



Piaster Revisorerne  
vi giver bedre råd

# Combineering A/S

CVR-no. 29 60 99 69

Bistrupvej 176  
DK-3460 Birkerød

## Annual Report 2019

(Financial year 1 January 2019 - 31 December 2019)

The Annual Report is presented and  
adopted at the Annual General Meeting of  
shareholders on the 11 September 2020

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Mads Prag Roesen  
*Chairman of the meeting*

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# Management's Statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of 1 January 2019 - 31 December 2019 for Combineering A/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year ended 31 December 2019.

In our opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

We recommend the Annual Report approved at the Annual General Meeting.

Birkerød, 11 September 2020

Executive Board:

\_\_\_\_\_  
Carsten Park Andreasen

Board of Directors:

\_\_\_\_\_  
Jens Brandt Bering

\_\_\_\_\_  
Erik Vedel Lange

\_\_\_\_\_  
Mads Prag Roesen

\_\_\_\_\_  
Lars Vedel Jørgensen

\_\_\_\_\_  
Carsten Park Andreasen

# Independent Auditor's Reports

## *To the Shareholders of Combineering A/S*

### **Opinion**

We have audited the Financial Statements of Combineering A/S for the financial year 1 January 2019 - 31 December 2019, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the operations for the financial year 1 January 2019 - 31 December 2019, in accordance with the Danish Financial Statements Act.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management’s Responsibilities for the Financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 Reports (-continued)

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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.

## Independent Auditor's Reports (-continued)

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

Allerød, 11 September 2020

**Piaster Revisorerne,  
statsautoriseret revisionsaktieselskab  
CVR. no.: 25 16 00 37**

Niels Kristian Tordrup Mørk  
State Authorized Public Accountant  
mne35462

## Company details

|                           |   |
|---------------------------|---|
| <b>The Company</b>        | Combineering A/S<br>Bistrupvej 176<br>DK-3460 Birkerød  |
|                           | Identification no.: 29 60 99 69   |
|                           | Founded: 31 May 2006  |
|                           | Registered office: Rudersdal  |
|                           | Financial year: 1 January - 31 December   |
| <b>Executive Board</b>    | Carsten Park Andreassen   |
| <b>Board of Directors</b> | Jens Brandt Bering<br>Erik Vedel Lange<br>Mads Prag Roesen<br>Lars Vedel Jørgensen<br>Carsten Park Andreassen |
| <b>Auditor</b>            | Piaster Revisorerne,<br>Statsautoriseret Revisionsaktieselskab<br>Engholm Parkvej 8<br>3450 Allerød           |
| <b>Bank</b>               | Danske Bank<br>Munkeengen 30<br>DK-3400 Hillerød  |

# Management's Review

## **Primary activities of entity**

The company's activities is handling, recycling and utilization including safe destruction of industrial residues and waste product including development of environment solutions on behalf of customers.

## **Development in activities and financial affairs**

The company has made significant investments during the year and this has effected the solidity of the company, together with the investments in development project. The investments are expected to generate significant profit going forward.

The company's financial performance is considered acceptable.

## ***Covid-19***

After the end of the financial year, there was an outbreak of the disease COVID19. The spread of Coronavirus as well as a partial shutdown of society has led to greater financial uncertainty. The company is currently limited affected by the outbreak. At the current state it is not possible to fully evaluate the impact on the operations and financial situation of the company going forward.

## ***Investment in subsidairies.***

After the end of the financial year, management has obtained information about a trade receivable in the wholly owned subsidiary that on the 31 December 2019 is accounted for with 5,8 mio. DKK has experiences financial problems and are in the process of winding up their activities so they can pay of as many creditors as possible. The company will experience a loss on the receivable. The company is currently not able to estimate the potential loss due to fact that they are awaiting information about the winding up and due to the fact that the ultimate owner has issue a guarantee for payment, but this is also currently being investigated.

