Blue World Technologies Holding ApS

Langerak 15A
9220 Aalborg Øst
CVR No. 39931621

Annual report 2024

The Annual General Meeting adopted the annual report on 30.06.2025

Anders Risum Korsgaard
Chairman of the General Meeting

Contents

Entity details

Entity

Blue World Technologies Holding ApS
Langerak 15A
9220 Aalborg Øst

Business Registration No.: 39931621
Registered office: Aalborg
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Anders Risum Korsgaard
Christian Winther
Sameer Kalra
Ole Graa Jakobsen
Dan Choon

Executive Board

Anders Risum Korsgaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Blue World Technologies Holding ApS for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 30.06.2025

Executive Board

Anders Risum Korsgaard

Board of Directors

Anders Risum Korsgaard

Christian Winther

Sameer Kalra

Ole Graa Jakobsen

Dan Choon

Independent auditor's report

To the shareholders of Blue World Technologies Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Blue World Technologies Holding ApS for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

Without this having affected our opinion, we draw attention to the disclosures in note 1 where Management accounts for the raising of the necessary liquidity to secure continued operations. It is thus a key precondition for Management’s decision to present the annual report on a going concern basis that the financing process is carried out and thus ensures liquidity for the coming year.

Emphasis of matter

Without this having affected our opinion, we refer to note 2, 3 and 4 stating unusual circumstances affecting the annual report. Apart from that note 3 contains a description of events after the balance sheet date. As a result of the descriptions in note 2 and 3 we highlight the assumptions underlying the measurement of assets are subject to material uncertainty. The uncertainty is disclosed in note 4. Our opinion has not been modified with respect to this matter.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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 consolidated financial statements and the parent 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 Group's and the Entity’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 consolidated financial statements and the parent 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 Group's and the Entity’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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aalborg, 30.06.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen
State Authorised Public Accountant
Identification No (MNE) mne34173

Sami Nikolai El-Galaly
State Authorised Public Accountant
Identification No (MNE) mne42793

Management commentary

Financial highlights

	2024 EUR'000	2023 EUR'000	2022 EUR'000	2021 EUR'000	2020 EUR'000
Key figures					
Gross profit/loss	(32,879)	(6,943)	(3,406)	786	81
Operating profit/loss	(44,742)	(12,086)	(9,205)	(3,034)	(1,539)
Net financials	(2,386)	(1,402)	(681)	(145)	(67)
Profit/loss for the year	(46,391)	(12,748)	(8,729)	(2,501)	(1,206)
Balance sheet total	12,913	55,654	55,551	28,487	16,252
Investments in property, plant and equipment	154	1,924	13,932	3,765	10
Equity	(20,547)	25,373	38,120	22,781	12,659
Cash flows from operating activities	(5,767)	(7,984)	(6,012)	(9,090)	(5)
Cash flows from investing activities	(4,418)	(8,786)	(13,709)	(6,149)	(4,032)
Cash flows from financing activities	1,355	12,684	29,157	13,520	8,919
Ratios					
Equity ratio (%)	(159.12)	45.59	68.62	79.97	77.89

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

$$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$$

Primary activities

The main activity of the group is to become world leading in terms of producing and selling HT PEM fuel cell stacks and systems.

Development in activities and finances

The income statement shows a loss of EUR 46,391t compared to a loss of EUR 12,748 for 2023, and the balance sheet shows a negative equity of EUR 20,547t compared to an equity of EUR 25,373t at the end of 2023.

The FTE number have decreased from an average in 2023 on 116 to 87 in 2024.

Subsequent to the balance sheet date, Blue World Technologies ApS and Blue World Technologies Holding ApS entered into in-court restructuring proceedings due to the Group's inability to meet its financial obligations under the prevailing balance sheet conditions. A group of former shareholders expressed confidence in the Group's potential to continue operations in a leaner structure, with reduced staffing, a simplified balance sheet, and lower obligations. These investors committed to providing capital under such conditions.

The Group formally entered into in-court restructuring on 26 February 2025 and successfully exited the process on 23 April 2025, supported by new capital contributions from selected investors who had also provided interim financing during the restructuring period.

As part of the restructuring, the Group's assets were independently assessed by a third-party appraiser, covering the majority of tangible assets and inventory. Remaining assets, including receivables, a minority of tangible assets, and intangible assets, were evaluated by Group management and the Board of Directors. The resulting impairments have been recognized in this annual report, contributing to the reported negative equity of EUR 20,547 thousand.

On 23 April 2025, a significant portion of the Group's debt was written down as part of the in-court restructuring and confirmed by the Bankruptcy Court. This included a reduction of over 16 mEUR, primarily related to convertible loans. Additionally, an agreement was reached with the financial lendor to reduce the Group's financial debt to EUR 4 million, resulting in a positive impact of at least EUR 6.7 million for the Group. These developments, along with the capital increase of 5.2 mEUR in 2025, are expected to restore the Group's equity position within the same year.

