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CVR no. 20 22 26 70

**STIESDAL SKYCLEAN A/S**  
**VEJLEVEJ 270, 7323 GIVE**  
**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**

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**COMPANY DETAILS**

<b>Company</b>	Stiesdal SkyClean A/S Vejlevej 270 7323 Give  CVR No.: 40 63 05 54 Established: 1 July 2019 Municipality: Vejle Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Kim Schønnemann Bøttkjær, chairman Peder Riis Nickelsen Niels Olaf Ahrengot Henrik Stiesdal Carsten Risvig Pedersen Lars Bondo Krogsgaard Heidi Hjelm Kamstrup
<b>Executive Board</b>	Peder Riis Nickelsen
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C
<b>Bank</b>	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 SkyClean 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.

Give, 2 July 2024

Executive Board

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Peder Riis Nickelsen

Board of Directors

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Kim Schønnemann Bøttkjær  
Chairman

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Peder Riis Nickelsen

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Niels Olaf Ahrengot

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Henrik Stiesdal

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Carsten Risvig Pedersen

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Lars Bondo Krogsgaard

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Heidi Hjelm Kamstrup

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Stiesdal SkyClean A/S

#### Opinion

We have audited the Financial Statements of Stiesdal SkyClean 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. 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 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 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.

## INDEPENDENT AUDITOR'S REPORT

- 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, 2 July 2024

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 comprise development and delivery of the SkyClean pyrolysis technology which enables a cost-efficient method for carbon removal in combination with green fuel production. SkyClean converts organic waste from agriculture and forestry into biochar, gas and oil. The biochar fraction represents CO<sub>2</sub> captured from the atmosphere.

### Recognition and measurement uncertainty

In these present Financial Statements, a tax asset of DKK 15.2 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 capture and storage and clean 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

The Company had development costs of DKK 170.3m in the financial year, which is 20% above budget. Stiesdal SkyClean A/S, along with a number of partners, received a grant of DKK 124 million in 2022 for the SkyClean Scale-up project. To date, Stiesdal SkyClean A/S has received DKK 48.9 million of this grant.

Full scaling of the SkyClean concept is complex; however, progress has been significant, although completion of the 20 MW prototype SkyClean plant is taking longer than originally anticipated. Final commissioning & test of the 20 MW prototype is currently ongoing, and completion of the concept development is expected in 2024.

Significant development costs are expected in the coming years to refine and further develop the technology. The financing for these costs is anticipated to come from the Company's parent company, which has issued a loan guarantee for the financial year 2024, in addition to the funding that has been granted for the Scale-up project.

The first limited volume sales of CO<sub>2</sub> certificates based on biochar were realized in 2023 at favorable prices, validating this revenue stream. 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 scaling the technology. 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 is experiencing high interest in the SkyClean technology.

Management expects profitable operations within the next three years, depending on legislation & market development, which is supported by budgets, market surveys and the general 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 2023, a loss of DKK 19.5 m was realized, which, together with development costs of DKK 170.3 m, significantly reduced the Company's cash resources.

To secure the necessary liquidity for the financial year 2024, the Company has received a commitment for an additional credit facility of DKK 95 m from the parent company, Stiesdal A/S, and an extension of the existing loan with Stiesdal A/S of DKK 258.4 m at 31 December 2023 for the financial year 2024.

Management has prepared budgets for the financial year 2024 that support the Company's ability to service its liabilities as they come due.