## ***Other events***

No other events materially affecting the financial position of the company have occurred after the end of the financial year.



## Income Statement 1 January - 31 December

|  | Notes | 2019              | 2018              |
|--|-------|-------------------|-------------------|
| <b>Gross profit</b>  |       | <b>22.713.905</b> | <b>22.449.100</b> |
| Staff costs  | 1     | -14.807.948       | -16.436.052       |
| Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss | 2     | -1.005.648        | -595.393          |
| Other operating expenses   |       | -1.083.494        | 0                 |
| <b>Operating profit</b>  |       | <b>5.816.815</b>  | <b>5.417.655</b>  |
| Income from investments in group enterprises   |       | 212.204           | 878.897           |
| Other finance income from group enterprises  |       | 250.000           | 131.861           |
| Financial income   |       | 15.513            | 424.744           |
| Financial expenses   | 3     | -597.930          | -101.186          |
| <b>Profit before tax</b>   |       | <b>5.696.602</b>  | <b>6.751.971</b>  |
| Tax expense  | 4     | -1.225.998        | -1.301.252        |
| <b>Profit for the year</b>   |       | <b>4.470.604</b>  | <b>5.450.719</b>  |
| <b>Proposed distribution of results</b>  |       |                   |                   |
| Retained earnings  |       | 4.470.604         | 0                 |
| Proposed dividend recognised in equity   |       | 0                 | 5.450.719         |
| Reserve for net revaluation according to equity method   |       | 0                 | 0                 |
| <b>Total distribution</b>  |       | <b>4.470.604</b>  | <b>5.450.719</b>  |

## Balance Sheet at 31 December

### Assets

|  | Notes | 2019              | 2018              |
|--|-------|-------------------|-------------------|
| Development projects in progress           | 5     | 4.420.772         | 0                 |
| <b>Intangible assets</b>                   |       | <b>4.420.772</b>  | <b>0</b>          |
| Fixtures, fittings, tools and equipment    | 6     | 6.381.709         | 2.870.919         |
| <b>Property, plant and equipment</b>       |       | <b>6.381.709</b>  | <b>2.870.919</b>  |
| Long-term investments in group enterprises | 7     | 1.730.534         | 2.505.479         |
| Other long-term receivables                | 8     | 0                 | 55.705            |
| <b>Financial fixed assets</b>              |       | <b>1.730.534</b>  | <b>2.561.184</b>  |
| <b>Fixed assets</b>                        |       | <b>12.533.015</b> | <b>5.432.103</b>  |
| <b>Inventories</b>                         | 9     | <b>1.564.318</b>  | <b>0</b>          |
| Trade receivables                          |       | 8.898.924         | 12.073.978        |
| Receivables from group enterprises         |       | 10.665.516        | 8.001.746         |
| Deferred tax assets                        |       | 0                 | 33.000            |
| Other receivables                          |       | 636.793           | 541.080           |
| Prepayments                                |       | 0                 | 364.971           |
| <b>Receivables</b>                         |       | <b>20.201.233</b> | <b>21.014.775</b> |
| <b>Cash and cash equivalents</b>           |       | <b>1.871.429</b>  | <b>7.719.282</b>  |
| <b>Current assets</b>                      |       | <b>23.636.980</b> | <b>28.734.057</b> |
| <b>Assets</b>                              |       | <b>36.169.995</b> | <b>34.166.160</b> |

