

# ANNUAL REPORT

**2024**

## KENDA Europe A/S

True Møllevvej 5, 1  
8381 Tilst  
CVR: 14339701

The Annual General Meeting adopted  
the report on 13.05.2025

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**Richard Stephen Todd**  
Chairman of the General Meeting

 **KENDA**

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# Entity details

## Entity

KENDA Europe A/S

True Møllevvej 5, 1.

8381 Tilst

Business Registration No.: 14339701

Registered office: Aarhus

Financial year: 01.01.2024 - 31.12.2024

## Board of Directors

Chi-Jen Yang, chairman

Jeffrey Pizzola

Ying Ming Yang

## Executive Board

Richard Stephen Todd, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of KENDA Europe A/S for the financial year 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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.

Aarhus, 13.05.2025

## Executive Board

**Richard Stephen Todd**  
CEO

## Board of Directors

**Chi-Jen Yang**  
chairman

**Jeffrey Pizzola**

**Ying Ming Yang**

# Independent auditor's report

## To the shareholder of KENDA Europe A/S

### Opinion

We have audited the financial statements of KENDA Europe A/S for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

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

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

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

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

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

#### **Statement on 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 13.05.2025

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Vedel**

State Authorised Public Accountant  
Identification No (MNE) mne10052

**Mikael Møller**

State Authorised Public Accountant  
Identification No (MNE) mne47835

# Management commentary

## Primary activities

KENDA Europe A/S is the parent company of a number of production and sales & distribution entities. The group is one of Europe's leading suppliers of Specialty wheel and tire solutions for selected OEM and Aftermarket segments. Activities comprise production via own and associated companies in England, Croatia and China, and sales & distribution handled by own entities in Europe.

More details about the group's activities and business and market strategies can be found at [specialty.kendaeurope.com](https://specialty.kendaeurope.com). The company sets the strategic guidelines for the entire group's product and market development activities.

## Development in activities and finances

During 2024 the integration into the Kenda-group continued, with the rebranding of the business from STARCO to KENDA Europe Specialty. Kenda's tire manufacturing capabilities, global brand, and their financial strength enable the European Specialty business to continue to pursue its growth strategy focusing on large to medium multinational OEM and Aftermarket customers in target segments. The rebranding of the business was received well from the market and further strengthens the business as a global manufacturer. During 2024 the focus continued on the execution of long term strategy goals, whilst dealing with a challenging economic climate. During the year, the significant investment into the steel wheel manufacturing facility in Croatia was finalised. This green and digital initiative was done in conjunction with EU development goals in the area. This investment has created a new foundation for the group, enabling a more sustainable and future proof facility, that will support development in the local area and is also an enabler for our growth ambitions. This investment generates a significant increase in capacity and competitiveness, supporting growth in existing segments and opens up new opportunities.

2024 has been another challenging year for the group due to the macroeconomic development. Impacts from the ongoing war in Ukraine, the conflict in the Middle East impacting shipping container rates and transit times and the overall sluggish European economy have had a negative effect on the group result. Our OEM segments were the hardest hit with most OEMs significantly reducing their demand as they adjust to lower market demand. The approach was continued focus on winning an increased market share in both OEM and Aftermarket segments, and strong collaboration across the organisation to improve working capital.

Our financial result was lower than our expectations before the start of 2024. The net financial result ended at minus MDKK 52,3.

The difference between the expected and realized result can be explained by the results for all subsidiaries in 2024. Management assesses the loss for 2024 as unsatisfactory.

The ultimate parent company has issued a letter of support, confirming that the parent company will support for up to 12 months from the signing of the financial statement, KENDA Europe A/S with liquidity that may be necessary for KENDA Europe A/S to fulfil its obligations as they mature.

**Capital loss**

The management has acknowledged that the company has lost more than 50% of its share capital. It is the management's opinion that this will not negatively impact the company's operations and that the share capital will be restored through future profits or by capital injection from the parent company.

**Outlook**

The expectation for 2025 is a positive income compared to 2024. The result however is dependent on the results for all subsidiaries of the company. We expect a net result in the range of MDKK 0 -1.

There is still considerable uncertainty and there are external influences, such as the global supply chain situation, to cope with.

**Events after the balance sheet date**

No circumstances have occurred after the balance sheet date that distort the assessment of the annual report.

