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BDO Statsautoriseret revisionsaktieselskab
Fælledvej 1
DK-5000 Odense C
CVR no. 20 22 26 70

STIESDAL A/S

NYROPSGADE 37 1., 1602 KØBENHAVN V

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 2 July 2024

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Mette Godsk Trandbohus

CVR NO. 37 65 57 08

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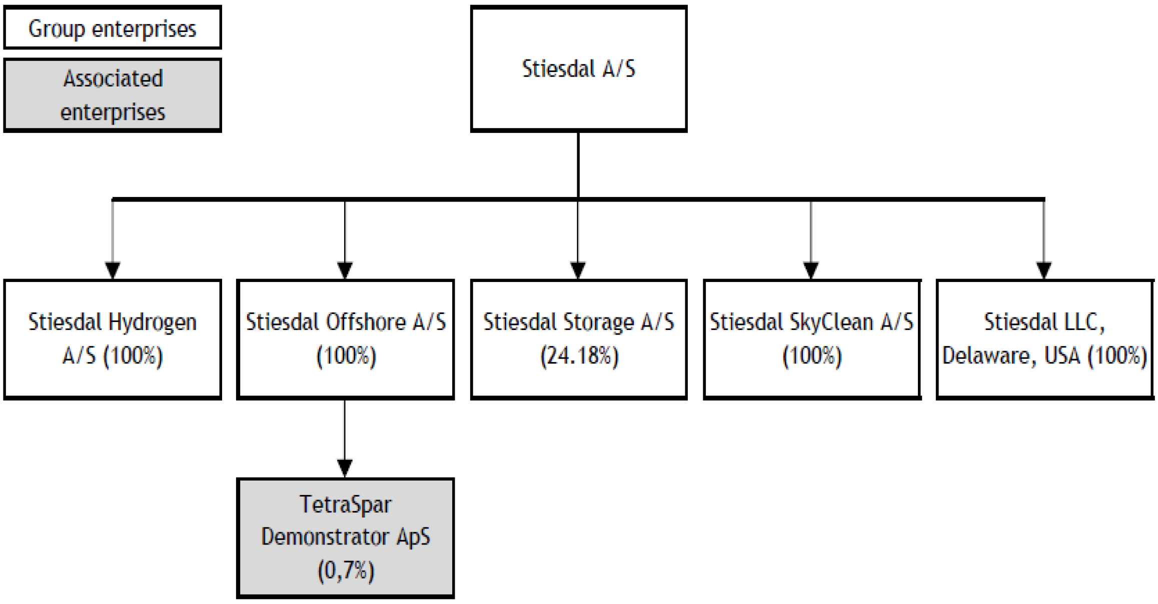
COMPANY DETAILS

Company	Stiesdal A/S Nyropsgade 37 1. 1602 Copenhagen V	
	CVR No.:	37 65 57 08
	Established:	1 May 2016
	Municipality:	Copenhagen
	Financial Year:	1 January - 31 December
Board of Directors	Kim Schønnemann Bøttkjær, chairman Peder Riis Nickelsen Niels Olaf Ahrengot Henrik Stiesdal Carsten Risvig Pedersen Lars Bondo Krogsgaard Heidi Hjelm Kamstrup	
Executive Board	Jacob Nørgaard Andersen Peder Riis Nickelsen Henrik Stiesdal	
Auditor	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C	
Bank	Nordea Bank Danmark A/S Vestre Stationsvej 7 5000 Odence C	
Law Firm	Kromann Reumert Sundkrogsgade 5 2100 Copenhagen	

GROUP STRUCTURE



The ownership of TetraSpar Demonstrator ApS comprises 0.70% ownership and 28.35% voting share.

The ownership of Stiesdal Storage A/S comprises 24.18% ownership and 61% voting share.

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Stiesdal A/S for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 2 July 2024

Executive Board

Jacob Nørgaard Andersen	Peder Riis Nickelsen	Henrik Stiesdal

Board of Directors

Kim Schønnemann Bøttkjær Chairman	Peder Riis Nickelsen	Niels Olaf Ahrengot
Henrik Stiesdal	Carsten Risvig Pedersen	Lars Bondo Krogsgaard
Heidi Hjelm Kamstrup		

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Stiesdal A/S

Opinion
We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Stiesdal A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company
Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements
Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Group's and the Parent Company'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 Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company'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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

INDEPENDENT AUDITOR'S REPORT

Odense, 2 July 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen
State Authorised Public Accountant
MNE no. mne31412

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 DKK '000	2022 DKK '000	2021 DKK '000
Income statement			
Gross profit/loss	22,283	23,365	8,528
Operating profit/loss of main activities	-56,339	-53,702	-124,143
Financial income and expenses, net	-7,144	-3,620	-4,030
Profit/loss for the year	-45,512	-32,308	-93,506
Balance sheet			
Total assets	939,295	586,800	641,269
Equity	661,260	506,238	538,546
Equity ex minority interests	614,379	470,963	502,149
Cash flows			
Investment in property, plant and equipment	-5,514	-4,188	-8,205
Key ratios			
Quick ratio	326.6	719.8	1,248.3
Equity ratio (excl. minority interests)	65.4	80.3	78.3
Return on equity	-7.8	-6.2	-26.9
Return on equity (excl. minority interests)	-10.5	-6.4	-11.5

The ratios stated in the list of key figures and ratios have been calculated as follows:

Quick ratio: $\frac{\text{Current assets x 100}}{\text{Current liabilities}}$

Equity ratio: $\frac{\text{Equity (ex. minorities), at year-end x 100}}{\text{Total assets, at year-end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Return on equity (ex minorities): $\frac{\text{Profit/loss after tax ex minorities x 100}}{\text{Average equity ex minorities}}$

MANAGEMENT COMMENTARY

Principal activities
The Group develops and commercializes innovative technologies and solutions that can have a large impact on climate change mitigation. The key activities of the Group relate to design of floating foundations for offshore wind power, development of a low-cost hydrogen electrolyzer, and development of pyrolysis units for carbon removal and production of green fuels. The technology-related activities take place in the subsidiaries of Stiesdal A/S while Stiesdal A/S provides strategic and administrative support as well as necessary infrastructure.

