



## Nexion Northern Europe A/S

Barrit Langgade 188-190  
7150 Barrit  
CVR No. 16174394

## Annual report 2024

The Annual General Meeting adopted the  
annual report on 24.06.2025

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**Anders Schaumann Lundgaard**  
Chairman of the General Meeting

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# Entity details

## Entity

Nexion Northern Europe A/S

Barrit Langgade 188-190

7150 Barrit

Business Registration No.: 16174394

Registered office: Hedensted

Financial year: 01.01.2024 - 31.12.2024

## Board of Directors

John Bøgholm Frederiksen

Giulio Corghi

Cinzia Corghi

Kim Josef Stelmach

Michele Bergamini

## Executive Board

Kim Schou Petersen

Michele Bergamini

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nexion Northern 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.

Barrit, 24.06.2025

## Executive Board

**Kim Schou Petersen**

**Michele Bergamini**

## Board of Directors

**John Bøgholm Frederiksen**

**Giulio Corghi**

**Cinzia Corghi**

**Kim Josef Stelmach**

**Michele Bergamini**

# Independent auditor's report

## To the shareholders of Nexion Northern Europe A/S

### Opinion

We have audited the financial statements of Nexion Northern 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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 24.06.2025

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Thomas Aamand Lund**

State Authorised Public Accountant  
Identification No (MNE) mne47764

# Management commentary

## Financial highlights

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	50,515	58,477	51,977	37,860	44,571
Operating profit/loss	(1,371)	(2,019)	4,949	(10,376)	486
Net financials	(11,626)	(7,692)	(1,944)	(5,891)	1,455
Profit/loss for the year	(19,940)	(24,685)	19,762	(8,973)	(17,444)
Total assets	250,078	325,220	330,086	298,203	274,464
Investments in property, plant and equipment	719	945	1,653	1,459	520
Equity	26,678	45,095	67,550	50,527	17,934
<b>Ratios</b>					
Return on equity (%)	(55.56)	(43.83)	33.47	(26.21)	(61.49)
Equity ratio (%)	10.67	13.87	20.46	16.94	6.53

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

### Return on equity (%):

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

### Equity ratio (%):

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

### Primary activities

The Company's activities are manufacturing and sale and service of equipment for garages, including sales of compressors, spare parts, accessories and services. The Company is also the ultimate holding company in Nexion Northern Europe Group fully owned by Nexion Group. The Company is responsible for the overall management and administration of the Nexion Northern Europe Group.

### Development in activities and finances

The financial year 2024 concluded with a loss of DKK 19.9 million. The negative result is mainly due to one off costs attributable to a strategic decision to consolidate the Group's European production of surface-mounted lifts at Nexion Group site in Mondolfo, Italy. As a consequence, the Danish production facility has been closed and the operations moved to Italy.

Despite challenging global economic conditions and continued geopolitical tensions, the company succeeded in achieving its operational targets for 2024, marking a notable improvement compared to 2023. This progress reflects enhanced business resilience and operational efficiency.

During 2024, a corporate restructuring was carried out within the Nexion Group with the establishment of a new region, Nexion Oceania. As part of this reorganization, Stenhoj Australia PTY was demerged from Nexion Northern Europe A/S and merged into Nexion S.p.A to better align with the new regional structure.

In addition, Tecalemit Garage Equipment Company Ltd. was acquired through GEMCO UK Ltd. to further strengthen GEMCO'S leading position in the UK automotive aftermarket. The acquisition supports Nexion Group's strategic ambition to reinforce its presence and market share in key markets.

### Profit/loss for the year in relation to expected developments

The annual result that is impacted by the closure of the Factory in Barrit is significantly below expectations and considered unsatisfactory by the management.

### Outlook

For the financial year 2025, the company expects a stabilization of its financial performance, as the extraordinary costs related to the relocation of production have now been incurred. The full consolidation of manufacturing activities in Italy is expected to result in a more efficient and cost-effective operation, supporting improved profitability going forward.

Management further anticipates that supply chain optimization, increased focus on core business activities, and strengthen commercial effort in the markets will contribute positively to the company's growth and earnings in 2025. For the fiscal year 2025, anticipate a reduced loss before tax of DKK 0-5 million. However, uncertainties related to the global economic environment and geopolitical tensions may continue to impact market conditions and customer demand and there will still be cost that is related to the closure of the Factory that will impact the result.