The partial write-down of the financial debt in 2025 has resulted in the full outstanding amount of EUR 10.5 million being classified as a current liability in this annual report, pending finalization of the revised loan agreement. The revised terms are expected to include extended repayment deferrals, adjusted covenants, and modified interest rate. As of the balance sheet date, the Group had not met its repayment obligations under the existing loan terms, constituting a default under the loan agreement. At the time of this report's publication, the revised loan agreement with the financial lendor had not yet been executed, though it is anticipated to be finalized in Q3 2025 and the lendor has confirmed the debt not will be required settled during 2025.

Following the capital injection post-restructuring, the Group anticipates having sufficient liquidity through the end of Q1 2026, contingent upon the realization of certain milestones and agreements during 2025. As of the balance sheet date, efforts to achieve these milestones are progressing positively. The Group remains aligned with its budgetary assumptions and is therefore positioned to maintain its liquidity runway without requiring additional capital in the near term.

Nevertheless, the Group is actively pursuing further capital increases in the second half of 2025 to extend its liquidity horizon. Concurrently, efforts are underway to accelerate the achievement of positive free cash flow, ahead of prior expectations, thereby reducing the need for future external financing. Please refer to note 1 for elaboration of liquidity situation.

Profit/loss for the year in relation to expected developments

The Group reported a net loss of EUR 46.4 million for the financial year, significantly exceeding the anticipated loss range of EUR 9–13 million as outlined in the 2023 annual report. The primary driver of this deviation is the impairment of assets undertaken in connection with the in-court restructuring process. As detailed in the notes to the financial statements concerning intangible and tangible assets, total impairments amounted to EUR 31.2 million, while inventory impairments amouted to 1.3 mEUR and provision for termination costs amouted to 0.9 mEUR. When adjusting for these non-recurring impairment charges, the underlying financial result for the year would have been broadly in line with the expectations previously communicated.

Uncertainty relating to recognition and measurement

Management maintains a strong belief in the Group's ability to successfully complete its ongoing development projects. The value of these projects is inherently dependent on the Group's continued progress in developing its core technologies, securing commercial contracts, and obtaining adequate financing.

As outlined in the section Development in Activities and Finances, the valuation of the Group's assets was conducted through a combination of third-party and internal assessments. Specifically, equipment, machinery, and inventory were appraised by an independent third-party assessor. The remaining assets, including land and buildings (excluding assets under financial lease) and receivables were evaluated internally by the Group's management and Board of Directors.

The third-party assessor conducted valuations under both a going concern and a bankruptcy scenario. The figures presented in this report represent a weighted average of these two perspectives, reflecting the Group's current financial position and strategic outlook. Management is confident that the resulting valuations are fair and neither materially overstated nor understated.

Assets assessed internally have also been evaluated with prudence. In particular, intangible assets have been significantly impacted by this process. Development projects that no longer align with the Group's revised strategic direction, or that have been deferred well into the future, have been written down to a carrying value of zero. This approach ensures that the asset base accurately reflects the Group's current and forward-looking operational priorities.

Outlook

Following the completion of employee termination periods, the Group has reduced its workforce to fewer than 40 full-time equivalents (FTEs). Concurrently, the Group has narrowed the scope of its operations and obligations within the value chain. This strategic realignment enables the Group to focus more intensively on establishing global partnerships to manage the segments of the value chain that are no longer retained in-house.

In addition, the debt write-downs resulting from the in-court restructuring process are expected to generate a significant one-time positive impact on the 2025 income statement. As previously noted, the total effect of these write-downs is anticipated to exceed EUR 22 million. Consequently, the Group projects a net profit for 2025 in the range of EUR 15–20 million.

Use of financial instruments

Financial risks

The Group is, due to its operations, investments and financials exposed to changes in currencies and interest levels. The parent company controls the financial risks in the Group and coordinates the Group's cash management, including capital raises and handling of excess liquidity. The Group operates with a low risk profile, meaning currency and interest risks only occur in connection with commercial operations.

Currency risks

Activities in the Group are influenced by currency fluctuations, although to a minor degree, as most of the companies' payments to suppliers and salary payments are realized in either DKK or in EUR with a minimum fluctuation between the two. Some suppliers are paid in USD, although the cash balance in USD is kept at a minimum.

Due to the minimum exposure to currency fluctuations, no hedging or other currency forward contracts are currently being realized.

No speculative currency transactions are realized by the Group.

Interest risks

The Group's net interest bearing debt contains a semi-variable interest rate that follows the general interest level. The net interest bearing debt contain three loans from the same lender, and all three loans are in DKK.

Knowledge resources

To ensure continuing growth, it is important that the Group attracts and retains the best professionals on all levels and continues to have highly motivated employees. This is, amongst other things, supported via the employees contributing to building up processes and products etc. and are handed a high level of responsibility and trust.

Environmental performance

The HT PEM fuel cell system under development by the Group can be used in multiple applications, and is a green alternative to e.g., the regular combustion engines in maritime sector and for diesel generators in stationary systems, and therefore aims to live up to that in all aspects of its activity. The Group is not yet producing on a large scale, meaning the effect on the external environment is very limited currently. The Group's shareholders and lenders fully support the focus on the environment and CO2 emissions.

Research and development activities

It is a continuous effort to develop processes, methods and products which are of use to the Group. This is realized both within the Group and in the future also expected to happen in cooperation with partners, clients, and advisors. The Group has a strong focus on securing relevant and important intellectual property rights via patents, where new applications are realized to ensure protection of designs, recipes, and methods. Blue World Technologies participate in various development projects together with universities, technological institutes, and other companies within and related to the industry.