Products and services are sold globally.

Recognition and measurement uncertainty
Group:
In these present Financial Statements, a tax asset of DKK 62.1 m is recognized. The value of this depends on the future earnings capacity. Based on the Group's expectations for the future earnings, the Group's expectations for the future growth in the market for carbon free energy and continued investment in development assets it is Management's opinion that the tax loss will be used in full in the Group in 5-7 years.

Development in activities and financial and economic position
During the year, Stiesdal A/S granted loans of DKK 96 m to its subsidiaries to finance individual development projects. In addition, a tax-free capital grant of DKK 100m has been issued to Stiesdal Hydrogen A/S via the interim account.
The Management has high expectations for the individual subsidiaries, which are supported by budgets, market research and the generally high potential and relevance of the solution offered in a future decarbonized energy system.

Stiesdal A/S has decreased the value of its ownership of Stiesdal Storage by DKK 33m to match the recovery value of the subsidiary. There is uncertainty surrounding the market for an electricity-to-electricity storage solution, and the extent to which such a solution is needed will depend on system design and the expansion of renewables and PTX. The GridScale technology developed by Stiesdal Storage continues to offer a cost-effective electricity-to-electricity storage solution.

Stiesdal A/S expects to provide support to its subsidiaries in the form of either loans or capital injections to assist in the completion and execution of their developmental efforts. Loan guarantees have been issued to Stiesdal SkyClean A/S, Stiesdal Hydrogen A/S, and Stiesdal Offshore A/S for the financial year 2024.

The financial year was mainly focused on technology development activities. Customer sales and business development are increasing and will accelerate in the coming year. The technologies, in particular Hydrogen, SkyClean and Offshore, continue to generate significant interest and relevance. The market for these technologies is still in its early days but is expected to grow significantly over the next decade.

Highlights of the year in the subsidiaries:

• Stiesdal Offshore A/S
During the financial year of 2023, the Company incurred development costs of DKK 12 m related to Stiesdal Offshore A/S. An additional amount of DKK 12-24 m will be needed per year in 2024 and 2025 to further refine and complete the Tetra technology for floating wind turbine foundations.
The TetraSpar Demonstrator has been operating successfully throughout 2023 with a system availability above 98%. The Company's Tetra foundation technology continues to benefit from the development and test results achieved by the TetraSpar Demonstrator.
Production on the Pentland Demonstrator TetraSub prototype foundation started in H2 2023, with full assembly expected in 2025.
In March 2023 the Company's Triple-One port logistics concept was selected as a phase one winner of the FLOWIN prize initiated by the US Department of Energy. The prize is designed to identify pathways to gigawatt-scale deployment of floating offshore wind farms.

Development in activities and financial and economic position (continued)
The Company has been experiencing strong interest in the Tetra technology, while also noting the possibility that the general downturn in 2023 for traditional bottom fixed offshore wind will delay floating wind projects.

• Stiesdal SkyClean A/S
During the financial year of 2023, Stiesdal SkyClean A/S brought its 20 MW full-scale SkyClean plant in Vrå in the northern part of Jutland to near completion. The plant is under commissioning and is expected to be operational during 2024.
Stiesdal SkyClean A/S, together with several partners, received a grant of DKK 124 m in 2022 for the SkyClean Scale-up project, of which Stiesdal SkyClean has received DKK 49 m to date.
The Company's 2 MW SkyClean demonstration plant at GreenLab Skive, continued during 2023 to serve as a testing facility for validation and verification campaigns for the next phase of 20 MW commercial scale SkyClean plants.
The first limited volume sales of CO2 certificates based on biochar were realized in 2023 at favorable prices, validating this revenue stream.
A bio-oil condensing unit was added to the Company's 200 kW plant in Brædstrup in 2023, and bio-oil production test campaigns were conducted.

The Company has been experiencing strong interest in the SkyClean technology.

• Stiesdal Hydrogen A/S
During the financial year of 2023, Stiesdal Hydrogen A/S signed the first sales order and pre-assembled and tested the first 3 MW HydroGen Electrolyzer prototype unit. Within Stiesdal Hydrogen A/S, the Company incurred development costs of DKK 59.7 m to complete the HydroGen concept.
A full-scale prototype HydroGen Electrolyzer went operational mid-2023, and the first 0-series unit arrived at the customer site in October 2023, undergoing tests throughout the year. The second 0-series unit arrived at the customer site in January 2024, with full delivery of the two 0-series units expected in the third quarter of 2024, marking the completion of the electrolyzer concept development.

The Company has been experiencing strong interest in the 3 MW HydroGen Electrolyzer.

• Stiesdal Storage A/S
During the year, the companies Andel and Stiesdal decided to terminate the planned construction of an energy storage facility in Rødby. The 2022 balance sheet included a provision for the completion of the GridScale plant in Rødby, and the termination of this project resulted in a partial reversal of approximately DKK 22 m before tax.

