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

STIESDAL HYDROGEN 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

Mette Godsk Trandbohus

CVR NO. 41 82 86 92

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COMPANY DETAILS

Company	Stiesdal Hydrogen A/S Vejlevej 270 7323 Give
	CVR No.: 41 82 86 92 Established: 1 November 2020 Municipality: Vejle Financial Year: 1 January - 31 December
Board of Directors	Kim Schønnemann Bøttkjær, chairman Peder Riis Nickelsen Niels Olaf Ahrengot Henrik Stiesdal Carsten Risvig Pedersen Lars Bondo Krogsgaard Heidi Hjelm Kamstrup
Executive Board	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 Hydrogen 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

Peder Riis Nickelsen

Board of Directors

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Stiesdal Hydrogen A/S

Opinion
We have audited the Financial Statements of Stiesdal Hydrogen 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, sales and licensing of the Stiesdal HydroGen Electrolyzer which is based on conventional alkaline electrolysis. Rethinking the basics and with novel designs features the Stiesdal HydroGen Electrolyzer is designed for industrialization and ensures lowest possible cost in order to advance the global production of affordable green hydrogen.

Recognition and measurement uncertainty
In these present Financial Statements, a tax asset of DKK 11.8 m is recognized. The value of this depends on the future earnings capacity. Based on the Group's expectations for the future earnings, the Group's expectations for the future growth in the market for carbon free energy and continued investment in development assets it is Management's opinion that the tax loss will be used in full in the Group in 5-7 years.

Development in activities and financial and economic position
The Company incurred development costs of DKK 59.7 m in the financial year to complete the 3 MW Electrolyzer Concept. A prototype Electrolyzer became operational in mid-2023, and the first 0-series unit arrived at the customer site in October 2023, undergoing tests throughout the year. The second 0-series unit arrived at the customer site in January 2024, and the full delivery of the two 0-series units is expected in the third quarter of 2024, marking the completion of the HydroGen Electrolyzer concept development.

Compared to the budget, delays in development drove 2023 costs 20% above budget and postponed the budgeted 0-series deliveries from 2023 to the first half of 2024. Several 0-series units are expected to be delivered during 2024, and significant development costs are anticipated in the coming years to refine and further develop the concept. The financing for these costs is expected to come from the Company's parent company, which has issued a loan guarantee for the financial year 2024.

Management expects profitable operations in 2025, depending on market development, supported by budgets, market surveys, and the general high potential of the technology. Management considers the result of the year to be satisfactory.

Comment on the assumptions for going concern
In the financial year 2023, a loss of DKK 37.7 m was realized, which, together with development costs, 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 140 m from the parent company, Stiesdal A/S, and an extension of the existing loan with Stiesdal A/S of DKK 84.6 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
GROSS LOSS	1	**-20,125,177**	**-620**
Staff costs	2	-21,524,540	-10,831
Depreciation, amortisation and impairment losses		-24,813	-5
OPERATING LOSS		**-41,674,530**	**-11,456**
Other financial income		169,318	18
Other financial expenses	3	-8,099,347	-1,364
LOSS BEFORE TAX		**-49,604,559**	**-12,802**
Tax on profit/loss for the year	4	11,904,769	5,868
LOSS FOR THE YEAR		**-37,699,790**	**-6,934**

PROPOSED DISTRIBUTION OF PROFIT

Retained earnings		-37,699,790	-6,934
TOTAL		**-37,699,790**	**-6,934**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK '000
Development projects in progress and prepayments		121,674,091	64,594
Intangible assets	5	**121,674,091**	**64,594**
Other plant, machinery tools and equipment		111,582	37
Tangible fixed assets in progress and prepayment		6,935,859	0
Property, plant and equipment	6	**7,047,441**	**37**
Rent deposit and other receivables		81,181	0
Financial non-current assets	7	**81,181**	**0**
NON-CURRENT ASSETS		**128,802,713**	**64,631**
Work in progress		31,262,383	8,628
Prepayments		5,420,843	0
Inventories		**36,683,226**	**8,628**
Trade receivables		718,337	516
Deferred tax assets		11,841,545	6,138
Other receivables		15,116,741	4,360
Corporation tax receivable		6,200,841	1,418
Prepayments		3,349,580	510
Receivables	8	**37,227,044**	**12,942**
Cash and cash equivalents		**10,980,951**	**5,362**
CURRENT ASSETS		**84,891,221**	**26,932**
ASSETS		**213,693,934**	**91,563**

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		112,670,159	60,947
Retained earnings		-20,475,289	-31,052
EQUITY		**93,194,870**	**30,895**
Other provisions	9	4,100,000	0
PROVISIONS		**4,100,000**	**0**
Trade payables		8,118,673	6,310
Debt to Group companies		98,629,807	53,522
Other liabilities		1,563,889	836
Deferred income		8,086,695	0
Current liabilities		**116,399,064**	**60,668**
LIABILITIES		**116,399,064**	**60,668**
EQUITY AND LIABILITIES		**213,693,934**	**91,563**

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EQUITY

DKK	Share Capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023	1,000,000	60,946,476	-31,051,816	30,894,660
Proposed profit allocation			-37,699,790	-37,699,790
Transactions with owners				
Tax-free subsidy			100,000,000	100,000,000
Other legal bindings				
Capitalized development costs		57,077,343	-57,077,343	0
Tax on changes in equity		**-5,353,660**	**5,353,660**	**0**
Equity at 31 December 2023	**1,000,000**	**112,670,159**	**-20,475,289**	**93,194,870**

The company has received a tax-free subsidy of DKK 100.000.000 from the parent company, Stiesdal A/S. The tax-free capital grant has been settled via the interim account (debt to Group companies).