# Income statement for 2024

	Notes	2024 DKK'000	2023 DKK'000
<b>Gross profit/loss</b>		<b>(16,100)</b>	<b>1,304</b>
Staff costs	2	(26,596)	(26,157)
Depreciation, amortisation and impairment losses	3	(1,602)	(1,830)
<b>Operating profit/loss</b>		<b>(44,298)</b>	<b>(26,683)</b>
Income from investments in group enterprises		3,391	26,417
Income from investments in associates		770	2,818
Other financial income	4	4,358	2,284
Other financial expenses	5	(16,502)	(14,416)
<b>Profit/loss before tax</b>		<b>(52,281)</b>	<b>(9,580)</b>
Tax on profit/loss for the year	6	(27)	0
<b>Profit/loss for the year</b>		<b>(52,308)</b>	<b>(9,580)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(52,308)	(9,580)
<b>Proposed distribution of profit and loss</b>		<b>(52,308)</b>	<b>(9,580)</b>

# Balance sheet at 31.12.2024

## Assets

	Notes	2024 DKK'000	2023 DKK'000
Acquired intangible assets		306	663
Acquired patents		0	0
<b>Intangible assets</b>	7	<b>306</b>	<b>663</b>
Other fixtures and fittings, tools and equipment		5,263	5,598
<b>Property, plant and equipment</b>	8	<b>5,263</b>	<b>5,598</b>
Investments in group enterprises		280,851	274,106
Investments in associates		29,433	27,668
Other receivables		192	184
<b>Financial assets</b>	9	<b>310,476</b>	<b>301,958</b>
<b>Fixed assets</b>		<b>316,045</b>	<b>308,219</b>
Receivables from group enterprises		70,078	129,151
Other receivables		3,608	2,273
Prepayments		2,588	1,670
<b>Receivables</b>		<b>76,274</b>	<b>133,094</b>
<b>Cash</b>		<b>5,490</b>	<b>11,026</b>
<b>Current assets</b>		<b>81,764</b>	<b>144,120</b>
<b>Assets</b>		<b>397,809</b>	<b>452,339</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2024</b> <b>DKK'000</b>	<b>2023</b> <b>DKK'000</b>
Contributed capital	10	10,320	10,320
Reserve for net revaluation according to the equity method		32,406	28,244
Retained earnings		(40,698)	11,389
<b>Equity</b>		<b>2,028</b>	<b>49,953</b>
Bank loans		110,780	129,166
<b>Non-current liabilities other than provisions</b>	<b>11</b>	<b>110,780</b>	<b>129,166</b>
Current portion of non-current liabilities other than provisions	11	18,471	0
Bank loans		188,694	219,984
Trade payables		3,173	810
Payables to group enterprises		70,152	45,953
Other payables		4,511	6,473
<b>Current liabilities other than provisions</b>		<b>285,001</b>	<b>273,220</b>
<b>Liabilities other than provisions</b>		<b>395,781</b>	<b>402,386</b>
<b>Equity and liabilities</b>		<b>397,809</b>	<b>452,339</b>
Uncertainty related to going concern	1		
Contingent liabilities	12		
Assets charged and collateral	13		
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# Statement of changes in equity for 2024

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10,320	28,244	11,389	49,953
Exchange rate adjustments	0	0	4,383	4,383
Profit/loss for the year	0	4,162	(56,470)	(52,308)
<b>Equity end of year</b>	<b>10,320</b>	<b>32,406</b>	<b>(40,698)</b>	<b>2,028</b>

# Notes

## 1 Uncertainty related to going concern

The management has acknowledged that the company has lost more than 50% of its share capital. It is the management's opinion that this will not negatively impact the company's operations and that the equity will be restored through future profits and capital injections from the parent company.

## 2 Staff costs

	<b>2024</b>	<b>2023</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	25,286	24,932
Pension costs	1,168	1,109
Other social security costs	142	116
	<b>26,596</b>	<b>26,157</b>
Average number of full-time employees	<b>16</b>	<b>15</b>

The remuneration of the management is not disclosed, cf. Section 98b, subsection 3, no. 2 of the Danish Financial Statements Act.

Wages and salaries as of 31 December 2024 totalled DKK 25,286K, of which DKK 13,838K were salary costs re-invoiced from group companies. As of 31 December 2023, wages and salaries totalled DKK 24,932K, of which a total of DKK 14,335K was re-invoiced from group companies.

## 3 Depreciation, amortisation and impairment losses

	<b>2024</b>	<b>2023</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Amortisation of intangible assets	357	425
Depreciation of property, plant and equipment	1,245	1,405
	<b>1,602</b>	<b>1,830</b>

## 4 Other financial income

	<b>2024</b>	<b>2023</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial income from group enterprises	3,929	1,942
Other interest income	43	288
Exchange rate adjustments	386	54
	<b>4,358</b>	<b>2,284</b>

## 5 Other financial expenses

	2024	2023
	DKK'000	DKK'000
Financial expenses from group enterprises	1,027	963
Other interest expenses	15,354	12,279
Exchange rate adjustments	121	1,174
	<b>16,502</b>	<b>14,416</b>