Events after the balance sheet date

As outlined in the section Development in Activities and Finances, both the Company and the Parent Company entered into in-court restructuring proceedings on 26 February 2025 and successfully exited the process on 23 April 2025. The outcome of the restructuring has been reflected in this annual report, particularly through the recognition of asset impairments. The write-downs of intangible and tangible assets have resulted in a negative impact exceeding EUR 31 million, contributing significantly to the reported loss for the year.

Conversely, the financial effects of the debt write-downs - finalized in April 2025 - will be recognized in the 2025 annual report. These are expected to generate an extraordinarily positive result in the income statement for 2025, with anticipated income hereof exceeding EUR 22 million.

As part of the restructuring exit, the Group received a capital injection of EUR 5.2 million. This funding is expected to support the Group's liquidity through the end of Q1 2026. Nevertheless, as of the publication date of this annual report, the Group is actively pursuing additional capital increases to further extend its liquidity runway.

Consolidated income statement for 2024

	Notes	2024 EUR	2023 EUR
Gross profit/loss		**(32,878,655)**	**(6,943,065)**
Distribution costs		(6,781,780)	(1,084,902)
Administrative expenses		(5,081,635)	(4,057,640)
Operating profit/loss		**(44,742,070)**	**(12,085,607)**
Other financial income	7	313,066	1,054,722
Other financial expenses	8	(2,699,444)	(2,456,301)
Profit/loss before tax		**(47,128,448)**	**(13,487,186)**
Tax on profit/loss for the year	9	737,375	739,502
Profit/loss for the year	10	**(46,391,073)**	**(12,747,684)**

Consolidated balance sheet at 31.12.2024

Assets

	Notes	2024 EUR	2023 EUR
Completed development projects	12	899,524	12,035,426
Acquired intangible assets		0	7,266
Acquired patents		61,242	403,085
Goodwill		0	2,036,111
Development projects in progress	12	0	7,976,038
Prepayments for intangible assets		38,202	322,650
Intangible assets	11	**998,968**	**22,780,576**
Land and buildings		4,958,090	8,538,556
Plant and machinery		2,603,004	4,080,348
Other fixtures and fittings, tools and equipment		303,498	946,025
Property, plant and equipment in progress		404,753	3,211,371
Property, plant and equipment	13	**8,269,345**	**16,776,300**
Deposits		406,763	430,315
Financial assets	14	**406,763**	**430,315**
Fixed assets		**9,675,076**	**39,987,191**

Raw materials and consumables		759,042	1,966,228
Work in progress		485,012	1,185,379
Manufactured goods and goods for resale		75,947	576,502
Prepayments for goods		48,411	353,535
Inventories		**1,368,412**	**4,081,644**
Trade receivables		5,217	221,451
Contract work in progress	15	0	84,395
Other receivables		630,106	1,197,322
Tax receivable		737,375	738,741
Prepayments	16	63,514	79,933
Receivables		**1,436,212**	**2,321,842**
Cash		**433,100**	**9,263,497**
Current assets		**3,237,724**	**15,666,983**
Assets		**12,912,800**	**55,654,174**

Equity and liabilities

	Notes	2024 EUR	2023 EUR
Contributed capital	17	31,770	31,472
Retained earnings		(20,578,347)	25,341,070
Equity		**(20,546,577)**	**25,372,542**
Lease liabilities		5,052,635	5,545,691
Debt to other credit institutions		0	8,492,340
Convertible and profit-sharing debt instruments	18	13,768,170	11,086,316
Other payables		296,798	294,275
Non-current liabilities other than provisions	19	**19,117,603**	**25,418,622**
Current portion of non-current liabilities other than provisions	19	11,086,527	1,681,756
Prepayments received from customers		520,575	404,997
Trade payables		1,395,604	1,205,532
Other payables		1,339,068	1,570,725
Current liabilities other than provisions		**14,341,774**	**4,863,010**
Liabilities other than provisions		**33,459,377**	**30,281,632**
Equity and liabilities		**12,912,800**	**55,654,174**
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Unrecognised rental and lease commitments	21		
Contingent assets	22		
Assets charged and collateral	23		
Non-arm’s length related party transactions	24		
Subsidiaries	25		

Consolidated statement of changes in equity for 2024

	Contributed capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
Equity beginning of year	31,472	0	25,341,070	25,372,542
Increase of capital	298	471,656	0	471,954
Transfer to reserves	0	(471,656)	471,656	0
Profit/loss for the year	0	0	(46,391,073)	(46,391,073)
Equity end of year	**31,770**	**0**	**(20,578,347)**	**(20,546,577)**

