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Dokken 8
DK-6700 Esbjerg
CVR no. 20 22 26 70

ALPHA AQUA A/S

LÆSSEVEJEN 2, 6700 ESBJERG

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

Kristian Bech Andersen

CVR NO. 38 93 55 93

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COMPANY DETAILS

Company	Alpha Aqua A/S Læssevejen 2 6700 Esbjerg	
	CVR No.:	38 93 55 93
	Established:	8 September 2017
	Municipality:	Esbjerg
	Financial Year:	1 January - 31 December
Board of Directors	Kristian Bech Andersen, chairman Klaus Westergaard Sørensen Stig Balsby Jørgensen	
Executive Board	Christoffer Møller Kristensen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Alpha Aqua 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 Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations 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.

Esbjerg, 2 July 2024

Executive Board

Christoffer Møller Kristensen

Board of Directors

Kristian Bech Andersen Chairman	Klaus Westergaard Sørensen	Stig Balsby Jørgensen

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Alpha Aqua A/S

Conclusion

We have performed an extended review of the Financial Statements of Alpha Aqua A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review 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 Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management Commentary

Management is responsible for the Management Commentary.

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

THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Esbjerg, 2 July 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jørn Jepsen
State Authorised Public Accountant
MNE no. mne24824

MANAGEMENT COMMENTARY

Principal activities
Alpha Aqua A/S develops and sells products and EPC-M projects based on RAS technology (Recirculating Aquaculture Systems) to aquaculture companies in the global market. Based on many years of experience in the aquaculture sector, Alpha Aqua develops "state of the art" module-based flexible RAS solutions for land-based fish production facilities globally.

Recognition and measurement uncertainty

Work in progress
The recognition and measurement of Work-in-progress is based on a professional assessment of the stage of individual projects and the expectation of the remaining completion of each project. Losses are recognized for the entire project when losses are expected.

Estimates linked to the future execution of the remaining work depend on a number of factors, and the assumptions of a project can be changed as the work is performed. The estimates used are based on responsible prerequisites. The actual results of the projects may thus differ from the expected results, both positive and negative, as compared with the measurement at 31 December 2023.

Tangible assets in progress
The valuation of tangible assets in progress is based on estimates of the future utilization. Management estimates that the future financial upside from commercial fish production and using the facility as a test site. The facility will also serve as a showroom to facilitate future sales.

Deferred tax assets
The recognition of deferred tax assets of DKK'000 2.300 out of DKK'000 2.973 is based on the utilization of taxable income losses in the following 3-5 years. Management estimates that the taxable income in the next 3-5 years will be sufficient to utilize the deferred tax asset. This is very dependent on the reaization of the budgets for 2024 - 2026

Development in activities and financial and economic position
Alpha Aqua A/S is based on a philosophy that aquaculture is both environmentally and economically best handled on land. As an aquaculture producer, by producing in environmentally friendly composites on land, you will be able to achieve even very large economic and ecological benefits, both from the modular approach to the construction of the facilities and the resulting flexibility in production. The market for RAS technology for the aquaculture sector is developing explosively globally. With its innovative technologies, Alpha Aqua A/S is helping to disrupt and set new standards in a market that has traditionally not focused on circular economy and total optimization of production facilities. With a relatively small organization, complemented by strong sourcing channels and attractive financing agreements for our customers, the business is expected to develop extremely positively. Alpha Aqua A/S is thus expected to realize strong growth rates in the coming years.

2023 – a difficult year
2023 has been a very difficult year for Alpha Aqua A/S. In spring 2024 we got the final verdict from the arbitration in Spain and the outcome was not as expected. The event isolated had an in pact of approx. – 12 mio. DKK. On top of this 2023 showed higher interest rates and declining currencies at the company's most important markets – Norway and Sweden. The impact on these larger projects delays and postponement as a result. Despite these difficulties in 2023, Alpha Aqua A/S has completed several medium projects primary in Scandinavia which include RAS and flowthrough systems. In 2023 Alpha Aqua also had alle three RAS systems included in the different projects. During 2024 Alpha Aqua will have alle three units NanoRAS®, NeroRAS® and Alpha Line® running at a commercial fish producer.

Alpha Aqua ends 2023 with a deficit of DKK 15.646 thousand, and an equity of DKK 1.266 thousand. Expectations for 2024 is to get back on track, continue the growth with a current pipeline that exceeds 100 mio. DKK.

The aftermath of the COVID-19 shutdown is still present globally as of this writing. We have not lost orders due to COVID-19 but finds that both the sales and delivery process takes significantly longer.

MANAGEMENT COMMENTARY

Development in activities and financial and economic position (continued)
Information on uncertainty with respect to going concern
To support the company in 2024 the parent company has issued a "letter of support".

Furthermore the going concern assumtion depends on the renegotiation of credit facilites.

Budgets that support the going concern assumption. These budgets are subject to a degree of uncertainty. The budgets does not show the need for a letter of support but this is issued due to the inherent uncertainty of the budgets.

Based on this assumptions the cash resources are expected to be sufficient to carry out the planned operations until the end of the financial year.

