

Re-Match Holding A/S

**HI-Park 415
Hammerum
7400 Herning**

Business Registration No. 35 46 55 29

Annual Report 2020

The Annual General Meeting adopted the Annual Report on 25 May 2021

Lars Hagbard Grønkjær
Chairman of the General Meeting

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Company information

The Company

Re-Match Holding A/S

HI-Park 415

Hammerum

7400 Herning

Business Registration No.: 35 46 55 29

Registered office: Herning

Date of incorporation: 26.08.2013

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Laurits Mathias Bach Sørensen, Chairman

Ulrik Lundsryd

Dennis Andersen

Rasmus Frøkiær Ankersen

Jakob Fuhr Hansen

Executive Board

Nikolaj Magne Larsen

Thomas Bech Albertsen

Auditors

Baker Tilly Denmark Godkendt

Revisionspartnerselskab

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Re-Match Holding A/S for the financial year 1 January 2020 to 31 December 2020.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Financial Statements have been prepared in accordance with the Danish Financial Statements Act. The Management Commentary has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Financial Statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2020 and of their results and operations as well as the consolidated cash flows for the financial year 1 January to 31 December 2020.

In our opinion, the Management Commentary contains a fair review of the development in the operations and financial circumstances of the Group and the Parent, of the results for the year and of the financial position of the Group and the Parent as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent.

We recommend the Annual Report for adoption at the Annual General Meeting.

Herning, 25 May 2021

Executive Board

Nikolaj Magne Larsen

Thomas Bech Albertsen

Board of Directors

Laurits Mathias Bach Sørensen
Chairman

Ulrik Lundsryd

Dennis Andersen

Rasmus Frøkiær Ankersen

Jakob Fuhr Hansen

Independent auditor's report

To the Shareholders of Re-Match Holding A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Re-match Holding A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and the Parent Company Financial Statement is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position on 31 December 2020 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position on 31 December 2020 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 of accounting information taken on the basis of these Consolidated Financial Statements and Parent Company Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company 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, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 Management's Review.

Copenhagen, on 25 May 2021

Baker Tilly Denmark

Godkendt Revisionspartnerselskab
CVR-nr. 35 25 76 91

Henrik Sadolin Jørgensen
Certified public accountant
MNE-nr. mne33281

Management Commentary

Re-Match's business

Primary activities

Re-Match Holding A/S (the "Company" or "Re-Match") is an artificial turf recycler that enables artificial turfs to be disposed in a sustainable way. The Company, sources worn-out artificial turfs in return of a gate fee after which the Company downsizes, dries, and separates the turf and subsequently, sells the recycled clean output materials back to the turf producers and installers as well as other industries.

Background

Artificial turf makes it possible to do sports in areas with adverse weather conditions and water shortage while also accommodating more intensive use compared to natural grass. However, with a lifetime of around 8-12 years, disposal and replacement have become an imminent issue as traditional disposal methods mainly comprise landfill and incineration, which both have severe negative impact on the environment. Fortunately, Re-Match has developed a recycling process reducing plastic and CO₂ pollution by which Re-Match is tapping into the global underlying mega trends such as the push for a greener agenda, circularity and the search for sustainable solutions to mitigate an appertaining waste problem.

Highlights

| Key figures and KPIs | 2020 | 2019 |
|--|--------|--------|
| Revenue (DKK ^m) | 28.5 | 28.2 |
| Cash revenue (DKK ^m) ¹ | 42.5 | 39.4 |
| Input inventory (full-size soccer pitches ²) | 175 | 102 |
| Turf processed (full-size soccer pitches ³) | 84 | 85 |
| Plastic bags saved (m pcs.) ⁴ | 117.0 | 118.7 |
| CO ₂ saved (tons) ⁵ | 33,595 | 34,085 |
| Waste managed (tons) | 39,594 | 33,167 |
| FTEs | 34 | 33 |

Development in activities

2020 was a turbulent year for Re-Match with the influence of COVID-19, which led to

- A two months shut down of the factory in Herning as the market grounded to a halt
- Some employees were infected with COVID-19

¹ Cash revenue is defined as revenue including IFRS corrected deferred income related to front-end income

² Assuming one full-size soccer pitch is equivalent to 250 tons of artificial turf

³ Assuming one full-size soccer pitch is equivalent to 250 tons of artificial turf. The factory in Herning was closed for approximately 2 months due to COVID-19.

⁴ Assuming one plastic bag weighs 10.75 grams

⁵ Compared to incineration

- Our key markets of replacements of turf were hit by travel restrictions making our customers unable to replace turf for a period
- The market has generally been hit by the economic uncertainty resulting from COVID-19

Notwithstanding the shut-down of the factory in Herning and other market mitigators as outlined above, 2020 turned out to be very similar to 2019 in terms of financial performance. Besides reaching slightly above last financial year's revenue, Re-Match utilised the down period to successfully shift focus from execution in the production to optimisation of internal operations and recycling processes improving the overall processing capacity.

