Combineering A/S

Bistrupvej 176, 3460 Birkerød

Company reg. no. 29 60 99 69

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 31 March 2022.

Kim Bjørn Christensen
Chairman of the meeting

Contents

Management's statement

Today, the board of directors and the executive board have presented the annual report of Combineering A/S for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Birkerød, 31 March 2022

Executive board

Carsten Park Andreasen
CEO

Kim Bjørn Christensen
CFO

Board of directors

Lars Vedel Jørgensen
Chairman

Mads Prag Roesen

Jeanette Fangel Løgstrup

Claus Karup Rasmussen

To the shareholders of Combineering 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 2021 and of the results of the Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Combineering A/S for the financial year 1 January to 31 December 2021, 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 conclusions 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 Statement 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.

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 the internal control that we identify during our audit.

Hellerup, 31 March 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Tue Stensgård Sørensen	Alexander Oliver Duschek
State Authorised Public Accountant	State Authorised Public Accountant
mne32200	mne47774

Company information

The company	Combineering A/S Bistrupvej 176 3460 Birkerød	
	Company reg. no.	29 60 99 69
	Established:	31 May 2006
	Domicile:	Birkerød
	Financial year:	1 January - 31 December
Board of directors	Lars Vedel Jørgensen, Chairman Mads Prag Roesen Jeanette Fangel Løgstrup Claus Karup Rasmussen	
Executive board	Carsten Park Andreasen, CEO Kim Bjørn Christensen, CFO	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup	
Parent company	Combineering Holding A/S	

The principal activities of the company

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

Development in activities and financial matters

REVENUE

In 2021 the revenue growth was 88 % and we experienced growth locally and internationally. There has been growth in all sectors in which we operate. In particular, biofuels, alternative energy, and special treatment have grown. This is in line with our 2025 strategy.

GROSS PROFIT

Gross profit growth can be attributed to the growth in new and existing customers. The gross profit margin grew from 28.8 million DKK in 2020 to 38.3 million DKK in 2021 – this is a growth of 32,9 % despite the negative impact of COVID-19 and the increasing costs of logistics.

STAFF COSTS

The increase in staff costs was primarily driven by Combineering welcoming new colleagues as part of our international expansion. The growth in the number of full-time employees and the expansion of our skill base is part of our strategy to prepare for further growth in exciting new markets.

AMORTIZATION, DEPRECIATION AND IMPAIRMENT

Like last year, the R&D department has been very active with one development project completed and ready for use and a new development project approved and started in 2021. This is the main reason for the increase in depreciation and additions regarding development projects.

PROFIT FOR THE YEAR

Profit for the year increased by 7.4 million DKK from 3.4 million DKK in 2020 to 10.8 million DKK in 2021. The expectations from 2020 to the profit in 2021 have been met.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
	Gross profit	**38.314.009**	**28.826.578**
2	Staff costs	-22.557.027	-21.952.243
3	Depreciation, amortisation, and impairment	-1.985.924	-1.538.021
	Operating profit	**13.771.058**	**5.336.314**
	Income from equity investments in group enterprises	0	-537.674
	Other financial income	127.112	318.337
	Other financial costs	-576.775	-743.315
	Profit and loss before tax	**13.321.395**	**4.373.662**
4	Tax on net profit or loss for the year	-2.555.178	-958.638
	Net profit or loss for the year	**10.766.217**	**3.415.024**
	Proposed distribution of net profit:		
	Dividend for the financial year	10.000.000	0
	Transferred to retained earnings	0	3.415.024
	Transferred to other statutory reserves	2.304.774	0
	Allocated from retained earnings	-1.538.557	0
	Total allocations and transfers	**10.766.217**	**3.415.024**

