retained earnings | -7.166.729 | -2.879.684 |
| | **Total allocations and transfers** | **-7.166.729** | **-2.879.684** |

## Balance sheet at 31 December

All amounts in DKK.

| Note | Assets | 2021 | 2020 |
|---|---|---|---|
| | **Non-current assets** | | |
| 5 | Completed development projects, including patents and similar rights arising from development projects | 2.224.474 | 3.933.270 |
| 6 | Concessions, patents, licenses, trademarks, and similar rights acquired | 840.000 | 1.200.000 |
| 7 | Development projects in progress and prepayments for intangible assets | 2.966.649 | 4.540.352 |
| | Total intangible assets | 6.031.123 | 9.673.622 |
| 8 | Other fixtures and fittings, tools and equipment | 35.006 | 3.132 |
| | Total property, plant, and equipment | 35.006 | 3.132 |
| 9 | Deposits | 36.019 | 36.019 |
| | Total investments | 36.019 | 36.019 |
| | **Total non-current assets** | **6.102.148** | **9.712.773** |
| | **Current assets** | | |
| | Raw materials and consumables | 964.238 | 2.735.055 |
| | Total inventories | 964.238 | 2.735.055 |
| | Trade debtors | 469.785 | 525.809 |
| | Amounts owed by group enterprises | 93.832 | 0 |
| | Income tax receivables | 0 | 530.263 |
| | Tax receivables from subsidiaries | 982.000 | 0 |
| | Other receivables | 93.293 | 114.337 |
| | Accrued income and deferred expenses | 2.535 | 81.664 |
| | Total receivables | 1.641.445 | 1.252.073 |
| | Cash on hand and demand deposits | 1.005.147 | 136.515 |
| | **Total current assets** | **3.610.830** | **4.123.643** |
| | **Total assets** | **9.712.978** | **13.836.416** |

## Balance sheet at 31 December

All amounts in DKK.

| Note | Equity and liabilities | 2021 | 2020 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 1.651.385 | 1.651.385 |
| | Other reserves | 4.049.076 | 6.259.322 |
| | Results brought forward | -10.112.696 | -5.156.213 |
| | **Total equity** | **-4.412.235** | **2.754.494** |
| | **Long term labilities other than provisions** | | |
| 10 | Trade payables | 632.250 | 556.800 |
| 11 | Other payables | 270.249 | 270.249 |
| | Total long term liabilities other than provisions | 902.499 | 827.049 |
| | Short-term part of long-term liabilities | 38.550 | 32.850 |
| | Trade creditors | 610.344 | 1.888.357 |
| | Payables to group enterprises | 12.242.892 | 0 |
| | Payables to shareholders and management | 0 | 7.725.913 |
| | Other payables | 330.928 | 607.753 |
| | Total short term liabilities other than provisions | 13.222.714 | 10.254.873 |
| | **Total liabilities other than provisions** | **14.125.213** | **11.081.922** |
| | **Total equity and liabilities** | **9.712.978** | **13.836.416** |

**1 Uncertainties concerning the enterprise's ability to continue as a going concern**
**2 Uncertainties concerning recognition and measurement**
**12 Charges and security**
**13 Contingencies**

## Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|
| Equity 1 January 2021 | 1.651.385 | 6.259.322 | -5.156.213 | 2.754.494 |
| Transfered from reserve for develment costs | 0 | 0 | 2.210.246 | 2.210.246 |
| Profit or loss for the year brought forward | 0 | 0 | -7.166.729 | -7.166.729 |
| Transferred to results brought forward | 0 | -2.210.246 | 0 | -2.210.246 |
| | **1.651.385** | **4.049.076** | **-10.112.696** | **-4.412.235** |

## Notes

All amounts in DKK.

**1. Uncertainties concerning the enterprise's ability to continue as a going concern**

The equity represents less than half of the subscribed capital and measures have been taken to ensure that the equity will be re-established. It is the management opinion that the equity will be re-established by the company's own activities in the coming years. To ensure that the company can carry out its activities the parent company AB Fagerhult has agreed to provide adequate financial support to ensure the company's continuity for the coming year.