### Research and development activities

The Company is developing new products and developing designs on a continuous basis. The sales- and marketing activities also comprise an ongoing development of concepts within sales and service in order to enhance the customer experience.

Apart from this no particular development activities are carried out throughout the Company.

# Income statement for 2024

	Notes	2024 DKK'000	2023 DKK'000
<b>Gross profit/loss</b>		<b>50,515</b>	<b>58,477</b>
Distribution costs		(2,883)	(3,495)
Administrative expenses		(48,044)	(55,218)
Other operating expenses		(959)	(1,783)
<b>Operating profit/loss</b>		<b>(1,371)</b>	<b>(2,019)</b>
Income from investments in group enterprises		(2,732)	(14,974)
Other financial income	2	1,266	1,424
Other financial expenses	3	(12,892)	(9,116)
<b>Profit/loss before tax</b>		<b>(15,729)</b>	<b>(24,685)</b>
Tax on profit/loss for the year	4	(4,211)	0
<b>Profit/loss for the year</b>	5	<b>(19,940)</b>	<b>(24,685)</b>

# Balance sheet at 31.12.2024

## Assets

	Notes	2024 DKK'000	2023 DKK'000
Completed development projects	7	387	694
Acquired trademarks		7,393	7,947
Goodwill		3,484	4,229
<b>Intangible assets</b>	6	<b>11,264</b>	<b>12,870</b>
Land and buildings		5,264	5,272
Plant and machinery		2,096	4,300
Other fixtures and fittings, tools and equipment		356	607
Property, plant and equipment in progress		0	420
<b>Property, plant and equipment</b>	8	<b>7,716</b>	<b>10,599</b>
Investments in group enterprises		110,874	149,409
Investments in associates		89	373
<b>Financial assets</b>	9	<b>110,963</b>	<b>149,782</b>
<b>Fixed assets</b>		<b>129,943</b>	<b>173,251</b>
Raw materials and consumables		43,301	14,949
Work in progress		6,245	26,687
Manufactured goods and goods for resale		14,817	16,933
<b>Inventories</b>		<b>64,363</b>	<b>58,569</b>
Trade receivables		20,184	21,214
Receivables from group enterprises		25,278	57,688
Deferred tax	10	5,000	9,211
Other receivables		1,071	2,709
Prepayments	11	849	921
<b>Receivables</b>		<b>52,382</b>	<b>91,743</b>
<b>Cash</b>		<b>3,390</b>	<b>1,657</b>
<b>Current assets</b>		<b>120,135</b>	<b>151,969</b>
<b>Assets</b>		<b>250,078</b>	<b>325,220</b>

## Equity and liabilities

	Notes	2024 DKK'000	2023 DKK'000
Contributed capital	12	17,428	17,428
Reserve for net revaluation according to the equity method		912	45,813
Reserve for development expenditure		302	541
Retained earnings		8,036	(18,687)
<b>Equity</b>		<b>26,678</b>	<b>45,095</b>
Other provisions	13	1,112	366
<b>Provisions</b>		<b>1,112</b>	<b>366</b>
Mortgage debt		6,705	8,745
Lease liabilities		0	284
Debt to other credit institutions		215	214
Payables to group enterprises		91,012	90,925
Other payables	14	8,393	8,444
<b>Non-current liabilities other than provisions</b>	15	<b>106,325</b>	<b>108,612</b>
Current portion of non-current liabilities other than provisions	15	1,992	2,466
Payables to other credit institutions		27,916	27,774
Trade payables		18,980	25,915
Payables to group enterprises		47,531	94,291
Tax payable		22	22
Other payables	16	19,522	20,679
<b>Current liabilities other than provisions</b>		<b>115,963</b>	<b>171,147</b>
<b>Liabilities other than provisions</b>		<b>222,288</b>	<b>279,759</b>
<b>Equity and liabilities</b>		<b>250,078</b>	<b>325,220</b>
Staff costs	1		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm's length related party transactions	21		
Group relations	22		