## Balance Sheet at 31 December

### Equity and liabilities

|  | Notes | 2019              | 2018              |
|--|-------|-------------------|-------------------|
| Share capital  | 10    | 500.000           | 500.000           |
| Reserve for net revaluation according to equity method         |       | 0                 | 0                 |
| Reserve for development expenditure                            |       | 3.448.202         | 0                 |
| Retained earnings  |       | 9.214.087         | 8.110.818         |
| Proposed dividend recognised in equity                         |       | 0                 | 5.450.719         |
| <b>Equity</b>  |       | <b>13.162.289</b> | <b>14.061.537</b> |
| Provisions for deferred tax                                    |       | 1.107.000         | 0                 |
| <b>Provisions</b>  |       | <b>1.107.000</b>  | <b>0</b>          |
| Long-term payables to group enterprises                        |       | 490.321           | 466.973           |
| Lease commitments  |       | 2.891.669         | 1.225.589         |
| <b>Long-term liabilities other than provisions</b>             | 11    | <b>3.381.990</b>  | <b>1.692.562</b>  |
| Short-term part of long-term liabilities other than provisions | 11    | 1.197.294         | 522.432           |
| Trade payables   |       | 5.535.813         | 9.909.096         |
| Payables to group enterprises                                  |       | 0                 | 3.049             |
| Tax payables   |       | 85.998            | 1.157.816         |
| Other payables   |       | 11.699.611        | 6.819.668         |
| <b>Short-term liabilities other than provisions</b>            |       | <b>18.518.716</b> | <b>18.412.061</b> |
| <b>Liabilities other than provisions</b>                       |       | <b>21.900.706</b> | <b>20.104.623</b> |
| <b>Equity and liabilities</b>                                  |       | <b>36.169.995</b> | <b>34.166.160</b> |
| Contingent liabilities   | 12    |                   |                   |
| Mortgages and collaterals                                      | 13    |                   |                   |
| Related parties  | 14    |                   |                   |

## Statement of changes in equity 1 January - 31 December

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| <b>Share capital</b>  |                   |                   |
| Beginning balance   | 500.000           | 500.000           |
| End balance   | 500.000           | 500.000           |
| <b>Reserve for net revaluation according to equity method</b> |                   |                   |
| Beginning balance   | 0                 | 0                 |
| Equity transfers to reserves                                  | 0                 | 0                 |
| End balance   | 0                 | 0                 |
| <b>Reserve for development expenditure</b>                    |                   |                   |
| Beginning balance   | 0                 | 0                 |
| Equity transfers to reserves                                  | 3.448.202         | 0                 |
| End balance   | 3.448.202         | 0                 |
| <b>Retained earnings</b>                                      |                   |                   |
| Beginning balance   | 8.110.818         | 12.185.334        |
| Profit (loss)   | 4.470.604         | 0                 |
| Value adjustments of equity                                   | 80.867            | -20.215           |
| Decrease of equity on demerger and sale of enterprise         | 0                 | -4.054.301        |
| Equity transfers to reserves                                  | -3.448.202        | 0                 |
| End balance   | 9.214.087         | 8.110.818         |
| <b>Proposed dividend recognized in equity</b>                 |                   |                   |
| Beginning balance   | 5.450.719         | 2.838.084         |
| Dividend paid   | -5.450.719        | -2.838.084        |
| Profit (loss)   | 0                 | 5.450.719         |
| End balance   | 0                 | 5.450.719         |
| <b>Equity</b>   | <b>13.162.289</b> | <b>14.061.537</b> |

## Notes

|  | <u>2019</u>              | <u>2018</u>              |
|--|--------------------------|--------------------------|
| <b>1 Staff costs</b>   |                          |                          |
| Wages and salaries   | 18.684.215               | 15.669.678               |
| Post-employment benefit expense  | 165.534                  | 139.681                  |
| Social security contributions  | 306.676                  | 626.693                  |
|  | <b><u>19.156.425</u></b> | <b><u>16.436.052</u></b> |
| <br>   |                          |                          |
| Average number of full time employees  | <u>29</u>                | <u>27</u>                |
| <br>   |                          |                          |
| Staff costs - Income Statement   | 14.807.948               |                          |
| Staff costs - Development projects in progress   | 4.348.477                |                          |
|  | <b><u>19.156.425</u></b> |                          |
| <br>   |                          |                          |
| <b>2 Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in</b> |                          |                          |
| Depreciation, Fixtures, fittings, tools and equipment  | 1.005.648                | 595.393                  |
|  | <b><u>1.005.648</u></b>  | <b><u>595.393</u></b>    |
| <br>   |                          |                          |
| <b>3 Financial expenses</b>  |                          |                          |
| Finance expenses arising from group enterprises  | 408.349                  | 22.237                   |
| Other financial expenses   | 189.581                  | 78.949                   |
|  | <b><u>597.930</u></b>    | <b><u>101.186</u></b>    |
| <br>   |                          |                          |
| <b>4 Tax expense</b>   |                          |                          |
| Tax expense on ordinary activities   | 85.998                   | 1.156.252                |
| Adjustment of deferred tax   | 1.140.000                | 145.000                  |
|  | <b><u>1.225.998</u></b>  | <b><u>1.301.252</u></b>  |

