



Unibio A/S

Langebjerg 1
4000 Roskilde
CVR No. 26110262

Annual report 2021

The Annual General Meeting adopted the
annual report on 25.05.2022

Jan Boeg Hansen
Conductor

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2021	14
Balance sheet at 31.12.2021	15
Statement of changes in equity for 2021	17
Notes	18
Accounting policies	22

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: 01.01.2021 - 31.12.2021

Board of Directors

Jan Boeg Hansen, chairman

David Richard Henstrom

Sten Bay Jørgensen

Henrik Busch-Larsen

Executive Board

David Richard Henstrom, CEO

Jakob Brix Christensen, CFO

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 01.01.2021 - 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.

Roskilde, 25.05.2022

Executive Board

David Richard Henstrom
CEO

Jakob Brix Christensen
CFO

Board of Directors

Jan Boeg Hansen
chairman

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 01.01.2021 - 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 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, 25.05.2022

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 A/S is accelerating the drive to a more sustainable future for protein production.

Unibio is a fast-growing, innovative and sustainable protein company, with the technology and facilities to produce Uniprotein®, a high-quality single-cell protein. Unibio has now taken its U-Loop® technology to an industrial scale and has generated commercial sales. With Uniprotein® and the U-Loop® fermentor it is possible to feed the world's growing population, while reducing pressure on the depleting global natural resources. By using our proprietary technology to produce protein, we can help reduce the deforestation and habitat destruction required to increase soy production, and the over-fishing of ocean ecosystems to produce fishmeal.

Unibio a/s is headquartered in Roskilde, close to Copenhagen, has pilot and demonstration facilities in Kalundborg. The Holding company, Unibio International Plc, is based in the UK.

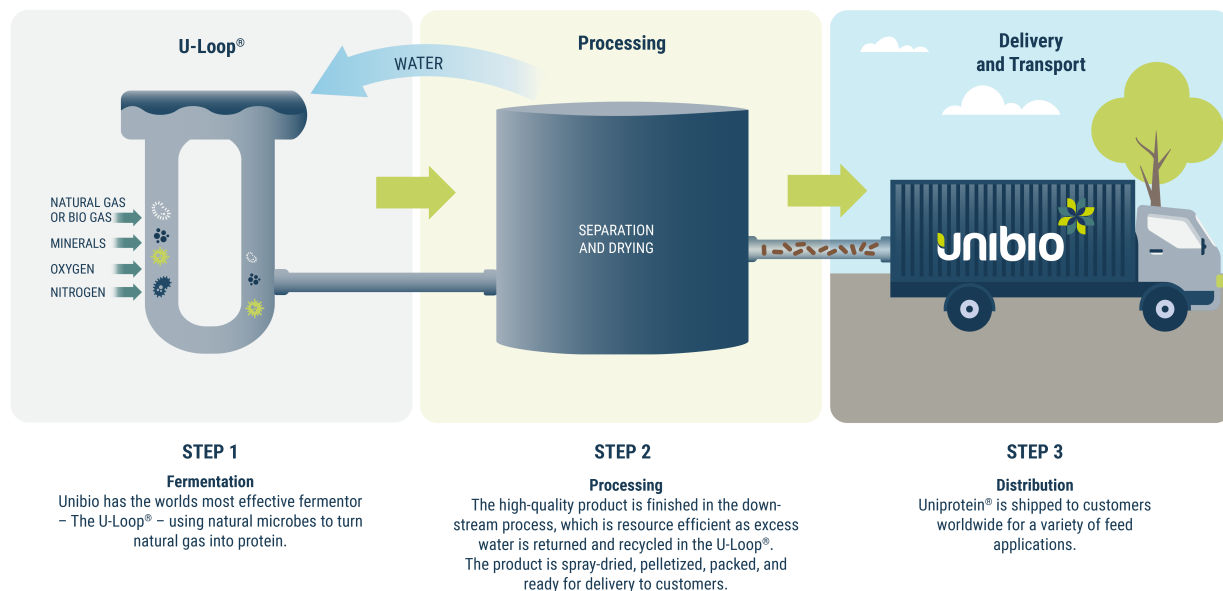


Development in activities and finances

Patented technology

Unibio's proprietary technology – the U-Loop® fermenter – is a patented, continuous-flow microbial fermentation technology that converts natural gases, including biogas, into high-quality and sustainable single-cell protein: Uniprotein®. The U-Loop® is highly resource-efficient and mimics the microbial consumption of gases emitted by decaying plant material that happens every day in nature. U-Loop® technology disrupts the traditional protein value chain by converting natural gas to biomass, is not dependent on arable land or large-scale water use and can produce unlimited amounts of protein. New U-Loop® facilities can be placed almost anywhere there is an adequate supply of natural gas or biogas.

