Piaster Revisorerne
vi giver bedre råd

# Combineering A/S

**Bistrupvej 176, 3460 Birkerød**

**Company reg. no. 29 60 99 69**

## Annual report

## 1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 17 August 2021.

Mads Prag Roesen
Chairman of the meeting

# Contents





Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

# Management's report

Today, the board of directors and the managing director have presented the annual report of Combineering A/S for the financial year 1 January - 31 December 2020.

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 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

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 by the general meeting.

Birkerød, 17 August 2021

**Managing Director**

Carsten Park Andreasen

**Board of directors**

Lars Vedel Jørgensen

Mads Prag Roesen

Carsten Park Andreasen

# Independent auditor's report

**To the shareholders of Combineering A/S**

## Auditor's report on the financial statements

### Opinion

We have audited the financial statements of Combineering A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), 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.

### Emphasis of matter

Without changing our conclusion we must draw attention to uncertainties regarding receivables from sales in group enterprises, which has been written down with 3,5 mio.DKK and is accounted for at 4,7 mio.DKK in the subsidiary. Please see note 1.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

## Independent auditor's report

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.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

**Violation of the Danish Companies Act's rules on loan to shareholders**

The company has in violation of the Danish Companies Act's §210 provided a loan to a shareholder, whereby the management can be liable in this respect.

Alleroed, 17 August 2021

**Piaster Revisorerne**
Statsautoriseret Revisionsaktieselskab
Company reg. no. 25 16 00 37

Niels Kristian Tordrup Mørk
State Authorised Public Accountant
mne35462

## Company information

| | | |
|---|---|---|
| **The company** | Combineering A/S<br>Bistrupvej 176<br>3460 Birkerød | |
| | Company reg. no. | 29 60 99 69 |
| | Established: | 31 May 2006 |
| | Domicile: | Rudersdal |
| | Financial year: | 1 January - 31 December |
| **Board of directors** | Lars Vedel Jørgensen<br>Mads Prag Roesen<br>Carsten Park Andreasen | |
| **Managing Director** | Carsten Park Andreasen | |
| **Auditors** | Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab<br>Engholm Parkvej 8<br>3450 Allerød | |
| **Subsidiaries** | Combineering (UK) Limited, London, GBP<br>Combineering Material ApS, Rudersdal | |

# Management commentary

### 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

There are uncertainties concerning receivables from sales, that on the 31 December 2020 after reservation is accounted for with 4,7 MDKK. We could expect some loss on the receivable and therefore we have made a reservation in 2020. The estimate of the potential loss is based on limited information due to fact that they are awaiting information about debtor’s ability to pay and the fact that the ultimate owners has issued a personal guarantee for payment, this is currently being pursued in a court case, which management expect to win.

The management will with all possible effort collect full amount from the debtors.

## Income statement 1 January - 31 December

All amounts in DKK.

| Note | | 2020 | 2019 |
|---|---|---|---|
| | **Gross profit** | **25.588.393** | **22.713.905** |
| 3 | Staff costs | -18.714.058 | -14.807.948 |
| 4 | Depreciation, amortisation, and impairment | -1.538.021 | -1.005.648 |
| | Other operating costs | 0 | -1.083.494 |
| | **Operating profit** | **5.336.314** | **5.816.815** |
| | Income from equity investments in group enterprises | -537.674 | 212.204 |
| | Other financial income from group enterprises | 0 | 250.000 |
| | Other financial income | 318.337 | 15.513 |
| 5 | Other financial costs | -743.315 | -597.930 |
| | **Pre-tax net profit or loss** | **4.373.662** | **5.696.602** |
| 6 | Tax on net profit or loss for the year | -958.638 | -1.225.998 |
| | **Profit or loss from ordinary activities after tax** | **3.415.024** | **4.470.604** |
| | **Net profit or loss for the year** | **3.415.024** | **4.470.604** |
| | **Proposed appropriation of net profit:** | | |
| | Transferred to retained earnings | 3.415.024 | 4.470.604 |
| | **Total allocations and transfers** | **3.415.024** | **4.470.604** |

## Statement of financial position at 31 December

All amounts in DKK.