# Statement of changes in equity for 2024

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	17,428	45,813	541	(18,687)	45,095
Exchange rate adjustments	0	1,523	0	0	1,523
Dividends from group enterprises	0	(37,645)	0	37,645	0
Transfer to reserves	0	0	(239)	239	0
Profit/loss for the year	0	(8,779)	0	(11,161)	(19,940)
<b>Equity end of year</b>	<b>17,428</b>	<b>912</b>	<b>302</b>	<b>8,036</b>	<b>26,678</b>

# Notes

## 1 Staff costs

	2024	2023
	DKK'000	DKK'000
Wages and salaries	82,515	78,060
Pension costs	5,299	4,905
Other social security costs	4,034	3,686
	<b>91,848</b>	<b>86,651</b>
Number of employees at balance sheet date	<b>156</b>	<b>157</b>

By reference to section 98b(3), (ii), of the Danish Financial Act, remuneration to the Executive Board and the Board and the Board of Directors in the group and in the parent company is not disclosed.

## 2 Other financial income

	2024	2023
	DKK'000	DKK'000
Financial income from group enterprises	1,124	914
Other interest income	33	44
Exchange rate adjustments	92	437
Other financial income	17	29
	<b>1,266</b>	<b>1,424</b>

## 3 Other financial expenses

	2024	2023
	DKK'000	DKK'000
Financial expenses from group enterprises	6,695	4,724
Other interest expenses	3,016	3,225
Exchange rate adjustments	3,181	1,167
	<b>12,892</b>	<b>9,116</b>

## 4 Tax on profit/loss for the year

	2024	2023
	DKK'000	DKK'000
Change in deferred tax	4,211	0
	<b>4,211</b>	<b>0</b>

## 5 Proposed distribution of profit and loss

	2024	2023
	DKK'000	DKK'000
Retained earnings	(19,940)	(24,685)
	<b>(19,940)</b>	<b>(24,685)</b>

## 6 Intangible assets

	Completed development projects DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000
Cost beginning of year	18,402	11,653	8,055
<b>Cost end of year</b>	<b>18,402</b>	<b>11,653</b>	<b>8,055</b>
Amortisation and impairment losses beginning of year	(17,708)	(3,706)	(3,826)
Amortisation for the year	(307)	(554)	(745)
<b>Amortisation and impairment losses end of year</b>	<b>(18,015)</b>	<b>(4,260)</b>	<b>(4,571)</b>
<b>Carrying amount end of year</b>	<b>387</b>	<b>7,393</b>	<b>3,484</b>

## 7 Development projects

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

## 8 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	61,045	55,117	17,492	420
Transfers	0	0	0	(420)
Additions	387	115	217	0
Disposals	0	(34)	(707)	0
<b>Cost end of year</b>	<b>61,432</b>	<b>55,198</b>	<b>17,002</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(55,773)	(50,817)	(16,885)	0
Impairment losses for the year	0	(1,119)	0	0
Depreciation for the year	(395)	(1,200)	(218)	0
Reversal regarding disposals	0	34	457	0
<b>Depreciation and impairment losses end of year</b>	<b>(56,168)</b>	<b>(53,102)</b>	<b>(16,646)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>5,264</b>	<b>2,096</b>	<b>356</b>	<b>0</b>

## 9 Financial assets

	<b>Investments in group enterprises DKK'000</b>	<b>Investments in associates DKK'000</b>
Cost beginning of year	103,596	1,053
Additions	12,682	0
Disposals	(6,316)	0
<b>Cost end of year</b>	<b>109,962</b>	<b>1,053</b>
Revaluations beginning of year	45,813	0
Disposals on divestments etc	(2,408)	0
Exchange rate adjustments	1,523	0
Adjustments on equity	(698)	0
Amortisation of goodwill	(795)	0
Share of profit/loss for the year	(2,656)	0
Adjustment of intra-group profits	(731)	0
Dividend	(37,645)	0
Impairment losses for the year	(1,491)	0
<b>Revaluations end of year</b>	<b>912</b>	<b>0</b>
Impairment losses beginning of year	0	(680)
Dividend	0	(284)
<b>Impairment losses end of year</b>	<b>0</b>	<b>(964)</b>
<b>Carrying amount end of year</b>	<b>110,874</b>	<b>89</b>