Consolidated cash flow statement for 2024

	Notes	2024 EUR	2023 EUR
Operating profit/loss		(44,742,070)	(12,085,607)
Amortisation, depreciation and impairment losses		34,781,534	3,178,641
Working capital changes	20	3,940,800	1,363,931
Cash flow from ordinary operating activities		**(6,019,736)**	**(7,543,035)**
Financial income received		0	132,221
Financial expenses paid		(486,248)	(1,312,016)
Taxes refunded/(paid)		738,584	739,291
Cash flows from operating activities		**(5,767,400)**	**(7,983,539)**
Acquisition etc. of intangible assets		(4,338,592)	(6,698,559)
Acquisition etc. of property, plant and equipment		(102,703)	(1,879,364)
Acquisition of fixed asset investments		(3,929)	(207,821)
Sale of fixed asset investments		27,199	0
Cash flows from investing activities		**(4,418,025)**	**(8,785,744)**
Free cash flows generated from operations and investments before financing		**(10,185,425)**	**(16,769,283)**
Loans raised		2,170,000	13,168,394
Repayment of lease liabilities		(814,972)	(484,112)
Cash flows from financing activities		**1,355,028**	**12,684,282**
Increase/decrease in cash and cash equivalents		**(8,830,397)**	**(4,085,001)**
Cash and cash equivalents beginning of year		9,263,497	13,348,498
Cash and cash equivalents end of year		**433,100**	**9,263,497**
Cash and cash equivalents at year-end are composed of:			
Cash		433,100	9,263,497
Cash and cash equivalents end of year		**433,100**	**9,263,497**

Notes to consolidated financial statements

1 Material uncertainty related to going concern

Despite the challenges faced in 2024, including a significant loss and asset impairments, the Group remains confident in its ability to continue its operations. This confidence is underpinned by a successful in-court restructuring process completed in April 2025, which resulted in a capital injection of EUR 5.2 million and a significant reduction in debt - expected to generate a positive income effect of over EUR 22 million in 2025 in the Group. These measures have strengthened the Group's financial foundation and are expected to restore the Group's equity within the year.

The Group has strategically streamlined its operations, reduced its workforce, and narrowed its focus to core activities, enabling a more agile and efficient business model. It is now well-positioned to leverage global partnerships to support areas of the value chain no longer handled internally.

Management is actively working to secure further capital to the Group in the second half of 2025 and is optimistic about achieving positive free cash flow earlier than previously anticipated before the in-court restructuring process. With a clear strategic direction, committed investors, and a leaner, more focused organization, the Group believes it is well-equipped to navigate the path forward and achieve longterm sustainability.

Assuming the above capital injection is carried out, the budget shows sufficient liquidity beyond Q1 2026. However, there is material uncertainty related to going concern due to the above-mentioned capital process, the Management expect the Group to succeed in carrying the process through.

2 Unusual circumstances

The Group formally entered into in-court restructuring on 26 February 2025 and successfully exited the process on 23 April 2025. As part of the restructuring, the Group's assets were independently assessed by a third-party appraiser, covering the majority of tangible assets and inventory. Remaining assets, including receivables, a minority of tangible assets, and intangible assets, were evaluated by Group management and the Board of Directors. The resulting impairments have been recognized in this annual report with the main effects being:

- Impairment of intangible assets of 24.3 mEUR
- Impairment of tangible assets of 6.9 mEUR
- Impairment of inventory of 1.3 mEUR
- Impairment of receivables of 0.1 mEUR

3 Events after the balance sheet date

As outlined in the Management Commentary, both the Group and the Parent Company entered into in-court restructuring proceedings on 26 February 2025 and successfully exited the process on 23 April 2025. The outcome of the restructuring has been reflected in this annual report, particularly through the recognition of asset impairments. The write-downs of intangible and tangible assets have resulted in a negative impact exceeding EUR 31 million, contributing significantly to the reported loss for the year.

Conversely, the financial effects of the debt write-downs - finalized in April 2025 - will be recognized in the 2025 annual report. These are expected to generate an extraordinarily positive result in the income statement for 2025, with anticipated income hereof exceeding EUR 22 million.

As part of the restructuring exit, the Group received a capital injection of EUR 5.2 million. This funding is expected to support the Group's liquidity through the end of Q1 2026. Nevertheless, as of the publication date of this annual report, the Group is actively pursuing additional capital increases to further extend its liquidity runway.

4 Uncertainty relating to recognition and measurement

Management maintains a strong belief in the Group's ability to successfully complete its ongoing development projects. The value of these projects is inherently dependent on the Group's continued progress in developing its core technologies, securing commercial contracts, and obtaining adequate financing.

As outlined in the Management Commentary, the valuation of the Group's assets was conducted through a combination of third-party and internal assessments. Specifically, equipment, machinery, and inventory were appraised by an independent third-party assessor. The remaining assets, including land and buildings (excluding assets under financial lease) and receivables were evaluated internally by the Group's management and Board of Directors.

The third-party assessor conducted valuations under both a going concern and a bankruptcy scenario. The figures presented in this report represent a weighted average of these two perspectives, reflecting the Group's current financial position and strategic outlook. Management is confident that the resulting valuations are fair and neither materially overstated nor understated.

Assets assessed internally have also been evaluated with prudence. In particular, intangible assets have been significantly impacted by this process. Development projects that no longer align with the Group's revised strategic direction, or that have been deferred well into the future, have been written down to a carrying value of zero. This approach ensures that the asset base accurately reflects the Group's current and forward-looking operational priorities.

