Combineering A/S

Bistrupvej 176, 3460 Birkerød

Company reg. no. 29 60 99 69

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 June 2024.

John Terrence Sullivan
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 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 2023.

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 2023 and of the company's results of activities in the financial year 1 January – 31 December 2023.

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, 28 June 2024

Executive board

Torben Kristiansen Hjulmand   John Terrence Sullivan

Board of directors

Guy Richard Wakely
Chairman

Lars Vedel Jørgensen

Jeanette Fangel Løgstrup

Claus Karup Rasmussen

John Terrence Sullivan

Independent auditor's report

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 2023 and of the results of the Company's operations for the financial year 1 January to 31 December 2023 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 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance 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, 28 June 2024

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

Tue Stensgård Sørensen State Authorised Public Accountant mne32200	Alexander Oliver Duschek State Authorised Public Accountant 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	Guy Richard Wakely, Chairman Lars Vedel Jørgensen Jeanette Fangel Løgstrup Claus Karup Rasmussen John Terrence Sullivan	
Executive board	Torben Kristiansen Hjulmand John Terrence Sullivan	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup	
Parent company	Combineering Holding A/S	

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Gross profit	29.459	48.508	38.314	28.827	22.714
Profit from operating activities	1.792	24.726	13.771	5.336	5.817
Net financials	25	-389	-450	-963	-119
Net profit or loss for the year	1.318	19.546	10.766	3.415	4.471
Statement of financial position:					
Balance sheet total	77.005	80.486	54.320	40.332	35.680
Investments in property, plant and equipment	8.335	1.855	4.831	5.552	6.382
Equity	18.123	36.805	27.259	16.493	13.162
Employees:					
Average number of full-time employees	33	28	32	28	29
Key figures in %:					
Solvency ratio	23,5	45,7	50,2	40,9	36,9
Return on equity	4,8	61,0	49,2	23,0	32,8

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio $$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity $$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

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

In the recent financial period, our gross profit margins have experienced a notable decline, primarily attributable to the elevated costs within the transportation sector. This rise in transportation expenses can be traced back to several factors, including increased fuel prices and heightened demand for freight services. These dynamics have directly impacted our cost of goods sold (COGS), thereby compressing our gross profit margins.

Moreover, the period under review has also been marked by a significant transition in the form of new ownership. This transition has initiated a comprehensive consolidation process aimed at enhancing operational efficiency and streamlining our business operations. The consolidation efforts encompass various aspects, including the integration of supply chains, rationalization of product lines, and optimization of our workforce. These measures are not only expected to foster synergies but also to mitigate the impact of increased operational costs over time.

In response to these challenges, we are actively implementing strategic initiatives designed to offset the adverse effects of rising transportation costs. These include exploring alternative supply chain solutions, negotiating more favorable terms with logistics providers, enhancing our inventory management practices, and investing in technology to improve route efficiency and reduce dependency on traditional transportation methods.

Management considers the result for the year as satisfactory.

Financial risks and the use of financial instruments

The Group manages financial risks centralized at group level. The Company is exposed to foreign exchange risk, liquidity risk and credit risk that can have an impact on the financial performance of the Group. Significant risks are continuously assessed by Management and the Board of Directors.

Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign customers are invoiced in mainly EUR. As the Danish Kroner is pegged to the Euro, this currency risk is considered immaterial. Only approximately 0,4% (1%, 2022) of revenue and 11% (4,1%, 2022) of costs are incurred in currencies other than DKK or EUR.

Interest rate risks

The Company is not particularly exposed to changes in interest rates as net interest bearing assets and liabilities is very limited.

Liquidity risks
The Group has a liquidity buffer comprising cash of DKKK 6,4 million (DKK 26,1 million 31 December 2022) and a DKK 10 million credit line (DKK 10 million 31 December 2022) to support the current operations of the Group.

Credit risks
Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables. The Group's primary credit exposure is related to trade receivables and cash positions. The credit risk of the Group is assessed to be low. Credit risk related to trade receivables is managed by credit insurance and/or prepayment from customers. Based on forecasts as well as historical data, the Group expects no loss on trade receivables. The Group has no major exposure relating to one single customer or business partner. In relation to the credit risk related to financial institutions, the Group monitors financial institutions and places funds in financial institutions with satisfactory credit ratings.

Environmental issues
The Group's core DNA is to develop new and improve existing methods for recycling and utilization of industrial waste and by-products which leads the customers to achieve a greener solution. Environment is thereby core business in the group and the group are investing many resources in developing environmental solutions.

Know how resources
The knowledge resources are based on the Company platform, processes and logistics, our employees' expertise and our long-term relationships with key customers, we support the growth strategy for the group to continue our leading role within circular economy in EU and rest of the world.