Meanwhile, 2020 was the year where the Company broke ground in developing the near-term roll-out plan. The Company enhanced and further developed the roll-out plan for the next cycle of factories in both Europe and North America. In addition to mapping the optimal locations for the factories subject to worn-out artificial turf accessibility and market size in terms of annual replacement, the Company also identified key risks related to rolling out the new factories and accordingly, took the relevant actions and precautions to mitigate these risks during the roll out. The work comprised the design of the blueprint for new factories, an approach to handling permits, engaging a machine supplier who also participated in the design, testing of both input and output prices in the relevant markets, the investigation of partnerships to secure necessary volumes while also improving the IT infrastructure by implementing a state-of-the-art ERP system.

First joint venture

In July 2020, Re-Match established the Company's first joint venture setup with a group of French investors to launch Re-Match France and subsequently, swiftly enter the French market which comprises a strategic platform from which the Company can service France, Switzerland, Austria, Southern Germany and Northern Italy. The joint venture partners contribute with local know-how and access to key stakeholders relevant for Re-Match's success in the region.

Executive Management and Board of Directors

During 2020, Re-Match conducted a rotation in the Executive Management and Board of Directors to strengthen the Company's competences in the management team and governance as well as support the international growth journey going forward. The co-founder, Dennis Andersen, was elected to the Board of Directors as a board member from where he can support with his industry expertise while also dedicate time to stakeholder management. In September, Stefaan Florquin took the role as new COO and Nikolaj Magne Larsen stepped in as CEO (Co-founder and former board member) to position the Company to the near-term roll-out plan. Stefaan holds considerable experience in rolling out and managing factories while Nikolaj as co-founder and former CFO and board member holds in depth knowledge about the Company as well as the qualities to manage and execute the roll out plan. In December, the management team was further strengthened by hiring Thomas Bech Albertsen as new CFO and subsequently, complete the Executive Management team. Thomas holds experience from several years as auditor for many different Danish companies, followed by a career as CFO for international companies, with high growth.

Other key events during 2020

With the introduction of the sleeving concept in 2019, the service has been fully incorporated in 2020 and has resulted in no loss of infill under transportation. Meanwhile, Re-Match continues to search for and develop new concepts to improve sustainability and in July, Re-Match was awarded a grant of EUR 2.5 million from EU to develop an industrial scale process with the purpose of turning old, recycled fibres into yarn in cooperation with a large plastic yarn producer.

During 2020, Re-Match utilised the poor season to optimise the facility in Herning which meant that the overall throughput per hour is increased and especially the fibre production now turns out cleaner products than ever before.

In August, Re-Match was awarded one of the dedicated seats among the Nordic top 50 impact companies by The One Initiative and in December, Re-Match France got selected to participate in the consortium set out to design, build and operate the stadium Arena Porte de la Chapelle for the 2024 Olympics in Paris, where Re-Match's task is to recycle the old artificial turf.

Significant events occurring after the end of the financial year

In February 2021, Re-Match successfully conducted a funding round among existing shareholders strengthening the balance sheet and repairing equity by raising DKK 37,250,000 (DKK 14,900,000 in equity and DKK 22,350,000 in convertible debt).

In April, the Company was granted the last necessary permit (the environmental permit) to initiate construction of the factory in the Netherlands.

Outlook

Coming into 2021, the company will derive attention towards raising capital to fund the international growth journey comprising the near-term roll-out plan of three fully owned factories and two joint venture structured factories expected to be constructed during the next years. In addition to raising capital, Re-Match intends to construct the first new factory while also solidifying the Company's market position in Central Europe by building in Tiel, the Netherlands. The Company was granted its environmental permit during April and is therefore, in a position to build the next factory in Central Europe. In March 2021, Re-Match was accredited the ISO 9001, one of the world's most recognised Quality Management System standards, certifying the Company's quality and process governance which again cements the Company's commitment to increase the standard and transparency in the artificial turf disposal and recycling industry.