**Assets**

| Note | | 2020 | 2019 |
|---|---|---|---|
| | **Non-current assets** | | |
| 7 | Completed development projects, including patents and similar rights arising from development projects | 1.245.162 | 0 |
| 8 | Development projects in progress and prepayments for intangible assets | 6.377.833 | 4.420.772 |
| | Total intangible assets | 7.622.995 | 4.420.772 |
| 9 | Other fixtures and fittings, tools and equipment | 5.552.359 | 6.381.709 |
| | Total property, plant, and equipment | 5.552.359 | 6.381.709 |
| 10 | Equity investments in group enterprises | 1.278.704 | 1.730.534 |
| | Total investments | 1.278.704 | 1.730.534 |
| | **Total non-current assets** | **14.454.058** | **12.533.015** |
| | **Current assets** | | |
| | Manufactured goods and goods for resale | 111.471 | 1.564.318 |
| | Total inventories | 111.471 | 1.564.318 |
| | Trade receivables | 13.114.321 | 8.898.924 |
| | Receivables from group enterprises | 9.976.713 | 10.175.195 |
| | Other receivables | 397.787 | 636.793 |
| | Prepayments and accrued income | 96.935 | 0 |
| | Total receivables | 23.585.756 | 19.710.912 |
| | Cash on hand and demand deposits | 2.180.883 | 1.871.429 |
| | **Total current assets** | **25.878.110** | **23.146.659** |
| | **Total assets** | **40.332.168** | **35.679.674** |

## Statement of financial position at 31 December

All amounts in DKK.

| Note | Equity and liabilities | 2020 | 2019 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 500.000 | 500.000 |
| | Reserve for development costs | 5.945.936 | 3.448.202 |
| | Other reserves | -84.110 | 0 |
| | Retained earnings | 10.131.377 | 9.214.087 |
| | **Total equity** | **16.493.203** | **13.162.289** |
| | **Provisions** | | |
| 11 | Provisions for deferred tax | 1.777.680 | 1.107.000 |
| | **Total provisions** | **1.777.680** | **1.107.000** |
| | **Liabilities other than provisions** | | |
| 12 | Lease liabilities | 2.634.684 | 2.891.668 |
| | Total long term liabilities other than provisions | 2.634.684 | 2.891.668 |
| | Current portion of long term payables | 1.170.400 | 1.197.294 |
| | Bank loans | 28.596 | 0 |
| | Prepayments received from customers | 1.243.528 | 0 |
| | Trade payables | 7.557.483 | 5.535.813 |
| | Payables to group enterprises | 2.270.965 | 0 |
| | Income tax payable | 0 | 85.998 |
| | Income tax payable to group enterprises | 287.958 | 0 |
| | Other payables | 6.867.671 | 11.699.612 |
| | Total short term liabilities other than provisions | 19.426.601 | 18.518.717 |
| | **Total liabilities other than provisions** | **22.061.285** | **21.410.385** |
| | **Total equity and liabilities** | **40.332.168** | **35.679.674** |

**1 Uncertainties concerning recognition and measurement**

**2 Special items**

**13 Charges and security**

**14 Contingencies**

**15 Related parties**

## Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Reserve for development costs | Other reserves | Retained earnings | Proposed dividend for the financial year | Total |
|---|---|---|---|---|---|---|
| Equity 1 January 2019 | 500.000 | 0 | 0 | 8.110.817 | 5.450.719 | 14.061.536 |
| Distributed dividend | 0 | 0 | 0 | 0 | -5.450.719 | -5.450.719 |
| Retained earnings | 0 | 0 | 0 | 4.470.604 | 0 | 4.470.604 |
| Transferred from retained earnings | 0 | 3.448.202 | 0 | 0 | 0 | 3.448.202 |
| Equity transfers to reserves | 0 | 0 | 0 | -3.448.202 | 0 | -3.448.202 |
| Value adjustments of equity | 0 | 0 | 0 | 80.868 | 0 | 80.868 |
| Equity 1 January 2020 | 500.000 | 3.448.202 | 0 | 9.214.087 | 0 | 13.162.289 |
| Retained earnings | 0 | 0 | 0 | 3.415.024 | 0 | 3.415.024 |
| Transferred from retained earnings | 0 | 2.497.734 | 0 | 0 | 0 | 2.497.734 |
| Foreign currency translation adjustments | 0 | 0 | -84.110 | 0 | 0 | -84.110 |
| Equity transfers to reserves | 0 | 0 | 0 | -2.497.734 | 0 | -2.497.734 |
| | **500.000** | **5.945.936** | **-84.110** | **10.131.377** | **0** | **16.493.203** |

## Notes

All amounts in DKK.

| | 2020 | 2019 |
|---|---|---|

**1. Uncertainties concerning recognition and measurement**

There are uncertainties concerning receivables from sales, that on the 31 December 2020 after reservation is accounted for with 4,7 MDKK. We could expect some loss on the receivable and therefore we have made a reservation in 2020. The estimate of the potential loss is based on limited information due to fact that they are awaiting information about debtor's ability to pay and the fact that the ultimate owners has issue a personal guarantee for payment, this is currently being pursued in a court case, which management expect to win.