5 Staff costs

	2024 EUR	2023 EUR
Wages and salaries	7,370,026	8,503,836
Pension costs	698,414	777,029
Other social security costs	632,579	133,956
	8,701,019	**9,414,821**
Staff costs classified as assets	(2,743,959)	(3,133,822)
	5,957,060	**6,280,999**

Average number of full-time employees	87	116

	Remuneration of Manage-ment 2024 EUR	Remuneration of Manage-ment 2023 EUR
Executive Board	318,490	411,667
Board of Directors	13,409	40,266
	331,899	**451,933**

Staff costs classified as assets contain costs transfered to development projects in progress and property, plant and equipment in progress.

6 Depreciation, amortisation and impairment losses

	2024 EUR	2023 EUR
Amortisation of intangible assets	1,832,216	1,686,458
Impairment losses on intangible assets	24,287,984	0
Depreciation on property, plant and equipment	1,740,599	1,492,183
Impairment losses on property, plant and equipment	6,920,737	0
	34,781,536	**3,178,641**

7 Other financial income

	2024 EUR	2023 EUR
Exchange rate adjustments	204,134	922,501
Other financial income	108,932	132,221
	313,066	**1,054,722**

8 Other financial expenses

	2024 EUR	2023 EUR
Exchange rate adjustments	183,965	938,724
Other financial expenses	2,515,479	1,517,577
	2,699,444	**2,456,301**

9 Tax on profit/loss for the year

	2024 EUR	2023 EUR
Current tax	(737,375)	(738,741)
Change in deferred tax	0	614
Adjustment concerning previous years	0	(1,375)
	(737,375)	**(739,502)**

10 Proposed distribution of profit/loss

	2024 EUR	2023 EUR
Retained earnings	(46,391,073)	(12,747,684)
	(46,391,073)	**(12,747,684)**

11 Intangible assets

	Completed development projects EUR	Acquired intangible assets EUR	Acquired patents EUR	Goodwill EUR	Development projects in progress EUR
Cost beginning of year	13,372,692	87,167	462,256	2,985,592	7,976,038
Transfers	0	0	131,371	0	0
Additions	1,559,336	0	21,744	0	2,657,589
Cost end of year	**14,932,028**	**87,167**	**615,371**	**2,985,592**	**10,633,627**
Amortisation and impairment losses beginning of year	(1,337,266)	(79,901)	(59,171)	(949,481)	0
Impairment losses for the year	(11,273,330)	0	(390,475)	(1,737,552)	(10,633,627)
Amortisation for the year	(1,421,908)	(7,266)	(104,483)	(298,559)	0
Amortisation and impairment losses end of year	**(14,032,504)**	**(87,167)**	**(554,129)**	**(2,985,592)**	**(10,633,627)**
Carrying amount end of year	**899,524**	**0**	**61,242**	**0**	**0**

	Prepayments for intangible assets EUR
Cost beginning of year	322,650
Transfers	(131,371)
Additions	99,923
Cost end of year	**291,202**
Amortisation and impairment losses beginning of year	0
Impairment losses for the year	(253,000)
Amortisation for the year	0
Amortisation and impairment losses end of year	**(253,000)**
Carrying amount end of year	**38,202**

12 Development projects

The Group's ongoing development activities primarily involve the advancement and testing of methanol-based high-temperature PEM fuel cells. The objective of these projects is to establish commercial-scale production for global distribution.

Since the publication of the previous annual report, the Group has adopted a revised strategic direction in continuation of the in-court restructuring process mentioned in the Management Commentary. This includes a deliberate narrowing of its role within the value chain. As a result, the production of stationary systems will no longer be conducted in-house but will instead be outsourced to carefully selected global partners. The Group will concentrate its internal efforts on its core competencies - namely, the development and manufacturing of fuel cell stacks - while retaining sufficient system-level expertise to support its partners effectively. A similar approach is planned for the maritime segment, although the outsourcing of production in this area is expected to follow a longer timeline.

Under the new strategy, the Group is putting greater emphasis on accelerating market entry and achieving positive cash flow earlier than previously projected. This strategic shift has also led to a significant reduction in the workforce during 2024, with termination periods extending into 2025.

Taking these changes into account, management considers the Group to be in a strong position to meet its commercialization and cash flow objectives within a three-year horizon from the balance sheet date. Following impairment testing, the valuation of the development projects is deemed to be realistic and fair.

All development projects have been written down to a valuation of EUR 0 in the Company.

The Group has not incurred any research-related costs during the reporting period.

