

# Biogasclean A/S

Ørbækvej 268, 1., 5220 Odense SØ

CVR no. 31 85 68 09

## Annual report 2023

Approved at the Company's annual general meeting on 31 May 2024

Chair of the meeting:

*Niels Christian Holst Jensen*  
Niels Christian Holst Jensen, 2024-05-31 08:20 GMT+2.....  
Niels Christian Holst Jensen

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes to the financial statements	13

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Biogasclean A/S for the financial year 1 January - 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Odense, 31 May 2024

Executive Board:

Niels Christian Holst Jensen  
Niels Christian Holst Jensen (Jun 7, 2024 08:20 GMT+2)  
Niels Christian Holst Jensen

Peter Thygesen  
Peter Thygesen (Jun 7, 2024 13:57 GMT+7)  
Peter Thygesen

Thorkil Dahlgreen  
Thorkil Dahlgreen (Jun 7, 2024 08:31 GMT+2)  
Thorkil Dahlgreen

Board of Directors:

Laurence Edward Molke  
Laurence Edward Molke  
Chairman

Niels Christian Holst Jensen  
Niels Christian Holst Jensen (Jun 7, 2024 08:20 GMT+2)  
Niels Christian Holst Jensen

Jorge Francisco Berengué Piqué  
Jorge Francisco Berengué Piqué (Jun 7, 2024 09:42 GMT+2)  
Jorge Francisco Berengué  
Piqué

## Independent auditor's report

To the shareholders of Biogasclean A/S

### Opinion

We have audited the financial statements of Biogasclean A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

### 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 as to 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 the 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.

## Independent auditor's report

- ▶ 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Odense, 31 May 2024  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Brian Skovhus Jakobsen  
State Authorised Public Accountant  
mne27701

## Management's review

### Company details

Name	Biogasclean A/S
Address, Postal code, City	Ørbækvej 268, 1., 5220 Odense SØ
CVR no.	31 85 68 09
Established	22 December 2008
Registered office	Odense
Financial year	1 January - 31 December
Website	<a href="http://www.biogasclean.com">www.biogasclean.com</a>
Telephone	+45 66 17 21 77
Board of Directors	Laurence Edward Molke, Chairman Niels Christian Holst Jensen Jorge Francisco Berengué Piqué
Executive Board	Niels Christian Holst Jensen Peter Thygesen Thorkil Dahlgreen
Auditors	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3, 5230 Odense M, Denmark

## Management's review

### Business review

The Company is engaged in the manufacturing and selling of gas cleaners and related activities.

### Recognition and measurement uncertainties

Biogasclean has had a complaint case totaling DKK 2,863 thousand with a Chinese sub supplier of tanks. DKK 1,755 thousand of the amount is settled. The remaining amount of DKK 1,108 thousand will be settled in connection with delivery of new tanks. Due to the so far very restrictive COVID19 regulations in China, Biogasclean A/S has not placed new orders with this supplier for the last couple of years. The situation has now returned to normal, but there is still no exact orders from customers for these tanks.

DKK 831 thousand are recognized as long-term receivables and DKK 277 thousand are recognized as short-term receivables.

Biogasclean has had a complaint case totaling DKK 1,435 thousand with an Thai sub supplier of tanks. DKK 784 thousand of the amount is settled by the sub supplier. The remaining amount of DKK 651 thousand will be settled in connection with delivery of new tanks. The Group continuously places orders with the given Supplier and the receivable is decreasing.

DKK 423 thousand are recognized as long-term receivables and DKK 228 thousand are recognized as short-term receivables.

In total, DKK 1,254 thousand are recognized as long-term receivables and DKK 505 thousand are recognized as short-term receivables.

## Management's review

### Financial review

The result for the year amounts to a loss of DKK 3,280 thousand after tax, which is significantly worse than budgeted. In 2023, Biogasclean has had significantly less turnover and order intake compared to budget for 2023 and last year, which together with our strengthened organization, which is geared for growth, has given the poor result.

During the financial year, both our products and our organisation have been further professionalised, structured and strengthened. Thus, in the autumn, our quality management system became ISO 9001 certified. This means that we are now well prepared for the future with products that fit the green transition.

