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

STIESDAL OFFSHORE TECHNOLOGIES A/S

VEJLEVEJ 270, 7323 GIVE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2021

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 22 April 2022

Mette Godsk Trandbohus

CVR NO. 38 58 51 18

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COMPANY DETAILS

Company	Stiesdal Offshore Technologies A/S Vejlevej 270 7323 Give	
	CVR No.:	38 58 51 18
	Established:	19 April 2017
	Municipality:	Odense
	Financial Year:	1 January - 31 December
Board of Directors	Niels Olaf Ahrengot Kim Schønnemann Bøttkjær, chairman Henrik Stiesdal Carsten Risvig Pedersen Peder Riis Nickelsen Tove Feld Heidi Hjelm Kamstrup	
Executive Board	Peder Riis Nickelsen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C	
Bank	Nordea Bank Danmark A/S Vestre Stationsvej 7 5000 Odense C	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Stiesdal Offshore Technologies A/S for the financial year 1 January - 31 December 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 Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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*.

Give, 7 April 2022

Executive Board

Peder Riis Nickelsen

Board of Directors

Niels Olaf Ahrengot	Kim Schønnemann Bøttkjær Chairman	Henrik Stiesdal
Carsten Risvig Pedersen	Peder Riis Nickelsen	Tove Feld
Heidi Hjelm Kamstrup		

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stiesdal Offshore Technologies A/S

Opinion
We have audited the Financial Statements of Stiesdal Offshore Technologies A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 Financial Statements” section of our report. We are independent of the Company 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 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 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 Financial Statements unless Management either intends to liquidate the Company 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 judgment and maintain professional skepticism 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements 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 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 Management Commentary.

Odense, 7 April 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen
State Authorised Public Accountant
MNE no. mne31412

MANAGEMENT COMMENTARY

Principal activities
The principal activities of the company comprise of development, utilization and sale of offshore technology and other related activities which, according to the Board's discretion, are deemed relevant for the purpose.

Change in accounting policies and classification
The Company's accounting policies in regards to finance lease assets have been changed, as finance lease assets and liabilities now are recognised on the balance sheet, whereas finance lease assets and liabilities previously were not recognised on the balance sheet.

It is Management's assessment that the change of accounting policies causes a more true and fair view of the enterprise's assets, liabilities and equity, financial position and results.
The changes of comparison figures are stated in the accounting policies.

Recognition and measurement uncertainty
In these present Financial Statements, a tax asset of DKK 6.2 m is recognised. 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 5-8 years.

Development in activities and financial and economic position
The Company had development costs of DKK 44 m in the financial year, and an additional DKK 108 m is expected to be needed in order to complete the development project for commercial floating wind turbine foundations of 12 to 18MW.

Future development activities are funded by prepaid license revenues from a significant customer. In support of operations, the Company’s parent company has issued a loan guarantee for the financial year 2022. The parent company has acquired a new significant investor in PensionDanmark, which together with existing shareholders has invested DKK 400 m in the parent company.

Stiesdal Offshore Technologies A/S has developed the Tetra floating wind foundation concept. The TetraSpar Demonstrator, a first full-scale demonstration project, was deployed in 2021 in partnership with Shell, RWE and TEPCO.

The TetraSpar Demonstrator floating foundation and turbine was assembled and launched from Grenaa harbor in Denmark. After a successful tow to its final destination north of Stavanger, Norway, it was commissioned at 200 m water depth in December 2021.

Another variant of the Tetra foundation, the TetraSub, is expected to offer industrialized floating foundation designs to the exponentially growing offshore wind marked, benefiting from the development and test results achieved by the TetraSpar Demonstrator.

The TetraSub concept received 3rd party certification and validation by DNV in October 2021. Issuing a Statement of Feasibility, DNV confirmed the technical feasibility of the TetraSub.

Management expects profitable operations in 2025, which is supported by budgets, market surveys and the overall good potential of the technology.

The Management considers the result of the year to be satisfactory.

MANAGEMENT COMMENTARY

Comment on the assumptions for going concern

In the financial year 2021 a loss of DKK 19.7 m is realised, which mean that the Company's cash resources are reduced materially.

In relation to securing the necessary liquidity for the financial year 2021 the Company has received commitment of additional credit facility in 2022 of DKK 20 m from the parent company Stiesdal A/S as well as extension of the existing loan at the end of March 2022 with the parent company Stiesdal A/S of DKK 87 m for the financial year 2022. The financing is also funded by an agreed prepaid license revenue from a significant customer, and longer term in the form of licenses from Offshore customers.

Management has prepared budgets for the financial year 2022, which support that the Company has the liquidity necessary to service their liabilities concurrently with their due date in the financial year 2022.

Based on the additional credit facilities and extension of the existing debt with the parent company, Stiesdal A/S, it is Management's opinion that the Company's assumptions for going concern are ensured.