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		2021	2020
	Non-current assets		
5	Completed development projects	2.097.584	1.245.162
6	Development projects in progress	8.480.250	6.377.833
	Total intangible assets	10.577.834	7.622.995
7	Other fixtures and fittings, tools and equipment	4.830.987	5.552.359
	Total other fixtures and fittings, tools and equipment	4.830.987	5.552.359
8	Equity investments in group enterprises	0	1.278.704
	Total investments	0	1.278.704
	Total non-current assets	**15.408.821**	**14.454.058**
	Current assets		
	Manufactured goods and goods for resale	3.026	111.471
	Total inventories	3.026	111.471
	Trade receivables	13.187.267	13.114.321
	Receivables from group enterprises	9.926.015	9.976.713
	Other receivables	174.040	397.787
	Prepayments	334.649	96.935
	Total receivables	23.621.971	23.585.756
	Cash on hand and demand deposits	15.285.867	2.180.883
	Total current assets	**38.910.864**	**25.878.110**
	Total assets	**54.319.685**	**40.332.168**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	500.000	500.000
	Reserve for development costs	8.250.710	5.945.936
	Reserve for foreign currency translation	0	-84.110
	Retained earnings	8.508.710	10.131.377
	Proposed dividend for the financial year	10.000.000	0
	Total equity	**27.259.420**	**16.493.203**
	Provisions		
9	Provisions for deferred tax	2.443.432	1.777.680
	Total provisions	**2.443.432**	**1.777.680**
	Liabilities other than provisions		
	Lease liabilities	1.769.271	2.634.684
10	Total long term liabilities other than provisions	1.769.271	2.634.684
10	Current portion of long term liabilities	934.936	1.170.400
	Bank loans	15.493	28.596
	Prepayments received from customers	1.464.513	1.243.528
	Trade payables	12.014.238	7.557.483
	Payables to group enterprises	0	2.270.965
	Income tax payable to group enterprises	1.889.426	287.958
	Other payables	6.528.956	6.867.671
	Total short term liabilities other than provisions	22.847.562	19.426.601
	Total liabilities other than provisions	**24.616.833**	**22.061.285**
	Total equity and liabilities	**54.319.685**	**40.332.168**

1 Special items

11 Charges and security

12 Contingencies

13 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Reserve for foreign currency translation	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2020	500.000	3.448.202	-84.110	9.214.087	0	13.078.179
Retained earnings for the year	0	0	0	3.415.024	0	3.415.024
Transferred from retained earnings	0	2.497.734	0	-2.497.734	0	0
Equity 1 January 2021	500.000	5.945.936	-84.110	10.131.377	0	16.493.203
Dissolution of previous revaluations	0	0	84.110	-84.110	0	0
Retained earnings for the year	0	0	0	766.217	10.000.000	10.766.217
Transferred from retained earnings	0	2.304.774	0	-2.304.774	0	0
	500.000	**8.250.710**	**0**	**8.508.710**	**10.000.000**	**27.259.420**

Notes

All amounts in DKK.

1. Special items

A loss on debtors and a refund from foreign VAT from prior years has been reversed in the financial year. The amount 1.4 million DKK has been recognised in the items Revenue and Other operating income under Gross profit. In 2020 special items were a cost of 4 million DKK recognised in Gross profit with 500 tDKK and 3.5 million DKK in Income from equity investments in group enterprises.

		2021	2020
2.	**Staff costs**		
	Salaries and wages	20.735.901	21.501.300
	Pension costs	1.515.386	124.295
	Other costs for social security	305.740	326.648
		22.557.027	**21.952.243**
	Average number of employees	32	28
3.	**Depreciation, amortisation, and impairment**		
	Amortisation of development projects	411.655	35.962
	Depreciation of other fixtures and fittings, tools and equipment	1.574.269	1.502.059
		1.985.924	**1.538.021**
4.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	1.889.426	287.958
	Adjustment of deferred tax for the year	665.752	670.680
		2.555.178	**958.638**

All amounts in DKK.

		31/12 2021	31/12 2020
5.	**Completed development projects**		
	Cost 1 January	1.281.124	0
	Transfers	1.264.077	1.281.124
	Cost 31 December	**2.545.201**	**1.281.124**
	Amortisation and impairment 1 January	-35.963	0
	Amortisation for the year	-411.654	-35.962
	Amortisation and impairment 31 December	**-447.617**	**-35.962**
	Carrying amount, 31 December	**2.097.584**	**1.245.162**

The development projects relates to the development of waste-handling solutions. The development projects are expected to generate increase turnover and profits for the coming years.