Consolidated Financial Statements

Consolidated statement of profit or loss and other comprehensive income

| DKK'000 | Note | 2020 | 2019 |
|--|------|----------------|----------------|
| Revenue | 5 | 28,535 | 28,248 |
| Cost of sales | | -29,875 | -27,903 |
| Gross profit/loss | | -1,340 | 345 |
| Other external expenses | | -7,744 | -10,300 |
| Staff costs | 6 | -20,102 | -18,697 |
| Other operating income | 7 | 1,508 | - |
| Depreciation, amortisation and impairment losses | | -6,867 | -5,678 |
| Operating profit/loss | | -34,545 | -34,330 |
| Share of profit of a joint venture | 17 | -149 | - |
| Financial income | 10 | 124 | 92 |
| Financial expenses | 11 | -12,984 | -10,111 |
| Profit/loss before tax | | -47,554 | -44,349 |
| Tax for the year | 12 | -1,528 | 8,442 |
| Profit/loss for the year | | -49,082 | -35,907 |
| Other comprehensive income | | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i> | | | |
| Exchange differences on translation of foreign operations | | 849 | 56 |
| Other comprehensive income for the year, net of tax | | 849 | 56 |
| Total comprehensive income for the year | | -48,233 | -35,851 |
| Earnings per share (DKK) | 22 | -3.40 | -2.67 |
| Earnings per share, diluted (DKK) | 22 | -2.80 | -2.30 |

Consolidated Financial Statements

Consolidated statement of financial position

| DKK'000 | <u>Note</u> | <u>31/12/20</u> | <u>31/12/19</u> | <u>01/01/19</u> |
|---------------------------------|-------------|-----------------------|-----------------------|----------------------|
| Intangible assets | 13 | 6,841 | 5,713 | 5,792 |
| Property, plant and equipment | 14 | 26,105 | 26,291 | 25,259 |
| Right-of-use assets | 15 | 42,819 | 40,923 | 36,432 |
| Deposits | 16 | 2,411 | 2,397 | 2,299 |
| Deferred tax | 12 | 16,288 | 16,288 | 7,973 |
| Investments in a joint venture | 17 | - | - | - |
| Other financial assets | 17 | 6,554 | - | - |
| Total non-current assets | | <u>101,018</u> | <u>91,612</u> | <u>77,755</u> |
| Inventory | 18 | 6,815 | 6,784 | 5,803 |
| Trade receivables | 19 | 3,034 | 3,155 | 1,878 |
| Income tax receivables | | 103 | 2,788 | 2,590 |
| Other receivables | 20 | 16,697 | 9,521 | 918 |
| Prepayments | | 199 | 248 | - |
| Cash | | 6,016 | 28,020 | 600 |
| Total current assets | | <u>32,864</u> | <u>50,516</u> | <u>11,789</u> |
| Total assets | | <u>133,882</u> | <u>142,128</u> | <u>89,544</u> |

Consolidated Financial Statements

Consolidated statement of financial position

| DKK'000 | <u>Note</u> | <u>31/12/20</u> | <u>31/12/19</u> | <u>01/01/19</u> |
|---|-------------|-----------------------|-----------------------|----------------------|
| Share capital | 22 | 14,682 | 14,394 | 9,952 |
| Retained earnings | | -35,141 | 7,526 | 11,675 |
| Translation reserve | | 845 | -4 | -60 |
| Other capital reserve | 24 | 9,399 | 8,696 | 298 |
| Total equity | | <u>-10,215</u> | <u>30,612</u> | <u>21,866</u> |
| | | | | |
| Interest bearing liabilities | 23 | 39,183 | 39,380 | 11,745 |
| Lease liabilities | 15 | 44,205 | 40,851 | 34,740 |
| Contract liabilities | 5 | 18,409 | 7,379 | 248 |
| Total non-current liabilities | | <u>101,797</u> | <u>87,610</u> | <u>46,733</u> |
| | | | | |
| Interest bearing liabilities | 23 | 7,337 | 4,539 | 7,979 |
| Lease liabilities | 15 | 1,727 | 1,523 | 1,692 |
| Government grants | 7 | 12,401 | 2,411 | - |
| Trade payables | | 3,226 | 2,161 | 6,735 |
| Payables to shareholders and management | | - | 43 | 1 |
| Other payables | | 9,527 | 8,095 | 2,013 |
| Contract liabilities | 5 | 8,082 | 5,134 | 2,525 |
| Total current liabilities | | <u>42,300</u> | <u>23,906</u> | <u>20,945</u> |
| | | | | |
| Total liabilities | | <u>144,097</u> | <u>111,516</u> | <u>67,678</u> |
| | | | | |
| Total equity and liabilities | | <u>133,882</u> | <u>142,128</u> | <u>89,544</u> |