Significant events after the end of the financial year

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

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK '000
GROSS LOSS		**-8,599,725**	**-1,662**
Staff costs	1	-6,568,138	0
Depreciation, amortisation and impairment		-9,871,428	-158
OPERATING LOSS		**-25,039,291**	**-1,820**
Other financial income		0	1
Other financial expenses	2	-3,875,517	-1,643
LOSS BEFORE TAX		**-28,914,808**	**-3,462**
Tax on profit/loss for the year	3	9,254,945	6,318
LOSS FOR THE YEAR		**-19,659,863**	**2,856**

PROPOSED DISTRIBUTION OF PROFIT

Retained earnings		-19,659,863	2,856
TOTAL		**-19,659,863**	**2,856**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK '000
Development projects completed		127,030,279	0
Development projects in progress and prepayments		0	93,047
Intangible assets	4	**127,030,279**	**93,047**
Equity investments in associated enterprises		1,933,664	1,486
Rent deposit and other receivables		345,055	0
Financial non-current assets	5	**2,278,719**	**1,486**
NON-CURRENT ASSETS		**129,308,998**	**94,533**
Trade receivables		9,164,153	0
Receivables from associated enterprises		248,572	0
Receivables from owners and management		1,742,310	0
Deferred tax assets		6,182,696	0
Other receivables		8,590,903	19,628
Corporation tax receivable		3,063,602	6,472
Prepayments and accrued income		399	55
Receivables	6	**28,992,635**	**26,155**
Cash and cash equivalents		**19,800,576**	**12,639**
CURRENT ASSETS		**48,793,211**	**38,794**
ASSETS		**178,102,209**	**133,327**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK '000
Share capital		3,152,807	3,153
Reserve for development costs		109,805,884	75,208
Retained profit		-52,060,127	2,197
EQUITY		**60,898,564**	**80,558**
Provision for deferred tax		0	154
PROVISIONS		**0**	**154**
Convertible and interest-bearing debt instruments		0	450
Lease liabilities		15,356,112	13,361
Transition to the new Holiday Act		0	330
Non-current liabilities	7	**15,356,112**	**14,141**
Contract work in progress	8	5,522,750	0
Trade payables		7,595,464	3,630
Payables to group enterprises		86,996,896	34,097
Other liabilities		1,732,423	747
Current liabilities		**101,847,533**	**38,474**
LIABILITIES		**117,203,645**	**52,615**
EQUITY AND LIABILITIES		**178,102,209**	**133,327**

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EQUITY

	Share capital	Reserve for development costs	Retained profit	Total
Equity at 1 January 2021	3,152,807	63,251,096	15,249,557	81,653,460
Change of equity due to change of policy		11,956,960	-13,051,993	-1,095,033
Adjusted equity at 1 January 2021	**3,152,807**	**75,208,056**	**2,197,564**	**80,558,427**
Proposed profit allocation			-19,659,863	-19,659,863
Other legal bindings				
Capitalized development costs		43,853,599	-43,853,599	0
Amortisation for the year		-9,871,428	9,871,428	0
Tax on changes in equity		**615,657**	**-615,657**	**0**
Equity at 31 December 2021	**3,152,807**	**109,805,884**	**-52,060,127**	**60,898,564**

NOTES

	2021 DKK	2020 DKK '000	Note
Staff costs			1
Average number of employees	23	7	
Wages and salaries	13,323,364	4,174	
Pensions	2,011,874	556	
Social security costs	137,541	37	
Other staff costs	76,677	40	
Capitalised payroll costs of development	-8,981,318	-4,807	
	6,568,138	**0**	
Other financial expenses			2
Group enterprises	1,638,187	111	
Other interest expenses	2,237,330	1,532	
	3,875,517	**1,643**	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year	-3,063,602	-1,518	
Adjustment of deferred tax	-6,191,343	-4,800	
	-9,254,945	**-6,318**	

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Intangible assets 4

	Development projects completed	Development projects in progress and prepayments
Cost at 1 January 2021	0	93,048,108
Transfer	95,381,965	-95,381,965
Additions	41,519,742	2,333,857
Cost at 31 December 2021	**136,901,707**	**0**
Amortisation for the year	9,871,428	0
Amortisation at 31 December 2021	**9,871,428**	**0**
Carrying amount at 31 December 2021	**127,030,279**	**0**
Value of leased assets recognised as intangible fixed assets acquired	10,761,264	0

The development costs in the year have been used for development of floating foundations for offshore wind turbines.

Management has significant expectations for the development project, which is supported by budgets, market surveys and the general demand in the world market for alternative green technologies.

It is expected that an additional amount of DKK 108 m will have to be used to complete the development project for commercial floating wind turbine foundations of 12 to 18MW.

It is Management’s expectation that the development project can be commercialised from the financial year 2022 and contribute with a positive cash flow.

