

2024

Annual report for 2024

Nature Energy Biogas A/S
Ørbækvej 260, 5220 Odense SØ
CVR no. 34 61 40 91

Adopted at the annual
general meeting on
7 May 2025

Thomas de Boer
chairman

nature
energy

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
 Management's review	
Company details	5
Financial highlights	6
Management's review	7
 Financial statements	
Income statement 1 January - 31 December	11
Balance sheet 31 December	12
Statement of changes in equity	14
Notes	15
Accounting policies	23

Statement by management on the annual report

The Board of Directors and Executive board have today discussed and approved the annual report of Nature Energy Biogas A/S for the financial year 1 January - 31 December 2024.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 7 May 2025

Executive board

Thomas de Boer
CEO

Board of Directors

Janneke Abels
chairman

Jesper Bundgaard
deputy chairman

Thomas de Boer

Martin Dan Jeppesen
employee representative

Stine Lykke Sønderby Rask
employee representative

Independent auditor's report

To the shareholder of Nature Energy Biogas A/S

Opinion

We have audited the financial statements of Nature Energy Biogas A/S for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024 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.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, 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's review and, in doing so, consider whether management's review 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's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review 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's review.

Odense, 7 May 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Brian Skovhus Jakobsen
State Authorised Accountant
mne27701

Emil Overlund
State Authorised Accountant
mne47833

Company details

The company	Nature Energy Biogas A/S Ørbækvej 260 5220 Odense SØ CVR no.: 34 61 40 91 Reporting period: 1 January - 31 December 2024 Domicile: Odense
Board of Directors	Janneke Abels, chairman Jesper Bundgaard, deputy chairman Thomas de Boer Martin Dan Jeppesen, employee representative Stine Lykke Sønderby Rask, employee representative
Executive board	Thomas de Boer
Auditors	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3 5230 Odense M
Bankers	Danske Bank
Consolidated financial statements	The company is reflected in the group report as the parent company Shell plc. The group report of Shell plc. can be obtained at the following address: https://www.shell.com/news-and-insights/annual-reports-and-publications/annual-reports-download-centre.html

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2024	2023	2022	2021	2020
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Profit/loss					
Gross profit/loss	-76	-10	0	-36	0
Profit/loss before amortisation/depreciation and impairment losses	-256	-184	-165	-85	-59
Profit/loss before net financials	-273	-200	-177	-126	-72
Net financials	-444	-452	-105	294	-2
Profit/loss for the year	-695	-627	-251	181	-64
Balance sheet					
Balance sheet total	4,364	3,722	1,509	1,614	1,190
Investment in property, plant and equipment	6	13	10	26	6
Equity	3,866	3,255	778	1,030	856
Number of employees	203	184	91	66	56
Financial ratios					
Return on assets	-6.8%	-7.6%	-11.3%	-9.0%	-6.4%
Solvency ratio	88.6%	87.5%	51.6%	63.8%	71.9%
Return on equity	-19.5%	-31.1%	-27.8%	19.2%	-7.2%

For definitions, see the summary of significant accounting policies.

Management's review

Business review

Nature Energy Biogas A/S fulfils the interests of the Nature Energy Group within the circular economy business, including project development and construction in order to produce and upgrade green gas to inject to the grid and for use in transport.

Nature Energy Biogas A/S is 100 % owned by NGF Denmark Holding ApS.

The company is the parent company to several biogas subsidiaries, project companies, Nature Energy Green Gas Sales A/S, Nature Energy Green Transport A/S and Nature Energy Construction A/S.

Nature Energy Biogas A/S is moreover responsible for the service functions of the other group companies.

In 2024, an average of 203 employees were employed by Nature Energy Biogas A/S.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2024 and the results of its operations for the financial year ended 31 December 2024 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2024 shows a loss of TDKK 695,030, and the balance sheet at 31 December 2024 shows equity of TDKK 3,865,617.

Management's review

Financing

The result reflects the allocation of resources necessary to select and mature the biogas pipeline projects.

Fourteen biogas plants are fully commissioned with a combined production of upgraded biogas of 197 million m³ per year.

During 2024 further shared competences for analysis, monitoring, and optimization of the biogas production has been added to the Nature Energy Group. Efforts with research and development have been increased to enable the Group to develop and improve the biogas business further.

Progress is still made to secure the long-term foundation of the biogas business, focusing on developing biogas projects in all of Denmark and abroad. During 2024, significant progress has been made in the maturation of several possible projects in Denmark, France, the Netherlands, Germany and Poland. The construction of the plant on Lolland and the expansion of the plant in Baanlev was commenced during 2024.