Consolidated Financial Statements

Consolidated statement of changes in equity

| DKK'000 | Share capital | Retained earnings | Translation reserve | Other capital reserve | Total |
|-------------------------------------|---------------|-------------------|---------------------|-----------------------|----------------|
| 2020 | | | | | |
| Balance at 1 January | 14,394 | 7,526 | -4 | 8,696 | 30,612 |
| Net profit/loss for the period | - | -49,082 | - | - | -49,082 |
| Other comprehensive income | - | - | 849 | - | 849 |
| Total comprehensive income | - | -49,082 | 849 | - | -48,233 |
| Capital increase | 288 | 6,415 | - | - | 6,703 |
| Share based payments | - | - | - | 703 | 703 |
| Balance at 31 December | 14,682 | -35,141 | 845 | 9,399 | -10,215 |
| | | | | | |
| DKK'000 | Share capital | Retained earnings | Translation reserve | Other capital reserve | Total |
| 2019 | | | | | |
| Balance at 1 January | 9,952 | 11,973 | -60 | - | 21,865 |
| Effect of initial applying of IFRS | - | -298 | - | 298 | - |
| Adjusted equity at 1 January | 9,952 | 11,675 | -60 | 298 | 21,865 |
| Net profit/loss for the period | - | -35,907 | - | - | -35,907 |
| Other comprehensive income | - | - | 56 | - | 56 |
| Total comprehensive income | - | -35,907 | 56 | - | -35,851 |
| Capital increase | 4,442 | 31,758 | - | - | 36,200 |
| Share-based payments | - | - | - | 1,475 | 1,475 |
| Compound financial instrument | - | - | - | 6,923 | 6,923 |
| Balance at 31 December | 14,394 | 7,526 | -4 | 8,696 | 30,612 |

Consolidated Financial Statements

Cash flow statement

| DKK'000 | <u>Note</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|-----------------------|-----------------------|
| Operating loss | | -34,545 | -34,330 |
| Depreciation, amortisation and impairment losses | 9 | 6,867 | 5,678 |
| Change in working capital | 21 | 9,457 | 2,143 |
| Share-based payment expense | 8 | 703 | 1,475 |
| Compound financial instrument expense | | 995 | 319 |
| Income taxes received | | 2,788 | 1,157 |
| Interest paid | | -6,813 | -9,842 |
| Cash flow from operating activities | | <u>-20,548</u> | <u>-33,400</u> |
| Investments in intangible assets | 13 | -2,793 | -1,352 |
| Investments in tangible assets | 14 | -1,807 | -2,523 |
| Change in deposits | | 14 | 98 |
| Payment of convertible loan | | -6,554 | - |
| Acquisition of joint venture | | -149 | - |
| Receipt of government grants | | 10,893 | 1,508 |
| Cash flow from investing activities | | <u>-396</u> | <u>-2,269</u> |
| Proceeds from borrowings | 23 | - | 35,800 |
| Repayment of borrowings | 23 | -3,003 | -1,765 |
| Payment of principal portion of lease liabilities | 15 | -4,721 | -4,234 |
| Capital contributions | | 6,702 | 36,200 |
| Cash flow from financing activities | | <u>-1,022</u> | <u>66,001</u> |
| Change in cash and cash equivalents | | | |
| Net cash flow | | -21,966 | 30,311 |
| Net foreign exchange difference | | -22 | 109 |
| Cash at 1 January | 26 | 27,965 | -2,476 |
| Cash at 31 December | 26 | <u>5,977</u> | <u>27,965</u> |

Notes

1. Accounting policies
2. Adoption of new and amended standards
3. Critical accounting judgements and key sources of estimation uncertainty
4. Segment information
5. Revenue
6. Staff costs
7. Government grants
8. Share-based payments
9. Depreciation, amortisation and impairment losses
10. Financial income
11. Financial expenses
12. Tax for the year
13. Intangible assets
14. Property, plant & equipment
15. Leases
16. Deposits
17. Investment in a joint venture
18. Inventories
19. Trade receivables
20. Other receivables
21. Working capital changes
22. Share capital and earnings per share
23. Interest-bearing liabilities
24. Other capital reserve
25. Financial risks
26. Other disclosures relating to consolidated statement of cash flow
27. Guarantees, contingent liabilities and collateral
28. Related parties
29. Events after the reporting period

Notes

1. Accounting policies

The Group's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class B enterprises with additions of certain provisions for reporting class C enterprises, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS-bekendtgørelsen") issued in accordance with the Danish Financial Statements Act ("DFSA").

Basis of preparation

The Financial Statements are presented in Danish kroner (DKK). All amounts have been rounded to nearest DKK thousand, unless otherwise indicated.

The Financial Statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the Financial Statements and the notes to the Financial Statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the Financial Statements. Similarly, information not considered material is not presented in the notes.

The accounting policies, except as described below, have been applied consistently during the financial year and for the comparative figures.

Going concern

As equity is negative at the end of the reporting period, Management has assessed the impact on their liquidity management. Therefore, at the beginning of 2021, Management has increased the share capital by DKK 14,900k. Furthermore, the Group has obtained loans in the amount of DKK 22,350k. As a result of these actions, Management's assessment is that the Group is guaranteed liquidity for its going concern the rest of the financial year.

Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of Re-Match Holding A/S (the Parent) and subsidiaries which are entities controlled by Re-Match Holding A/S. The Group controls an entity when it directly or indirectly owns more than 50% of the voting rights or may otherwise exercise a controlling influence.

1. Accounting policies (continued)

| <u>Name</u> | <u>Country</u> | <u>Ownership</u> |
|--------------------|------------------------|------------------|
| Re-Match A/S | Herning, Denmark | 100% |
| Re-Match Limited | London, United Kingdom | 100% |
| Re-Match A/S | Oslo, Norway | 100% |
| Re-Match USA, Inc. | Delaware, USA | 100% |
| Re-Match NL | Rijen, Netherlands | 100% |

Re-Match Holding A/S has a 40% interest in Re-Match France. The Group's interest is accounted for using the equity method in the Consolidated Financial Statements.

Principles of consolidation

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The Financial Statements used for consolidation are prepared in accordance with the Group's accounting policies.

The line items of subsidiaries are recognised 100% in the Consolidated Financial Statements. Investments in subsidiaries are offset by the interest's share of subsidiaries' net assets at the acquisition date at fair value.

Accounting policies are described in full in this note below.

First-time adoption of IFRS

The Group's Financial Statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for the presentation of Financial Statements. In previous years, the Financial Statements were prepared in accordance with the Danish Financial Statements Act for reporting class B enterprises with additions of certain provisions for reporting class C enterprises. As a result of the transition to IFRS, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

In accordance with IFRS 1, the statement of financial position at 31 December 2019 and comparative figures for 2019 have been prepared in accordance with IFRS/IAS and IFRIC/SIC applicable at 31 December 2020. The statement of financial position at 1 January 2019 has been prepared in accordance with the same principles.

1. Accounting policies (continued)

Exemptions applied

In the preparation of these first IFRS Financial Statements, the following exemptions have been applied:

Leases

IFRS allows a first-time adopter to determine whether a contract existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date. Also IFRS 1 allows a first-time adopter, that is a lessee, to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. We have utilised this exemption to our lease contracts.

Non-IFRS financial measures

The Group uses certain financial measures that are not defined in IFRS to describe the Group's financial performance. These financial measures may therefore be defined and calculated differently from similar measures in other companies, and thus not be comparable.

Changes in accounting policies

As a result of first time adoption of IFRS, the Group has changed its accounting policies for recognition of sharebased payments, leases and revenue from contracts with customers. The Group has adjusted for the changes in accounting policies in the opening balance of equity at 1 January 2019.

A. Share-based payments

The Group has established a share-based incentive programme comprising an equity-settled programme (warrants) for Key Management Personnel. The purpose of these programmes is to ensure common goals for Management, key employees and shareholders. According to DFSA, there is no requirement for recognition and measurement of equity-settled programmes. Following the adoption of IFRS, IFRS 2 requires that the warrant programmes should be recognised at fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled sharebased transactions are set out in note 8; Share-based payments. An additional expense of DKK 703k has been recognised in profit or loss for the year ended 31 December 2019.

B. Leases

Under DFSA, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities

1. Accounting policies (continued)

adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised an increase of DKK 36,432k (31 December 2019: DKK 42,374k) of lease liabilities and DKK 36,432k (31 December 2019: DKK 40,923k) of right-of-use assets. Additionally, depreciation increased by DKK 2,906k and financial expenses increased by DKK 2,779k for the year ended 31 December 2019.

C. Convertible loans

Under DFSA, the convertible loans were recognised as liabilities, whereas under IFRS they separated into liability and equity components based on the terms of the contract. On issuance of the convertible loans, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds are allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible loans, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

1. Accounting policies (continued)

Impact on statement of profit or loss and statement of comprehensive income 2019:

| DKK'000 | Note | 2019 Parent as reported under DFSA | Impact from consolidated figures | Impact from adoption of IFRS | Reclassi- fication | IFRS for the year ended 31 December 2019 |
|--|------|--|---|---------------------------------------|-----------------------|--|
| Revenue | | 27,687 | 561 | - | - | 28,248 |
| Cost of sales | | -26,272 | -1,631 | - | - | -27,903 |
| Other external expenses | B | -14,180 | -354 | 4,234 | 10,300 | - |
| Gross profit | | -12,765 | -1,424 | 4,234 | 10,300 | 345 |
| Other external expenses | | - | - | - | -10,300 | -10,300 |
| Staff costs | A | -16,701 | -521 | -1,475 | - | -18,697 |
| Depreciation, amortisation and impairment losses | B | -2,669 | -103 | -2,906 | - | -5,678 |
| Operating loss | | -32,135 | -2,048 | -147 | - | -34,330 |
| Net financials | B,C | -6,850 | -71 | -3,098 | - | -10,019 |
| Loss before tax | | -38,985 | -2,119 | -3,245 | - | -44,349 |
| Tax for the year | | 8,514 | -72 | - | | 8,442 |
| Profit/(loss) for the year | | -30,471 | -2,191 | -3,245 | - | -35,907 |
| Other comprehensive income | | - | 56 | - | - | 56 |
| Total comprehensive income | | -30,471 | -2,135 | -3,245 | - | -35,851 |