On 27/2-2024, ownership of Biogasclean A/S passed to the English company, CycleØ, which is financed by the American private equity fund Ara Partners. CycleØ's primary business is to Build Own Operate of smaller biogas plants, where the biomethane is delivered compressed (CBG) or liquid (LBG). CycleØ also owns the Spanish company FNX, which produces the key components for CycleØ's biogas plant. CycleØ has many projects in progress and under development, and Biogasclean expects that CycleØ will account for a growing share of Biogasclean's revenue in the future.

With CycleØ, Biogasclean has gained an owner who financially has the strength to support a long-term development of the company and who wants us to further strengthen our foundation for future growth.

Biogasclean has developed a patented technology for cleaning biogas from ethanol plants with high sulphur content and low calorific value, which is marketed under the name MBR (Moving Bed Reactor). Biogasclean already has 5 large MBR plants in operation at Thai ethanol plants.

Over the past few years, the company has successfully tested and adapted MBR technology to Brazil and has established a Brazilian subsidiary in 2023. Biogasclean is now working to market MBR in Brazil, which is the world's largest potential market for this technology.

In 2019, Biogasclean entered into a collaboration with Nature Energy, SDU (University of Southern Denmark) and DTU (Technical University of Denmark) on the development of a biological process (methanization) that, in popular terms, converts CO<sub>2</sub> from a harmful greenhouse gas into green fuel (methane). The development project was supported by EUDP and has been very successful.

In the summer of 2022, Biogasclean received an order for the first full-scale plant, which in 2023 has been delivered and put into operation at Nature Energy's biogas plant at Glansager in Sønderborg. The technology is marketed as Bio E-Fuel, and has already attracted considerable attention and interest, not only from biogas plants, but also for methanization of CO<sub>2</sub> from, among other things, waste incineration plants and wastewater treatment plants.

The automatic control of Biogasclean's plant takes place from an engine room known as the PTU. The PTU includes technical equipment and control system, which is built into a custom-built fiberglass container. All PTUs - regardless of whether the plant is to be installed in Southeast Asia, Europe or North or South America - are produced by Biogasclean (Thailand) Limited at the company's factory near Bangkok. The Thai subsidiary is also responsible for the sale of plants to Thai customers.

The need and pressure to switch energy supply from fossil fuels to renewable energy has never been greater. Biogasclean expects a positive development in revenue and profit both within the company's traditional biogas desulphurization business area and within the new business area, biological methanization of CO<sub>2</sub> to e-methane.

In addition to Brazil, Biogasclean has also established sales subsidiaries in the USA and Canada in 2023.

## Management's review

### Events after the balance sheet date

After the balance sheet date, the shareholders of the company agreed on a sale of the shares of Biogasclean A/S to CycleØ Group Limited. Following the sale of the shares, the loan from Vækstfonden was redeemed and replaced with a capital increase.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2023	2022
	<b>Gross profit</b>	15,437,588	17,902,665
3	Staff costs	-15,627,038	-10,598,287
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,861,103	-1,799,825
	<b>Profit/loss before net financials</b>	-3,050,553	5,504,553
	Income from investments in group entities	4,538	68,500
	Financial income	779,424	1,886,631
	Financial expenses	-2,062,446	-1,815,865
	<b>Profit/loss before tax</b>	-4,329,037	5,643,819
4	Tax for the year	1,048,911	-909,653
	Other taxes	0	-303,046
	<b>Profit/loss for the year</b>	-3,280,126	4,431,120
	<b>Recommended appropriation of profit/loss</b>		
	Net revaluation reserve according to the equity method	4,538	-2,800,796
	Other statutory reserves	2,450,140	2,663,883
	Retained earnings/accumulated loss	-5,734,804	4,568,033
		-3,280,126	4,431,120