		31/12 2021	31/12 2020
6.	**Development projects in progress**		
	Cost 1 January	6.377.833	4.420.772
	Additions during the year	3.366.494	3.238.185
	Transfers	-1.264.077	-1.281.124
	Cost 31 December	**8.480.250**	**6.377.833**
	Carrying amount, 31 December	**8.480.250**	**6.377.833**

The development projects relates to the development of waste-handling solutions. The development projects are expected to generate increase turnover and profits for the coming years.

All amounts in DKK.

		31/12 2021	31/12 2020
7.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January	7.983.869	8.047.367
	Additions during the year	921.901	839.586
	Disposals during the year	-91.825	-903.084
	Cost 31 December	**8.813.945**	**7.983.869**
	Depreciation and writedown 1 January	-2.431.510	-1.820.913
	Depreciation for the year	-1.574.272	-610.597
	Reversed depreciation on disposed assets	22.824	0
	Depreciation and impairment 31 December	**-3.982.958**	**-2.431.510**
	Carrying amount, 31 December	**4.830.987**	**5.552.359**
	Lease assets are recognised at a carrying amount of	2.901.891	4.084.048
8.	**Equity investments in group enterprises**		
	Cost 1 January	6.911.692	6.911.692
	Disposals during the year	-6.911.692	0
	Cost 31 December	**0**	**6.911.692**
	Revaluations, opening balance 1 January	-5.802.943	-1.491.775
	Reversal of prior revaluations	5.802.943	0
	Net profit or loss for the year before amortisation of goodwill	0	-4.227.162
	Other movements in capital	0	-84.006
	Revaluation 31 December	**0**	**-5.802.943**
	Offset against receiveables	0	169.955
	Set off against debtors and provisions for liabilities	**0**	**169.955**
	Carrying amount, 31 December	**0**	**1.278.704**

The invesments in group entreprises has been sold in a internal group transaction with the parent company on the 20/1 2021.

All amounts in DKK.

		31/12 2021	31/12 2020
9.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January	1.777.680	1.107.000
	Deferred tax relating to the net profit or loss for the year	665.752	670.680
		2.443.432	**1.777.680**

10. Long term liabilities other than provisions

	Total payables 31 Dec 2021	Current portion of long term payables	Long term payables 31 Dec 2021	Outstanding payables after 5 years
Lease liabilities	2.704.207	934.936	1.769.271	0
	2.704.207	**934.936**	**1.769.271**	**0**

All amounts in DKK.

11. Charges and security

In regards to debt to banks of DKK 15.493, (2020: 28.596), the company has posted floating charge of DKK. 5.000.000 (2020: 5.000.000), with an accounting value of DKK. 18.018.254 at 31 December 2021 (2020: 18.666.680).

12. Contingencies

Contingent liabilities

The company has entered into lease contracts with 6 months binding periods totaling a commitment of 300.000 DKK.

In the ordinary course of business, the company is involved in certain claims and disputes. In the opinion of management, settlement or continuation of pending claims and other disputes will have no material impact on the company's financial position.

Joint taxation

With Combineering Holding A/S as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

13. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Combineering Holding A/S, Bistrupvej 176, Birkerød.

Accounting policies

The annual report for Combineering A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Cost of sales comprises costs concerning purchase of materials for redistribution and consumables less discounts and changes in inventories.

Own work capitalised includes staff costs and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Intangible assets include development of waste-handling solutions. Development projects that are clearly defined and identifiable, where the technical feasibility of completion, availability of adequate resources to complete, existence of potential future market can be demonstrated, and where Management has the intent 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. The costs of development projects comprise all directly attributable costs including wages, salaries, costs to external consultants, rent, materials and services and other costs. Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis over the expected useful lives of the assets to their estimated residual value if any.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Equity investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Combineering A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

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