



Unibio A/S

Langebjerg 1
4000 Roskilde
CVR No. 26110262

Annual report 2022

The Annual General Meeting adopted the
annual report on 31.03.2023

Jan Boeg Hansen
Conductor

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Entity details

Entity

Unibio A/S

Langebjerg 1

4000 Roskilde

Business Registration No.: 26110262

Date of foundation: 01.07.2001

Registered office: Roskilde

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Jan Boeg Hansen

David Richard Henstrom

Sten Bay Jørgensen

Henrik Busch-Larsen

Executive Board

David Richard Henstrom

Jakob Brix Christensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Unibio A/S for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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.

Roskilde, 31.03.2023

Executive Board

David Richard Henstrom

Jakob Brix Christensen

Board of Directors

Jan Boeg Hansen

David Richard Henstrom

Sten Bay Jørgensen

Henrik Busch-Larsen

Independent auditor's report

To the shareholders of Unibio A/S

Opinion

We have audited the financial statements of Unibio A/S for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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.

Odense, 31.03.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Allan Dydensborg Madsen
State Authorised Public Accountant
Identification No (MNE) mne34144

Martin Lund Nielsen
State Authorised Public Accountant
Identification No (MNE) mne45861

Management commentary

Primary activities

Unibio – protein production for the future

Unibio is a fast-growing, innovative, sustainable protein company with the U-Loop® technology to produce single-cell protein in unlimited amounts. With a rapidly growing global population and decreasing food security, there is a huge demand for sustainable products like Unibio's single-cell protein, Uniprotein®, to avoid depleting the world's natural resources. Unibio has developed this technology to industrial scale and is rolling it out globally. Unibio's technology enables customers access to high quality protein and improves food security worldwide.

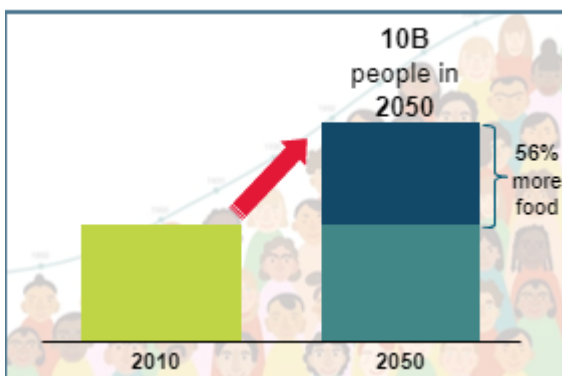


Figure 1; Expected demographic development from 2010 to 2050. Source: World Resources Institute

Unibio's technology has been proven at industrial scale and is commercialized. Unibio continues to enhance the technology to increase performance and lower production costs. Unibio is in dialogue with potential partners around the world who are interested in licensing or forming Joint Ventures with Unibio to help accelerate the deployment of the technology. There is significant interest in Uniprotein® and the Company is actively engaged with customers in the feed/aquaculture area as well as pet food.

Unibio A/S Headquarters are located in Denmark close to Copenhagen. Its Research & Development Centre is located at the Headquarters and Unibio's Innovation Centre, with pilot and demonstration facilities, is located in Kalundborg, west of Copenhagen. The Innovation Centre is also used for production of samples for trials. The Holding company, Unibio International plc, is based in the UK.

Development in activities and finances

2022: Positioned for growth

Amidst a chaotic macro market and geopolitical environment, Unibio has in 2022 made significant progress towards goal of enhancing food security in the world through the production of sustainable protein. The Russian attack on Ukraine on 24 February 2022 was a shock to the world and Unibio. Financial markets became challenging, inflation increased, and the supply of natural gas, particularly in Europe, took centre stage. Unibio weathered the storm and took steps to prudently manage cash in an inflationary environment, while seeking investors who, like Unibio, believe in a sustainable protein future and are willing to invest for the long-term.

Unibio completed positive testing of Uniprotein® in multiple species, significantly improving the productivity of

the process, hired additional talents (in preparation for technology roll-out and commercialisation), filed multiple new patents, progressed key projects, and made significant strides on new sources of capital. 2022 will be remembered as a significant year in Unibio's history when it positioned itself strategically for strong future growth. 2023 will be a very exciting year for Unibio!