HARNESSING NATURE TO PRODUCE ANIMAL FEED



High-quality sustainable protein

Uniprotein® is a sustainable protein using less than half the water of traditional plant proteins proteins used in animal feed compounds. It is a highly digestible feed with a high protein content – above 70% protein in dry matter - that has comparable amino acid composition to other high-value proteins like super-prime fishmeal and highly concentrated soy products. Uniprotein® is a non-genetically modified product, with uniform product quality and it is easily traceable. It has been approved as feed for animals and fish in the EU and is available commercially today.

**2021 a game-changing year for Unibio**

2021 was an important, eventful, and exciting year for Unibio. Several new contracts were signed, a new partnership was created, the first shipment of Uniprotein® was delivered, more capital was raised, and a new CEO was appointed.

New CEO to drive next stage of growth

During the summer, after more than 12 years, Henrik Busch Larsen, a member of Unibio's founding family, stepped down as CEO to hand the reins over to David Henstrom. David joined us from Cargill, where he had been for 27 years, starting up and leading both small and large businesses across Cargill's food, nutrition, protein and salt sectors. We want to thank Henrik for his hard work and commitment, he has been a driving force behind Unibio for many years and the company would not be where it is today without his contribution. Henrik continues to serve as a Board member.

**Strategic partnership gives access to Industrial-scale plant**

In May 2021, Unibio signed a partnership agreement with Stafilies, the owner of Protelux, where the first industrial-scale U-Loop® plant was constructed. With this partnership, Unibio and Stafilies have deepened their collaboration on developing the industrial-scale production and sales of Uniprotein®. With the partnership we can use the Protelux plant as a marketing showcase to future potential clients of Unibio and for research and technology development. Protelux already has an installed capacity of 6,000 tonnes of Uniprotein® per year at its facility located in Russia, close to the Estonian border, which gives access to cost-effective natural gas, as well as proximity to the European Union and the Baltic Sea for shipping. This partnership has given Unibio access to the production facilities and the ability to test new solutions at an industrial scale, which has been important for the continued development of the technology.



First shipment of Uniprotein® and a long term agreement

The first-ever commercial shipment of Uniprotein® was made in October 2021 to Danish Agro, an international agribusiness group and the first European customer. Unibio and Danish Agro have established a long-term partnership for the delivery of Uniprotein® in a number of their feed mixes.

New license agreement

Unibio signed a new license agreement in May 2021 with Gulf Biotech – the Qatar-based industrial biotech investor. This project is now advancing to the next stage of development.

Successful financing round

In June, Unibio International Plc. successfully completed an £11m financing round, that was predominantly raised from existing shareholders. This was arranged by West Hill Capital, who attracted significant investor demand, and the offer was 2.2x oversubscribed. This demonstration of shareholder confidence is testimony to the strength of Unibio's story. The capital raised will be used to strengthen the organization, invest in the technology and product development, and support the company's future development plans.

An updated Sustainability profile

Following the COP26 Summit in Glasgow in November 2021, there has been an update on how Unibio maps itself against the UN's Sustainability Development Goals 14 and 15.

SDG 15 – Life on Land: Global soybean cropland is currently, around 100m ha. This is forecast to grow to 141m ha in 2050. A facility that can produce 10,000 tons of UniProtein® takes up the same amount of space that could be used to grow approx. 1 ton of soy protein concentrate.

SDG 14 - Life below Water: Ocean biodiversity is threatened by the unsustainable strip mining of the seas for fishmeal, where indiscriminate fishing threatens fish stocks. UniProtein® is comparable to fishmeal and will help reduce this pressure. Global water requirements in 2030 are also expected to be 40% above the current accessible, reliable, and sustainable supply. Another strength of the U-loop process is that it uses a fraction of the water used to produce soybean meal and soybean protein concentrate - requiring 25.5 litres of water per kilo compared to 41.2 for soybean meal.

