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# ***Biokube A/S***

Centervej Syd 5, DK-4733 Tappernøje

## **Annual Report for 2023**

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CVR No. 28 49 23 83

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 8/7 2024

Cornelius John Stack  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Biokube A/S for the financial year 1 January - 31 December 2023.

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 financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Tappernøje, 8 July 2024

## Executive Board

Peter Mørch Sloth  
Manager

## Board of Directors

Peter Taarnhøj

Michael Joseph Stack

Robert Patrick Stack

Richard Stuart Stack

Cornelius John Stack

\*Peter Taarnhøj makes reservations for his approval of the annual report regarding BioKubes payment for assistance from Tricel ("Management charges"), Peter Taarnhøj has not seen documentation that this is specified payment for actual services rendered by Tricel to BioKube and he therefore on this matter make reservations both regarding BioKubes Tax Statement for 2023 and the Annual Report for 2023.

# Independent Auditor's report

To the shareholders of Biokube A/S

## Opinion

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

We have audited the Financial Statements of Biokube A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (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.

## 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, in our view, 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 in Management's Review.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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.

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.

Ringsted, 8 July 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Martin Sloth Langhoff Hansen  
State Authorised Public Accountant  
mne36027

Nikolaj Frausing Borch  
State Authorised Public Accountant  
mne44062

# Management's review

## Key activities

BioKubes main activities have historically been to develop, manufacture and sell wastewater treatment systems, both in Denmark and globally.

This market is driven by notices from the authorities, but in the last years, environment in general and circular economy have grown in importance. In conjunction with treating wastewater, BioKube will actively participate in the realization of UN Sustainable Development. This market is potentially much bigger than just treating wastewater.

## Development in the year

The income statement of the Company for 2023 shows a profit of DKK 1,519,002, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 20,347,421.

## Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

## Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
<b>Gross profit</b>		<b>12,851,266</b>	<b>15,017,398</b>
Staff expenses	1	-9,811,570	-9,675,942
<b>Earnings Before Interest Taxes Depreciation and Amortization</b>		<b>3,039,696</b>	<b>5,341,456</b>
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,014,785	-894,089
<b>Profit/loss before financial income and expenses</b>		<b>2,024,911</b>	<b>4,447,367</b>
Financial income		12,386	1,597
Financial expenses		-81,909	-207,979
<b>Profit/loss before tax</b>		<b>1,955,388</b>	<b>4,240,985</b>
Tax on profit/loss for the year		-436,386	-952,262
<b>Net profit/loss for the year</b>		<b>1,519,002</b>	<b>3,288,723</b>
 <b>Distribution of profit</b>			
		2023	2022
		DKK	DKK
<b>Proposed distribution of profit</b>			
Retained earnings		1,519,002	3,288,723
		<b>1,519,002</b>	<b>3,288,723</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Acquired patents		4,730,070	5,444,323
<b>Intangible assets</b>	<b>2</b>	<b>4,730,070</b>	<b>5,444,323</b>
Land and buildings		4,796,269	4,840,346
Other fixtures and fittings, tools and equipment		1,116,259	1,286,247
Property, plant and equipment in progress		0	0
<b>Property, plant and equipment</b>	<b>3</b>	<b>5,912,528</b>	<b>6,126,593</b>
<b>Fixed assets</b>		<b>10,642,598</b>	<b>11,570,916</b>
Raw materials and consumables		4,745,308	4,741,630
Finished goods and goods for resale		3,626,313	3,725,917
<b>Inventories</b>		<b>8,371,621</b>	<b>8,467,547</b>
Trade receivables		4,491,813	5,487,532
Contract work in progress	4	1,594,903	2,239,468
Other receivables		97,204	7,119
Deferred tax asset		3,731,976	4,168,362
Prepayments		641,007	688,560
<b>Receivables</b>		<b>10,556,903</b>	<b>12,591,041</b>
<b>Cash at bank and in hand</b>		<b>1,331,276</b>	<b>1,527,678</b>
<b>Current assets</b>		<b>20,259,800</b>	<b>22,586,266</b>
<b>Assets</b>		<b>30,902,398</b>	<b>34,157,182</b>



## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		7,812,750	7,812,750
Retained earnings		12,534,671	11,015,668
<b>Equity</b>		<b>20,347,421</b>	<b>18,828,418</b>
Other payables		463,269	454,186
<b>Long-term debt</b>	5	<b>463,269</b>	<b>454,186</b>
Credit institutions		164,063	618,211
Prepayments received from customers		0	893,750
Trade payables		5,097,730	3,896,225
Contract work in progress	4	65,000	0
Payables to group enterprises		4,140,661	6,440,661
Other payables	5	624,254	3,025,731
<b>Short-term debt</b>		<b>10,091,708</b>	<b>14,874,578</b>
<b>Debt</b>		<b>10,554,977</b>	<b>15,328,764</b>
<b>Liabilities and equity</b>		<b>30,902,398</b>	<b>34,157,182</b>
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

## Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	7,812,750	11,015,669	18,828,419
Net profit/loss for the year	0	1,519,002	1,519,002
<b>Equity at 31 December</b>	<b><u>7,812,750</u></b>	<b><u>12,534,671</u></b>	<b><u>20,347,421</u></b>

# Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	8,811,867	8,790,299
Pensions	551,087	438,452
Other social security expenses	109,223	116,600
Other staff expenses	339,393	330,591
	<u>9,811,570</u>	<u>9,675,942</u>
Average number of employees	<u>12</u>	<u>14</u>

## 2. Intangible fixed assets

	<u>Acquired patents</u>
	DKK
Cost at 1 January	7,071,265
Cost at 31 December	<u>7,071,265</u>
Impairment losses and amortisation at 1 January	1,626,942
Amortisation for the year	714,253
Impairment losses and amortisation at 31 December	<u>2,341,195</u>
Carrying amount at 31 December	<u>4,730,070</u>
Amortised over	<u>5-10 years</u>

## Notes to the Financial Statements

### 3. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	4,905,224	3,177,193
Additions for the year	44,465	42,000
Cost at 31 December	<u>4,949,689</u>	<u>3,219,193</u>
Impairment losses and depreciation at 1 January	64,878	1,890,945
Depreciation for the year	88,542	211,989
Impairment losses and depreciation at 31 December	<u>153,420</u>	<u>2,102,934</u>
<b>Carrying amount at 31 December</b>	<b><u>4,796,269</u></b>	<b><u>1,116,259</u></b>
Amortised over	<u>50 years</u>	<u>5-10 years</u>
	2023	2022
	DKK	DKK

### 4. Contract work in progress

Selling price of work in progress	13,148,718	13,103,178
Payments received on account	-11,618,815	-9,993,526
	<u>1,529,903</u>	<u>3,109,652</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	1,594,903	2,239,468
Prepayments received recognised in debt	-65,000	0
	<u>1,529,903</u>	<u>2,239,468</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>5. Long-term debt</b>		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	463,269	454,186
Long-term part	463,269	454,186
Other short-term payables	624,254	3,025,731
	<u>1,087,523</u>	<u>3,479,917</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>6. Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with bankers:		
Mortgage deeds registered to the mortgagor totalling kDKK 2.000, providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of:	4,796,269	4,840,346
Company charge amounting to TDKK 5.000 have been placed in simple claims, inventory of raw materials and finished goods, other equipment and intellectual property right with a carrying amount of	18,709,763	20,685,649
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	214,441	325,843
Between 1 and 5 years	345,410	134,915
	<u>559,851</u>	<u>460,758</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>6. Contingent assets, liabilities and other financial obligations</b>		
Other contingent liabilities		

## 7. Related parties and disclosure of consolidated financial statements

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
ACSTK Holdings IOM Unlimited	Fort Anne, Douglas, Isle of Man, Ireland

# Notes to the Financial Statements

## 8. Accounting policies

The Annual Report of Biokube A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2023 are presented in DKK.

### 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.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

## Income statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

# Notes to the Financial Statements

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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 external expenses**

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

## **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.

## **Staff expenses**

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

## **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.

## **Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## **Tax on profit/loss for the year**

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



# Notes to the Financial Statements

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## Balance sheet

### Intangible fixed assets

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 10 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans are not recognised in cost during construction and reconstruction periods.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	50 years
Other fixtures and fittings, tools and equipment	5-10 years

The fixed assets' residual values are determined at nil. Land is not depreciated.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments 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.

### Inventories

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

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 and costs of completion. 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 the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

# Notes to the Financial Statements

## Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Deferred tax assets and liabilities

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 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 on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that 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.

## Financial liabilities

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