The U-Loop® - a patented technology

Unibio's proprietary technology – the U-Loop® technology – is a patented, continuous-flow microbial fermentation technology that converts methane, including natural gas and biogas, into high-quality and sustainable single-cell protein: Uniprotein®. The U-Loop® is highly resource-efficient and mimics the microbial consumption of methane emitted by decaying plant material that happens every day in nature. The U-Loop® has been proven at industrial scale.

Capital to speed up the roll-out of Unibio's technology

During 2022 Unibio engaged with investors to seek financing for the rollout of the U-Loop® technology globally as well as for continued investment in commercialisation and R&D. Negotiations with a strategic investor was started at the end of the year and Unibio International PLC successfully closed with a capital raise (see Post balance sheet events) in March 2023.

Progress in the technology roll-out

Unibio continued the dialogue with several potential partners in 2022. Unibio's licensing partner, the Doha-based industrial biotech investor Gulf Biotech, reached the Front-end Engineering Design Stage ("FEED") in 2022, the final stage before the construction of the first single-cell protein ("SCP") plant in Qatar.

Protelux, the first industrial scale Single Cell Protein (SCP) plant, received state commissioning status. After the outbreak of the war in Ukraine Unibio stopped buying/market Uniprotein® produced at Protelux in Russia.

Unibio is in discussions with Saudi Industrial Investment Group (a large petrochemical company based in Saudi Arabia and new investor in Unibio) on exploring options of a project in Saudi Arabia

Successful trials of Uniprotein®

Unibio took part in product trials and research aimed at creating value-added products typically carrying a higher sales price in comparison to agricultural commodities.

Trout Trial:

Unibio successfully tested rainbow trout with up to 15% inclusion of Uniprotein® in their diet. The trial was very positive, showing a high feed intake and high adoption by the fish. Following a standardised methodology, the trial proved that up to 15% Uniprotein® can be included in trout diets with the same high protein digestibility as seen for fishmeal. The trial was conducted with BioMar, a world leader in high-performance diets for more than 45 different aquaculture species, and DTU Aqua, the National Institute of Aquatic Resources at the Technical University of Denmark. The project is part of a larger project partly financed by the Danish Agricultural Agency.

Whiteleg Shrimp Trial:

In November 2022, Unibio published that Uniprotein® had been tested in feed for whiteleg shrimp (*Penaeus vannamei*) with very promising results. Uniprotein® performed as well as fishmeal on feed conversion ratio, and the survival rate improved by more than 75% compared to the control group fed with fishmeal. The results indicate that the shrimp production industry can improve productivity and profits by replacing fishmeal with Uniprotein®. The tests were conducted by the Instituto de Investigación y Tecnología Agroalimentarias (IRTA) in Spain as part of the ValueWaste project, which is partly financed by the EU.

Uniprotein®: High-quality protein

- is non GMO
- without pesticides
- has a uniform product quality
- easily traceable.
- Is approved as feed for animals and fish in the EU

Uniprotein® has been sold commercially to European compound companies. There is great interest in Uniprotein® among compound feed companies and fish farmers.

Continue to improve productivity and optimise the design of the U-Loop®

During 2022 Unibio continued to improve the U-Loop® technology and process at Unibio's Innovation Centre in Kalundborg. One of the key achievements during the year was a 50% increase in productivity in the U-Loop® technology compared to the expected productivity for the U-Loop® when it was originally designed. Unibio will continue to drive productivity improvements this coming year to further improve the economics of deploying the technology. Unibio has also optimised the construction costs for the U-Loop® technology through several key improvements.

Optimising and improving the Downstream process

Unibio initiated a new downstream line i.e. post-fermentation at the Innovation Centre in Kalundborg. This new downstream line allows Unibio to not only optimise and improve the downstream process, but also produce sample quantities of protein for aqua, pet and food companies.

Improved Laboratory facilities

In 2022 Unibio invested, and significantly improved, the laboratory facilities. These improvements enable Unibio to move key analyses in-house and expand the ability to drive technical advances. The introduction of more in-house analysis has improved speed and reliability, and has facilitated more in-depth analyses to increase understanding and optimisation of the processes.

Continued focus on protecting Intellectual Property.

Unibio filed four new patent applications in 2022, and currently has more than 110 granted patents belonging to 16 patent families. These aim to further protect and expand the freedom to operate for Unibio's technologies, products, and applications.

Stopping deforestation

Unibio's U-Loop® technology will be an important contributor worldwide to halting deforestation and land conversion for food purposes. In 2022 Unibio conducted a Life Cycle Assessment study of the U-Loop® technology and compared it with the production of traditional protein types. The use of U-Loop® technology requires no arable land and the water usage is very low.