Safety

Safety is very high priority in Unibio. There were no lost time accidents during the year. A workplace assessment of the overall working environment during 2021 achieved a response rate of 98%.

COVID19

COVID19 continued to be a critical illness for society in 2021, but fortunately, it has only had a limited negative impact on Unibio. Most work has continued unaffected and employees have shown a high commitment when working from home. However, it has been more difficult to meet with partners and customers around the world to discuss and develop business opportunities.

Financials

Gross loss for the year amounted to DKK 13,393k (gross loss of DKK 13,099k for 2020). The post-tax loss for the year amounted to DKK 41,849k (post-tax loss of DKK 41,743k for 2020). 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. The company started to generate commercial sales in 2021.

Equity at end-2021 amounted to DKK (17,144k) (DKK 24.705k at end-2020).

Uncertainty relating to recognition and measurement

In the subsidiary, Unibio Russia ApS, an amount of DKK 1,973k is recognized as a receivable. The amount relates to the commissioning of the full-scale commercial plant under Unibio's first licence agreement. The amount falls due upon completed commissioning of the facility. As this is our first full-scale commercial facility, the amount is subject to uncertainty.

The company has lost more than half of the share capital and is as a result subject to capital loss provisions. Management is aware of this and expects to re-establish the share capital via capital increase and future earnings.

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 2022. To that end, Unibio will:

1. Continue developing licensing partners and joint ventures for new facilities around the world

2. Leverage interest from customers within the feed industry for Uniprotein® and convert that interest into new contracts for the delivery of Uniprotein®
3. Raise additional capital to strengthen the organisation, further develop the technology and prepare for the global rollout of the U-Loop® technology

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

On 24 February 2022, Russian troops invaded Ukraine. At Unibio we have and are following the war against Ukraine promulgated by Russia very closely. Unibio has a license agreement with Stafilies, who own Protelux and the Protelux plant in Ivangorod, Russia is using the U-Loop® technology. Unibio is committed as part of the license agreement to assist the plant with technical support.

Since the invasion of Ukraine, we have reduced our technical support to give online support (i.e. we have not visited the plant after the invasion). The Protelux plant is the first industrial scale plant and is important as a showcase to secure the future development of our sustainable protein production. As a consequence of the war, Unibio has stopped selling protein for the time being produced at the plant in Russia.

Unibio does not own any assets in Russia.

We are continuously evaluating the situation and abiding closely by the sanctions.

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss		(13,393)	(13,099)
Staff costs	3	(31,240)	(27,712)
Depreciation, amortisation and impairment losses	4	(3,758)	(3,921)
Operating profit/loss		(48,391)	(44,732)
Other financial income		2,276	82
Other financial expenses		(1,418)	(2,501)
Profit/loss before tax		(47,533)	(47,151)
Tax on profit/loss for the year	5	5,684	5,408
Profit/loss for the year		(41,849)	(41,743)
Proposed distribution of profit and loss			
Retained earnings		(41,849)	(41,743)
Proposed distribution of profit and loss		(41,849)	(41,743)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	7	0	219
Acquired patents		1,572	1,772
Development projects in progress	7	0	0
Intangible assets	6	1,572	1,991
Land and buildings		1,787	0
Plant and machinery		17,814	21,180
Other fixtures and fittings, tools and equipment		4,211	3,733
Property, plant and equipment in progress		666	0
Property, plant and equipment	8	24,478	24,913
Investments in group enterprises		300	150
Financial assets	9	300	150
Fixed assets		26,350	27,054
Raw materials and consumables		512	315
Inventories		512	315
Trade receivables		1,814	0
Receivables from group enterprises		2,071	1,913
Deferred tax	10	7,288	7,104
Other receivables		2,324	9,710
Income tax receivable	11	5,500	5,500
Prepayments	12	490	241
Receivables		19,487	24,468
Cash		72,527	15,830
Current assets		92,526	40,613
Assets		118,876	67,667

