

# Burnblock ApS

Wilders Plads 15C, 1403 København K

CVR no. 33 58 11 73

## Annual report 2021

Approved at the Company's annual general meeting on 19 April 2022

Chair of the meeting:

.....

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## 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 Burnblock ApS for the financial year 1 January - 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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.

Copenhagen, 19 April 2022  
Executive Board:

.....  
Hroar Bay-Smidt

Board of Directors:

.....  
Henrik Lyngbye Pedersen  
Chair

.....  
Jan Sørensen

.....  
Hroar Bay-Smidt

## Independent auditor's report

### To the shareholder of Burnblock ApS

#### Opinion

We have audited the financial statements of Burnblock ApS for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' 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.

Copenhagen, 19 April 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Morten Weinreich Larsen  
State Authorised Public Accountant  
mne42791

## Management's review

### Company details

Name	Burnblock ApS
Address, Postal code, City	Wilders Plads 15C, 1403 København K
CVR no.	33 58 11 73
Established	10 February 2011
Financial year	1 January - 31 December
Website	<a href="http://www.burnblock.com">www.burnblock.com</a>
E-mail	<a href="mailto:info@burnblock.com">info@burnblock.com</a>
Telephone	+45 70 23 20 53
Board of Directors	Henrik Lyngbye Pedersen, Chair Jan Sørensen Hroar Bay-Smidt
Executive Board	Hroar Bay-Smidt
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Business review

The Company has developed and markets a unique sustainable, natural, non-toxic, economic, and industrially adapted solution working as a fire retardant - based on targeted research, systematic documentation, and continuous innovation.

There will continuously be a demand for further development and certifications, which will support and grow the potential business: However, the certifications achieved so far give a strong foothold for a turnover.

### Financial review

The profit for the year amounted to DKK 1,482 thousand and is - due to the business-related consequences of COVID 19 - considered acceptable.

The economic consequences of COVID-19 have included increasing raw material and logistics prices throughout 2021. New turnover-generating activities have been challenged throughout the year. As such full year expectations have not been met.

The Company's equity amounts to DKK 2,954 thousand. The Company has lost more than half of the share capital and is subject to provisions on re-establishment under the Danish Companies Act. The Company is in the process of re-establishing the share capital through future profits.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end. That having been said the situation in Ukraine will in more ways influence Burnblock business and there is a high degree of uncertainty of the outcome of the situation and the consequences hereof.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2021	2020
	<b>Gross profit</b>	6,945,511	6,588,675
2	Staff costs	-5,408,770	-4,776,211
	Depreciation and impairment of property, plant and equipment	-16,102	-7,212
	<b>Profit before net financials</b>	1,520,639	1,805,252
3	Financial income	46,232	0
4	Financial expenses	-85,014	-102,417
	<b>Profit before tax</b>	1,481,857	1,702,835
5	Tax for the year	0	34,000
	<b>Profit for the year</b>	1,481,857	1,736,835
 <b>Recommended appropriation of profit</b>			
	Retained earnings	1,481,857	1,736,835
		1,481,857	1,736,835



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2021	2020
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
6	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	178,039	11,136
		178,039	11,136
	<b>Total fixed assets</b>	178,039	11,136
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	538,278	263,859
		538,278	263,859
	<b>Receivables</b>		
	Trade receivables	3,208,044	1,614,927
	Receivables from group entities	1,662,511	1,481,682
	Other receivables	230,035	204,058
	Deferred income	123,290	237,830
		5,223,880	3,538,497
	<b>Cash</b>	1,324,352	480,307
	<b>Total non-fixed assets</b>	7,086,510	4,282,663
	<b>TOTAL ASSETS</b>	7,264,549	4,293,799

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2021	2020
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
7	Share capital	10,000,000	10,000,000
	Retained earnings	-7,045,749	-8,527,606
	<b>Total equity</b>	<u>2,954,251</u>	<u>1,472,394</u>
	<b>Liabilities other than provisions</b>		
8	<b>Non-current liabilities other than provisions</b>		
	Other payables	345,569	0
		<u>345,569</u>	<u>0</u>
	<b>Current liabilities other than provisions</b>		
	Trade payables	2,268,562	837,261
	Payables to group entities	0	294
	Other payables	1,696,167	1,983,850
		<u>3,964,729</u>	<u>2,821,405</u>
	<b>Total liabilities other than provisions</b>	<u>4,310,298</u>	<u>2,821,405</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>7,264,549</u></u>	<u><u>4,293,799</u></u>

- 1 Accounting policies
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral
- 11 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Equity at 1 January 2021</b>	10,000,000	-8,527,606	1,472,394
Transfer through appropriation of profit	0	1,481,857	1,481,857
<b>Equity at 31 December 2021</b>	<u>10,000,000</u>	<u>-7,045,749</u>	<u>2,954,251</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Burnblock ApS for 2021 has been presented in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act and elective choice of certain provisions applying to reporting class C entities.