NOTES

	2023 DKK	2022 DKK '000	Note

Special items 1

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

	2023 DKK	2022 DKK '000	Note
Staff costs			2
Number of full time employees	29	15	
Wages and salaries	18,708,442	9,388	
Pensions	2,247,816	1,250	
Social security costs	229,397	119	
Other staff costs	338,885	74	
	21,524,540	**10,831**	
Other financial expenses			3
Group enterprises	8,029,771	1,270	
Other interest expenses	69,576	94	
	8,099,347	**1,364**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	-6,200,841	-1,418	
Adjustment of deferred tax	-5,703,928	-4,450	
	-11,904,769	**-5,868**	

NOTES

	Note

Intangible assets 5

	Development projects in progress and prepayments
Cost at 1 January 2023	64,596,748
Transfer	-2,668,491
Additions	59,745,834
Cost at 31 December 2023	**121,674,091**
Carrying amount at 31 December 2023	**121,674,091**

The development costs for the year have been allocated to the development of a 3 MW hydrogen commercial scale electrolyzer.

A prototype of the HydroGen Electrolyzer became operational in mid-2023, and the first 0-series unit arrived at the customer site in October 2023, undergoing tests throughout the year. The second 0-series unit arrived at the customer site in January 2024, and the full delivery of the two 0-series units is expected in the third quarter of 2024, marking the completion of our Electrolyzer concept development.

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

Management has significant expectations for the development of the HydroGen Electrolyzer, supported by budgets, market surveys, and the general demand in the global market for affordable green hydrogen.

The Company is experiencing high interest in the HydroGen Electrolyzer and has entered into a collaboration and licensing agreement with the largest industrial company in India, as well as secured a significant framework sales agreement with a customer.

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

	Other plant, machinery tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023	42,016	0
Transferred	0	2,668,491
Additions	98,913	4,267,368
Cost at 31 December 2023	**140,929**	**6,935,859**
Depreciation and impairment losses at 1 January 2023	4,534	
Depreciation for the year	24,813	
Depreciation and impairment losses at 31 December 2023	**29,347**	
Carrying amount at 31 December 2023	**111,582**	**6,935,859**

NOTES

		Note
Tangible fixed assets (continued)		**6**
Financial non-current assets		**7**

	Rent deposit and other receivables
Additions	81,181
Cost at 31 December 2023	**81,181**
Carrying amount at 31 December 2023	**81,181**

	2023 DKK	2022 DKK '000	Note
Receivables falling due after more than one year			**8**
Deferred tax assets	11,841,545	6,138	
	11,841,545	**6,138**	
Other provisions			**9**
Other provisions for liabilities (short-term)	4,100,000	0	
	4,100,000	**0**	
The due dates for provisions are expected to be:			
0-1 year	4,100,000	0	
	4,100,000	**0**	

Other provisions comprise of expected loss on sale's contracts.

Contingencies etc. **10**

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 **11**
The Company has no charges and securities as of 31 December 2023.

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Note

Comment on the assumptions for going concern 12

In the financial year 2023, a loss of DKK 37.7 m was realized, which, together with development costs, 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 140 m from the parent company, Stiesdal A/S, and an extension of the existing loan with Stiesdal A/S of DKK 84.6 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 13

In these present Financial Statements, a tax asset of DKK 11.8 m is recognized. The value of this depends on the future earnings capacity. Based on the Group's expectations for the future earnings, the Group's expectations for the future growth in the market for carbon free energy and continued investment in development assets it is Management's opinion that the tax loss will be used in full in the Group in 5-7 years.

ACCOUNTING POLICIES

The Annual Report of Stiesdal Hydrogen 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 189k and the item Other external expenses has been increased by DKK 189k in the income statement.

The changed classification entails that the Gross profit has been reduced by DKK 189k.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 4,020k in the accounting item "Own work, recognized under assets" and "Gross profit" in the income statement, and an increase of DKK 4,020k in the accounting item "Administrative expenses". The changed classification has no impact on the results for 2022. The equity and total assets for 2022 are not affected.

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

INCOME STATEMENT

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.

Write-down of inventories and provisions for anticipated losses on contracts are included in the cost of sales.

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

ACCOUNTING POLICIES

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.

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 in the Balance Sheet.

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
Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

	Useful life	Residual value
Other plant, fixtures and equipment..	3-5 years	0-25 %

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.

Financial non-current assets
Deposits include rental deposits which are recognised and measured at 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 assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

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

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

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

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

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

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

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.

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

ACCOUNTING POLICIES

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

Other provisions for liabilities are measured at nominal value.

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

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

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

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

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