1. Accounting policies (continued)**Impact on statement of financial position 2019:**

| | | 2019 | | | | IFRS for the year ended 31 December 2019 |
|--|-------------|--|---|---|-------------------------------|---|
| | Note | Parent as reported under DFSA | Impact from consolidated figures | Impact from adoption of IFRS | Reclassi- fication | |
| DKK'000 | | | | | | |
| Intangible assets | | 1,371 | 4,342 | - | - | 5,713 |
| Property, plant & equipment | | 26,291 | - | - | - | 26,291 |
| Right-of-use assets | B | - | - | 40,923 | - | 40,923 |
| Deposits | | 2,397 | - | - | - | 2,397 |
| Investment in subsidiaries | | 29 | -29 | - | - | - |
| Receivables from subsidiaries | | 11,086 | -11,086 | - | - | - |
| Deferred tax | | 16,288 | - | - | - | 16,288 |
| Total non-current assets | | 57,462 | -6,773 | 40,923 | - | 91,612 |
| Income tax receivables | | 2,788 | - | - | - | 2,788 |
| Inventory | | 4,661 | 2,123 | - | - | 6,784 |
| Trade receivables | | 3,155 | - | - | - | 3,155 |
| Other receivables | | 9,484 | 37 | - | - | 9,521 |
| Prepayments | | 248 | - | - | - | 248 |
| Cash | | 27,634 | 386 | - | - | 28,020 |
| Total current assets | | 47,970 | 2,546 | - | - | 50,516 |
| Total assets | | 105,432 | -4,227 | 40,923 | - | 142,128 |
| Share capital | | 14,394 | - | - | - | 14,394 |
| Translation reserve | | - | -4 | - | - | -4 |
| Retained earnings | | 16,789 | -6,018 | -3,245 | - | 7,526 |
| Other capital reserve | A | 931 | -633 | 8,398 | - | 8,696 |
| Total equity | | 32,114 | -6,655 | 5,153 | - | 30,612 |
| Interest-bearing liabilities | | 36,904 | 9,080 | -6,604 | - | 39,380 |
| Other payables | | 9,080 | -9,080 | - | - | - |
| Contract liabilities | | - | - | - | 7,379 | 7,379 |
| Lease liabilities | B | - | - | 40,851 | - | 40,851 |
| Total non-current liabilities | | 45,984 | - | 34,247 | 7,379 | 87,610 |
| Interest-bearing liabilities | | 4,483 | 56 | - | - | 4,539 |
| Other credit institutions | | 56 | -56 | - | - | - |
| Payables to shareholders and management | | 43 | - | - | - | 43 |
| Contract liabilities | | 12,513 | - | - | -7,379 | 5,134 |
| Lease liabilities | B | - | - | 1,523 | - | 1,523 |
| Government grants | | - | 2,411 | - | - | 2,411 |
| Trade payables | | 2,157 | 4 | - | - | 2,161 |
| Other payables | | 8,081 | 14 | - | - | 8,095 |
| Total current liabilities | | 27,334 | 2,429 | 1,523 | -7,379 | 23,906 |
| Total liabilities | | 73,318 | 2,429 | 35,770 | - | 111,516 |
| Total equity and liabilities | | 105,432 | -4,226 | 40,923 | - | 142,128 |

1. Accounting policies (continued)

Foreign currency translation

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and the date of payment are recognised in the statement of profit or loss in financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest Financial Statements is recognised in the statement of profit or loss in financial income or financial expenses.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on operating profit/loss, adjusted for the cash flow effect of non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment, and financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital and dividend paid. Cash and cash equivalents comprise cash at bank and in hand.

1. Accounting policies (continued)

Statement of profit or loss

Revenue

The Group recognises revenue from receiving waste for recycling and subsequently selling the output raw materials to customers. Revenue is mainly derived from receiving gate fees for handling the disposal of artificial turf, but in the long term revenue will mainly be derived from selling raw materials.

Revenue recognition requires an agreement with the customer, which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of the goods to a customer. All revenue is derived from contracts with customers. No significant element of financing is deemed present as the sales are made with a credit term of 10 days, which is consistent with market practice.

