Seneco A/S

Bøgekildevej 4, 8361 Hasselager

Company reg. no. 35 68 05 86

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 27 June 2023.

Bodil Sonesson
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 approved the annual report of Seneco A/S for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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

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

Hasselager, 27 June 2023

Managing Director

Jørn Brinkmann

Board of directors

Bodil Sonesson	Johan Lembre	Michael Wood

Jørn Brinkmann

Independent auditor's report

To the Shareholder of Seneco A/S

Opinion

We have audited the financial statements of Seneco A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report

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

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

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

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

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

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

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

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

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

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

Aarhus, 27 June 2023

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 Bøgekildevej 4 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 Johan Lembre Michael Wood Jørn Brinkmann	
Managing Director	Jørn Brinkmann	
Auditors	Redmark Godkendt Revisionspartnerselskab Sommervej 31C 8210 Aarhus V	
Bankers	Handelsbanken, Åboulevarden 11-13, 8000 Aarhus C	
Parent company	AB Fagerhult	

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 528. 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 loss for the year totals DKK -3.426.528 against DKK 529.618 last year. Income or loss from ordinary activities after tax totals DKK -8.838.152 against DKK -7.166.729 last year. Management considers the net loss for the year unsatisfactory.

The management considers the results unsatisfactory.

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 two main factors. One being that the global scarcity of electronics components have been extremely long lead times which prohibits us to service the market as we would like to. Second we are in the midst of moving our product portfolio which is a steep change in both software and hardware which further complicates the situation in terms of deliveries of products

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

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**-3.426.528**	**529.618**
3	Staff costs	-4.464.551	-2.455.497
	Depreciation, amortisation, and impairment	-1.686.505	-5.383.722
	Research and development costs	0	-597.101
	Operating profit	**-9.577.584**	**-7.906.702**
	Other financial income	126.408	-497
4	Other financial expenses	-563.623	-241.530
	Pre-tax net profit or loss	**-10.014.799**	**-8.148.729**
	Tax on net profit or loss for the year	1.176.647	982.000
	Net profit or loss for the year	**-8.838.152**	**-7.166.729**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-8.838.152	-7.166.729
	Total allocations and transfers	**-8.838.152**	**-7.166.729**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
5	Completed development projects, including patents and similar rights arising from development projects	1.672.266	2.224.474
6	Acquired concessions, patents, licenses, trademarks, and similar rights	480.000	840.000
7	Development projects under construction and prepayments for intangible assets	5.775.197	2.966.649
	Total intangible assets	7.927.463	6.031.123
8	Other fixtures and fittings, tools and equipment	79.672	35.006
	Total property, plant, and equipment	79.672	35.006
9	Deposits	36.019	36.019
	Total investments	36.019	36.019
	Total non-current assets	**8.043.154**	**6.102.148**
	Current assets		
	Raw materials and consumables	312.896	964.238
	Prepayments for goods	113.860	0
	Total inventories	426.756	964.238
	Trade debtors	516.534	469.785
	Receivables from subsidiaries	330.231	93.832
	Tax receivables from subsidiaries	1.176.647	982.000
	Other receivables	209.415	93.293
	Prepayments	55.179	2.535
	Total receivables	2.288.006	1.641.445
	Cash and cash equivalents	2.576.571	1.005.147
	Total current assets	**5.291.333**	**3.610.830**
	Total assets	**13.334.487**	**9.712.978**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	1.651.385	1.651.385
	Other reserves	5.809.021	4.049.076
	Results brought forward	-20.710.793	-10.112.696
	Total equity	**-13.250.387**	**-4.412.235**
	Long term labilities other than provisions		
10	Trade payables	528.454	632.250
11	Other payables	279.028	270.249
	Total long term liabilities other than provisions	807.482	902.499
	Current portion of long term liabilities	34.191	38.550
	Trade creditors	573.819	610.344
	Payables to subsidiaries	23.400.516	12.242.892
	Other payables	1.768.866	330.928
	Total short term liabilities other than provisions	25.777.392	13.222.714
	Total liabilities other than provisions	**26.584.874**	**14.125.213**
	Total equity and liabilities	**13.334.487**	**9.712.978**