Based on the additional credit facilities and the extension of the existing debt with the parent company, Stiesdal A/S, Management believes 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	2023 DKK	2022 DKK '000
<b>GROSS PROFIT</b> .....		<b>6,775,291</b>	<b>-1,087</b>
Staff costs.....	1	-23,218,972	-12,986
Depreciation, amortisation and impairment losses.....		-365,491	-230
<b>OPERATING LOSS</b> .....		<b>-16,809,172</b>	<b>-14,303</b>
Other financial income.....	2	622,836	91
Other financial expenses.....	3	-12,691,911	-2,138
<b>LOSS BEFORE TAX</b> .....		<b>-28,878,247</b>	<b>-16,350</b>
Tax on profit/loss for the year.....	4	9,341,415	9,235
<b>LOSS FOR THE YEAR</b> .....		<b>-19,536,832</b>	<b>-7,115</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		-19,536,832	-7,115
<b>TOTAL</b> .....		<b>-19,536,832</b>	<b>-7,115</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK '000
Development projects in progress and prepayments.....		281,024,874	110,691
<b>Intangible assets.....</b>	<b>5</b>	<b>281,024,874</b>	<b>110,691</b>
Land and buildings.....		8,014,171	8,298
Production plant and machinery.....		220,540	205
<b>Property, plant and equipment.....</b>	<b>6</b>	<b>8,234,711</b>	<b>8,503</b>
Equity investments in associated enterprises.....		140,000	0
Rent deposit and other receivables.....		10,000	10
<b>Financial non-current assets.....</b>	<b>7</b>	<b>150,000</b>	<b>10</b>
<b>NON-CURRENT ASSETS.....</b>		<b>289,409,585</b>	<b>119,204</b>
Receivables from group enterprises.....		11,200,380	1,744
Receivables from associated enterprises.....		2,309,553	0
Receivables from owners and management.....		0	1
Deferred tax assets.....		15,209,172	8,151
Other receivables.....		18,951,495	17,253
Corporation tax receivable.....		2,283,100	3,005
Prepayments and accrued income.....		321,423	19
<b>Receivables.....</b>	<b>8</b>	<b>50,275,123</b>	<b>30,173</b>
<b>Cash and cash equivalents.....</b>		<b>7,937,324</b>	<b>8,897</b>
<b>CURRENT ASSETS.....</b>		<b>58,212,447</b>	<b>39,070</b>
<b>ASSETS.....</b>		<b>347,622,032</b>	<b>158,274</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK '000
Share Capital.....		1,000,000	1,000
Reserve for development costs.....		259,265,759	100,195
Retained earnings.....		-249,025,039	-70,418
<b>EQUITY.....</b>		<b>11,240,720</b>	<b>30,777</b>
Other provisions for liabilities.....		250,000	250
<b>PROVISIONS.....</b>		<b>250,000</b>	<b>250</b>
Trade payables.....		14,000,184	10,773
Debt to group enterprises.....		261,487,049	112,002
Other liabilities.....		2,295,018	1,028
Accruals and deferred income.....		58,349,061	3,444
<b>Current liabilities.....</b>		<b>336,131,312</b>	<b>127,247</b>
<b>LIABILITIES.....</b>		<b>336,131,312</b>	<b>127,247</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>347,622,032</b>	<b>158,274</b>
Contingencies etc.	9		
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## EQUITY

DKK	Share Capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023.....	1,000,000	100,195,047	-70,417,495	30,777,552
Proposed profit allocation.....			-19,536,832	-19,536,832
<b>Other legal bindings</b>				
Capitalized development costs.....		170,335,807	-170,335,807	0
Tax on changes in equity.....		-11,265,095	11,265,095	0
<b>Equity at 31 December 2023 .....</b>	<b>1,000,000</b>	<b>259,265,759</b>	<b>-249,025,039</b>	<b>11,240,720</b>

## NOTES

	2023 DKK	2022 DKK '000	Note
<b>Staff costs</b>			<b>1</b>
Number of full time employees	28	16	
Wages and salaries.....	19,893,596	11,058	
Pensions.....	2,325,633	1,453	
Social security costs.....	228,025	130	
Other staff costs.....	771,718	345	
	<b>23,218,972</b>	<b>12,986</b>	
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	322,834	72	
Other interest income.....	300,002	19	
	<b>622,836</b>	<b>91</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	12,654,333	2,081	
Other interest expenses.....	37,578	57	
	<b>12,691,911</b>	<b>2,138</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Calculated tax on taxable income of the year.....	-2,283,100	-3,005	
Adjustment of deferred tax.....	-7,058,315	-6,230	
	<b>-9,341,415</b>	<b>-9,235</b>	

NOTES

Note

**Intangible assets**

5

	Development projects in progress and prepayments
Cost at 1 January 2023.....	110,689,067
Additions.....	170,335,807
<b>Cost at 31 December 2023.....</b>	<b>281,024,874</b>
<b>Carrying amount at 31 December 2023.....</b>	<b>281,024,874</b>

The development costs in the financial year 2023 have been allocated to the development of the SkyClean concept. Management has significant expectations for the development of SkyClean, supported by budgets, market surveys, and the general demand in the global market for cost-effective carbon capture and storage technologies, as well as green fuels.