With green gas to grid a continuously stabile heat is secured to thousands of customers, directly from the natural gas grid and indirectly from the gas heated district heating plants to an efficient production of process energy, e.g. to Danish companies depending on the highly efficient heat that can almost only be supplied through gas.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Strategy, objectives and expectations for the coming year

The Nature Energy companies continuously expect to offer green gas and green certificates to a much larger extent and to be able to offer new products derived hereof.

The company expects a loss concerning the business for 2025 in the range of TDKK -200,000 to TDKK -500,000.

Knowledge resources

The company has research and development activities concerning the group's biogas activities.

Group relations

Nature Energy Construction A/S is a leading supplier of advanced turnkey biogas plants. Construction designs and builds award winning biogas plants. Based upon more than 30 years' experience, the company has developed plant concepts, which are flexible, robust in their construction, reliable in operations, and easy to operate.

Management's review

The past year and follow up on last year's expected development

Last year's expectation of the result for 2024 was in the range of TDKK -200,000 – TDKK 500,000, which has been realized at an unsatisfactory level among other things due to low gas price and continued high biomass prices.

External environment

The company's work follows the authorities' instructions.

Nature Energy is market leader in turning millions of tons of biomass into green gas as effectively as possible. Nature Energy collects and delivers biomass from businesses, agriculture and households and return the degassed biomass to the agriculture that recycles nutrients.

This is circular economy at its best. At the same time, we always make sure that the surrounding community remains as undisturbed as possible by transport and odors.

Management's review

Supplementary reports

Operating risk:

In 2024, the risk assessment will continue to reflect the challenges related to securing a safe, stable and optimal operation and production of the biogas plants. Securing the right sourcing of biomasses and hereby achieving the best production and cost-competitive volumes will have great impact of the profitability of the plants.

In 2024, the establishment in foreign markets continues. This entails risk regarding new market entries, maturing projects, building plants in new environment etc. These risks are sought to be mitigated through our risk management policy and in cooperation with external partners and advisers.

Political objectives can change the possibilities and focus of the biogas business. The company seeks to eliminate or reduce these risks in cooperation with external partners, advice from external specialists and, not least, through gaining the core competences within the Nature Energy companies.

Nature Energy in general is exposed to risk of fluctuations in gas prices, exchange rates etc. The company handles these risks within the procedures of an established risk policy. Risks are sought eliminated through a high degree of correlation between the conditions of purchase and sale of natural gas, biomasses etc.

Currency risk:

International activities, construction and sales of gas and certificates entail that the exchange rates affect the result, cash flow and equity of the Group.

Credit risk:

There are no considerable credit risks for the biogas business, the companies continuously assess new customers, which may result in demands of prepayments or other form of deposits and ultimately a termination of the contracts.

Before signing of contracts, the construction business performs credit assessments of larger business partners.

Income statement 1 January - 31 December

	Note	2024 TDKK	2023 TDKK
Gross profit		-75,791	-9,927
Staff costs	1	-180,150	-173,869
Profit/loss before amortisation/depreciation and impairment losses		-255,941	-183,796
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-13,770	-13,800
Other operating costs		-3,216	-2,345
Profit/loss before net financials		-272,927	-199,941
Income from investments in subsidiaries	3	-568,162	-537,322
Financial income	4	147,704	131,490
Financial costs	5	-23,289	-46,014
Profit/loss before tax		-716,674	-651,787
Tax on profit/loss for the year	6	21,644	25,182
Profit/loss for the year		-695,030	-626,605
Distribution of profit	7		

Balance sheet 31 December

	Note	2024 TDKK	2023 TDKK
Assets			
Acquired patents, licenses and other rights		3,346	6,538
Development projects in progress		38,007	10,466
Intangible assets	8	41,353	17,004
Land and buildings	9	35,092	37,083
Other fixtures and fittings, tools and equipment	9	23,208	25,627
Property, plant and equipment in progress	9	2,426	2,419
Tangible assets		60,726	65,129
Investments in subsidiaries	10	1,898,049	1,829,459
Receivables from subsidiaries	11	555,092	617,780
Other fixed asset investments	11	1,900	1,900
Fixed asset investments		2,455,041	2,449,139
Total non-current assets		2,557,120	2,531,272
Finished goods and goods for resale		73,322	75,590
Stocks		73,322	75,590
Trade receivables		7,467	1,009
Receivables from group enterprises		1,425,387	888,965
Other receivables		15,070	17,567
Deferred tax asset	12	46,007	33,420
VAT and duties receivables		0	3,449
Receivables		1,493,931	944,410
Cash at bank and in hand		239,671	170,626
Total current assets		1,806,924	1,190,626
Total assets		4,364,044	3,721,898