Research and development activities
The Company perform research and development regarding waste handling solutions to benefit our customers. The development projects are expected to generate increase in turnover and profits for the coming years.

Expected developments
The company's expected development is to continue the growth and profitability with an expected EBITDA of 30-35 mio. DKK in 2024.

Events occurring after the end of the financial year
No significant events have occurred after the end of the financial year.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**29.459.292**	**48.507.524**
2	Staff costs	-25.947.900	-21.637.346
3	Depreciation, amortisation, and impairment	-1.465.225	-2.144.524
	Other operating costs	-254.409	0
	Operating profit	**1.791.758**	**24.725.654**
	Other financial income	626.271	307.891
4	Other financial costs	-601.018	-696.850
	Pre-tax net profit or loss	**1.817.011**	**24.336.695**
5	Tax on net profit or loss for the year	-498.827	-4.791.086
6	**Net profit or loss for the year**	**1.318.184**	**19.545.609**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
7	Completed development projects, including patents and similar rights arising from development projects	3.601.487	1.369.910
8	Development projects under construction and prepayments for intangible assets	13.593.572	13.141.539
	Total intangible assets	17.195.059	14.511.449
9	Other fixtures and fittings, tools and equipment	8.308.728	1.855.041
	Total property, plant, and equipment	8.308.728	1.855.041
10	Deposits	317.446	0
	Total investments	317.446	0
	Total non-current assets	**25.821.233**	**16.366.490**
	Current assets		
	Manufactured goods and goods for resale	2.697.910	0
	Total inventories	2.697.910	0
	Trade receivables	35.235.132	32.957.850
	Receivables from group enterprises	6.398.807	4.925.069
11	Prepayments	457.129	122.027
	Total receivables	42.091.068	38.004.946
	Cash on hand and demand deposits	6.394.966	26.114.643
	Total current assets	**51.183.944**	**64.119.589**
	Total assets	**77.005.177**	**80.486.079**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
12	Contributed capital	500.000	500.000
	Reserve for development costs	13.412.146	11.318.930
	Retained earnings	4.211.067	24.986.099
	Total equity	**18.123.213**	**36.805.029**
	Provisions		
13	Provisions for deferred tax	3.668.936	3.170.109
	Total provisions	**3.668.936**	**3.170.109**
	Liabilities other than provisions		
	Current portion of long term liabilities	0	119.006
	Bank loans	90.897	154.598
	Prepayments received from customers	3.623.004	2.268.839
	Trade payables	43.858.950	29.258.448
	Payables to group enterprises	1.962.378	0
	Income tax payable to group enterprises	0	4.064.409
	Other payables	5.677.799	4.645.641
	Total short term liabilities other than provisions	55.213.028	40.510.941
	Total liabilities other than provisions	**55.213.028**	**40.510.941**
	Total equity and liabilities	**77.005.177**	**80.486.079**

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Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	500.000	8.250.710	8.508.710	10.000.000	27.259.420
Distributed dividend	0	0	0	-10.000.000	-10.000.000
Retained earnings for the year	0	0	19.545.609	0	19.545.609
Transferred from retained earnings	0	3.068.220	-3.068.220	0	0
Equity 1 January 2023	500.000	11.318.930	24.986.099	0	36.805.029
Retained earnings for the year	0	0	-18.681.816	0	-18.681.816
Extraordinary dividend adopted during the financial year	0	0	20.000.000	0	20.000.000
Distributed extraordinary dividend adopted during the financial year	0	0	-20.000.000	0	-20.000.000
Transferred from retained earnings	0	2.093.216	-2.093.216	0	0
	500.000	**13.412.146**	**4.211.067**	**0**	**18.123.213**

Notes

All amounts in DKK.

1. Special items

Loss on sale of property, plant and equipment in the amount of 254 t.DKK has been presented in the item Other operating costs.

		2023	2022
2.	**Staff costs**		
	Salaries and wages	24.210.634	20.177.778
	Pension costs	1.332.312	1.102.580
	Other costs for social security	404.954	356.988
		25.947.900	**21.637.346**
	Executive board	2.545.548	1.900.000
	Board of directors	330.000	330.000
	Executive board and board of directors	**2.875.548**	**2.230.000**
	Average number of employees	33	28
3.	**Depreciation, amortisation, and impairment**		
	Amortisation of development projects	706.808	727.674
	Depreciation of other fixtures and fittings, tools and equipment	758.417	1.416.850
		1.465.225	**2.144.524**
4.	**Other financial costs**		
	Other financial costs	601.018	696.850
		601.018	**696.850**
5.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	0	4.064.409
	Adjustment of deferred tax for the year	498.827	726.677
		498.827	**4.791.086**

All amounts in DKK.