As a result, the activities in Stiesdal Storage A/S have been put on hold. The primary reason for halting the energy storage project is the current lack of demand for longer-duration electricity-to-electricity energy storage, especially in the European electricity markets. This affects the prospects for industrialization and scaling of the GridScale technology. The Company maintains the assessment that longer-term energy storage has a role in shaping the future energy grid and continues to monitor the need for longer-duration energy storage in international markets.

During 2023 staff from Stiesdal Storage have been lent out to other entities within the Stiesdal Group.

Profit/loss for the year compared to the expected development
The first 3 MW Hydrogen Electrolyzer was delivered to a customer site in H2 2023 as planned, but extended testing period pushed full delivery to 1H 2024. The supply chain is being prepared for a ramp-up in the coming years.

Development of the 20 MW SkyClean concept is nearing completion. Inauguration of the 20 MW SkyClean plant in Vrå, originally planned for 2023, is now scheduled for 2024.

Stiesdal Offshore A/S delivered revenues in line with expectations. The operating result was affected by higher resource demand than expected at the start of the year due to structural changes in the commercial projects.

Storage A/S experiences a lack of demand for longer-duration energy storage in the European electricity markets, which affects the short-term prospects for industrialization and scaling of the GridScale technology. As a result, the planned construction of an energy storage facility in Rødby was terminated. The 2022 balance included a provision for the plant and termination resulted in a partial reversal of approximately DKK 22 m before tax.

Turnover came in below expectations due to delays in the final delivery of the Hydrogen Electrolyzer 0-series compared to budget. This also negatively affected the operating result, which, together with higher fixed costs in the Offshore business, drove the operating result below expectations.

Additionally, higher development costs for SkyClean and Hydrogen led to higher cash spending than anticipated. As a result, an additional capital increase of DKK 100 m was carried out in the last quarter of 2023.

Significant events after the end of the financial year
A share capital increase of DKK 335,548 at a price of DKK 602 per share has been registered after the end of the financial year. In addition to the above, no events of material importance for the Company's financial position have occurred after the end of the financial year.

The company has given letters of support to the following subsidiaries for the financial year 2024:

Stiesdal SkyClean A/S, CVR no. 40 63 05 54 (DKK 95 m)
Stiesdal Hydrogen A/S, CVR no. 41 82 86 92 (DKK 140 m)
Stiesdal Offshore A/S, CVR no. 38 58 51 18 (DKK 40 m)

These letters of support are provided to ensure the liquidity required to complete the development projects in the subsidiaries and include a total credit to the subsidiaries of DKK 275 m.

No further events have occurred after the end of the financial year of material importance for the Company's financial position.

Financial risk
In 2023, the Offshore business received DKK 134 million in interest-bearing license prepayments. The completion of the related projects is not expected until 2029. In the meantime, interest expenses will burden the result and accumulate as an increase in the license prepayment - subsequently affecting future license earnings.

Knowledge resources
The company's primary activity of developing innovative solutions requires an agile and entrepreneurial approach. To continue to deliver innovative solutions, it is crucial that the company can recruit and retain talented employees, both with a high level of education and with a technical or commercial background.

The Group is able to attract highly skilled employees and is working closely together with universities such as DTU in Denmark. Stiesdal continues to have a strong position and voice in the public arena in addition to a strong and trustworthy brand. This is leveraged in recruiting and retaining talents. Almost half of The Group's new employees were talents recruited by unsolicited applications.

Knowledge resources (continued)

The Group has a diverse highly skilled workforce coming from various backgrounds and industries. The annual employee engagement survey reflects a high level of engagement and motivation within the entire Group.

During 2023, The Group achieved periodical ISO audit approval of our 9001 standard and re-certification of our 45001 standard.

In 2023, The Group has initiated a Stiesdal Sustainability program with focus on the ESG agenda.

Research and development activities
The development costs incurred during the year were utilized to bring the commercialization concepts closer to completion. The Group has capitalized DKK 242.6 m as development projects in the financial year and expects development project costs of DKK 125 m in Stiesdal Offshore A/S, Stiesdal Hydrogen A/S, and Stiesdal SkyClean A/S in the financial year 2024.

Stiesdal Offshore A/S
DKK 12 m was invested in the development of the Tetra Concept for floating offshore wind turbine foundations. Management has significant expectations for the development project, which is supported by budgets, market surveys and the general demand in the world market for carbon free energy.

In support of operations, Stiesdal A/S has issued a loan guarantee for the financial year 2024.

Stiesdal SkyClean A/S
DKK 170.3 m has been used on progressing the SkyClean concept during 2023.
The management has high expectations for the development of SkyClean, which are supported by budgets, market surveys, and the growing demand for cost-effective carbon capture and storage and green fuels in the global market. The agriculture sector, along with other relevant sectors, shows significant interest in SkyClean.

Final commissioning & test of the 20 MW prototype is currently ongoing, and completion of the concept development is expected in 2024.
It is Management's expectation that a significant amount will be required to complete the development project. When completed, the concept will result in a ready-for-market product, and we expect first order confirmations after concept completion.

In addition to the grant funds from The Danish Energy Agency, the Company has received a loan guarantee from Stiesdal A/S for the financial year 2024 in relation to the financing required for the completion.

Stiesdal Hydrogen A/S
DKK 59.7 m was invested in the Hydrogen Electrolyzer concept during 2023. Management has significant expectations for the development of the HydroGen Electrolyzer, which is supported by budgets, market surveys and the general demand in the world market for affordable green hydrogen.

A prototype Electrolyzer went operational mid-2023 and the first 0-series arrived at customer site in October 2023, undergoing tests throughout the year. Several 0-series units are expected to be delivered during 2024 and significant development costs are expected in the coming years to refine and further develop the concept. Management expects profitable operations during 2025, depending on market development.