13 Property, plant and equipment

	Land and buildings EUR	Plant and machinery EUR	Other fixtures and fittings, tools and equipment EUR	Property, plant and equipment in progress EUR
Cost beginning of year	10,353,758	4,431,448	1,123,806	3,211,371
Transfers	0	1,517,496	0	(1,517,496)
Additions	51,678	66,344	27,023	9,336
Cost end of year	**10,405,436**	**6,015,288**	**1,150,829**	**1,703,211**
Depreciation and impairment losses beginning of year	(1,815,202)	(351,100)	(177,781)	0
Impairment losses for the year	(2,589,022)	(2,580,168)	(453,089)	(1,298,458)
Depreciation for the year	(1,043,122)	(481,016)	(216,461)	0
Depreciation and impairment losses end of year	**(5,447,346)**	**(3,412,284)**	**(847,331)**	**(1,298,458)**
Carrying amount end of year	**4,958,090**	**2,603,004**	**303,498**	**404,753**
Recognised assets not owned by Entity	4,734,398	-	-	-

14 Financial assets

	Deposits EUR
Cost beginning of year	430,315
Additions	3,929
Disposals	(27,481)
Cost end of year	**406,763**
Carrying amount end of year	**406,763**

15 Contract work in progress

	2024 EUR	2023 EUR
Contract work in progress	0	177,864
Progress billings	0	(93,469)
	0	**84,395**

16 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

17 Contributed capital

	Number	Nominal value EUR
A-shares	59,365	7,973
B-shares	177,192	23,499
	236,557	**31,472**

18 Convertible and profit-sharing debt instruments

The outstanding amount for the convertible loans is 13,768 tEUR on the balance date. The convertible loan carries interest rates of either 8% or 10%, and contains several conversion options for the lenders to convert the loan to equity, with some of the options containing a discount element. If the lenders choose not to convert, the loans are to be repaid in late 26 or late 27 - depending on the loan date.

19 Non-current liabilities other than provisions

	Due within 12 months 2024 EUR	Due within 12 months 2023 EUR	Due after more than 12 months 2024 EUR	Outstanding after 5 years 2024 EUR
Lease liabilities	546,124	582,357	5,052,635	2,576,062
Debt to other credit institutions	10,540,403	1,099,399	0	0
Convertible and profit-sharing debt instruments	0	0	13,768,170	0
Other payables	0	0	296,798	296,798
	11,086,527	**1,681,756**	**19,117,603**	**2,872,860**

20 Changes in working capital

	2024 EUR	2023 EUR
Increase/decrease in inventories	2,713,232	(6,954)
Increase/decrease in receivables	884,263	1,645,336
Increase/decrease in trade payables etc.	368,964	(274,451)
Other changes	(25,659)	0
	3,940,800	**1,363,931**

21 Unrecognised rental and lease commitments

	2024 EUR	2023 EUR
Total liabilities under rental or lease agreements until maturity	**61,014**	**56,003**

22 Contingent assets

The Group has an entity-specific pre-joint taxation loss to be carried forward amounting to EUR 47,916t, equivalent to a tax asset of EUR 10,542t, which can be set off against future tax profits. The loss has not been recognised, as Management considers it unlikely that the Company will be able to use this or a part hereof within the next 3 years. There is a possibility that the Company will be able to use the loss in 4-5 years, although this still comes with some uncertainty. Therefore the Company has chosen not to recognise the loss.

23 Assets charged and collateral

The Group's lender Denmark's Export and Investment Fund has granted loans of EUR 10,746t with a floating charge on the Group of up to the same amount. The charge comprises patents, inventories, plant and machinery, trade receivables, and fittings, tools and equipment. The booked value of these assets are EUR 4,969t at the balance sheet date.

24 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

25 Subsidiaries

	Registered in	Corporate form	Ownership %
Blue World Technologies ApS	Aalborg	ApS	100.00

Parent income statement for 2024

	Notes	2024 EUR	2023 EUR
Gross profit/loss		**(10,669,792)**	**(11,396,361)**
Distribution costs		(235,826)	0
Administrative expenses		(3,153,578)	(739,667)
Operating profit/loss		**(14,059,196)**	**(12,136,028)**
Income from investments in group enterprises		(31,785,100)	(1,431,216)
Other financial income	7	639,725	1,076,250
Other financial expenses	8	(1,110,460)	(482,318)
Profit/loss before tax		**(46,315,031)**	**(12,973,312)**
Tax on profit/loss for the year	9	522,321	225,628
Profit/loss for the year	10	**(45,792,710)**	**(12,747,684)**

Parent balance sheet at 31.12.2024

Assets

	Notes	2024 EUR	2023 EUR
Acquired patents		61,242	403,085
Goodwill		0	2,036,111
Development projects in progress	12	0	0
Prepayments for intangible assets		38,202	322,650
Intangible assets	11	**99,444**	**2,761,846**
Investments in group enterprises		0	15,039,623
Financial assets	13	**0**	**15,039,623**
Fixed assets		**99,444**	**17,801,469**
Receivables from group enterprises		0	11,782,938
Other receivables		70,827	423,361
Tax receivable		737,375	738,741
Prepayments	14	731	1,939
Receivables		**808,933**	**12,946,979**
Cash		**76,410**	**7,053,924**
Current assets		**885,343**	**20,000,903**
Assets		**984,787**	**37,802,372**

Equity and liabilities

	Notes	2024 EUR	2023 EUR
Contributed capital		31,770	31,472
Retained earnings		(19,979,984)	25,341,070
Equity		**(19,948,214)**	**25,372,542**
Provisions for investments in group enterprises	15	5,100,000	0
Provisions		**5,100,000**	**0**
Debt to other credit institutions		0	750,187
Convertible and profit-sharing debt instruments	16	13,768,170	11,086,316
Non-current liabilities other than provisions	17	**13,768,170**	**11,836,503**
Current portion of non-current liabilities other than provisions	17	985,987	191,837
Trade payables		666,835	127,475
Joint taxation contribution payable		215,054	274,015
Other payables		196,955	0
Current liabilities other than provisions		**2,064,831**	**593,327**
Liabilities other than provisions		**15,833,001**	**12,429,830**
Equity and liabilities		**984,787**	**37,802,372**
Material uncertainty related to going concern	1		
Unusual circumstances	2		
Events after the balance sheet date	3		
Uncertainty relating to recognition and measurement	4		
Staff costs	5		
Amortisation, depreciation and impairment losses	6		
Contingent assets	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Non-arm's length related party transactions	21		

