Deloitte.

Løgismose Group ApS

Ny Vestergade 2
5672 Broby
CVR No. 36413557

Annual report 2021

The Annual General Meeting adopted the annual report on 25.05.2022

Lizette Kjellerup
Chairman of the General Meeting

Contents

Entity details

Entity

Løgismose Group ApS
Ny Vestergade 2
5672 Broby

Business Registration No.: 36413557
Date of foundation: 30.06.1988
Registered office: Faaborg-midtfyn
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Per Harkjær, chairman
Christopher Patric Masek, vice chairman
Jørn Tolstrup Rohde
Mads Ryum Larsen

Executive Board

Jesper Uggerhøj, CEO
Lizette Kjellerup, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Løgismose Group ApS for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Copenhagen, 25.05.2022

Executive Board

Jesper Uggerhøj
CEO

Lizette Kjellerup
CFO

Board of Directors

Per Harkjær
chairman

Christopher Patric Masek
vice chairman

Jørn Tolstrup Rohde

Mads Ryum Larsen

Independent auditor's report

To the shareholder of Løgismose Group ApS

Opinion
We have audited the financial statements of Løgismose Group ApS for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 25.05.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen
State Authorised Public Accountant
Identification No (MNE) mne30131

Hans Tauby
State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

Primary activities
The main activity consists of ownership of shares in subsidiaries, and act as administration company for its subsidiaries.

Development in activities and finances
The loss for the year amounts to DKK 56,478 thousands. Management considers the result to be as expected. Equity amounts to DKK 204,244 thousands at 31 December 2021.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. Reference is made to note 1.

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue		29,354	31,034
Other operating income	2	0	694
Other external expenses		(20,298)	(20,469)
Gross profit/loss		**9,056**	**11,259**
Staff costs	3	(31,727)	(33,500)
Depreciation, amortisation and impairment losses	4	(14,330)	(14,707)
Operating profit/loss		**(37,001)**	**(36,948)**
Income from investments in group enterprises		(15,567)	(138,636)
Other financial income		3	0
Other financial expenses		(13,555)	(13,290)
Profit/loss before tax		**(66,120)**	**(188,874)**
Tax on profit/loss for the year	5	9,642	9,427
Profit/loss for the year		**(56,478)**	**(179,447)**
Proposed distribution of profit and loss:			
Retained earnings		(56,478)	(179,447)
Proposed distribution of profit and loss		**(56,478)**	**(179,447)**

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	7	20,373	22,180
Acquired rights		9	18
Development projects in progress	7	0	5
Intangible assets	6	**20,382**	**22,203**
Other fixtures and fittings, tools and equipment		698	950
Leasehold improvements		102	377
Leased assets		8,872	11,527
Property, plant and equipment	8	**9,672**	**12,854**
Investments in group enterprises		626,043	641,610
Deposits		533	976
Deferred tax		0	6,923
Financial assets	9	**626,576**	**649,509**
Fixed assets		**656,630**	**684,566**
Receivables from group enterprises		9,235	7,651
Deferred tax		8,405	0
Other receivables		239	2,294
Joint taxation contribution receivable		7,763	5,711
Prepayments		2,199	325
Receivables		**27,841**	**15,981**
Cash		**20,569**	**0**
Current assets		**48,410**	**15,981**
Assets		**705,040**	**700,547**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	10	2,000	2,000
Reserve for fair value adjustments of hedging instruments		(1,067)	(2,475)
Reserve for development expenditure		15,891	17,305
Retained earnings		187,420	242,484
Equity		**204,244**	**259,314**
Bank loans		0	197,707
Lease liabilities		7,591	8,871
Other payables		3,044	5,349
Non-current liabilities other than provisions	11	**10,635**	**211,927**
Bank loans		198,853	8,022
Lease liabilities		1,443	2,817
Trade payables		6,296	5,594
Payables to group enterprises	12	275,285	208,121
Other payables		8,284	4,752
Current liabilities other than provisions		**490,161**	**229,306**
Liabilities other than provisions		**500,796**	**441,233**
Equity and liabilities		**705,040**	**700,547**
Events after the balance sheet date	1		
Contingent liabilities	13		
Assets charged and collateral	14		
Group relations	15		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2,000	(2,475)	17,305	242,484	259,314
Fair value adjustments of hedging instruments	0	1,408	0	0	1,408
Dissolution of reserves	0	0	(1,414)	1,414	0
Profit/loss for the year	0	0	0	(56,478)	(56,478)
Equity end of year	**2,000**	**(1,067)**	**15,891**	**187,420**	**204,244**

Notes

1 Events after the balance sheet date

Management noted that the worldwide Covid-19 outbreak may still affect the company's performance. However, it is not possible for Management at the time of financial reporting to further quantify such potential effect.