In support of operations, Stiesdal A/S has issued a loan guarantee for the financial year 2024.

Stiesdal Storage A/S
Due to the activities in Stiesdal Storage A/S being put on hold, no research and development activities took place.
During the year, the companies Andel and Stiesdal decided to terminate the planned construction of an energy storage facility in Rødby.

Research and development activities (continued)
The primary reason for halting the project was that at the present time there is a lack of demand for longer-duration energy storage in the European electricity markets, which affects the prospects for industrialization and scaling of the Grid-Scale technology.
We continue to recognize the necessity of longer-term energy storage in shaping the future energy grid and maintain confidence in the GridScale technology.
Stiesdal experiences continued interest in the GridScale technology from other global markets and continues discussions about the technology with international partners.

Based on the expectations for the future earnings, it is Management's assessment that all the capitalized development costs in The Group meet the requirements for recognition and measurement in the Financial Statements, and that the valuation of the development costs is valid.

Future expectations
The Company's management has high expectations for its development, driven by positive market expectations and customer feedback. The key focus is to mature the technologies and prepare them for market entry.

The 20 MW SkyClean Scale-up plant will be inaugurated during 2024 and there is a significant pipeline of potential SkyClean projects awaiting the completion of this technology.

The first 3 MW HydroGen Electrolyzer 0-series arrived for testing at customer site during fall 2023 and the first two full deliveries are expected for Q2 2024. Several 0-series are expected to be delivered during 2024 and supply chain is currently being ramped up to be able to deliver higher number HydroGen units in coming years.

Stiesdal Offshore A/S has a significant pipeline of ongoing customer activities related to Front End Engineering Design which is the first phase of a floating wind project.

Stiesdal Storage A/S experiences a lack of demand for longer-duration energy storage in the European electricity markets, which affects the prospects for industrialization and scaling of the GridScale technology. The Company maintains the assessment that longer-term energy storage has a role in shaping the future energy grid and continues to monitor the need for longer-duration energy storage in international markets.

The main focus for the Group in 2024 is to complete development concepts and prepare for top-line growth in the coming years. The Group expects development project costs of DKK 125 m in Stiesdal Offshore A/S, Stiesdal Hydrogen A/S, and Stiesdal SkyClean A/S in the financial year 2024.

Target turnover is expected to be in the range of DKK 50-150 m.
Operating losses are expected to be in the range of DKK 50-100 m, resulting in a combined cash flow from business operations in the range of DKK 200-250 m.

A share capital increase of DKK 202 m has been carried out in the first six months of 2024, which will support the company towards commercialization in 2025.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent Company	
	Note	**2023**	**2022**	**2023**	**2022**
		DKK '000	DKK '000	DKK '000	DKK '000
GROSS PROFIT	1	**22,283**	**23,365**	**25,528**	**19,920**
Staff costs	2	-98,761	-74,716	-18,457	-17,975
Depreciation, amortisation and impairment losses	1	20,139	-2,351	-994	-439
OPERATING LOSS		**-56,339**	**-53,702**	**6,077**	**1,506**
Income from investments in subsidiaries and associates	3	-175	64	-32,903	-30
Other financial income		4,185	361	29,101	9,030
Other financial expenses		-11,329	-3,981	-1	-819
LOSS BEFORE TAX		**-63,658**	**-57,258**	**2,274**	**9,687**
Tax on profit/loss for the year	4	18,146	24,950	-7,755	-2,153
LOSS FOR THE YEAR	5	**-45,512**	**-32,308**	**-5,481**	**7,534**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Development projects in progress and prepayments		585,668	346,304	0	0
Intangible assets	6	**585,668**	**346,304**	**0**	**0**
Land and buildings		8,014	8,298	0	0
Production plant and machinery		220	205	0	0
Other plant, machinery tools and equipment		2,593	2,286	2,415	2,195
Leasehold improvements		719	924	719	924
Tangible fixed assets in progress and prepayment		6,935	0	0	0
Property, plant and equipment	7	**18,481**	**11,713**	**3,134**	**3,119**
Investments in subsidiaries		0	0	310,249	243,152
Investments in associates		288	323	0	0
Rent deposit and other receivables		1,509	1,366	1,046	983
Financial non-current assets	8	**1,797**	**1,689**	**311,295**	**244,135**
NON-CURRENT ASSETS		**605,946**	**359,706**	**314,429**	**247,254**
Work in progress		31,263	8,628	0	0
Prepayments		5,421	0	0	0
Inventories		**36,684**	**8,628**	**0**	**0**
Trade receivables		1,479	883	0	78
Contract work in progress	9	514	9,639	0	0
Receivables from group enterprises		0	0	403,554	307,768
Receivables from associated enterprises		2,310	0	0	0
Receivables from owners and Management	10	0	1,787	0	60
Deferred tax assets	11	62,132	49,486	188	21
Other receivables		34,098	20,463	0	0
Corporation tax receivable		5,500	5,500	5,500	5,500
Prepayments	12	6,883	3,579	2,671	2,791
Receivables	13	**112,916**	**91,337**	**411,913**	**316,218**
Cash and cash equivalents		**183,749**	**127,129**	**87,329**	**51,671**
CURRENT ASSETS		**333,349**	**227,094**	**499,242**	**367,889**
ASSETS		**939,295**	**586,800**	**813,671**	**615,143**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Share Capital	14	2,661	2,326	2,661	2,326
Reserve for development costs		525,389	307,967	0	0
Retained earnings		86,329	160,670	791,006	596,287
Minority shareholders		46,881	35,275	0	0
EQUITY		**661,260**	**506,238**	**793,667**	**598,613**
Other provisions	15	13,316	31,354	0	0
PROVISIONS		**13,316**	**31,354**	**0**	**0**
Lease liabilities		20,308	17,659	0	0
Prepayments received from customers		142,356	0	0	0
Non-current liabilities	16	**162,664**	**17,659**	**0**	**0**
Contract work in progress	9	500	842	0	0
Trade payables		27,493	23,602	2,655	1,593
Joint tax contribution payable		0	0	13,422	7,466
Other liabilities		7,627	3,661	3,927	7,471
Deferred income	17	66,435	3,444	0	0
Current liabilities		**102,055**	**31,549**	**20,004**	**16,530**
LIABILITIES		**264,719**	**49,208**	**20,004**	**16,530**
EQUITY AND LIABILITIES		**939,295**	**586,800**	**813,671**	**615,143**