The management will with all possible effort collect full amount from the debtors.

**2. Special items**

A significant loss on debtors in a subsidiary company has resulted in a larger revaluation of the subsidiary according to the equity method. The effect of 3,5 mio.DKK has been expensed in the item Income from equity investments in group enterprises.

**3. Staff costs**

| | 2020 | 2019 |
|---|---|---|
| Salaries and wages | 18.263.115 | 14.335.738 |
| Pension costs | 124.295 | 165.534 |
| Other costs for social security | 326.648 | 306.676 |
| | **18.714.058** | **14.807.948** |
| Average number of employees | 34 | 29 |

In the financial year 2020 3.238.185 DKK has been transfered to development costs. Last year 4.348.477 DKK was transfered to development costs.

**4. Depreciation, amortisation, and impairment**

| | 2020 | 2019 |
|---|---|---|
| Amortisation of development projects | 35.962 | 0 |
| Depreciation of other fixtures and fittings, tools and equipment | 1.502.059 | 1.005.648 |
| | **1.538.021** | **1.005.648** |

**5. Other financial costs**

| | 2020 | 2019 |
|---|---|---|
| Financial costs, group enterprises | 0 | 408.349 |
| Other financial costs | 743.315 | 189.581 |
| | **743.315** | **597.930** |

## Notes

All amounts in DKK.

| | | 2020 | 2019 |
|---|---|---|---|
| **6.** | **Tax on net profit or loss for the year** | | |
| | Tax on net profit or loss for the year | 287.958 | 1.225.998 |
| | Adjustment of deferred tax for the year | 670.680 | 0 |
| | | **958.638** | **1.225.998** |

| | | 2020 | 2019 |
|---|---|---|---|
| **7.** | **Completed development projects, including patents and similar rights arising from development projects** | | |
| | Transfers | 1.281.124 | 0 |
| | **Cost 31 December** | **1.281.124** | **0** |
| | Amortisation and depreciation for the year | -35.962 | 0 |
| | **Amortisation and writedown 31 December** | **-35.962** | **0** |
| | **Carrying amount, 31 December** | **1.245.162** | **0** |

| | | 2020 | 2019 |
|---|---|---|---|
| **8.** | **Development projects in progress and prepayments for intangible assets** | | |
| | Cost 1 January | 4.420.772 | 0 |
| | Additions during the year | 3.238.185 | 4.420.772 |
| | Transfers | -1.281.124 | 0 |
| | **Cost 31 December** | **6.377.833** | **4.420.772** |
| | **Carrying amount, 31 December** | **6.377.833** | **4.420.772** |

## Notes

All amounts in DKK.

| | | 31/12 2020 | 31/12 2019 |
|---|---|---|---|
| **9.** | **Other fixtures and fittings, tools and equipment** | | |
| | Cost 1 January | 8.047.367 | 3.882.387 |
| | Additions during the year | 839.586 | 5.272.408 |
| | Disposals during the year | -903.084 | -1.107.427 |
| | **Cost 31 December** | **7.983.869** | **8.047.368** |
| | Depreciation and writedown 1 January | -1.820.913 | -1.011.468 |
| | Amortisation and depreciation for the year | -610.597 | -1.005.648 |
| | Reversal of depreciation, amortisation and impairment loss, assets disposed of | 0 | 351.457 |
| | **Depreciation and writedown 31 December** | **-2.431.510** | **-1.665.659** |
| | **Carrying amount, 31 December** | **5.552.359** | **6.381.709** |
| **10.** | **Equity investments in group enterprises** | | |
| | Cost 1 January | 6.911.692 | 3.222.309 |
| | **Cost 31 December** | **6.911.692** | **3.222.309** |
| | Revaluations, opening balance 1 January | -1.491.775 | -716.830 |
| | Net profit or loss for the year before amortisation of goodwill | -4.227.162 | 212.204 |
| | Dividend | 0 | -1.068.016 |
| | Other movements in capital 1 | -84.006 | 80.867 |
| | **Revaluation 31 December** | **-5.802.943** | **-1.491.775** |
| | Offset against receiveables | 169.955 | 0 |
| | **Set off against debtors and provisions for liabilities** | **169.955** | **0** |
| | **Carrying amount, 31 December** | **1.278.704** | **1.730.534** |