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	2023 DKK	2022 DKK
GROSS LOSS		**-155.476**	**20.031.424**
Staff costs	1	-14.696.283	-15.520.544
Depreciation, amortisation and impairment losses for tangible and intangible assets		-1.895.801	-1.639.635
OPERATING LOSS		**-16.747.560**	**2.871.245**
Other financial income		175.324	56.979
Other financial expenses		-2.614.920	-2.717.094
LOSS BEFORE TAX		**-19.187.156**	**211.130**
Tax on profit/loss for the year	2	3.541.220	-178.000
LOSS FOR THE YEAR		**-15.645.936**	**33.130**

PROPOSED DISTRIBUTION OF PROFIT

Retained earnings		-15.645.936	33.130
TOTAL		**-15.645.936**	**33.130**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Development projects completed		3.060.951	3.128.063
Intangible assets	3	**3.060.951**	**3.128.063**
Other plant, fixtures and equipment		642.839	717.665
Leasehold improvements		1.147.102	1.535.249
Tangible fixed assets in progress		30.365.489	22.434.019
Property, plant and equipment	4	**32.155.430**	**24.686.933**
NON-CURRENT ASSETS		**35.216.381**	**27.814.996**
Espenses for raw materials and consumables		3.000.951	1.876.277
Inventories		**3.000.951**	**1.876.277**
Trade receivables		13.041	4.183.358
Contract work in progress	5	6.145.863	6.761.962
Deferred tax assets		2.300.000	0
Other receivables		152.699	50.000
Corporation tax receivable		627.220	0
Prepayments		427.488	349.212
Receivables		**9.666.311**	**11.344.532**
Cash and cash equivalents		**18.180**	**5.689.257**
CURRENT ASSETS		**12.685.442**	**18.910.066**
ASSETS		**47.901.823**	**46.725.062**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital		1.500.000	500.000
Reserve for development costs		2.387.542	2.439.889
Retained earnings		-2.621.296	-2.127.707
EQUITY		**1.266.246**	**812.182**
Provisions for deferred tax		0	614.000
PROVISIONS		**0**	**614.000**
Subordinate loan capital		4.803.125	5.122.811
Debt to mortgage credit institution		1.484.276	1.866.301
Other non-current liabilities		224.501	212.448
Accruals and deferred income		10.640.321	10.640.321
Non-current liabilities	6	**17.152.223**	**17.841.881**
Debt to mortgage credit institution		1.368.000	280.000
Bank debt		13.086.729	9.840.184
Lease liabilities		2.500.000	2.500.000
Contract work in progress	5	0	5.052.819
Trade payables		9.841.389	6.902.605
Other liabilities		2.687.236	2.881.391
Current liabilities		**29.483.354**	**27.456.999**
LIABILITIES		**46.635.577**	**45.298.880**
EQUITY AND LIABILITIES		**47.901.823**	**46.725.062**

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EQUITY

DKK	Share Capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023	500.000	2.439.889	-2.127.707	812.182
Proposed profit allocation			-15.645.936	-15.645.936
Transactions with owners				
Capital increase	1.000.000		13.100.000	14.100.000
Contribution from Group			2.000.000	2.000.000
Other legal bindings				
Capitalized development costs		-52.347	52.347	0
Equity at 31 December 2023	**1.500.000**	**2.387.542**	**-2.621.296**	**1.266.246**

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	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	22	22	
Wages and salaries	12.832.091	13.198.741	
Pensions	1.664.178	2.108.966	
Social security costs	200.014	212.837	
	14.696.283	**15.520.544**	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year	-627.220	0	
Adjustment of deferred tax	-2.914.000	178.000	
	-3.541.220	**178.000**	

Intangible assets 3

DKK	Development projects completed
Cost at 1 January 2023	5.404.399
Additions	1.079.418
Cost at 31 December 2023	**6.483.817**
Amortisation at 1 January 2023	2.276.336
Amortisation for the year	1.146.530
Amortisation at 31 December 2023	**3.422.866**
Carrying amount at 31 December 2023	**3.060.951**

Alpha Aqua is continuously working on improving our products and the design behind it to ensure the quality of the deliverables. As in the previous year's Alpha Aqua has also invested in this area in 2023. 2023 has had a special focus on the design packages so they are more streamlined and has raised the bar so Alpha Aquas design packages can match best in class. Another focus in 2023 has been further development of the two products - NeroRas and Alpha Line.

Alpha Aqua expects to continue to invest in this development the years to come to stay ahead of our competitors.