		2023	2022
6.	**Proposed distribution of net profit**		
	Extraordinary dividend distributed during the financial year	20.000.000	0
	Transferred to retained earnings	0	16.477.389
	Transferred to other statutory reserves	0	3.068.220
	Allocated from retained earnings	-18.681.816	0
	Total allocations and transfers	**1.318.184**	**19.545.609**

		31/12 2023	31/12 2022
7.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January	2.545.201	2.545.201
	Transfers	2.938.388	0
	Cost 31 December	**5.483.589**	**2.545.201**
	Amortisation and writedown 1 January	-1.175.296	-447.617
	Amortisation and depreciation for the year	-706.806	-727.674
	Amortisation and writedown 31 December	**-1.882.102**	**-1.175.291**
	Carrying amount, 31 December	**3.601.487**	**1.369.910**

Completed development projects:

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

All amounts in DKK.

		31/12 2023	31/12 2022
8.	**Development projects under construction and prepayments for intangible assets**		
	Cost 1 January	13.141.539	8.480.250
	Additions during the year	3.390.417	4.661.289
	Transfers	-2.938.384	0
	Cost 31 December	**13.593.572**	**13.141.539**
	Carrying amount, 31 December	**13.593.572**	**13.141.539**

Management has determined these key assumptions when testing development project in progress: Cashflows are based on signed contracts and gross profit based on experience from other projects. Remaining development costs are taken into account.

Development projects in progress:

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

		31/12 2023	31/12 2022
9.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January	2.433.631	8.813.945
	Additions during the year	8.335.029	1.267.178
	Disposals during the year	-1.818.400	-7.647.492
	Cost 31 December	**8.950.260**	**2.433.631**
	Depreciation and writedown 1 January	-578.590	-3.982.958
	Amortisation and depreciation for the year	-758.403	-1.416.352
	Depreciation, amortisation and impairment loss for the year, assets disposed of	695.461	4.820.720
	Depreciation and writedown 31 December	**-641.532**	**-578.590**
	Carrying amount, 31 December	**8.308.728**	**1.855.041**
	Lease assets are recognised at a carrying amount of	0	55.833

All amounts in DKK.

		31/12 2023	31/12 2022
10.	**Deposits**		
	Additions during the year	317.446	0
	Cost 31 December	**317.446**	**0**
	Carrying amount, 31 December	**317.446**	**0**
11.	**Prepayments**		
	Prepaid insurance	204.805	122.027
	Prepayments	252.324	0
		457.129	**122.027**

12. Contributed capital

Share capital is comprised of 500 shares at a value of 1.000 DKK. No shares have speciel rights.

The company's share capital has remained unchanged over the past 5 financial years.

		31/12 2023	31/12 2022
13.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January	3.170.109	2.443.432
	Deferred tax relating to the net profit or loss for the year	498.827	726.677
		3.668.936	**3.170.109**

14. Charges and security

In regards to debt to banks of DKK 90.897, (2022: 154.598), the company has posted floating charge of DKK 5.000.000 (2022: 5.000.000), with an accounting value of DKK 46.241.770 at 31 December 2023 (2022: 34.812.891).

The company has posted an unlimited guarantee for all bank debts in the group companies: Combineering Materials ApS and Combineering Materials GmbH, with an accounting value of DKK 0 at 31 December 2023.

All amounts in DKK.

15. Contingencies

Contingent liabilities

The company has entered into lease contracts with 6 months binding periods totaling a commitment of 364.700 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 Reconomy Danmark 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.

The company has for part of the income year been included in joint taxation with Combineering Holding A/S.

16. Related parties

Controlling interest

Combineering Holding A/S, Birkerød	Majority shareholder

Transactions

All transactions with group enterprises are on market terms.

Consolidated financial statements

The company is included in the consolidated financial statements of Reconomy Danmark ApS, Bistrupvej 176, Birkerød.

The company is included in the consolidated financial statements of OS Pheonix Bidco Limited, Stafford Park 1, Shropshire TF3 3BD, United Kingdom.

The annual report for Combineering A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

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

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Reconomy Danmark ApS.

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 of finished goods, and work in progress, own work 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. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

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, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

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.

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.

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.

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 comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is between 3-10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

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 of the asset being leased 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 subsidiaries 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

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

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, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the estimated selling 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.

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 ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Claus Karup Rasmussen
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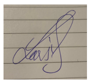

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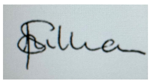

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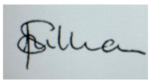

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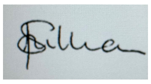

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