The carbon footprint from the production of protein in the U-Loop® is on par with traditional proteins and has the opportunity to get very close to zero as green energy, biomethane, and carbon capture are incorporated in the future. Sustainability improvement opportunities are at the forefront of the agenda when looking for partnerships globally.

Improved Safety

Unibio expanded and accelerated its Occupational Health and Safety focus in 2022. Adopting a rigorous safety mindset is critical as the company grows and expands its range of activities. New procedures and more detailed measurements of safety performance were implemented. In 2022, Unibio had zero lost time incidents.

Financials

Gross loss for the year amounted to DKK 12.558k (gross loss of DKK 13,394k for 2021). The post-tax loss for the year amounted to DKK 49.325k (post-tax loss of DKK 41,849k for 2021). The loss for the year is mainly related to costs associated with research and development activities and the costs associated with the operation of Unibio's pilot and demonstration facilities. The increase in costs is also associated with Unibio developing its organization to enable the increased activity in both development and commercial activities.

Equity at end-2022 amounted to DKK 33.531k (DKK (17,144k) at end-2021).

Uniprotein®; High-quality sustainable protein

Uniprotein® is a sustainable protein using less than half the water of traditionally produced plant proteins used in animal feed compounds. Uniprotein® is a digestible feed with a high protein content – above 70% protein in dry matter - that has a comparable amino acid composition to other high-value proteins like super-prime fishmeal and highly concentrated soy products.

Uncertainty relating to recognition and measurement

The company's going concern are secured through letter of support from the parent company. The letter of support ensures that the company can meet its obligations as they fall due, just as the statement of support ensures that the parent company will not claim to be repaid until there is liquidity for this. The letter of support secures the company's further development and operation.

In Management's view, there is no other specific uncertainty about the recognition or measurement of any items in the financial statements.

Outlook

Unibio expects accelerated development in 2023. To that end, Unibio will:

1. Continue progressing Qatar project to investment stage
2. Bring on new partners for production plants in new countries
3. Conduct new trials of Uniprotein® for aqua species
4. Test Uniprotein® for pet food; and
5. Advance the regulatory and technical development of a protein product for human consumption

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.

Post balance sheet events

Unibio signed a subscription and share sale agreement with Saudi Industrial Investment Group in March 2023. The investment amounts to a total of £ 59 million in Unibio will be paid in two tranches, with the second tranche subject to any applicable Foreign Direct Investment approvals. Saudi Industrial Investment Group is a petrochemical company with significant investments in and operations in Saudi Arabia. Saudi Industrial Investment Group also works on strategic alliances with partners with competitive expertise and global technologies to enhance its technical and investment capacities, which makes them an ideal match for Unibio.

Income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss		(12,558)	(13,394)
Staff costs	3	(41,457)	(31,240)
Depreciation, amortisation and impairment losses	4	(4,474)	(3,758)
Operating profit/loss		(58,489)	(48,392)
Other financial income		3,884	2,276
Other financial expenses		(220)	(1,417)
Profit/loss before tax		(54,825)	(47,533)
Tax on profit/loss for the year	5	5,500	5,684
Profit/loss for the year		(49,325)	(41,849)
Proposed distribution of profit and loss			
Retained earnings		(49,325)	(41,849)
Proposed distribution of profit and loss		(49,325)	(41,849)

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired patents		1,372	1,572
Intangible assets	6	1,372	1,572
Land and buildings		1,475	1,787
Plant and machinery		17,232	17,814
Other fixtures and fittings, tools and equipment		4,063	4,211
Property, plant and equipment in progress		666	666
Property, plant and equipment	7	23,436	24,478
Investments in group enterprises		525	300
Financial assets	8	525	300
Fixed assets		25,333	26,350
Raw materials and consumables		630	512
Inventories		630	512
Trade receivables		35	1,814
Receivables from group enterprises		2,324	2,071
Deferred tax	9	7,288	7,288
Other receivables		3,363	2,323
Income tax receivable	10	5,500	5,500
Prepayments	11	675	490
Receivables		19,185	19,486
Cash		26,196	72,527
Current assets		46,011	92,525
Assets		71,344	118,875