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EQUITY

	Group					
	Share Capital	Share Premium	Reserve for development costs	Retained earnings	Minority shareholders	Total
Equity at 1 January 2023	2,326	0	307,966	160,670	35,275	506,237
Proposed profit allocation, see note 5				-57,118	11,606	-45,512
Transactions with owners						
Capital increase	335	200,200				200,535
Other legal bindings						
Capitalized development costs			217,814	-217,814		0
Transfers to/from other items						
Retained premium		-200,200		200,200		0
Tax on changes in equity			**-391**	**391**		**0**
Equity at 31 December 2023	**2,661**	**0**	**525,389**	**86,329**	**46,881**	**661,260**

	Parent Company			
	Share Capital	Share Premium	Retained earnings	Total
Equity at 1 January 2023	2,326	0	596,287	598,613
Proposed profit allocation, jf. note 5			-5,481	-5,481
Transactions with owners				
Capital increase	335	200,200		200,535
Transfers to/from other items				
Retained premium		-200,200	200,200	0
Equity at 31 December 2023	**2,661**	**0**	**791,006**	**793,667**

In the financial year 334,530 new capital shares were subscribed for a nominal value of DKK'000 200,535.

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2023 DKK '000	**2022** DKK '000
Profit/loss for the year	-45,512	-32,308
Depreciation and amortisation, reversed	-20,139	2,351
Profit/loss from associates	175	-64
Tax on profit/loss, reversed	-18,146	-24,950
Prepayments received from customers	142,354	0
Corporation tax paid	5,500	5,500
Change in inventories	-28,056	-8,628
Change in receivables (ex tax)	-8,933	-5,211
Change in other provisions	4,100	-19,819
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	70,505	-4,473
Other cash flows from operating activities	2,650	2,301
CASH FLOWS FROM OPERATING ACTIVITY	**104,498**	**-85,301**
Purchase of intangible assets	-242,616	-167,459
Purchase of property, plant and equipment	-5,514	-4,187
Purchase of financial assets	-291	-893
Sale of financial assets	8	0
CASH FLOWS FROM INVESTING ACTIVITY	**-248,413**	**-172,539**
Capital increases	200,535	0
Changes in current bank debt	0	-171
CASH FLOWS FROM FINANCING ACTIVITY	**200,535**	**-171**
CHANGE IN CASH AND CASH EQUIVALENTS	**56,620**	**-258,011**
Cash and cash equivalents at 1 January	127,129	385,140
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**183,749**	**127,129**
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	183,749	127,129
CASH AND CASH EQUIVALENTS	**183,749**	**127,129**

NOTES

Note

Special items 1

The group has entered into agreements with a number of customers. As this is the first series of hydrogen plants being sold to customers, management expects the cost of goods sold to exceed the sales prices. Thus, management has posted a write-down of inventory of DKK'000 18,000 and a provision of DKK'000 4,100. The total amount of DKK'000 22,100 has been posted under cost of goods sold (gross profit).

The group has under depreciation, amortization and impairment in the income statement reversed an impairment of the group's development projects of DKK'000 21,553.
The reversal is derived from reversal of other provisions for liabilities offset against disposals of development projects in progress and prepayments.
Due to the current state of the underlying company, it has had an agreement canceled in 2023 which releases the company from a range of liabilities previously booked under other provisions for liabilities.

Staff costs 2

Number of full time employees	119	89	17	15
Wages and salaries	84,788	63,810	15,782	15,408
Pensions	11,220	9,160	2,368	2,357
Social security costs	974	811	142	138
Other staff costs	1,779	935	165	72
	98,761	**74,716**	**18,457**	**17,975**
Remuneration of Executive Board	7,728	8,306	7,728	8,306
Remuneration of Board of Directors	200	200	200	200
	7,928	**8,506**	**7,928**	**8,506**

Income from investments in subsidiaries and associates 3

Income from investments in subsidiaries	0	0	-32,903	0
Income from investments in associates	-175	64	0	-30
	-175	**64**	**-32,903**	**-30**

Parent company:
Income from investments in subsidiaries of DKK'000 -32,093 comprises of impairment of Stiesdal Storage A/S.