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Property, plant and equipment 4

DKK	Other plant, fixtures and equipment	Leasehold improvements	Tangible fixed assets in progress
Cost at 1 January 2023	1.215.654	2.364.453	22.434.019
Additions	185.508	100.789	7.931.470
Cost at 31 December 2023	**1.401.162**	**2.465.242**	**30.365.489**
Depreciation and impairment losses at 1 January 2023	497.989	829.204	0
Depreciation for the year	260.334	488.936	
Depreciation and impairment losses at 31 December 2023	**758.323**	**1.318.140**	**0**
Carrying amount at 31 December 2023	**642.839**	**1.147.102**	**30.365.489**

Contract work in progress 5

Sales value of completed work	23.292.470	28.145.266
Progress invoicing/advances received	-17.146.607	-26.436.123
Contract work in progress, net	**6.145.863**	**1.709.143**
Recognised as follows		
Contract work in progress (asset)	6.145.863	6.761.962
Contract work in progress (liability)	0	-5.052.819
	6.145.863	**1.709.143**

Long-term liabilities 6

	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Subordinate loan capital	5.723.125	920.000	722.587	5.122.811
Debt to mortgage credit institution	1.932.276	448.000	605.853	2.146.301
Other non-current liabilities	224.501	0	224.501	212.448
Accruals and deferred income	10.640.321	0	0	10.640.321
	18.520.223	**1.368.000**	**1.552.941**	**18.121.881**

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Contingencies etc. 7

Contingent liabilities

	2023 DKK	2022 DKK
Lease liabilities (operating leases), the payment is due:		
Liabilities under rental	41.196	239.283
Between 1 and 5 years	27.464	68.660
	68.660	**307.943**
Rental commitments, the remaining non-cancellable period being:		
Within 1 year	850.000	500.000
Between 1 and 5 years	3.400.000	0
After 5 years	1.562.000	0
	5.812.000	**500.000**
Recourse and non-recourse guarantee commitments	9.193.732	5.026.351

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 Stiba Holding ApS, which serves as management Company for the joint taxation.

Charges and securities 8

A corporate mortgage of DKK 4,500,000 has been issued as security for creditors with security in receivables from sales and services, inventories, operating equipment and consumables, motor vehicles that are not or have not been previously registered, work in progress and goodwill, etc. The book value of pledged assets amounts to DKK'000 29.220

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Information on uncertainty with respect to going concern 9

To support the company in 2024 the parent company has issued a "letter of support".

“We majority shareholder Stiba holding ApS confirm that, in the period up to 30 june 2025 shall be committed, on demand at one or more times, to contribute to Alpha Aqua A/S the cash funds necessary for Alpha Aqua A/S to meet its obligations as they mature, limited to DKK'000 7.000.

The contribution of cash funds shall take place by way of equity, as capital increase or a taxexempt group contribution, or as loan capital by the granting of monetary loans, falling due for payment on 30 June 2025 at the earliest, and which, on the part of Stiba Holding ApS , are interminable in the period up to 30 June 2025, and by an amount, which the management of Alpha Aqua estimates is sufficient for Vestas Industrial Cooling A/S to meet its obligations as they mature. This letter of support shall remain in force regardless of whether capital is contributed to Alpha Aqua A/S during the period. This letter of support guaranteeing contribution of cash funds shall be irrevocable and may without any special terms or conditions be enforced by the management of Alpha Aqua A/S.”

Furthermore the going concern assumtion depends on the renegotiation of credit facilites.

Management have presented budgets that supports the going concern assumption. These budgets are subject to a degree of uncertainty. The budgets does not show the need for a letter of support but this is issued due to the inherent uncertainty of the budgets.

Based on this assumptions the cash resources are expected to be sufficient to carry out the planned operations until the end of the financial year.

Information on significant uncertainties at recognition and measurement 10

Work in progress

The recognition and measurement of Work-in-progress is based on a professional assessment of the stage of individual projects and the expectation of the remaining completion of each project. Losses are recognized for the entire project when losses are expected.

Estimates linked to the future execution of the remaining work depend on a number of factors, and the assumptions of a project can be changed as the work is performed. The estimates used are based on responsible prerequisites. The actual results of the projects may thus differ from the expected results, both positive and negative, as compared with the measurement at 31 December 2023.

Tangible assets in progress

The valuation of tangible assets in progress is based on estimates of the future utilization. Management estimates that the future financial upside from commercial fish production and using the facility as a test site. The facility will also serve as a showroom to facilitate future sales.

Deferred tax assets

Management has estimated that the recognition of The recognition of deferred tax assets of DKK'000 2.300 out of DKK'000 2.973 is based on the utilization of taxable income losses in the following 3-5 years. Management estimates that the taxable income in the next 3-5 years will be sufficient to utilize the deferred tax asset. This is very dependent on the reaization of the budgets for 2024 - 2026.

ACCOUNTING POLICIES

The Annual Report of Alpha Aqua A/S for 2023 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.

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

INCOME STATEMENT

Net revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognisedin the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties andsales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenuecorresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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 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.

Own work capitalised
Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

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

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

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.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Development projects 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 in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and 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 normally 5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the 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
Other plant, fixtures and equipment...	*5 years*
Leasehold improvements...	*5 years*

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 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 contract period.

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.

ACCOUNTING POLICIES

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets, 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 production cost.

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.

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 stage of completion is determined based on an assessment of the work performed, usually calculated as the relation between the costs incurred and the total expected costs for the contract in question.

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

Tax payable and deferred tax

ACCOUNTING POLICIES

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.

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.