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2023	2022
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
5	<b>Intangible assets</b>		
	Completed development projects	6,882,506	6,300,173
	Patents	740,418	770,499
	Development projects in progress and prepayments for intangible assets	7,373,080	4,784,127
		<u>14,996,004</u>	<u>11,854,799</u>
6	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	660,031	783,749
	Leasehold improvements	273,695	258,402
		<u>933,726</u>	<u>1,042,151</u>
7	<b>Investments</b>		
	Investments in group entities, net asset value	2,081,810	1,983,326
	Other receivables	1,254,270	1,404,570
	Deposits, investments	380,884	296,875
		<u>3,716,964</u>	<u>3,684,771</u>
	<b>Total fixed assets</b>	<u>19,646,694</u>	<u>16,581,721</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	1,313,441	772,687
		<u>1,313,441</u>	<u>772,687</u>
	<b>Receivables</b>		
	Trade receivables	5,573,914	8,224,641
	Work in progress for third parties	940,538	3,948,353
	Income taxes receivable	536,581	973,843
	Other receivables	1,010,600	3,125,304
	Deferred income	1,500,845	372,752
		<u>9,562,478</u>	<u>16,644,893</u>
	<b>Cash</b>	208,462	6,991,655
	<b>Total non-fixed assets</b>	<u>11,084,381</u>	<u>24,409,235</u>
	<b>TOTAL ASSETS</b>	<u><u>30,731,075</u></u>	<u><u>40,990,956</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2023	2022
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
8	Share capital	856,583	856,583
	Net revaluation reserve according to the equity method	271,579	317,899
	Reserve for development costs	11,696,883	9,246,743
	Retained earnings	-4,206,515	1,528,289
	<b>Total equity</b>	<u>8,618,530</u>	<u>11,949,514</u>
	<b>Provisions</b>		
9	Deferred tax	1,844,470	2,356,800
	Other provisions	1,961,260	534,881
	<b>Total provisions</b>	<u>3,805,730</u>	<u>2,891,681</u>
	<b>Liabilities other than provisions</b>		
10	<b>Non-current liabilities other than provisions</b>		
	Debt to Vækstfonden	2,698,503	3,694,357
	Other payables	236,056	249,072
	Deferred income	559,047	775,449
		<u>3,493,606</u>	<u>4,718,878</u>
	<b>Current liabilities other than provisions</b>		
10	Current portion of long-term liabilities	1,013,839	1,013,839
	Bank debt	5,158,157	0
	Prepayments on work in progress	2,184,423	4,191,172
	Trade payables	3,111,137	14,983,029
	Payables to group entities	850,876	452,779
	Other payables	2,278,375	573,658
	Deferred income	216,402	216,406
		<u>14,813,209</u>	<u>21,430,883</u>
	<b>Total liabilities other than provisions</b>	<u>18,306,815</u>	<u>26,149,761</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>30,731,075</u></u>	<u><u>40,990,956</u></u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 11 Contractual obligations and contingencies, etc.
- 12 Security and collateral
- 13 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	856,583	2,962,057	6,582,860	-3,039,744	7,361,756
Transfer through appropriation of profit	0	-2,800,796	2,663,883	4,568,033	4,431,120
Exchange adjustment	0	156,638	0	0	156,638
<b>Equity at 1 January 2023</b>	<b>856,583</b>	<b>317,899</b>	<b>9,246,743</b>	<b>1,528,289</b>	<b>11,949,514</b>
Transfer through appropriation of loss	0	4,538	2,450,140	-5,734,804	-3,280,126
Exchange adjustment	0	-50,858	0	0	-50,858
<b>Equity at 31 December 2023</b>	<b>856,583</b>	<b>271,579</b>	<b>11,696,883</b>	<b>-4,206,515</b>	<b>8,618,530</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Biogasclean A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary assets and liabilities denominated in foreign currency are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised foreign exchange gains and losses are recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from construction contracts, involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the sales value of work performed during the year (percentage of completion method). The method is used when total income and expenses relating to the contract and the stage of completion can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

##### Gross profit

The items revenue, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other external expenses

Other external expenses comprise expenses incurred in relation to the Company's principal activities during the year, including expenses relating to distribution, advertising, administration, premises, bad debts, etc.

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses as well as exchange rate adjustments.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years and does not exceed 5 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence term, however not exceeding 5 years.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Investments in group entities

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with negative net asset value are measured at DKK 0 (nil), and any receivables from such entities are written down by the Parent Company's share of the net asset value if the receivable is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the Parent Company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method to the extent the carrying amount exceeds the cost.