Tax on profit/loss for the year 4

Calculated tax on taxable income of the year	-5,500	-5,500	7,922	1,966
Adjustment of deferred tax	-12,646	-19,450	-167	187
	-18,146	**-24,950**	**7,755**	**2,153**

NOTES

Proposed distribution of profit — Note 5

	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Allocation to reserve for net revaluation under the equity method	0	64	0	0
Retained earnings	-57,118	-31,250	-5,481	7,534
Minority interests share of subsidiaries results	11,606	-1,122	0	0
	-45,512	**-32,308**	**-5,481**	**7,534**

Intangible assets — Note 6

	Group: Development projects in progress and prepayments
Cost at 1 January 2023	437,926
Transfer	-2,668
Additions	242,616
Disposals	-22,138
Cost at 31 December 2023	**655,736**
Revaluation at 1 January 2023	-91,620
Revaluation of the year	21,552
Revaluation at 31 December 2023	**-70,068**
Carrying amount at 31 December 2023	**585,668**
Value of leased assets recognised as intangible fixed assets	9,765

The development costs from Stiesdal Offshore A/S (DKK 183 m):
The development costs in the year (DKK 12 m) have been allocated to the development of the Tetra floating foundation technology for offshore wind turbines. An additional amount of DKK 12-24 m will be needed per year in 2024 and 2025 to further refine and complete the Tetra technology for floating wind turbine foundations.

Proof of Concept of the Tetra floating foundation technology for wind turbines is pending final customer turbine selection for the Pentland Demonstrator TetraSub prototype. This milestone is expected to be achieved in time for the Tetra concept to obtain third-party certification in 2025.

Financing for this project is anticipated to come from the Company’s parent company, which has issued a loan guarantee for the financial year 2024.

Management has significant expectations for the development project, supported by budgets, market surveys, and the overall demand in the global market for carbon free energy. Considering the current conditions in the offshore wind market and the long project timelines, the first license revenues are expected to materialize in 2027-2029.

The development costs from Stiesdal SkyClean A/S (DKK 281 m):
The development cost in the financial 2023 year (DKK 170.3 m) have been used for development of SkyClean concept.

NOTES

Note

Intangible fixed assets (continued) 6

Management has significant expectations for the development of SkyClean, which is supported by budgets, market surveys and the general demand in the world market for cost-effective carbon capture and storage technologies and green fuels. The agricultural industry, along with other relevant sectors, is demonstrating significant enthusiasm for the SkyClean concept.

The Company is currently developing a 20 MW SkyClean prototype which is expected to be operational during the first half of 2024. Management expects that a significant amount will be required to complete the development project during 2024 and to further develop and enhance the concept. When completed, the concept will result in a market-ready product, with first order confirmations expected after concept completion.

In addition to the grant funds from The Danish Energy Agency, the Company has received a loan guarantee from the parent company for the financial year 2024 in relation to the financing required for the completion.

The development costs from Stiesdal Hydrogen A/S (DKK 121.7 m):
The development costs in the year (DKK 59.7m) have been used for the development of the HydroGen Electrolyzer Concept. A prototype electrolyzer became operational in mid-2023, and the first 3 MW 0-series unit arrived at the customer site in October 2023, undergoing tests throughout the year. The second 0-series 3 MW unit arrived at the customer site in January 2024, and the full delivery of the two 0-series units is expected in the third quarter of 2024, marking the completion of the HydroGen Electrolyzer concept development.

Several 0-series units are expected to be delivered during 2024, and significant development costs are anticipated in the coming years to refine and further develop the concept.

Management has significant expectations for the development of the HydroGen Electrolyzer, which is supported by budgets, market surveys and the general demand in the world market for affordable green hydrogen.
The Company is experiencing high interest for the HydroGen Electrolyzer and has entered collaboration and licensing agreement with the largest industrial company in India and secured a significant framework sales agreement with a customer.

The Company has received a loan guarantee from the parent company for the financial year 2024 in relation to the financing required for the completion.

The development costs from Stiesdal Storage A/S (DKK 0 m):
During the year, the companies Andel and Stiesdal decided to terminate the planned construction of an energy storage facility in Rødby. The 2022 balance sheet included a provision for the completion of the GridScale plant in Rødby, and the termination of this project resulted in a partial reversal of approximately DKK 22 m before tax.

As a result, the activities in Stiesdal Storage A/S were put on hold. The primary reason for halting the energy storage project is the current lack of demand for longer-duration electricity-to-electricity energy storage, especially in the European electricity markets. This affects the prospects for industrialization and scaling of the GridScale technology. The Company maintains the assessment that longer-term energy storage has a role in shaping the future energy grid and continues to monitor the need for longer-duration energy storage in international markets.

NOTES

Note

Property, plant and equipment 7

	Group		
	Land and buildings	Production plant and machinery	Other plant, machinery tools and equipment
Cost at 1 January 2023	8,511	224	2,651
Additions	0	96	1,124
Cost at 31 December 2023	**8,511**	**320**	**3,775**
Depreciation and impairment losses at 1 January 2023	213	18	365
Depreciation for the year	284	82	817
Depreciation and impairment losses at 31 December 2023	**497**	**100**	**1,182**
Carrying amount at 31 December 2023	**8,014**	**220**	**2,593**

	Group	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023	1,135	0
Transferred	0	2,668
Additions	27	4,267
Cost at 31 December 2023	**1,162**	**6,935**
Depreciation and impairment losses at 1 January 2023	212	
Depreciation for the year	231	
Depreciation and impairment losses at 31 December 2023	**443**	
Carrying amount at 31 December 2023	**719**	**6,935**

	Parent Company	
	Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2023	2,544	1,135
Additions	983	27
Cost at 31 December 2023	**3,527**	**1,162**
Depreciation and impairment losses at 1 January 2023	349	212
Depreciation for the year	763	231
Depreciation and impairment losses at 31 December 2023	**1,112**	**443**
Carrying amount at 31 December 2023	**2,415**	**719**