Balance sheet 31 December

	Note	2024 TDKK	2023 TDKK
Equity and liabilities			
Share capital		12,918	12,918
Foreign currency translation reserve		-5,072	2,215
Retained earnings		3,857,771	3,240,301
Equity		3,865,617	3,255,434
Provisions relating to investments in group entities		194,499	115,149
Total provisions		194,499	115,149
Trade payables		60,402	44,456
Payables to group enterprises		216,005	274,035
Other payables		27,521	32,824
Total current liabilities		303,928	351,315
Total liabilities		303,928	351,315
Total equity and liabilities		4,364,044	3,721,898
Rent and lease liabilities	13		
Contingent liabilities	14		
Subsequent events	15		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January 2024	12,918	0	2,215	3,240,301	3,255,434
Exchange adjustments	0	0	-7,287	0	-7,287
Other equity movements	0	-3,307	0	0	-3,307
Net profit/loss for the year	0	3,307	0	-698,337	-695,030
Contribution from group	0	0	0	1,315,807	1,315,807
Equity at 31 December 2024	12,918	0	-5,072	3,857,771	3,865,617

Notes

	2024	2023
	TDKK	TDKK
1 Staff costs		
Wages and salaries	136,979	150,797
Pensions	32,103	13,454
Other social security costs	5,601	3,318
Other staff costs	5,467	6,300
	180,150	173,869
Including remuneration to the executive and supervisory boards	3,051	3,488
Number of fulltime employees on average	203	184
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation intangible assets	3,194	3,821
Depreciation tangible assets	10,576	9,979
	13,770	13,800

Notes

	2024	2023
	TDKK	TDKK
3 Income from investments in subsidiaries		
Share of profits of subsidiaries	-560,251	-524,007
Amortisation of goodwill	-7,911	-13,315
	-568,162	-537,322
4 Financial income		
Interest received from subsidiaries	119,499	90,044
Other financial income	28,205	41,310
Exchange adjustments	0	136
	147,704	131,490
5 Financial costs		
Financial expenses, group entities	5,340	2,050
Other financial costs	17,720	43,964
Exchange adjustments costs	229	0
	23,289	46,014
6 Tax on profit/loss for the year		
Deferred tax for the year	-30,204	-25,182
Adjustment of tax concerning previous years	-9,057	-22,190
Adjustment of deferred tax concerning previous years	17,617	22,190
	-21,644	-25,182
7 Distribution of profit		
Reserve for net revaluation under the equity method	3,307	23,550
Retained earnings	-698,337	-650,155
	-695,030	-626,605

Notes

8 Intangible assets

	Acquired patents, licenses and other rights	Development projects in progress
Cost at 1 January 2024	33,163	10,466
Additions for the year	0	27,541
Cost at 31 December 2024	33,163	38,007
Impairment losses and amortisation at 1 January 2024	26,623	0
Amortisation for the year	3,194	0
Impairment losses and amortisation at 31 December 2024	29,817	0
Carrying amount at 31 December 2024	3,346	38,007

Notes

9 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2024	52,964	46,368	2,418	101,750
Net effect from merger and acquisition	980	0	0	980
Additions for the year	0	3,077	3,097	6,174
Transfers for the year	671	2,418	-3,089	0
Cost at 31 December 2024	54,615	51,863	2,426	108,904
Impairment losses and depreciation at 1 January 2024	16,861	20,741	0	37,602
Depreciation for the year	2,662	7,914	0	10,576
Impairment losses and depreciation at 31 December 2024	19,523	28,655	0	48,178
Carrying amount at 31 December 2024	35,092	23,208	2,426	60,726

Notes

	2024	2023
	TDKK	TDKK
10 Investments in subsidiaries		
Cost at 1 January 2024	2,740,321	1,023,557
Net effect from merger and acquisition	0	-4,900
Additions for the year	601,330	1,721,659
Disposals for the year	0	5
Cost at 31 December 2024	3,341,651	2,740,321
Revaluations at 1 January 2024	-910,862	-202,641
Dividend to the parent company	-75,000	-154,497
Exchange adjustment	-7,287	3,289
Net effect from merger and acquisition	0	3,075
Net profit/loss for the year	-514,944	-488,281
Other equity movements, net	-3,307	-23,550
Amortisation of goodwill	-7,911	-13,315
Change in intercompany profit on tangible assets	-45,308	-35,728
Equity investments with negative net asset value amortised over receivables	41,668	0
Equity investments with negative net asset value transferred to provisions	79,349	786
Revaluations at 31 December 2024	-1,443,602	-910,862
Carrying amount at 31 December 2024	1,898,049	1,829,459