## Notes

|   | 2019             | 2018     |
|---|------------------|----------|
| <b>5 Development projects in progress</b> |                  |          |
| Cost at 1 January                         | 0                | 0        |
| Additions                                 | 4.420.772        | 0        |
| Cost at 31 December                       | 4.420.772        | 0        |
| <br>                                      |                  |          |
| Amortizations at 1 January                | 0                | 0        |
| Amortisation for the year                 | 0                | 0        |
| Amortizations at 31 December              | 0                | 0        |
| <br>                                      |                  |          |
| <b>Carrying amount at 31 December</b>     | <b>4.420.772</b> | <b>0</b> |

### **Statement of special prerequisites for recognition and measurement of development projects.**

The development project relates to the development and testing of Alternative Fuels, Biomass and recycling processed. The development projects are expected to generate increase turnover and profits for the coming years.

Some projects are expected to be finalized in 2020 and others have a longer development period.

There is a positive expectation of market demand for the developed new and improved products and that these products will help to realize the company's growth plans for the coming years.

## Notes

|   | 2019                    | 2018                    |
|---|-------------------------|-------------------------|
| <b>6 Fixtures, fittings, tools and equipment</b>        |                         |                         |
| Cost at 1 January                                       | 3.882.387               | 1.770.889               |
| Additions   | 5.272.408               | 3.219.637               |
| Disposals   | -1.107.427              | -1.108.139              |
| Cost at 31 December                                     | <u>8.047.368</u>        | <u>3.882.387</u>        |
| Depreciations at 1 January                              | 1.011.468               | 966.506                 |
| Depreciation for the year                               | 1.005.648               | 595.393                 |
| Depreciation on disposals for the year                  | -351.457                | -550.431                |
| Depreciations at 31 December                            | <u>1.665.659</u>        | <u>1.011.468</u>        |
| <b>Carrying amount at 31 December</b>                   | <b><u>6.381.709</u></b> | <b><u>2.870.919</u></b> |
| Financial leased assets included in plant and machinery | <u>4.491.227</u>        |                         |
|   | 2019                    | 2018                    |
| <b>7 Long-term investments in group enterprises</b>     |                         |                         |
| Cost at 1 January                                       | 3.222.309               | 3.222.309               |
| Cost at 31 December                                     | <u>3.222.309</u>        | <u>3.222.309</u>        |
| Revaluations at 1 January                               | -716.830                | -1.575.512              |
| Exchange rate adjustments                               | 80.867                  | -20.215                 |
| Share of profit for the year                            | 212.204                 | 878.897                 |
| Dividends received from group enterprises               | -1.068.016              | 0                       |
| Revaluations at 31 December                             | <u>-1.491.775</u>       | <u>-716.830</u>         |
| <b>Carrying amount at 31 December</b>                   | <b><u>1.730.534</u></b> | <b><u>2.505.479</u></b> |

# Notes

## Information from the latest financial statements

|   | Ownership<br>Percentage | Share<br>Capital | Profit for<br>the year | Equity      |
|---|-------------------------|------------------|------------------------|-------------|
| Combineering (UK) Limited<br>Company No. 07506396     | 100%                    | 200 GBP          | -8.398 GBP             | 159.333 GBP |
| Combineering Materials ApS<br>Company No. 37 85 73 27 | 100%                    | 50.000           | 286.274                | 336.274     |