NOTES

Note

Financial non-current assets 8

	Group	
	Investments in associates	Rent deposit and other receivables
Cost at 1 January 2023	1,934	1,366
Additions	140	151
Disposals	0	-8
Cost at 31 December 2023	**2,074**	**1,509**
Revaluation at 1 January 2023	-1,611	0
Profit/loss for the year	-175	0
Revaluation at 31 December 2023	**-1,786**	**0**
Carrying amount at 31 December 2023	**288**	**1,509**

	Parent Company	
	Investments in subsidiaries	Rent deposit and other receivables
Cost at 1 January 2023	243,152	983
Additions	100,000	63
Cost at 31 December 2023	**343,152**	**1,046**
Impairment losses for the year	32,903	0
Impairment losses and amortisation of goodwill at 31 December 2023	**32,903**	**0**
Carrying amount at 31 December 2023	**310,249**	**1,046**

Investments in subsidiaries (DKK '000)

Name and domicil	Equity	Profit/loss for the year	Ownership
Stiesdal Offshore A/S, Give (DK)	11,427	-32,763	100 %
Stiesdal SkyClean ApS, Give (DK)	11,241	-19,537	100 %
Stiesdal Hydrogen ApS, Give (DK)	93,195	-37,700	100 %
Stiesdal LLC, Delaware (USA)	6	-	100 %
Stiesdal Storage A/S, Give (DK)	61,832	15,307	24.18 %

Investments in associates (DKK '000)

Name and domicil	Equity	Profit for the year	Ownership
TetraSpar Demonstrator ApS, Copenhagen	21,122	-24,976	0.7 %

Equity investments in associated enterprises comprise of 0.70 % ownership of TetraSpar Demonstrator Aps with 28.35 % voting share.

NOTES

	Group		Parent Company		
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	Note
Contract work in progress					9
Sales value of completed work	47,598	49,734	0	0	
Progress invoicing/advances received	-47,584	-40,937	0	0	
Contract work in progress, net	**14**	**8,797**	**0**	**0**	
Recognized as follows:					
Contract work in progress (asset)	514	9,639	0	0	
Contract work in progress (liability)	-500	-842	0	0	
	14	**8,797**	**0**	**0**	

Receivables from owners and Management 10

Receivables from owners and management comprise of joint taxation contribution from previous management company.

Deferred tax assets 11

Deferred tax assets is related to differences between the carrying amount and tax value of intangible and tangible fixed assets, other provisions for liabilities, lease assets and remaining unused losses.

Deferred tax, beginning of year	49,486	30,036	21	208
Deferred tax of the year, income statement	12,646	19,450	167	-187
Deferred tax assets 31 December 2023	**62,132**	**49,486**	**188**	**21**

It is Management's opinion that the tax loss will be used in full in the Group in 5-7 years. Further information appears in the note "Information on uncertainty with respect to recognition and measurement"

Prepayments					12
Costs	6,883	3,579	2,671	2,791	
	6,883	**3,579**	**2,671**	**2,791**	

Prepayments include prepaid expenses, including insurance etc. relating to the following financial year.

NOTES

	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000	Note
Receivables falling due after more than one year					13
Deferred tax assets	62,132	49,486	0	21	
	62,132	**49,486**	**0**	**21**	

	2023 DKK '000	2022 DKK '000	Note
Share Capital			14
Allocation of share capital:			
Shares, 2,326,485 unit in the denomination of 1 DKK	2,326	2,326	
Shares, 334,530 unit in the denomination of 1 DKK	335	0	
	2,661	**2,326**	

	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000	Note
Other provisions					15
0-1 year	13,066	8,791	0	0	

The provision mainly concerns a loss-making contract and expected loss on sale's contracts.

Long-term liabilities 16

	Group			
	31/12 2023 total liabilities	**Repayment next year**	**Debt outstanding after 5 years**	**31/12 2022 total liabilities**
Lease liabilities	20,308	0	20,308	17,659
Prepayments received from customers	142,356	0	142,356	0
	162,664	**0**	**162,664**	**17,659**

Lease liabilities relate to the lease of assets recognized as intangible fixed assets. It is management's expectation to repay the lease liabilities from 2029 and forward.

The prepayments received from customers relate to advanced license fees. It is management's assessment the prepayments will be recognized in the income statement after 5 years from the balance sheet date.

Accruals and deferred income 17

Accruals and deferred income comprise of received funds regarding projects and prepayments from debtors.

NOTES

Note

Contingencies etc. 18

Contingent liabilities

	Group		Parent Company	
	2023	**2022**	**2023**	**2022**
	DKK '000	DKK '000	DKK '000	DKK '000
Lease liabilities (operating leases):				
Within 1 year	265	427	130	322
Between 1 and 5 years	154	482	98	333
	419	**909**	**228**	**655**
Rental commitments, the remaining non-cancellable period being:				
Less than 1 year	2,499	2,733	2,004	1,966
Between 1 and 5 years	3,841	6,196	3,841	5,736
	6,340	**8,929**	**5,845**	**7,702**
Other contingent liabilities	240	445	240	276

Stiesdal A/S has given letters of support to the following subsidiaries for the financial year 2024:

Stiesdal SkyClean A/S, CVR no. 40 63 05 54 (DKK 95 m)
Stiesdal Hydrogen A/S, CVR no. 41 82 86 92 (DKK 140 m)
Stiesdal Offshore A/S, CVR no. 38 58 51 18 (DKK 40 m)

These letters of support are provided to ensure the liquidity required to complete the development projects in the subsidiaries and include a total credit to the subsidiaries of DKK 275 m.