Parent statement of changes in equity for 2024

	Contributed capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
Equity beginning of year	31,472	0	25,341,070	25,372,542
Increase of capital	298	471,656	0	471,954
Transfer to reserves	0	(471,656)	471,656	0
Profit/loss for the year	0	0	(45,792,710)	(45,792,710)
Equity end of year	**31,770**	**0**	**(19,979,984)**	**(19,948,214)**

Notes to parent financial statements

1 Material uncertainty related to going concern

Despite the challenges faced in 2024, including a significant loss and asset impairments, the Group remains confident in its ability to continue its operations. This confidence is underpinned by a successful in-court restructuring process completed in April 2025, which resulted in a capital injection of EUR 5.2 million and a significant reduction in debt - expected to generate a positive income effect of over EUR 15.6 million in 2025 in the Company alone and significantly more in the Group. These measures have strengthened the Company's financial foundation and are expected to restore the Company's equity within the year.

The Group has strategically streamlined its operations, reduced its workforce, and narrowed its focus to core activities, enabling a more agile and efficient business model. It is now well-positioned to leverage global partnerships to support areas of the value chain no longer handled internally.

Management is actively working to secure further capital to the Group in the second half of 2025 and is optimistic about achieving positive free cash flow earlier than previously anticipated before the in-court restructuring process. With a clear strategic direction, committed investors, and a leaner, more focused organization, the Company believes it is well-equipped to navigate the path forward and achieve long-term sustainability.

2 Unusual circumstances

The Group formally entered into in-court restructuring on 26 February 2025 and successfully exited the process on 23 April 2025. As part of the restructuring, the Group's assets were independently assessed by a third-party appraiser, covering the majority of tangible assets and inventory. Remaining assets, including receivables, a minority of tangible assets, and intangible assets, were evaluated by Group management and the Board of Directors. The resulting impairments have been recognized in this annual report with the main effects being:

- Impairment of intangible assets of 2.6 mEUR

3 Events after the balance sheet date

As outlined in the Management Commentary, both the Company and the Parent Company entered into in-court restructuring proceedings on 26 February 2025 and successfully exited the process on 23 April 2025. The outcome of the restructuring has been reflected in this annual report, particularly through the recognition of asset impairments. The write-downs of intangible assets have resulted in a negative impact exceeding EUR 2.6 million, contributing significantly to the reported loss for the year.

Conversely, the financial effects of the debt write-downs - finalized in April 2025 - will be recognized in the 2025 annual report. These are expected to generate an extraordinarily positive result in the income statement for 2025, with anticipated income hereof exceeding EUR 15 million.

As part of the restructuring exit, the Group received a capital injection of EUR 5.2 million. This funding is expected to support the Group's liquidity through the end of Q1 2026. Nevertheless, as of the publication date of this annual report, the Group is actively pursuing additional capital increases to further extend its liquidity runway.

4 Uncertainty relating to recognition and measurement

The value of the recognized investments in group enterprises and goodwill depend on the subsidiary's development projects and the Group's ability to continue developing its core products, close commercial orders, and securing financing. Management maintains a strong belief in the Group's ability to successfully complete its ongoing development projects. The value of these projects is inherently dependent on the Group's continued progress in developing its core technologies, securing commercial contracts, and obtaining adequate financing.

As outlined in the Management Commentary, the valuation of the Group's assets was conducted through a combination of third-party and internal assessments. Specifically, equipment, machinery, and inventory were appraised by an independent third-party assessor. The remaining assets, including land and buildings (excluding assets under financial lease) and receivables were evaluated internally by the Group's management and Board of Directors.

The third-party assessor conducted valuations under both a going concern and a bankruptcy scenario. The figures presented in this report represent a weighted average of these two perspectives, reflecting the Group's current financial position and strategic outlook. Management is confident that the resulting valuations are fair and neither materially overstated nor understated.

Assets assessed internally have also been evaluated with prudence. In particular, intangible assets have been significantly impacted by this process. Development projects that no longer align with the Group's revised strategic direction, or that have been deferred well into the future, have been written down to a carrying value of zero. This approach ensures that the asset base accurately reflects the Group's current and forward-looking operational priorities.

5 Staff costs

	2024 EUR	**2023 EUR**
Wages and salaries	1,186,372	40,266
Pension costs	102,064	0
Other social security costs	5,704	0
	1,294,140	**40,266**
Staff costs classified as assets	(257,508)	0
	1,036,632	**40,266**
Average number of full-time employees	**6**	**0**

	Remuneration of Management 2024 EUR	Remuneration of Management 2023 EUR
Executive Board	318,490	0
Board of Directors	13,409	40,266
	331,899	**40,266**

Staff costs classified as assets contain costs transfered to development projects in progress and property, plant and equipment in progress.