## Other group enterprises

|  | Ownership<br>Percentage | Share<br>Capital | Profit for<br>the year | Equity      |
|--|-------------------------|------------------|------------------------|-------------|
| Combineering Materials GmbH<br>HRB 12176FL | 100%                    | EUR 25.000       | -17.538 EUR            | -22.665 EUR |

## 8 Other long-term receivables

|                                       | 2019     | 2018          |
|---------------------------------------|----------|---------------|
| Cost at 1 January                     | 55.705   | 55.705        |
| Additions                             | 0        | 0             |
| Disposals                             | -55.705  | 0             |
| <b>Carrying amount at 31 December</b> | <b>0</b> | <b>55.705</b> |

## 9 Inventories

|   |                  |          |
|---|------------------|----------|
| Manufactured goods and goods for resale | 1.564.318        | 0        |
|   | <b>1.564.318</b> | <b>0</b> |

## 10 Share capital

The share capital comprises:

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| A-shares, 1.000 shares of DKK 500 | 500.000        | 500.000        |
|                                   | <b>500.000</b> | <b>500.000</b> |



## Notes

### 11 Long-term liabilities other than provisions

|                   | Total debt<br>31 December 2019 | Repayment<br>next year | Long-term<br>part | Unpaid debt<br>after 5 years |
|-------------------|--------------------------------|------------------------|-------------------|------------------------------|
| Lease commitments | 4.088.963                      | 1.197.294              | 2.891.669         | 0                            |
|                   | <b>4.088.963</b>               | <b>1.197.294</b>       | <b>2.891.669</b>  | <b>0</b>                     |

### 12 Contingent liabilities

The company is joint taxed with the other Danish companies in the Vedel & Roesen Holding ApS group, and is under joint taxation with Vedel & Roesen Group going forward. The company is jointly liable with the other Danish companies in the joint taxation on Danish corporation taxes and taxes on dividends, interest and royalties.

### 13 Mortgages and collaterals

As collateral for the Norwegian Government (miljøstyrelsen) the company has posted a garanty of tDKK 105.

The company has provided a unlimited guarantee for subsidiary's bank loans.

In regards to debt to banks of tDKK. 0, the company has posted company charge of tDKK. 5.000, with an accounting value of tDKK. 26.583 at the 31. december 2019 of tDKK.

# Notes

## 14 Related parties

The Company related parties include:

### Controlling influence

CEO Lars Vedel Jørgensen, Hyldegårdsvej 5, 3660 Stenløse.

### Other related parties, whom the company had transactions with

Carsten Park Andreasen - CEO

Jens Brandt Bering - Chairman Board of Directors

Combineering (UK) Limited

Combineering Holding ApS

Combineering Materials ApS

Combineering Ejendomme ApS

RHC ApS

Vedel Invest ApS

RHC-next ApS

Vedel Invest Young ApS

Combineering Materials GmbH

Dewaster ApS

Vedel & Roesen Holding ApS

Park Invest ApS

Logistics Center North ApS

PCNI ApS

### Transactions with related parties

All transactions are considered to be on market terms.

## Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with election from reporting class C.

### Changes in accounting policies

The accounting policies have been changed as follows:

- Development project are being activated. In previous years the have been expensed. It has not been possible to adjust comparative figures due to the fact that the information and registration has not able to obtain.

The accumulated effect of the change in accounting policies for the account years are:

|   | 2019       | 2018  |
|---|------------|-------|
| Effect on net income before tax                   | 4.420 tDKK | 0 DKK |
| Effect on tax after change in accounting policies | -972 tDKK. | 0 DKK |
| Effect on net income after tax                    | 3.448 tDKK | 0 DKK |
| Effect on balance sheet                           | 4.420 tDKK | 0 DKK |
| Effect on equity                                  | 3.448 tDKK | 0 DKK |

The accounting policies are consistent besides the above stated with those of last year.