Stiesdal A/S has issued a Parent Company Guarantee for one of the subsidiaries' business partners. The guarantee covers 18 million EUR plus interest, totaling DKK 142.356 m as of 31 December 2023.

Joint liabilities
The Danish companies of the group is jointly and severally liable for tax on the group’s jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group’s jointly taxed income amounts to DKK (‘000) 0 at the Balance Sheet date.

Charges and securities 19
The Group has no charges and securities as of 31 December 2023.

NOTES

Note

Related parties 20

The Company's related parties include:

Controlling interest

None of the company's shareholders have a controlling interest.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Information on uncertainty with respect to recognition and measurement 21

Group:

In these present Financial Statements, a tax asset of DKK 62.1 m is recognized. The value of this depends on the future earnings capacity. Based on the Group's expectations for the future earnings, the Group's expectations for the future growth in the market for carbon free energy and continued investment in development assets it is Management's opinion that the tax loss will be used in full in the Group in 5-7 years.

Development in activities and financial and economic position 22

During the year, Stiesdal A/S granted loans of DKK 95.8 m and capital grants of DKK 100.0 m to its subsidiaries to finance their individual development projects. Management has very high expectations for the individual subsidiaries, supported by budgets, market research, and the generally high potential seen in the technologies. Stiesdal A/S expects to support the subsidiaries, through loans or alternatively through capital increases, to complete and implement their development projects.

Stiesdal A/S has issued loan guarantees for the financial year 2024. A capital increase of DKK 202 m has been carried out in the first half of 2024. Management has prepared budgets for the financial year 2024 that support the assertion that, after the capital increase, Stiesdal A/S has the liquidity necessary to service its liabilities as they come due in the financial year 2024.

ACCOUNTING POLICIES

The Annual Report of Stiesdal A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Change as a result of change in the classification

Parent Company
In the annual report for 2022 expenses were included in the item Staff costs, which should have been correctly classified as Other external expenses.

The changed classification has been incorporated into the comparative figures of the annual report for 2023 and has the effect that the comparative figures for the item Staff costs have been reduced by DKK'000 1,309 and the item Other external expenses has been increased by DKK'000 1,309 in the income statement.

The changed classification entails that the Gross profit has been reduced by DKK'000 1,309 m. The change has no effect on the net profit or loss for 2022. The Equity and the Balance sheet total for 2022 have not been affected.

Group
In the annual report for 2022 expenses were included in the item Staff costs, which should have been correctly classified as Other external expenses.

The changed classification has been incorporated into the comparative figures of the annual report for 2023 and has the effect that the comparative figures for the item Staff costs have been reduced by DKK 2,299k and the item Other external expenses has been increased by DKK 2,299k in the income statement.

The changed classification entails that the Gross profit has been reduced by DKK 2,299k.The change has no effect on the net profit or loss for 2022. The Equity and the Balance sheet total for 2022 have not been affected.

In the annual report for 2022, the capitalization of indirect production costs related to capitalized development projects was offset against administrative expenses, which was not in accordance with the gross principle in the Danish Financial Statements Act. Capitalization of indirect production costs should be included in the accounting item "Own work, recognized under assets".

The changed classification has been incorporated into the comparative figures in the 2023 annual report, resulting in an increase of DKK 11,543k in the accounting item "Own work, recognized under assets" and "Gross profit" in the income statement, and an increase of DKK 11,543k in the accounting item "Administrative expenses". The changed classification has no impact on the results for 2022. The equity and total assets for 2022 are not affected.

Changes as a result of change in the presentation

Group
The presentation of the item “Cost of sales” has been changed so that the item is divided into the items “Change in inventories and work in progress” and “Expenses for raw materials and consumables”, which is in accordance with the gross presentation of the Danish Financial Statements Act. The comparative figures have been adjusted. The changed presentation has no effect on the net profit or loss for the year or last year, the balance sheet total or equity.

ACCOUNTING POLICIES

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Stiesdal A/S and the subsidiaries in which Stiesdal A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or newly formed entities within the Group are recognised in the Consolidated Financial Statements as if the entity has been combined from the earliest financial period included in the Consolidated Financial Statements. Consolidated or wound up entities are recognised in the Consolidated Income Statement from the earliest financial period included in the Financial Statements. Comparative figures are corrected for newly acquired, sold or wound-up entities.

Acquired entities within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed as from the earliest financial period included in the Consolidated Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

Positive and negative differences between the acquisition cost and the carrying amounts of acquired and identified assets and liabilities are recognised in equity at the acquisition. The difference from acquired entities is DKK ('000).

Transaction costs incurred in relation to acquisition of entities are recognised in the Income Statement in the year they were paid.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Minority interests

The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where services with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the service progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

ACCOUNTING POLICIES

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Own work, recognised under assets
Own work, recognised under assets comprise staff costs incurred in the financial year and is included in the cost price for self-developed intangibles fixed assets and inventories.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

Income from investments in subsidiaries and associates
Dividend from subsidiaries and associates is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets
Development projects in progress and prepayments comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

ACCOUNTING POLICIES

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings	30 years	0-25 %
Production plant and machinery	3-5 years	0-25 %
Other plant, fixtures and equipment	3-5 years	0-25 %
Leasehold improvements	3 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts
Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company’s loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Company’s other similar fixed assets.

for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company’s loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group’s and the Company’s other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the term of the contract.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Financial non-current assets

Investments in subsidiaries and associates are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

ACCOUNTING POLICIES

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed from the earliest financial period included in the Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

ACCOUNTING POLICIES

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Contract work in progress
Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

ACCOUNTING POLICIES

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include cash in hand.