**2. Uncertainties concerning recognition and measurement**

Long term trade payables are recognized in the balance sheet with t.DKK 632. The amount concerns the mobile network and cloud costs regarding income from 20 years contracts. The value is based on the current costs for the mobile network and cloud access and the managements estimate of the future costs. Since the costs are based on a 20 year forecast of the price of mobile network and cloud access there is an amount of uncertainty connected to the measurement.

**3. Staff costs**

| | | |
|---|---|---|
| Salaries and wages | 2.065.408 | 1.864.651 |
| Pension costs | 326.960 | 291.126 |
| Other costs for social security | 25.372 | 24.141 |
| Other staff costs | 37.757 | 29.247 |
| | **2.455.497** | **2.209.165** |
| Average number of employees | 7 | 7 |

**4. Other financial costs**

| | | |
|---|---|---|
| Financial costs, group enterprises | 220.878 | 0 |
| Other financial costs | 20.652 | 651.455 |
| | **241.530** | **651.455** |

## Notes

All amounts in DKK.

**5. Completed development projects, including patents and similar rights arising from development projects**

| | | |
|---|---|---|
| Cost 1 January 2021 | 7.697.029 | 7.260.109 |
| Additions concerning company transfer | 3.244.802 | 5.270 |
| Additions during the year | 66.501 | 431.651 |
| **Cost 31 December 2021** | **11.008.332** | **7.697.030** |
| Amortisation and writedown 1 January 2021 | -3.763.760 | -3.164.919 |
| Amortisation for the year | -4.731.978 | -598.841 |
| Writedown for the year | -288.120 | 0 |
| **Amortisation and writedown 31 December 2021** | **-8.783.858** | **-3.763.760** |
| **Carrying amount, 31 December 2021** | **2.224.474** | **3.933.270** |

Completed development projects comprise the development and test of monitoring devices for outdoor lighting. The devices was completed and put into service in 2016, 2017, 2018, 2019, 2020 and 2021 and the amortisation is over a period of 3 years.

The company has made a change in the estimate of the expected usefull life of development projects. The expected useful lifetime has been changed from 10 years to 3 years as of 1. january 2021.

The management has not identified indication of impairment in proportion to the book value.

## Notes

All amounts in DKK.

| | | 31/12 2021 | 31/12 2020 |
|---|---|---|---|
| **6.** | **Concessions, patents, licenses, trademarks, and similar rights acquired** | | |
| | Cost 1 January 2021 | 1.800.000 | 1.800.000 |
| | **Cost 31 December 2021** | **1.800.000** | **1.800.000** |
| | Amortisation and writedown 1 January 2021 | -600.000 | -510.000 |
| | Amortisation for the year | -360.000 | -90.000 |
| | **Amortisation and writedown 31 December 2021** | **-960.000** | **-600.000** |
| | **Carrying amount, 31 December 2021** | **840.000** | **1.200.000** |

Concessions, patents, licenses, trademarks, and similar rights acquired comprise of acquired intellectual property rights. The amortisation is over a period of 10 years.

The company has made a change in the estimate of the expected usefull life of concessions, patents, licenses, trademarks, and similar rights acquired. The expected useful lifetime has been changed from 20 years to 10 years as of 1. january 2021.

The management has not identified indication of impairment in proportion to the book value.

| | | 31/12 2021 | 31/12 2020 |
|---|---|---|---|
| **7.** | **Development projects in progress and prepayments for intangible assets** | | |
| | Cost 1 January 2021 | 4.540.352 | 2.566.988 |
| | Additions during the year | 1.671.099 | 1.978.634 |
| | Disposals during the year | -3.244.802 | -5.270 |
| | **Cost 31 December 2021** | **2.966.649** | **4.540.352** |
| | **Carrying amount, 31 December 2021** | **2.966.649** | **4.540.352** |

Development projects in progress comprise the development and test of new monitoring devices for outdoor lighting. The devices will be completed and put into service in 2022 and will be depreciated over a period of 3 years.

The company has made a change in the estimate of the expected usefull life of development projects. The expected useful lifetime has been changed from 10 years to 3 years as of 1. january 2021.