On initial recognition, equity investments in group entities are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Equity investments in group entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains and losses on disposal of group entities and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

#### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Work in progress for third parties

Construction contracts in progress are measured at the selling price of the work performed less progress billings. Construction contracts entail a significant degree of design customisation of produced goods. Moreover, before any work is commenced, a binding agreement must have been entered into, which will imply a penalty or damages on subsequent termination of the agreement.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the work. The stage of completion is determined based on costs incurred relative to the expected total costs for the individual work in progress.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

If total costs of the contract work are expected to exceed the total sales value, the expected loss is recognised as an onerous agreement under provisions and expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the selling price. Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprises cash funds.

##### Equity

###### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

###### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations. This is done by a transfer directly to the distributable reserves under equity.

##### Provisions

Provisions comprise anticipated costs related to warranties, loss on work in progress, restructuring, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

#### Corporation tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Other payables

Other payables are measured at net realisable value.

#### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Events after the balance sheet date

After the balance sheet date, the shareholders of the company agreed on a sale of the shares of Biogasclean A/S to CycleØ Group Limited. Following the sale of the shares, the loan from Vækstfonden was redeemed and replaced with a capital increase.

DKK	<u>2023</u>	<u>2022</u>
<b>3 Staff costs</b>		
Wages/salaries	13,961,128	9,198,363
Pensions	1,072,324	970,305
Other social security costs	150,934	127,596
Other staff costs	442,652	302,023
	<u>15,627,038</u>	<u>10,598,287</u>
Average number of full-time employees	<u>21</u>	<u>14</u>
<b>4 Tax for the year</b>		
Estimated tax charge for the year	-536,581	-973,843
Deferred tax adjustments in the year	-512,330	1,883,496
	<u>-1,048,911</u>	<u>909,653</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Intangible assets

DKK	Completed development projects	Patents	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2023	9,854,453	938,360	4,784,127	15,576,940
Additions in the year	2,845,350	172,177	2,588,953	5,606,480
Cost at 31 December 2023	12,699,803	1,110,537	7,373,080	21,183,420
Impairment losses and amortisation at 1 January 2023	3,554,280	167,861	0	3,722,141
Amortisation/depreciation in the year	2,263,017	202,258	0	2,465,275
Impairment losses and amortisation at 31 December 2023	5,817,297	370,119	0	6,187,416
<b>Carrying amount at 31 December 2023</b>	<b>6,882,506</b>	<b>740,418</b>	<b>7,373,080</b>	<b>14,996,004</b>

#### Completed development projects

Completed development projects include the Company's biological PTX technology for methanization of CO<sub>2</sub> and hydrogen into electromethane (Bio E-Fuel) and MBR I. The costs consist of internal hours as well as external purchases of materials and services, which are registered in the company's internal project module.

As of December 31, 2023, the carrying amount totalled DKK 7,623 thousand.

#### Development projects in progress

Development projects in progress include further development and testing of the company's MBR technology for Brazil. The costs consist of internal hours as well as external purchases of materials and services, which are recorded in the company's internal project module.

As of December 31, 2023, the carrying amount totalled DKK 7,373 thousand.

The new systems are expected to result in considerable competitive advantages and, hence, a significant increase in the level of activity and results of operations from 2024.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2023	1,949,495	281,893	2,231,388
Additions in the year	208,995	78,408	287,403
Cost at 31 December 2023	2,158,490	360,301	2,518,791
Impairment losses and depreciation at 1 January 2023	1,165,746	23,491	1,189,237
Amortisation/depreciation in the year	332,713	63,115	395,828
Impairment losses and depreciation at 31 December 2023	1,498,459	86,606	1,585,065
<b>Carrying amount at 31 December 2023</b>	<b>660,031</b>	<b>273,695</b>	<b>933,726</b>