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 2022	1.651.385	4.049.076	-10.112.696	-4.412.235
Transfered from reserve for develment costs	0	0	-1.759.945	-1.759.945
Profit or loss for the year brought forward	0	0	-8.838.152	-8.838.152
Transferred to results brought forward	0	1.759.945	0	1.759.945
	1.651.385	**5.809.021**	**-20.710.793**	**-13.250.387**

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 528. 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	4.070.216	2.065.408
Pension costs	317.003	326.960
Other costs for social security	31.430	25.372
Other staff costs	45.902	37.757
	4.464.551	**2.455.497**
Average number of employees	9	7

4. Other financial expenses

Financial costs, group enterprises	516.742	220.878
Other financial costs	46.881	20.652
	563.623	**241.530**

Notes

All amounts in DKK.

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

Cost 1 January 2022	11.008.332	7.697.029
Additions concerning company transfer	0	3.244.802
Additions during the year	746.964	66.501
Cost 31 December 2022	**11.755.296**	**11.008.332**
Amortisation and writedown 1 January 2022	-8.783.858	-3.763.760
Amortisation for the year	-1.299.172	-4.731.978
Writedown for the year	0	-288.120
Amortisation and writedown 31 December 2022	**-10.083.030**	**-8.783.858**
Carrying amount, 31 December 2022	**1.672.266**	**2.224.474**

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

6. Acquired concessions, patents, licenses, trademarks, and similar rights

Cost 1 January 2022	1.800.000	1.800.000
Cost 31 December 2022	**1.800.000**	**1.800.000**
Amortisation and writedown 1 January 2022	-960.000	-600.000
Amortisation for the year	-360.000	-360.000
Amortisation and writedown 31 December 2022	**-1.320.000**	**-960.000**
Carrying amount, 31 December 2022	**480.000**	**840.000**

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

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

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
7.	**Development projects under construction and prepayments for intangible assets**		
	Cost 1 January 2022	2.966.649	4.540.352
	Additions during the year	2.808.548	1.671.099
	Disposals during the year	0	-3.244.802
	Cost 31 December 2022	**5.775.197**	**2.966.649**
	Carrying amount, 31 December 2022	**5.775.197**	**2.966.649**

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 2023 and will be depreciated over a period of 3 years.

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

		31/12 2022	31/12 2021
8.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2022	194.940	159.440
	Additions during the year	72.000	35.500
	Cost 31 December 2022	**266.940**	**194.940**
	Amortisation and writedown 1 January 2022	-159.934	-156.308
	Depreciation for the year	-27.334	-3.626
	Amortisation and writedown 31 December 2022	**-187.268**	**-159.934**
	Carrying amount, 31 December 2022	**79.672**	**35.006**
9.	**Deposits**		
	Cost 1 January 2022	36.019	36.019
	Cost 31 December 2022	**36.019**	**36.019**
	Carrying amount, 31 December 2022	**36.019**	**36.019**

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
10.	**Trade payables**		
	Total trade payables	562.645	670.800
	Share of amount due within 1 year	-34.191	-38.550
		528.454	**632.250**
	Share of liabilities due after 5 years	391.690	478.050
11.	**Other payables**		
	Total other payables	279.028	270.249
	Share of amount due within 1 year	0	0
	Total other payables	**279.028**	**270.249**
	Share of liabilities due after 5 years	270.249	270.249

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 2.782.

Contingent liabilities

Seneco A/S has a rental obligation regardig the commercial premises they are renting. The annual rent amounts to t.DKK 181 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 90.

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.

Notes

All amounts in DKK.

13. Contingencies (continued)

Joint taxation (continued)

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.

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 loss

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

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

Accounting policies

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. Revenue is measured at the fair value of the consideration promised 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, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

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

Staff costs

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

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.

Accounting policies

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.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

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

Receivables

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

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

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

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

Prepayments

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

Cash and cash equivalents

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

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.

Accounting policies

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.

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 ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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.