The management has not identified indication of impairment in proportion to the book value

## Notes

All amounts in DKK.

| | | 31/12 2021 | 31/12 2020 |
|---|---|---|---|
| **8.** | **Other fixtures and fittings, tools and equipment** | | |
| | Cost 1 January 2021 | 159.440 | 159.440 |
| | Additions during the year | 35.500 | 0 |
| | **Cost 31 December 2021** | **194.940** | **159.440** |
| | Amortisation and writedown 1 January 2021 | -156.308 | -142.335 |
| | Depreciation for the year | -3.626 | -13.973 |
| | **Amortisation and writedown 31 December 2021** | **-159.934** | **-156.308** |
| | **Carrying amount, 31 December 2021** | **35.006** | **3.132** |
| **9.** | **Deposits** | | |
| | Cost 1 January 2021 | 36.019 | 36.019 |
| | **Cost 31 December 2021** | **36.019** | **36.019** |
| | **Carrying amount, 31 December 2021** | **36.019** | **36.019** |
| **10.** | **Trade payables** | | |
| | Total trade payables | 670.800 | 589.650 |
| | Share of amount due within 1 year | -38.550 | -32.850 |
| | | **632.250** | **556.800** |
| | Share of liabilities due after 5 years | 478.050 | 425.400 |
| **11.** | **Other payables** | | |
| | Total other payables | 270.249 | 270.249 |
| | Share of amount due within 1 year | 0 | 0 |
| | **Total other payables** | **270.249** | **270.249** |
| | Share of liabilities due after 5 years | 270.249 | 270.249 |

## Notes

All amounts in DKK.

**12. Charges and security**

The company has no mortgage and securities.

**13. Contingencies**

**Contingent assets**

The company has a deferred tax asset which amounts to t.DKK 1.492.

**Contingent liabilities**

Seneco A/S has a rental obligation regardig the commercial premises they are renting. The annual rent amounts to t.DKK 158 with an annual increase in the rental expenses on 2 - 4 % of the rent. There is a six month termination notice corresponding to t.DKK 79.

The company have a potential obligation regarding a bonus agreement. The obligation is based on certain sales figures for the financial years 2021 and 2022 and is in the range t.DKK 0 – 4.000, to be paid out in 2023. Based on the actual outcome in this respect for financial year 2021, it is deemed likely that the obligation for payment of such bonus will be in the lower part of the aforementioned range or nil.

**Joint taxation**

With Fagerhult A/S, company reg. no 36687118 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Reference is made to the annual report of Fagerhult A/S, for calculation of the total liability of the joint taxation

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

## Accounting policies

The annual report for Seneco 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.

**Changes in accounting estimates**

The company has made a change in expected useful life of development projects. The expected useful lifetime has been changed from 10 years to 3 years as of 1 January 2021. As a result of the change in the accounting estimate the amortization of development projects has been increased by t.DKK 3.867 in 2021.

The company has made a change in expected useful life of patents and licenses. The expected useful lifetime has been changed from 20 years to 10 years as of 1 January 2021. As a result of the change in the accounting estimate the amortization of patents and licenses has been increased by t.DKK 270 in 2021.

**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, writedowns 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.

## Income statement

**Gross profit**

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and 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.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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.

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

**Staff costs**

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

**Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

**Research and development costs**

Research and development costs comprise costs, salaries, and wages and depreciation directly or indirectly attributable to the company’s research and development activities.

Research costs are recognised in the income statement in the year incurred. Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. Furthermore, there must be a proven correlation between the costs incurred and future earnings. However, lack of official approvals, customer approvals, and other uncertainties will often imply that the requirements for recognition as assets are not met and that development costs are charged to the income statement as incurred.

**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.

**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.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

## Statement of financial position

**Intangible assets**

**Development projects, patents, and licences**

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 3 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

### Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

| | Useful life | Residual value |
|---|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years | 0-20% |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

## Accounting policies

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.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

**Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible fixed assets 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. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

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.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

**Financial fixed assets**

**Deposits**

Deposits are measured at amortised cost and represent lease deposits, etc.

**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 market 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.

## Accounting policies

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 and accrued income**

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

**Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

**Equity**

**Reserve for development costs**

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

**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.

## Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Seneco A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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.

**Liabilities other than provisions**

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.