Notes

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Nature Energy Korskro A/S	Odense	100%
Nature Energy Vaarst A/S	Odense	100%
Nature Energy Holsted A/S	Odense	71%
Nature Energy Midtfyn A/S	Odense	100%
Nature Energy Nordfyn A/S	Odense	88%
Nature Energy Glansager A/S	Odense	100%
Nature Energy Lolland ApS	Odense	100%
Nature Energy Køng A/S	Odense	100%
Nature Energy Månsson A/S	Odense	51%
Nature Energy Videbæk A/S	Odense	100%
Nature Energy Green Gas Sales A/S	Odense	100%
Nature Energy Green Transport A/S	Odense	100%
Nature Energy Hemmet ApS	Odense	100%
Nature Energy Sdr. Vium ApS	Odense	100%
Nature Energy Construction A/S	Odense	100%
Nature Energy Kværs A/S	Odense	100%
Nature Energy Green Hydrogen A/S	Odense	100%
Nature Energy International A/S	Odense	100%
Nature Energy Falster ApS	Odense	100%
Nature Energy Bånlev Transport A/S	Odense	90%
Nature Energy Bånlev A/S	Odense	90%
Nature Energy Løgumkloster ApS	Odense	100%
Nature Energy Agerskov ApS	Odense	100%
Nature Energy Skive ApS	Odense	100%
Nature Energy Frederikshavn ApS	Odense	100%

Notes

11 Fixed asset investments

	Receivables from subsidiaries	Other fixed asset investments
Cost at 1 January 2024	617,780	1,900
Disposals for the year	-62,688	0
Cost at 31 December 2024	555,092	1,900
Carrying amount at 31 December 2024	555,092	1,900

Receivables from subsidiaries companies consist of the subordinated loan. The loan is remunerated, repayable and can be converted in the event of default. Receivables within 1 year consists of TDKK 62,688.

12 Provision for deferred tax

	2024 TDKK	2023 TDKK
Provision for deferred tax at 1 January 2024	-33,420	-30,335
Deferred tax recognised in income statement	-12,587	-2,992
Provisions for deferred tax through mergers and business combinations	0	-93
Provision for deferred tax at 31 December 2024	-46,007	-33,420

The recognized tax asset consists primarily of tax loss carryforwards, which are expected to be utilized within the next 3-5 years.

Notes

	2024	2023
	TDKK	TDKK
13 Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	2,630	3,300
Between 1 and 5 years	1,983	2,786
After 5 years	0	0
	4,613	6,086

14 Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The administration company is NGF Denmark Holding ApS. Furthermore, the Group's Danish companies are jointly and severally liable for Danish taxes in the form of dividend tax and interest tax. Any subsequent corrections to corporate taxes may increase the the Company's commitment.

The Company has signed a sponsorship agreement for TDKK 3,850 for a 3.5 year period, a sponsorship agreement for TDKK 15 and a sponsorship agreement for TDKK 30.

The Company is jointly and severally liable to third parties for the subsidiaries' leasing agreements with residual value of TDKK 55,521.

The Company has provided a guarantee of TDKK 18,980 for subsidiaries' to third-parties.

The Company has provided a guarantee of TDKK 20 for third-parties.

Cash pool

The Nature Energy Group has a cash pool agreement, under which Nature Energy Biogas A/S, is the holder of the agreement, while other group companies are sub-account holders. For Nature Energy Biogas A/S's intercompany balances (Receivable), DKK 1.105.802 thousand are included in the joint cash pool agreement.

15 Subsequent events

No events have occurred after the balance sheet date, which could significantly affect the Group's financial position.

Accounting policies

The annual report of Nature Energy Biogas A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2024 is presented in TDKK

As a result of the merger as of 1 January 2024, when Nature Energy Ørbæk A/S, Nature Energy Denmark ApS, Nature Energy Trekanten A/S, Nature Energy Holbæk ApS og Nature Energy 1 A/S was merged into Nature Energy Biogas A/S (continuing company), comparative figures and key figures for 2024 have been adjusted. The merger has had a net effect of DKK 0 on equity at the beginning of the year.

Development projects in progress has been increased by DKK 10 mio. and Other receivables has been decreased with DKK 10 mio. for 2023 due to presentation disclosure.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Accounting policies

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" in the income statement include the proportionate share of the profit for the year.

Accounting policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible assets

Development projects, patents and licences

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Land and buildings	years	20-30
Other fixtures and fittings, tools and equipment	years	3-10

The fixed assets' residual values are determined at nil.

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Accounting policies

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale.

Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Other securities and investments, fixed assets

Investments are measured at cost.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventory

Inventory are measured at cost using the FIFO method Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Accounting policies

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Cash and cash equivalents

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Equity

Dividends

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Income tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable income for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and at the tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax or by set-off against deferred tax liabilities within the same legal tax entity.

Accounting policies

Liabilities

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Cash flow statement

Pursuant to sections §86, of the Danish Financial Statements Act, no cash flow statement has been prepared for the company, as the company's cash flows are included in the consolidated cash flow statement.

Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$