6 Depreciation, amortisation and impairment losses

	2024 EUR	2023 EUR
Amortisation of intangible assets	403,042	331,759
Impairment losses on intangible assets	2,641,898	0
	3,044,940	**331,759**

7 Other financial income

	2024 EUR	2023 EUR
Financial income from group enterprises	507,677	717,554
Exchange rate adjustments	45,293	261,898
Other financial income	86,755	96,798
	639,725	**1,076,250**

8 Other financial expenses

	2024 EUR	2023 EUR
Exchange rate adjustments	35,916	312,107
Other financial expenses	1,074,544	170,211
	1,110,460	**482,318**

9 Tax on profit/loss for the year

	2024 EUR	2023 EUR
Current tax	(522,321)	(464,726)
Change in deferred tax	0	239,362
Adjustment concerning previous years	0	(264)
	(522,321)	**(225,628)**

10 Proposed distribution of profit and loss

	2024 EUR	2023 EUR
Retained earnings	(45,792,710)	(12,747,684)
	(45,792,710)	**(12,747,684)**

11 Intangible assets

	Acquired patents EUR	Goodwill EUR	Development projects in progress EUR	Prepayments for intangible assets EUR
Cost beginning of year	462,256	2,985,592	0	322,650
Transfers	131,371	0	0	(131,371)
Additions	21,744	0	260,871	99,923
Cost end of year	**615,371**	**2,985,592**	**260,871**	**291,202**
Amortisation and impairment losses beginning of year	(59,171)	(949,481)	0	0
Impairment losses for the year	(390,475)	(1,737,552)	(260,871)	(253,000)
Amortisation for the year	(104,483)	(298,559)	0	0
Amortisation and impairment losses end of year	**(554,129)**	**(2,985,592)**	**(260,871)**	**(253,000)**
Carrying amount end of year	**61,242**	**0**	**0**	**38,202**

12 Development projects

Development projects in the parent company contribute to the development of projects in the group.

13 Financial assets

	Investments in group enterprises EUR
Cost beginning of year	21,000,658
Cost end of year	**21,000,658**
Impairment losses beginning of year	(5,961,035)
Share of profit/loss for the year	(31,785,100)
Investments with negative equity value depreciated over receivables	11,645,477
Investments with negative equity value transferred to provisions	5,100,000
Impairment losses end of year	**(21,000,658)**
Carrying amount end of year	**0**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

14 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

15 Provisions for investments in group enterprises

In connection with the Group successfully exiting the in-court restructuring process on 23 April 2025, it was included in the approved plan that the Company would support its subsidiary, Blue World Technologies ApS, with at least 5.1 mEUR until the end of Q1 2026, which has been incorporated into the Company's balance sheet as of the balance date.

16 Convertible and profit-sharing debt instruments

The outstanding amount for the convertible loans is 13,768 tEUR on the balance date. The convertible loan carries interest rates of either 8% or 10%, and contains several conversion options for the lenders to convert the loan to equity, with some of the options containing a discount element. If the lenders choose not to convert, the loans are to be repaid in late 26 or late 27 - depending on the loan date.

17 Non-current liabilities other than provisions

	Due within 12 months 2024 EUR	**Due within 12 months 2023 EUR**	**Due after more than 12 months 2024 EUR**
Debt to other credit institutions	985,987	191,837	0
Convertible and profit-sharing debt instruments	0	0	13,768,170
	985,987	**191,837**	**13,768,170**

No expected outstanding after 5 years.

18 Contingent assets

The Company has an entity-specific pre-joint taxation loss to be carried forward amounting to EUR 25,531t, equivalent to a tax asset of EUR 5,517t, which can be set off against future tax profits. EUR 0t of this loss has been recognised. The residual loss has not been recognised, as Management considers it unlikely that the Company will be able to use this or a part hereof within the next 3 years. There is a possibility that the Company will be able to use the loss in 4-5 years, although this still comes with some uncertainty. Therefore the Company has chosen not to recognise the loss.

19 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

20 Assets charged and collateral

The Parent Company's debt with Denmark's Export and Investment Fund is secured. The maximum limit of the collateral is EUR 798t Debt to Denmark's Export and Investment Fund is EUR 985t at the balance sheet date.

Denmark's Export and Investment Fund has floating charge on the Company's goodwill and acquired patents, which amounting EUR 61t at the balance sheet date.

Collateral provided for group enterprises

The Company has guaranteed Blue World Technologies ApS' debt with Denmark's Export and Investment Fund. At the time of the balance date, the total debt in Blue World Technologies ApS amounts to 9,743 tEUR.

21 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Public grants
Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, production costs and other operating income.

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

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

Production costs
Production: Production costs comprise expenses incurred to earn revenue for the financial year.
Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process.

Distribution costs
Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses
Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used for Acquired intangible assets are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	1 - 20 years
Plant and machinery	1 - 20 years
Other fixtures and fittings, tools and equipment	3 - 20 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity value plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises bank deposits.

Other provisions
Other provisions comprise anticipated costs of acquisition of investments in group enterprises.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.