#### 7 Investments

DKK	Investments in group entities, net asset value	Other receivables	Deposits, investments	Total
Cost at 1 January 2023	1,665,427	1,404,570	296,875	3,366,872
Additions in the year	144,804	0	84,009	228,813
Disposals in the year	0	-150,300	0	-150,300
Cost at 31 December 2023	1,810,231	1,254,270	380,884	3,445,385
Value adjustments at 1 January 2023	317,899	0	0	317,899
Exchange adjustment	-50,858	0	0	-50,858
Share of the profit/loss for the year	4,538	0	0	4,538
Value adjustments at 31 December 2023	271,579	0	0	271,579
<b>Carrying amount at 31 December 2023</b>	<b>2,081,810</b>	<b>1,254,270</b>	<b>380,884</b>	<b>3,716,964</b>

Biogasclean has had a complaint case totaling DKK 2,863 thousand with a Chinese sub supplier of tanks. DKK 1,755 thousand of the amount is settled. The remaining amount of DKK 1,108 thousand will be settled in connection with delivery of new tanks. Due to the so far very restrictive COVID19 regulations in China, Biogasclean A/S has not placed new orders with this supplier for the last couple of years. The situation has now returned to normal, but there is still no exact orders from customers for these tanks.

DKK 831 thousand are recognized as long-term receivables and DKK 277 thousand are recognized as short-term receivables.

Biogasclean has had a complaint case totaling DKK 1,435 thousand with an Thai sub supplier of tanks. DKK 784 thousand of the amount is settled by the sub supplier. The remaining amount of DKK 651 thousand will be settled in connection with delivery of new tanks. The Group continuously places orders with the given Supplier and the receivable is decreasing.

DKK 423 thousand are recognized as long-term receivables and DKK 228 thousand are recognized as short-term receivables.

In total, DKK 1,254 thousand are recognized as long-term receivables and DKK 505 thousand are recognized as short-term receivables.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2023	2022	2021	2020	2019
Opening balance	856,583	856,583	555,556	555,556	555,556
Capital increase	0	0	301,027	0	0
	<u>856,583</u>	<u>856,583</u>	<u>856,583</u>	<u>555,556</u>	<u>555,556</u>

#### 9 Deferred tax

Deferred tax at 1 January	2,356,800	-112,514
Adjustment of deferred tax during the year	-1,048,911	1,495,471
Adjustment of taxes during the year related to tax credit	536,581	973,843
<b>Deferred tax at 31 December</b>	<u>1,844,470</u>	<u>2,356,800</u>

Receivable corporation tax is primarily an expression of the company's use of the tax credit scheme in accordance with section 8X of the Danish Tax Assessment Act. The entire receivable of DKK 537 thousand is receivable during 2024, provided SKAT approves the company's application for tax credit. Management expects the application to be approved in line with previous years.

#### 10 Non-current liabilities other than provisions

Of non-current liabilities, DKK 0 falls due more than five years after the balance sheet date.

#### 11 Contractual obligations and contingencies, etc.

##### Other financial obligations

##### Rent obligations:

The rent obligation at 31 December 2023 totals approx. DKK 350 thousand, corresponding to 28 months' rent and DKK 1,064 thousand, corresponding to 22 months' rent.

##### Lease commitments:

The Company's lease commitments at 31 December 2023 total DKK 1,127 thousand.

At 31 December 2023, Arbejdernes Landsbank have provided a guarantee relating to ongoing projects totalling DKK 1,468 thousand.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Security and collateral

The below has been provided as collateral for engagements with Arbejdernes Landsbank:

DKK 5,000 thousand as floating charge secured upon fixtures and fittings, tools and equipment, inventories of finished goods and semi-manufactured goods, rights under the Patents Act, the Trademark Act, the Design Act, the Utility Model Act, the Patents and Designs Act and the Copyright Act, unsecured claims regarding the sale of goods and services, motor vehicles that have not previously been registered.

The below has been provided as collateral for engagement with Vækstfonden:

DKK 8,700 thousand as floating charge (second mortgage) secured upon fixtures and fittings, tools and equipment, inventories of finished goods and semi-manufactured goods, rights under the Patents Act, the Trademark Act, the Design Act, the Utility the Model Act, the Design Act and the Copyright Act, unsecured claims regarding the sale of goods and services, motor vehicles that have not previously been registered.

#### 13 Related parties

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Cycle Ø Group Limited	84 Eccleston Square, London, Great Britain