## General

### Reporting currency

The Annual Report is presented in Danish kroner (DKK).

### In general regarding accounting and measuring

Income is recognized in the income statement when they are earned. Furthermore are all costs, depreciations and write downs recognized in the income statement when incurred.

Assets are recognized in the balance sheet when it is probable that future economical benefits will accrue to the company and the assets value can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economical benefits will be deducted from the company and the value can be measured reliably.

On initial recognition assets and liabilities are measured to cost price. Thereafter assets and liabilities are measured as described for each entry.

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.

# Accounting policies

## Currency retranslation

Transactions denominated in foreign currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Exchange differences arising between the transaction date and the exchange rate at the date of actual payment are recognized in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the balance sheet date. The difference between the exchange rates ruling at the balance sheet date and at the date when the receivable or payable arose is recognized in the income statement under financial income or financial expenses.

Non-current assets acquired in foreign currency are measured to the exchange rate ruling at the date of the transaction.

## Consolidated financial statements

In accordance with the exemption in the section 112 of the Danish Financial Statements Act no consolidated financial statements have been prepared.

## Income statement

### Gross profit

With reference to section 32 of the Financial Statement Act, the items “Revenue” to and including “Other external expenses” are consolidated into one item designated “Gross profit”.

### Revenue

Revenue includes invoiced sales of goods and rendering of services, recognition is done, when

- delivery and transfer of risk to the buyer has taken place before year end
- a committing sales agreement exists
- sales price is determined, and
- payment is received, or there are reasonable security that it will be received

Revenue is recognized excluding value added tax and after deduction of provisions rebates and trade discounts relating to the sale.

### Cost of sales

Cost of sales include costs incurred to achieve revenue for the year. Cost of sales include freight and forwarding costs.

## **Accounting policies**

### **Other external expenses**

Other external expenses include expenses related to distribution, sale, advertising, administration, bad debt, premises, operating lease agreements etc.

### **Staff costs**

Staff costs comprise costs such as wages and salaries, pension costs and other social security benefits ect. to the company's employees.

### **Other operating income and expenses**

Other operating income and expenses includes items of a secondary nature relative to the enterprise's core business.

### **Income from investments in group enterprises**

The proportionate share of the results of group enterprises after tax is recognized in the income statement after the elimination of intercompany proceeds and deduction of goodwill depreciation and goodwill impairment losses.

### **Financial items**

Financial income and expenses are recognized in the income statement with the amounts related to the year. Financial income and expenses comprise interest receivable and payable, realised and unrealised capital gains on securities and currency translation adjustments.

### **Tax expense**

Tax on income for the year, consisting of the year's current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the year and on equity to the extent that it relates there to.

# Accounting policies

## Balance sheet

### Intangible assets

#### *Development projects in progress*

Development project are measured at historic cost less accumulated amortizations and impairment losses if they meet the criteria in Danish GAAP.

Historic cost comprise the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Development project are amortizaed on a straight-line basis over the expected useful economic lives of the assets. Amortizations start when project are completed.

#### **Impairment of intangible assets**

The carrying amount of intangible assets is every year reviewed in order to determine if there are indications of impairment exceeding the amount expressed by amortisations. If this is the case a impairment test is carried out in order to determine if the recoverable amount is lower than the carrying amount. The assets are written down to this lower value.

Recoverable amount for the asset is determined as the highest value of net sales price and the capital value. If it is not possible to determine the recoverable amount for the individual asset, assets are assessed together with the smallest group of assets where it is possible to determine a reliable evaluation of the recoverable amount.

Assets where it is not possible to determine an individual capital value because the asset does not generate future cash flows is assessed together with the group of assets which they can be attributed to.