The financing hereof is funded by prepaid license revenues from a significant customer, and longer term in the form of licenses from Offshore customers. In support of operations, the Company’s parent company has issued a loan guarantee for the financial year 2022. The parent company has acquired a new significant investor in PensionDanmark, which together with existing shareholders has invested DKK 400 m in the parent company.

Based on the expectations for the future earnings, it is Management’s assessment that the development costs meet the requirements for recognition and measurement in the Financial Statements, and that the valuation of the development costs is proper.

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Note

Financial non-current assets 5

	Equity investments in associated enterprises	Rent deposit and other receivables
Cost at 1 January 2021	1,486,695	0
Additions	446,969	345,055
Cost at 31 December 2021	**1,933,664**	**345,055**
Carrying amount at 31 December 2021	**1,933,664**	**345,055**

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

	2021 DKK	2020 DKK '000

Receivables falling due after more than one year 6

Deferred tax assets	6,182,696	0
	6,182,696	**0**

Long-term liabilities 7

	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Convertible and interest-bearing debt instruments	0	0	0	450,000
Lease liabilities	15,356,112	0	0	13,360,848
Transition to the new Holiday act	0	0	0	330,044
	15,356,112	**0**	**0**	**14,140,892**

	2021 DKK	2020 DKK '000

Contract work in progress 8

Sales value of completed work	16,974,523	0
Progress invoicing/advances received	-22,497,273	0
Contract work in progress, net	**-5,522,750**	**0**
Recognised as follows:		
Contract work in progress (liability)	-5,522,750	0
	-5,522,750	**0**

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Contingent liabilities
The Company rents office facilities with a termination date no earlier than 1 September 2024. The contingent liability at 31 December 2021 amounts to DKK 1,898k.

Joint liabilities
The Company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Stiesdal A/S, which serves as management company for the joint taxation.

Charges and securities 10
The Company has no charges and securities as of 31 December 2021.

Comment on the assumptions for going concern 11
In the financial year 2021 a loss of DKK 19.7 m is realised, which mean that the Company's cash resources are reduced materially.

In relation to securing the necessary liquidity for the financial year 2021 the Company has received commitment of additional credit facility in 2022 of DKK 20 m from the parent company Stiesdal A/S as well as extension of the existing loan at the end of March 2022 with the parent company Stiesdal A/S of DKK 87 m for the financial year 2022. The financing is also funded by an agreed prepaid license revenue from a significant customer, and longer term in the form of licenses from Offshore customers.

Management has prepared budgets for the financial year 2022, which support that the Company has the liquidity necessary to service their liabilities concurrently with their due date in the financial year 2022.

Based on the additional credit facilities and extension of the existing debt with the parent company, Stiesdal A/S, it is Management's opinion that the Company's assumptions for going concern are ensured.

Information on uncertainty with respect to recognition and measurement 12
In these present Financial Statements, a tax asset of DKK 6.2 m is recognised. 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 5-8 years.

ACCOUNTING POLICIES

The Annual Report of Stiesdal Offshore Technologies A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

Change in accounting policies and classification
The company's accounting policies in regards to finance lease assets have been changed, as finance lease assets and liabilities now are recognised on the balance sheet, whereas finance lease assets and liabilities previously were not recognised on the balance sheet.

It is management's assessment that the change of accounting policies causes a more true and fair view of the enterprise's assets, liabilities and equity, financial position and results.

Comparison figures have been changed accordingly:

Assets:
Development projects in progress and prepayments - Previous: 81,091. Adjustment: 11,957. Restated: 93.047.

Equity:
Reserve for development costs - Previous: 63,251. Adjustment: 11,957. Restated: 75,208.
Retained profit - Previous: 15,250. Adjustment: -13,052. Restated: 2,197.

Provisions:
Provision for deferred tax - Previous: 463. Adjustment: -309. Restated: 154.

Non-current liabilities:
Lease liabilities - Previous: 0. Adjustment: 13,361. Restated: 13,361.

Profit/loss
Other financial expenses - Previous: -239. Adjustment: -1,404. Restated: -1,643.
Adjustment of deferred tax - Previous: 4,491. Adjustment: 309. Restated: 4,800.

INCOME STATEMENT

Net revenue
Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production 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 costs 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.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to related costs 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.

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 and development cost.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

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

ACCOUNTING POLICIES

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the Company's employees. Repayments from public authorities are deducted from staff costs.

Income from investments in associates
Dividend from subsidiary is recognised in the financial year when the dividend is declared.

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 investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

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 portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets
Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is 10 years.

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.

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.

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.

Fixed asset investments
Equity investments in associates are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

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

Impairment of fixed assets
The carrying amount of intangible fixed assets together with fixed assets, which are not measured at fair value, are valued on an annual basis 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 net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

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.

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 on account tax 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.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off 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 would 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.

ACCOUNTING POLICIES

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing 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 term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

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