Hereof non amortised goodwill at 2,4 mDKK

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
GEMCO UK Ltd.	Northampton, England	Ltd.	100.00
STH Holding GmbH	Rheine, Germany	GmbH	100.00
Autop Maschinenbau GmbH	Rheine, Germany	GmbH	100.00
Sherpa Autodiagnostik GmbH	Mühldorf an Inn, Germany	GmbH	100.00
Perkute Autodiagnostik GmbH	Rheine, Germany	GmbH	100.00
Tecalemit OY	Vantaa, Finland	OY	100.00
UAB Tecalemit	Vilnius, Lithuania	UAB	100.00
Tecalemit AS	Talinn, Estonia	AS	100.00
Tecalemit Workshop Equipment Ltd.	Plymouth, England	Ltd.	100.00

  

<b>Investments in associates</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Verksted & Industriservice AS	Norway	AS	45.00

## 10 Deferred tax

<b>Changes during the year</b>	<b>2024 DKK'000</b>	<b>2023 DKK'000</b>
Beginning of year	9,211	9,216
Recognised in the income statement	(4,211)	(5)
<b>End of year</b>	<b>5,000</b>	<b>9,211</b>

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

### Deferred tax assets

Deferred tax assets comprise temporary differences on intangible assets, property, plant and equipment, financial assets, inventories, receivables and deferred tax losses.

## 11 Prepayments

Prepayments consists off costs related to the following year such as rent and lease.

## 12 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	17,427,884	1	17,427,844
	<b>17,427,884</b>		<b>17,427,844</b>

## 13 Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

## 14 Other payables

	2024 DKK'000	2023 DKK'000
Holiday pay obligation	8,393	8,444
	<b>8,393</b>	<b>8,444</b>

## 15 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK'000	Due within 12 months 2023 DKK'000	Due after more than 12 months 2024 DKK'000
Mortgage debt	1,992	1,916	6,705
Lease liabilities	0	335	0
Debt to other credit institutions	0	215	215
Payables to group enterprises	0	0	91,012
Other payables	0	0	8,393
	<b>1,992</b>	<b>2,466</b>	<b>106,325</b>

## 16 Other payables

	2024 DKK'000	2023 DKK'000
VAT and duties	1,906	3,556
Wages and salaries, personal income taxes, social security costs, etc payable	9,603	11,453
Other costs payable	8,013	5,670
	<b>19,522</b>	<b>20,679</b>

## 17 Unrecognised rental and lease commitments

	2024 DKK'000	2023 DKK'000
Liabilities under rental or lease agreements until maturity in total	<b>11,945</b>	<b>13,950</b>

## 18 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint

taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

### **19 Assets charged and collateral**

Mortgage debt is secured by way of mortgage on buildings. The mortgage also comprises the plant and machinery deemed part of the property. The carrying amount of mortgaged buildings amounts to DKK 5,264k.

Bank loans are secured by way of a floating charge of DKK 60,000k. The assets covered by the floating charge amount to DKK 90,483k and comprises receivables, inventory, goodwill and operating equipment.

In addition to the entitie's own obligations, the floating charge is collateral for the bank's balances with a number of subsidiaries. The total guarantee amounts to DKK 1,506k.

### **20 Related parties with controlling interest**

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

Minio Srl, Corregio, Italy owns the majority of the shares in Nexion S.p.A, thus exercising control of Nexion S.p.A.

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

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report.

No such transactions have been conducted in the financial year.

### **22 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Nexion S.p.A., Corregio Italy

# Accounting policies

## Reporting class

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

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

## 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.

## Business combinations

The uniting-of-interests method is applied on mergers, where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

### Revenue

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

**Production costs**

Production: Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

**Cost of sales**

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

**Distribution costs**

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

**Administrative expenses**

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

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

**Other operating expenses**

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and 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.

**Other financial income**

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

**Other financial expenses**

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

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

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

portion attributable to entries directly in equity.

## Balance sheet

### Goodwill

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

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

### Intellectual property rights etc

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

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

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

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

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

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

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

### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

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

	<b>Useful life</b>
Buildings	<b>25 years</b>
Plant and machinery	<b>5-10 years</b>
Other fixtures and fittings, tools and equipment	<b>3-5 years</b>

Estimated useful lives and residual values are reassessed annually.

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

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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

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

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

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

**Investments in associates**

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

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

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

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

**Inventories**

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

**Receivables**

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

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

**Mortgage debt**

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

**Lease liabilities**

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

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

**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.

**Cash flow statement**

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