**Financial highlights for the enterprises according to the latest approved annual reports**

| | **Equity interest** | **Equity** | **Results for the year** |
|---|---|---|---|
| Combineering (UK) Limited, London, GBP | 100 % | 155.224 | -4.110 |
| Combineering Material ApS, Rudersdal | 100 % | -169.955 | -506.229 |
| | | **-14.731** | **-510.339** |

## Notes

All amounts in DKK.

| | | 31/12 2020 | 31/12 2019 |
|---|---|---|---|
| **11.** | **Provisions for deferred tax** | | |
| | Provisions for deferred tax 1 January | 1.107.000 | -33.000 |
| | Deferred tax relating to the net profit or loss for the year | 670.680 | 1.140.000 |
| | | **1.777.680** | **1.107.000** |
| **12.** | **Lease liabilities** | | |
| | Total lease liabilities | 3.805.084 | 4.088.962 |
| | Share of amount due within 1 year | -1.170.400 | -1.197.294 |
| | | **2.634.684** | **2.891.668** |

## Notes

All amounts in DKK.

**13. Charges and security**

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

For bank loans, tDKK 28, the company has provided security in company assets representing a nominal value of tDKK 5.000. This security has an accounting value of tDKK 18.666 at 31 December 2020.

Fixtures, fittings, tools, and equipment representing a carrying amount of DKK 5.552 at 31 December 2020, cf. note , have been financed by means of finance leases. At 31 December 2020, this lease liability totals DKK 5.259.

**14. Contingencies**

**Joint taxation**

With Vedel & Roesen Holding ApS 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.

**15. Related parties**

**Consolidated financial statements**

Combineering Holding ApS
Domicile: Rudersdal

## 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.

## Accounting policies

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 of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

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.

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

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.

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

### 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.

### Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

## Accounting policies

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

Development project are amortized on a straight-line basis over the expected useful economic lives of the assets. Amortizations start when project are completed. The amortization period spans from 1-10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

**Goodwill**
Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

## Accounting policies

**Property, plant, and equipment**

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other 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 |
|---|---|---|
| Buildings | 30 years | 20 % |
| Plant and machinery | 5-10 years | 0-20 % |
| 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.

## Accounting policies

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.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

**Leases**
The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of 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 group enterprises 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.

## Accounting policies

### Investments

**Equity in group enterprises**

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

Equity in group enterprises 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.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

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 in group enterprises with a negative equity value 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 are 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 group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

### 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.

## Accounting policies

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

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

**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.

## Accounting policies

### 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.

### 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.

## Accounting policies

**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.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

**Lars Vedel Jørgensen**
**Bestyrelsesformand**
*Serienummer: PID:9208-2002-2-423418844553*
*IP: 217.195.xxx.xxx*
*2021-08-17 06:58:37Z*
NEM ID

**Mads Prag Roesen**
**Bestyrelsesmedlem**
*Serienummer: PID:9208-2002-2-153896245312*
*IP: 217.195.xxx.xxx*
*2021-08-17 07:00:23Z*
NEM ID

**Mads Prag Roesen**
**Dirigent**
*Serienummer: PID:9208-2002-2-153896245312*
*IP: 217.195.xxx.xxx*
*2021-08-17 07:00:23Z*
NEM ID

**Carsten Park Andreasen**
**Direktør**
*Serienummer: PID:9208-2002-2-771140721837*
*IP: 79.142.xxx.xxx*
*2021-08-17 19:44:13Z*
NEM ID

**Carsten Park Andreasen**
**Bestyrelsesmedlem**
*Serienummer: PID:9208-2002-2-771140721837*
*IP: 79.142.xxx.xxx*
*2021-08-17 19:44:13Z*
NEM ID

**Niels Kristian Tordrup Mørk**
**Revisor**
*Serienummer: CVR:25160037-RID:25603908*
*IP: 62.242.xxx.xxx*
*2021-08-18 05:47:28Z*
NEM ID