# Accounting policies

## Property, plant and equipment

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

Historic cost comprise the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Assets are depreciated on a straight-line basis over the expected useful economic lives of the assets:

|   | <u>Useful life</u> | <u>Expected scrap value</u> |
|---|--------------------|-----------------------------|
| Land and buildings                      | 25 years           | 0%                          |
| Fixtures, fittings, tools and equipment | 3-5 years          | 0-20%                       |

Asset acquisitions below the taxable limit is fully written off in the year of acquisition.

Gains and losses on disposals are determined as the difference between selling price less sales cost and carrying amount at time of disposal and are recognized in the income statement. Gain or loss is recognized under depreciations.

## Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is every year reviewed in order to determine if there are indications of impairment exceeding the amount expressed by depreciations and amortisations. If this is the case an impairment test is carried out in order to determine if the recoverable amount is lower than the carrying amount. The assets are written down to this lower value.

Recoverable amount for the asset is determined as the highest value of net sales price and the capital value. If it is not possible to determine the recoverable amount for the individual asset, assets are assessed together with the smallest group of assets where it is possible to determine a reliable evaluation of the recoverable amount.

Assets where it is not possible to determine an individual capital value because the asset does not generate future cash flows is assessed together with the group of assets which they can be attributed to.

## Accounting policies

### Leases

Leases of fixed assets where the company has substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet as assets. The assets are measured initially calculated cost equal to the fair value or (if lower) the present value of future lease payments. In calculating the present value the internal interest rate of the leases, discount rate or an approximated value is used. Finance leases are depreciated like other similar assets.

The capitalized remaining lease obligation is recognized in the balance sheet as a liability, lease payment interest is recognized over the term of the income statement. All other leases are classified as operating leases. Payments considered operating leases are recognized in the income statement over the lease term. The company's total liability relating to operating leases and lease liabilities is disclosed in the notes.

### Financial fixed assets

#### *Investments in group enterprises*

Investments in group enterprises are recognized according to the equity method and measured at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus the proportionate share of unrealised intercompany proceeds and minus or plus the carrying amount of goodwill measured according

Investments in group enterprises with a negative net asset value are measured at value of DKK 0. Any receivables from group enterprises are written down by the share at the negative net asset value if the amount owed is irrecoverable. If the negative net asset value exceeds the receivable, the remaining amount is recognized under provisions to the extent the parent company has a legal or constructive obligation to cover the negative net assets of the group

Net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds purchase price deducted goodwill depreciation.

Acquired enterprises or newly founded enterprises are recognized in the financial statements from the date of acquisition or foundation. Enterprises sold or disposed are recognized until the

Gains or losses on disposal of group enterprises are determined as the difference between the sales amount and the carrying amount of net assets at the time of disposal, including non-depreciated goodwill and estimated costs of disposal. Gains and losses are recognized in the income statement under financial income or financial expenses.



# Accounting policies

## Receivables

Receivables are measured at amortized cost which corresponds in all material respects to nominal value. The value is reduced with provisions for expected bad debts.

## Prepayments

Prepayments, under assets, consist of prepayments for the coming financial year.

## Dividends

Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

## Current tax and current deferred tax

Current tax liabilities and current tax assets are recognized in the balance sheet as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the balance sheet liability method on all timing differences between the tax and accounting value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred income tax is measured using tax rules and tax rates that apply by the balance sheet date when the deferred tax asset is realised or the deferred income tax liability is settled. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

## Liabilities

Borrowings are recognized at the time the loans are obtained and are initially measured at the proceeds received less transaction costs. In the subsequent periods, financial liabilities are measured at amortized cost, applying the 'effective interest rate method', to the effect that the difference between the proceeds and the nominal value is recognized in the income statement

Mortgage debt is recognized at amortized cost price, which for cash loans is equal to outstanding loan. For bond loans amortized cost price equals the underlying cash value at time of borrowing regulated with an exchange rate at the time of borrowing depreciated over the maturity.

Other liabilities are measured at amortized cost, corresponding to the nominal value.

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