Front end

Front-end revenue is a fee for receiving old fields (gate fee). The fee is received for a promise of recycling the materials into new raw materials to reduce waste. Revenue is recognised when the recycling process is finished. Receivables are recognised when goods are received (picked up by transport) and income is deferred until the recycle process is finished.

Back end

Back-end revenue is income from selling raw materials. After recycling an old field, several types of raw materials are made; sand in different versions, SBR rubber in different versions and other types. This is primarily sold to maintain soccer pitches but also other production customers using the materials in e.g. furniture production. Revenue is recognised when the customer has control over the raw materials. Customers have control when the materials are delivered at the destination.

Other

Other revenue types are roll-up and transportation. Roll-up is a service where old fields are cut up to be removed. Transport can be both transport of old fields to Re-Match or transport of raw materials to the customer. For both services, a sub-contractor is involved. Re-Match is acting as a principal in both scenarios. The Group has generally concluded that it is the principal in those revenue arrangements, because it typically controls the goods or services before transferring them to the customer. Roll-up is recognised when the work is done, as this is always a separate performance obligation. Transport is not distinct from front end or back end and is recognised as bundled performance obligation at a point of time.

1. Accounting policies (continued)

Cost to obtain a contract

The Group pays sales commission to its employees based on the contracts that they obtain for sales of goods. The commissions are expensed when incurred, as the underlying customer contracts have a duration of less than a year.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss as other operating income over the period necessary to match them with the costs that they are intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Other external expenses

Other external expenses comprise sales and marketing costs, external consultancy costs, other employee -related costs, IT and software costs, investor relations costs, loss allowances for doubtful trade receivables and other administrative expenses.

Staff costs

Staff costs consist of salaries, sales commissions, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits. Salaries, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits are recognised in the year in which the associated services are rendered by the employees. The Group has entered into retirement benefits schemes and similar agreements with employees. Contributions to defined contribution plans are recognised in the statement of profit or loss in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as other liabilities.

Share-based payments

The Board of Directors and the Board of Management have been granted warrants. The warrants are measured at fair value at the grant date and are recognised as an expense in staff costs over the vesting period. Expenses are set off against equity. The fair value of the warrants is measured using the BlackScholes valuation method or other generally accepted valuation techniques. The calculation takes into account the terms and conditions under which the warrants are granted. Fair value is not subsequently remeasured. Consideration received for warrants sold is recognised directly in equity.

Financial income and financial expenses

Financial income and expenses include interest income, interest expense, amortisation of borrowing costs and realised and unrealised exchange gains and losses.

1. Accounting policies (continued)

Tax

Tax on the profit or loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit or loss for the year is recognised in the statement of profit or loss, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the statement of financial position as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the statement of financial position date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the statement of financial position date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the statement of profit or loss.

The Group recognises deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilisation in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

Re-Match A/S is included in a national joint taxation with its Parent. The tax charge for the year is allocated between the Danish jointly taxed companies in proportion to their taxable income, taking taxes paid into account.

1. Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets with determinable useful lives comprise completed and in -progress development projects, patents and software and are measured at cost less accumulated amortisation and impairment losses. Completed development projects by the Group are recognised as an asset if the cost of development is reliably measurable and an analysis shows that future economic benefits from using the software exceed the cost.

Cost is defined as development costs incurred to the development of plastic upcycling processes and consists primarily of direct salaries and other directly attributable costs.

Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the expected useful life on a straight-line basis. During the period of development, the asset is tested for impairment annually.

Amortisation and impairment charges are recognised in the statement of profit or loss.

Expected useful lives are reassessed regularly. The Group regularly reviews the carrying amounts of its finite-lived intangible assets to determine whether there is an indication of an impairment loss. Intangible assets are amortised on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

Patents: 20 years

Software: 3-5 years

Property, plant and equipment

Property, plant and equipment comprise plant and machinery, leasehold improvements and other fixtures and fittings, tool and equipment. Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Plant and machinery and fixtures and fittings, tools and equipment, are depreciated on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

Plant and machinery: 25 years

Other fixtures and fittings, tools and equipment: 3-5 years

Property, plant and equipment is tested for impairment if indications of impairment exist. Property, plant and equipment are written down to their recoverable amount if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognised in the statement of profit or loss.

Leases

When entering into an agreement, the Group assesses whether an agreement is a lease agreement or contains a lease element.

1. Accounting policies (continued)

The right-of-use asset is measured at cost, which is calculated as the present value of the lease obligation plus any direct costs related to the entering into of the lease and prepaid lease payments.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Group leases properties which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Where the Group cannot reliably separate lease and non-lease items, it is considered a single lease payment.

Short-term leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position.

The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

The lease obligation, which is recognised in "Lease liabilities", is measured at the present value of the remaining lease payments, discounted by the Group's incremental loan interest rate if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined. The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in the expectations related to exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognised as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognised in the statement of profit or loss.