## 6 Tax on profit/loss for the year

	2024	2023
	DKK'000	DKK'000
Current tax	27	0
	<b>27</b>	<b>0</b>

## 7 Intangible assets

	Acquired intangible assets DKK'000	Acquired patents DKK'000
Cost beginning of year	12,320	172
<b>Cost end of year</b>	<b>12,320</b>	<b>172</b>
Amortisation and impairment losses beginning of year	(11,657)	(172)
Amortisation for the year	(357)	0
<b>Amortisation and impairment losses end of year</b>	<b>(12,014)</b>	<b>(172)</b>
<b>Carrying amount end of year</b>	<b>306</b>	<b>0</b>

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	21,807
Additions	910
<b>Cost end of year</b>	<b>22,717</b>
Depreciation and impairment losses beginning of year	(16,209)
Depreciation for the year	(1,245)
<b>Depreciation and impairment losses end of year</b>	<b>(17,454)</b>
<b>Carrying amount end of year</b>	<b>5,263</b>

## 9 Financial assets

	<b>Investments in group enterprises DKK'000</b>	<b>Investments in associates DKK'000</b>	<b>Other receivables DKK'000</b>
Cost beginning of year	253,174	20,356	184
Exchange rate adjustments	3,353	995	0
Additions	0	0	8
<b>Cost end of year</b>	<b>256,527</b>	<b>21,351</b>	<b>192</b>
Revaluations beginning of year	20,932	7,312	0
Share of profit/loss for the year	2,594	770	0
Adjustment of intra-group profits	798	0	0
<b>Revaluations end of year</b>	<b>24,324</b>	<b>8,082</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>280,851</b>	<b>29,433</b>	<b>192</b>

Goodwill related to investments in group enterprises constitutes DKK 0k as of 31 December 2024.

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
KENDA Deutschland GmbH	Germany	GmbH	100.00
KENDA Polska s.p.z.o.o	Poland	s.p.z.o.o	100.00
KENDA België NV	Belgium	NV	100.00
KENDA Schweiz AG	Switzerland	AG	100.00
KENDA France SAS	France	SAS	100.00
KENDA Baltic OÜ	Estonia	OÜ	100.00
KENDA GB Rugeley Ltd.	UK	Ltd.	100.00
KENDA Manufacturing GB Ltd.	UK	Ltd.	100.00
Jelshøj Imovina D.O.O.	Croatia	D.O.O.	100.00
KENDA Manufacturing HR D.O.O.	Croatia	D.O.O.	100.00
<b>Investments in associates</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
STARCO Huanmei	China	Ltd.	33.20

## 10 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	10,319,917	1	10,319,917
	<b>10,319,917</b>		<b>10,319,917</b>

Kenda Europe A/S holds 5% of own shares.

## 11 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK'000	Due after more than 12 months 2024 DKK'000	Outstanding after 5 years 2024 DKK'000
Bank loans	18,471	110,780	36,934
	<b>18,471</b>	<b>110,780</b>	<b>36,934</b>

## 12 Contingent liabilities

	2024 DKK'000	2023 DKK'000
Recourse and non-recourse guarantee commitments	1,202	271
<b>Contingent liabilities</b>	<b>1,202</b>	<b>271</b>
Recourse and non-recourse guarantee commitments	6,304	14,566
<b>Contingent liabilities to group enterprises</b>	<b>6,304</b>	<b>14,566</b>

## 13 Assets charged and collateral

The company has issued a guarantee to ING bank for credit facilities for EUR 4,500 thousand regarding subsidiaries.

The company has issued a guarantee to RBS bank for credit facilities for GBP 2,500 thousand regarding subsidiaries.

The company has issued a guarantee to Regiobank for credit facilities for CHF 400 thousand regarding subsidiaries.

## 14 Related parties with controlling interest

Kenda Rubber Ind. Co. LTd., Taiwan, owns all shares in the company.

## 15 Transactions with related parties

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.

## **16 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Kenda Rubber Ind. Co., Ltd., Taiwan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Kenda Rubber Ind. Co., Ltd., Taiwan

# Accounting policies

## Reporting class

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

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

## Consolidated financial statements

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

## Recognition and measurement

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

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

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

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

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

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date.

Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

#### **Revenue**

Revenue from the sale of goods for resale and finished goods, comprising of sales of tyres and wheels, is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### **Other operating income**

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

#### **Cost of sales**

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

#### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for distribution, sale, administration, premises, lease payments under operating leases, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### **Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff. Refunds received from public authorities are deducted from staff costs.

#### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

**Income from investments in group enterprises**

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

**Income from investments in associates**

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

**Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as 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 as well as 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.

**Balance sheet****Intellectual property rights etc.**

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 5-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, however not exceeding 5 years.

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

### Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

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

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

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

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

**Investments in associates**

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

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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

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

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

**Receivables**

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

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Other financial liabilities**

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