The agricultural industry, along with other pertinent sectors, is demonstrating significant enthusiasm for the SkyClean concept.

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

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.

**Property, plant and equipment**

6

	Land and buildings	Production plant and machinery
Cost at 1 January 2023.....	8,510,625	224,203
Additions.....	0	96,217
<b>Cost at 31 December 2023.....</b>	<b>8,510,625</b>	<b>320,420</b>
Depreciation and impairment losses at 1 January 2023.....	212,766	18,077
Depreciation for the year.....	283,688	81,803
<b>Depreciation and impairment losses at 31 December 2023....</b>	<b>496,454</b>	<b>99,880</b>
<b>Carrying amount at 31 December 2023.....</b>	<b>8,014,171</b>	<b>220,540</b>

**NOTES**

	<b>Note</b>
<b>Financial non-current assets</b>	<b>7</b>

	Equity investments in associated enterprises	Rent deposit and other receivables
Cost at 1 January 2023.....	0	10,000
Additions.....	140,000	0
<b>Cost at 31 December 2023.....</b>	<b>140,000</b>	<b>10,000</b>
<b>Carrying amount at 31 December 2023.....</b>	<b>140,000</b>	<b>10,000</b>

**Investments in associates (DKK)**

Name and domicil	Equity	Profit for the year	Ownership
Agri Energy A/S, Hjørring.....	-	-	35 %

Agri Energy A/S was founded in December 2023 and no annual reports have been prepared yet, as the company's first financial year ends on 31 December 2024. As such no equity and profit for the year can be disclosed.

	2023 DKK	2022 DKK '000	
<b>Receivables falling due after more than one year</b>			<b>8</b>
Deferred tax assets.....	15,209,172	8,151	
	<b>15,209,172</b>	<b>8,151</b>	

<b>Contingencies etc.</b>	<b>9</b>
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**Contingent liabilities**

The company rents a nitrogen tank that is non-cancellable until February 2025. The remaining rent amounts to DKK 91k.

The company has entered into a land lease agreement which, at the time of the balance sheet date, amount to DKK 18k in the non-termination period, which is 6 months.

**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.

<b>Charges and securities</b>	<b>10</b>
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The Company has no charges and securities as of 31 December 2023.

## NOTES

## Note

**Comment on the assumptions for going concern**

11

In the financial year 2023, a loss of DKK 19.5 m was realized, which, together with development costs of DKK 170.3 m, significantly reduced the Company's cash resources.

To secure the necessary liquidity for the financial year 2024, the Company has received a commitment for an additional credit facility of DKK 95 m from the parent company, Stiesdal A/S, and an extension of the existing loan with Stiesdal A/S of DKK 258.4 m at 31 December 2023 for the financial year 2024.

Management has prepared budgets for the financial year 2024 that support the Company's ability to service its liabilities as they come due.

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

**Information on significant uncertainties at recognition and measurement**

12

In these present Financial Statements, a tax asset of DKK 15.2 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 5-7 years.



## ACCOUNTING POLICIES

The Annual Report of Stiesdal SkyClean 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.

### **Change as a result of change in the classification**

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 221 and the item Other external expenses has been increased by DKK 221k in the income statement.

The changed classification entails that the Gross profit has been reduced by DKK 221k. 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 3,695k in the accounting item "Own work, recognized under assets" and "Gross profit" in the income statement, and an increase of DKK 3,695k 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.

## INCOME STATEMENT

### **Net revenue**

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 indirect production costs and staff costs incurred in the financial year and is included in the cost price for self-developed intangibles fixed assets.

### **Other operating income**

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed 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 cost of sales, advertising, administration, buildings, bad debts, operating 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.

### **Income from investments in associates**

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

**ACCOUNTING POLICIES**

**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**

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.

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**

Production plant and machinery are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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 %

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

**Financial non-current assets**

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

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

## ACCOUNTING POLICIES

### 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 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 recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

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 written down to meet expected losses.

### 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 for restructuring.

### 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.

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 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 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 for short-term liabilities usually corresponds to the nominal value.

### Accruals, liabilities

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