In January 2022 the company has undergone a demerger, by which Meyers activities has been split into a new company "Meyers Group ApS". As part of the demerger Løgismose Meyers Group ApS has changed name to "Løgismose Group ApS". Subsequently the Company has received a group grant from LM Group ApS after which the cash pool has been transferred to LM Group ApS.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The war in Ukraine which started at the end of February 2022 has not had and is not expected to have a significant impact on the company's financial position and development, as the company has no significant sales or significant suppliers in the countries concerned

2 Other operating income

	2021 DKK'000	2020 DKK'000
Wage compensation	0	694
	0	**694**

3 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	25,247	27,419
Pension costs	2,524	2,902
Other social security costs	417	321
Other staff costs	3,539	2,858
	31,727	**33,500**
Average number of full-time employees	**39**	**40**

4 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Amortisation of intangible assets	10,295	11,360
Depreciation of property, plant and equipment	2,594	3,347
Profit/loss from sale of intangible assets and property, plant and equipment	1,441	0
	14,330	**14,707**

5 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Change in deferred tax	(1,581)	(3,630)
Adjustment concerning previous years	(298)	(86)
Refund in joint taxation arrangement	(7,763)	(5,711)
	(9,642)	**(9,427)**

6 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Development projects in progress DKK'000
Cost beginning of year	64,859	636	5
Transfers	5	0	(5)
Additions	9,342	0	0
Disposals	(3,419)	0	0
Cost end of year	**70,787**	**636**	**0**
Amortisation and impairment losses beginning of year	(42,679)	(618)	0
Amortisation for the year	(10,286)	(9)	0
Reversal regarding disposals	2,551	0	0
Amortisation and impairment losses end of year	**(50,414)**	**(627)**	**0**
Carrying amount end of year	**20,373**	**9**	**0**

7 Development projects

As previous years the company has capitalized development costs. The company's development projects consists of internally developed software. The development cost is expected to add significant value til the business processes, and is therefore capitalized.

Costs are capitalized as incurred if this relates to the development projects. The company possess the resources and skills to complete the development.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Leased assets DKK'000
Cost beginning of year	1,642	596	14,389
Additions	433	103	7,340
Disposals	(835)	(596)	(7,892)
Cost end of year	**1,240**	**103**	**13,837**
Depreciation and impairment losses beginning of year	(692)	(219)	(2,862)
Depreciation for the year	(384)	(107)	(2,103)
Reversal regarding disposals	534	325	0
Depreciation and impairment losses end of year	**(542)**	**(1)**	**(4,965)**
Carrying amount end of year	**698**	**102**	**8,872**

As of 1 January 2020 IFRS 16 'Leases was applied for the first time. The Company has implemented IFRS 16 'leases' using the modified retrospective approach, see accounting policies. Leases comprises properties and cars. Carrying amount end of year includes properties (DKK 8,956 thousand) and cars (DKK 78 thousand).

9 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000	Deferred tax DKK'000
Cost beginning of year	772,785	976	6,923
Additions	0	293	(6,923)
Disposals	0	(736)	0
Cost end of year	**772,785**	**533**	**0**
Impairment losses beginning of year	(131,175)	0	0
Amortisation of goodwill	(27,939)	0	0
Share of profit/loss for the year	12,372	0	0
Impairment losses end of year	**(146,742)**	**0**	**0**
Carrying amount end of year	**626,043**	**533**	**0**

The carrying amount includes goodwill of DKK 238,389 thousand.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Løgismose A/S	Broby	A/S	100
Meyers A/S	Broby	A/S	100

10 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Share capital	2,000,002	1	2,000
	2,000,002		**2,000**

11 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Lease liabilities	7,591	0
Other payables	3,044	2,221
	10,635	**2,221**

12 Payables to group enterprises

The Company participates in a cash pool scheme with other companies within the Løgismose Meyers Group. The Company is the cash pool owner. Consequently, payables to group enterprises relates to the cash pool scheme.