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		6,750	4,750
Retained earnings		26,781	(21,894)
Equity		33,531	(17,144)
Payables to other credit institutions		1	1
Trade payables		3,054	4,086
Payables to group enterprises		22,663	117,496
Other payables	12	9,336	8,065
Deferred income	13	2,759	6,371
Current liabilities other than provisions		37,813	136,019
Liabilities other than provisions		37,813	136,019
Equity and liabilities		71,344	118,875
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		

Statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	4,750	(21,894)	(17,144)
Increase of capital	2,000	98,000	100,000
Profit/loss for the year	0	(49,325)	(49,325)
Equity end of year	6,750	26,781	33,531

Notes

1 Going concern

The company's going concern are secured through letter of support from the parent company. The letter of support ensures that the company can meet its obligations as they fall due, just as the letter of support ensures that the parent company will not claim to be repaid until there is liquidity for this. The letter of support secures the company's further development and operation.

2 Uncertainty relating to recognition and measurement

Deferred tax has been capitalized and amounts to DKK 7.288k as of 31.12.2022. The recognised amount is expected to be used within 3-5 years according to forecasts. The uncertainty relating to the measurement of amount is significant as the use is related to the last years of the period.

In Management's view, there is no other specific uncertainty about the recognition or measurement of any items in the financial statements.

3 Staff costs

	2022	2021
	DKK'000	DKK'000
Wages and salaries	37,562	28,061
Pension costs	2,877	1,960
Other social security costs	529	433
Other staff costs	489	786
	41,457	31,240
Average number of full-time employees	51	42

4 Depreciation, amortisation and impairment losses

	2022	2021
	DKK'000	DKK'000
Amortisation of intangible assets	200	237
Impairment losses on intangible assets	0	182
Depreciation of property, plant and equipment	4,274	3,339
	4,474	3,758

5 Tax on profit/loss for the year

	2022	2021
	DKK'000	DKK'000
Current tax	(5,500)	(5,500)
Change in deferred tax	0	(184)
	(5,500)	(5,684)

6 Intangible assets

	Acquired patents DKK'000
Cost beginning of year	3,022
Cost end of year	3,022
Amortisation and impairment losses beginning of year	(1,450)
Amortisation for the year	(200)
Amortisation and impairment losses end of year	(1,650)
Carrying amount end of year	1,372

7 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	2,123	25,626	6,559	666
Additions	0	1,248	1,985	0
Cost end of year	2,123	26,874	8,544	666
Depreciation and impairment losses beginning of year	(337)	(7,812)	(2,348)	0
Depreciation for the year	(311)	(1,830)	(2,133)	0
Depreciation and impairment losses end of year	(648)	(9,642)	(4,481)	0
Carrying amount end of year	1,475	17,232	4,063	666

8 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	300
Additions	225
Cost end of year	525
Carrying amount end of year	525

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Unibio USA ApS	Roskilde	ApS	100.00	88	(34)
Unibio Russia ApS	Roskilde	ApS	100.00	272	139
Unibio KSA ApS	Roskilde	ApS	100.00	56	(21)

9 Deferred tax

Deferred tax relates to intangible and tangible assets, tax losses brought forward and other provisions.

Tax losses brought forward with a value of DKK 21,0 mio. is not included in deferred tax

10 Tax receivable

Income tax receivable relates to repayments in accordance with Danish tax legislation § 8X.

11 Prepayments

Prepayments consist of incurred costs related to subsequent financial years.

12 Other payables

	2022 DKK'000	2021 DKK'000
Wages and salaries, personal income taxes, social security costs, etc. payable	7,493	6,337
Other costs payable	1,843	1,728
	9,336	8,065

13 Deferred income

Deferred income consist of grants to development projects. The amount will be transferred to the income statement in line with depreciation and execution on the development projects.

14 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Liabilities under rental or lease agreements until maturity in total	3,162	1,675

15 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.

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 110 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 one 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and other operating income less cost of raw materials and consumables and external expenses.

Revenue

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.

Other operating income

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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

Amortisation, depreciation and impairment losses relating to intangible assets and equipment comprise amortisation, depreciation 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.

Other financial income

Other financial income comprises payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on trade payables and payables and transactions in foreign currencies 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 subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income.

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 of patents.

Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Patents are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Property, plant and equipment, 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.

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:

	Useful life
Buildings	15 years
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	3-5 years

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

Investments in group enterprises

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

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.

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.

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.

Tax payable or receivable

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

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 financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.