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

In accordance with the Danish Business Authority's clarification in May 2021, financial statement items regarding equity investments in associates have been renamed to equity investments in participating interests as the financial statement items must be designated as such when the entity only holds equity investments in associates.

#### Basis of recognition and measurement

Assets are recognised in the balance sheet when it is 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 balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gain, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate last year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

#### 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

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

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

###### Gross profit

The items revenue, cost of sales, 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 and compensation from public authorities.

###### Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

###### Cost of sales

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

###### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

###### Depreciation

The item comprises depreciation of property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

Other fixtures and fittings, tools and equipment	3-5 years
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## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the on-account tax scheme, etc.

##### 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.

The Company and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### 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.

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO-method, and net realisable value.

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

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

##### Prepayments

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

##### Cash

Cash comprises cash and short term securities, which are readily convertible into cash and subject only to minor risks of changes in value.

##### Income taxes

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.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2021	2020
<b>2 Staff costs</b>		
Wages/ salaries	4,882,826	4,416,846
Pensions	289,053	170,876
Other social security costs	76,153	76,799
Other staff costs	160,738	111,690
	5,408,770	4,776,211
 Average number of full-time employees	 8	 8
 <b>3 Financial income</b>		
Interest income, group entities	46,232	0
	46,232	0
 <b>4 Financial expenses</b>		
Interest expenses, group entities	0	80,948
Other financial expenses	85,014	21,469
	85,014	102,417
 <b>5 Tax for the year</b>		
Refund in joint taxation	0	-34,000
	0	-34,000
 <b>6 Property, plant and equipment</b>		<b>Other fixtures and fittings, tools and equipment</b>
DKK		
Cost at 1 January 2021		223,561
Additions in the year		183,005
Disposals in the year		-187,500
Cost at 31 December 2021		219,066
Impairment losses and depreciation at 1 January 2021		212,425
Amortisation/depreciation in the year		16,102
Amortisation/depreciation and impairment of disposals in the year		-187,500
Impairment losses and depreciation at 31 December 2021		41,027
<b>Carrying amount at 31 December 2021</b>		<b>178,039</b>

### 7 Share capital

The Company's share capital has remained DKK 10,000,000 over the past 5 years.

### 8 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 345,569 falls due for payment after more than five years after the balance sheet date.



## Financial statements 1 January - 31 December

### Notes to the financial statements

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

##### Contingent liabilities

The Company is jointly taxed with its ultimate parent, Bregnerød Investeringsselskab ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes.

##### Other financial obligations

At 31 December 2021, the rent obligation against the related party, Bregnerød Investeringsselskab ApS, amounted to DKK 165 thousand (2020: DKK 163 thousand against external part).

#### 10 Collateral

The company has provided a payment guarantee totaling DKK 1,000 thousand for the payment of the beneficiant Brenntag Nardic A/S.

The company provides additional security for MasterCards issued to the company's employees, which as of 31 December 2021 amounts to DKK 0.

#### 11 Related parties

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>
Bregnerød Investeringsselskab ApS	Vassingerødvej 147, 3540 Lynge, Denmark

##### 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>
Burnblock Holding ApS	Wilders Plads 15C, 1403 Copenhagen, Denmark

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

## Jan Sørensen

### Client Signer

På vegne af: Burnblock ApS

Serienummer: PID:9208-2002-2-337739544037

IP: 152.115.xxx.xxx

2022-04-19 13:37:20 UTC

NEM ID 

## Henrik Lyngbye Pedersen

### Client Signer

På vegne af: Burnblock ApS

Serienummer: PID:9208-2002-2-176691848046

IP: 109.58.xxx.xxx

2022-04-19 18:34:56 UTC

NEM ID 

## Hroar Bay-Smidt

### Client Signer

På vegne af: Burnblock ApS

Serienummer: PID:9208-2002-2-746051402723

IP: 152.115.xxx.xxx

2022-04-20 07:47:08 UTC

NEM ID 

## Hroar Bay-Smidt

### Client Signer

På vegne af: Burnblock ApS

Serienummer: PID:9208-2002-2-746051402723

IP: 152.115.xxx.xxx

2022-04-21 09:39:07 UTC

NEM ID 

## Morten Weinreich Larsen

### EY Signer

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: PID:9208-2002-2-649089981298

IP: 145.62.xxx.xxx

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