13 Contingent liabilities

Other liabilities include a negative net present value of interest-rate swaps of negative DKK 1,067 thousands. The interest-rate swap is used to hedge a fixed interest rate on the company's variable rate bank loans. The interest-rate swap has a principal of DKK 160,000 thousands and guarantees a fixed interest rate at 0,57% until maturity 30.12.2022.

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

14 Assets charged and collateral

The Group’s bank has pledge in all assets and has a registered ban on mortgaging.

Cash and cash equivalents comprise guarantee deposits accounts amounting to DKK 3,469 thousands

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Løgismose Meyers Holding ApS

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Løgismose Meyers Holding ApS

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.

Income statement

Revenue

Revenue consists of management fee. 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.

As of 1 January 2020 IFRS 15 'Revenue from Contracts with Customers' is applied for the first time instead of the principles in The Danish Financial Statement Act. The primary change deriving from the implementation of the new standard is that revenue going forward has to be recognized when control of the products has been transferred to the customer instead of earlier where transfer of risk has been the key principle in determining revenue recognition. The standard is introducing a five-step-model for recognizing revenue, which includes the following steps:

1. Identification of customer agreements (including assessment of whether a number of agreements has to be treated as one overall agreement)
2. Identification of different delivery terms in agreements and separation of agreement into partial

deliveries
3. Determine the transaction price, including variable remuneration treatment
4. Allocate the transaction price to the performance obligations in the customer agreements
5. Recognition of the revenue when the buyer gain control, which may be over a period of time or at a certain point in time IFRS 15 is applicable for all agreements with customers that are not regulated by other standards and also contains certain rules regarding recognition of costs in relation to customer agreements.

Løgismose Group ApS has assessed that the effect of IFRS 15 is limited as sales is generally based on straight-forward customer agreements with buyer gaining control at a certain point in time.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including goverment helt aid packages.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

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, and gains and losses 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

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.

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

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.

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:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

Leases

The Company leases includes properties and cars. Lease contracts are identified as leases if the contract conveys the right to use a specified asset over a period of time in exchange for consideration. The leases are negotiated individually and contain a range of different terms, conditions and clauses.

Lease assets are ‘right-of-use assets’ from lease agreements. If, at inception, it is assessed that a contract contains a lease, a lease asset is recognized. Lease assets are initially measured at the present value of future lease payments, plus the cost of obligations to refurbish the asset. Payments include fixed payments, variable lease payments depending on an index or a rate, and the exercise price of purchase options that are reasonably certain to be exercised. The lease assets are depreciated using the straightline method over the shorter of the expected lease term and the useful life of the underlying asset. The lease assets are tested for impairment whenever there is an indication that the assets may be impaired.

Lease liabilities are initially recognized at the present value of future lease payments, including payments from extension or purchase options that are considered reasonably certain to be exercised. Lease liabilities are measured using the incremental borrowing rate, rather than the interest rate implicit in the leases, since these cannot easily be determined in the contracts. The incremental borrowing rate comprises of three parts:

- Reference rate
- Financing spread adjustment
- Lease specific adjustment

The discount rate used is derived from the Company's incremental borrowing rate, which is adjusted for the individual asset classes.

Depreciation and interest costs related to leases are recognised in the income statement under the items “amortisation, impairment and depreciation”, and “financial expenses”, respectively.

Lease term
The lease term is defined as the non-cancellable period of a lease. The non-cancellable period of a lease extends from contract start to contract end date extended by periods covered by possible extension options which are reasonably certain to be exercised or by periods covered by termination options which are not exercised with reasonable certainty. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

Exemptions in application of IFRS 16
The Company applies the recognition exemption for short-term leases, which are leases with a term less than one year and the recognition exemption for underlying assets of low value. Contracts covered by the exemptions amounts to DKK 458k in lease payments during the year.

Key accounting estimates
For property leases, lease terms are estimated taking the size of the building and its strategic importance into consideration. The Company entered into property leases with extension options. The lease terms of such agreements are estimated based on the strategic importance of the buildings and the estimated time frame necessary to vacate the premises. The estimated lease term is reassessed at each reporting date.

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 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 normally 5 years, but can in certain coincidences be assessed to 20 years. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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.

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

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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

Cash
Cash comprises cash in hand and bank deposits.

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.