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		4,750	4,750
Reserve for development expenditure		0	1,445
Retained earnings		(21,894)	18,510
Equity		(17,144)	24,705
Debt to other credit institutions		0	6,046
Other payables		0	1,539
Non-current liabilities other than provisions	13	0	7,585
Current portion of non-current liabilities other than provisions	13	0	697
Payables to other credit institutions		1	1
Trade payables		4,086	2,038
Payables to group enterprises		117,496	16,216
Other payables	14	8,066	7,893
Deferred income	15	6,371	8,532
Current liabilities other than provisions		136,020	35,377
Liabilities other than provisions		136,020	42,962
Equity and liabilities		118,876	67,667
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	4,750	1,445	18,510	24,705
Transfer to reserves	0	(1,445)	1,445	0
Profit/loss for the year	0	0	(41,849)	(41,849)
Equity end of year	4,750	0	(21,894)	(17,144)

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 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.

2 Uncertainty relating to recognition and measurement

In the subsidiary, Unibio Russia ApS, an amount of DKK 1.973k is recognised as a receivable. The amount relates to the commissioning of the full scale commercial plant under the Company's first license agreement. As this is the first full scale commercial plant, there is uncertainty related to this amount.

Deferred tax has been capitalized and amounts to DKK 7.288k as of 31.12.2021. 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

	2021	2020
	DKK'000	DKK'000
Wages and salaries	28,061	24,536
Pension costs	1,960	1,909
Other social security costs	433	305
Other staff costs	786	962
	31,240	27,712
Average number of full-time employees	42	33

4 Depreciation, amortisation and impairment losses

	2021	2020
	DKK'000	DKK'000
Amortisation of intangible assets	237	1,344
Impairment losses on intangible assets	182	0
Depreciation of property, plant and equipment	3,339	2,577
	3,758	3,921

5 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	(5,500)	(5,500)
Change in deferred tax	(184)	82
Adjustment concerning previous years	0	10
	(5,684)	(5,408)

6 Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000	Development projects in progress DKK'000
Cost beginning of year	4,931	4,231	3,000
Disposals	(4,931)	(1,209)	(3,000)
Cost end of year	0	3,022	0
Amortisation and impairment losses beginning of year	(4,712)	(2,459)	(3,000)
Impairment losses for the year	(182)	0	0
Amortisation for the year	(37)	(200)	0
Reversal regarding disposals	4,931	1,209	3,000
Amortisation and impairment losses end of year	0	(1,450)	0
Carrying amount end of year	0	1,572	0

Disposals is related to fully depreciated projects.

7 Development projects

Completed development projects relate to projects at DTU regarding development of a pilot U-loop for producing Uniprotein®. The completed development projects are expected to generate a positive cash flow for the company through license agreements. The Executive Board expect that the positive cash flow will increase through new license agreements.

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	0	27,321	4,748	0
Transfers	2,123	(2,123)	0	0
Additions	0	428	1,811	666
Cost end of year	2,123	25,626	6,559	666
Depreciation and impairment losses beginning of year	0	(6,142)	(1,015)	0
Transfers	(270)	270	0	0
Depreciation for the year	(66)	(1,940)	(1,333)	0
Depreciation and impairment losses end of year	(336)	(7,812)	(2,348)	0
Carrying amount end of year	1,787	17,814	4,211	666

9 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	150
Additions	150
Cost end of year	300
Carrying amount end of year	300

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Unibio USA ApS	Roskilde	ApS	100.00	72	(12)
Unibio Russia ApS	Roskilde	ApS	100.00	8	(8)
Unibio KSA ApS	Roskilde	ApS	100.00	27	(11)

10 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 13,376k is not included in deferred tax

11 Tax receivable

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

12 Prepayments

Prepayments consist of incurred costs related to subsequent financial years.

13 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Outstanding after 5 years 2021 DKK'000
Debt to other credit institutions	697	'0
	697	0

14 Other payables

	2021 DKK'000	2020 DKK'000
Wages and salaries, personal income taxes, social security costs, etc payable	6,337	6,854
Other costs payable	1,729	1,039
	8,066	7,893

15 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.

16 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Liabilities under rental or lease agreements until maturity in total	1,675	2,392

17 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.

Acquired patents and completed development projects are amortised over 5-15 years.

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:

Buildings	15 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	15 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.