Deposits

On initial recognition, deposits are measured at fair value and subsequently at amortised cost less impairment losses, if any.

1. Accounting policies (continued)

Investment in a joint venture

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. The Financial Statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss. Upon loss of significant influence or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Finished goods cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1. Accounting policies (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in these categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables (see policy below).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

Trade receivables

Provision for expected credit losses is made when the Group does not expect to collect all amounts due. The provision is determined by individually assessing them for likelihood of recovery. The provision reflects lifetime expected credit losses, i.e. possible default events over the expected life of the trade receivables, weighted by the probability of that default occurring. Judgement has been applied in determining the level of provision for expected credit losses, taking into account the credit risk characteristics of customers and the likelihood of recovery assessed on a combination of collective and individual basis as relevant. While the provision is considered appropriate, changes in estimation basis or in economic conditions could lead to a change in the level of provision recorded and consequently on the charge or credit to profit or loss.

For trade receivables relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group determines the provision for expected credit losses by evaluating each customer individually and assessing them for likelihood of recovery, taking into account prevailing economic conditions and forward-looking assumptions.

1. Accounting policies (continued)

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss. Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The costs of allowances for expected credit losses and write-offs for trade receivables are recognised in the statement of profit or loss in other external expenses.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables in note 19. The Group does not hold collateral as security.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Interest -bearing liabilities

Interest -bearing liabilities are measured at amortised cost.

Trade payables and other payables

Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Payables are measured at cost.

2. Adoption of new and amended standards

The new and amended Standards and Interpretations that have been issued, but are not yet effective, up to the date of issuance of the Group's Financial Statements are disclosed below. The Group intends to adopt these new and amended Standards and Interpretations, if applicable, when they become effective.

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- Interest Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Classification of Liabilities as Current or Non-current
- IFRS 4 - Extension of the temporary exemption from applying IFRS 9
- Amendment to IFRS 16 Covid-19 related rent concessions beyond 30 June 2021
- Amendment to IAS 1 - Disclosure of accounting policies
- Amendment to IAS 8 – Definition of accounting estimates

The Group does not expect any material impact from the issued but not yet effective IFRS standards that have not been implemented.

3. Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the Financial Statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses as well as judgements made in applying the entity's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in note 1 to the Financial Statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the Financial Statements.

Judgements

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimates and assumptions

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgements made.

Fair value of compound financial instruments

The determination of fair value of the convertible loan depends on certain assumptions, which include the selection of the interest rate. The market interest rate has been assessed based on a Private Capital Markets Report from Pepperdine University. Further information can be found in notes 22 and 23.

Inventories

The net realisable value is estimated based on the selling price less estimated costs of completion and costs necessary to make the sale, which are in general calculated by 20%.

4. Segment information

For management purposes and based on internal reporting information, the Group originates its revenue from three reportable segments, namely:

- The Front-end segment, including revenues originating from sales of recycling artificial turf
- The Back-end segment, including revenue originating from the sales of raw materials (e.g. sand, fibre, etc.)
- A segment defined as Other, which includes revenue deriving from additional services provided by Re-Match A/S to their customers, such as transport and roll-up services.

Services included in the “Other” category have been aggregated because of similar economic characteristics, such as the nature of the products and services provided.

The Executive Management is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas and is responsible for the strategic decision -making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment. Segment performance is evaluated based on revenue and is measured consistently with revenue in the Consolidated Financial Statements. The statement of profit or loss in management information is not separated into segments, and therefore no further information is disclosed. For the split of revenue per segment, please refer to note 5.

In 2020, one customer exceeded 10% of total revenue accumulated for 13.4% (2019: One customer with accumulated revenue of 15%).

5. Revenue

Revenue from external customers

| DKK'000 | 2020 | 2019 |
|----------------|---------------|---------------|
| Front end | 10,014 | 10,058 |
| Back end | 4,934 | 8,566 |
| Other | 13,587 | 9,624 |
| Total | 28,535 | 28,248 |

Geographical markets

| DKK'000 | 2020 | 2019 |
|----------------|---------------|---------------|
| Nordics | 12,456 | 13,055 |
| DACH | 6,854 | 2,723 |
| Benelux | 8,920 | 11,264 |
| USA | - | 749 |
| Rest of Europe | 305 | 457 |
| Total | 28,535 | 28,248 |

Contract liabilities

| DKK'000 | 2020 | 2019 |
|----------------------------|---------------|---------------|
| Cost at 1 January | 12,513 | 2,773 |
| Recognised during the year | -5,134 | -2,525 |
| Additions | 19,112 | 12,265 |
| Cost at 31 December | 26,491 | 12,513 |

Management expects that approximately 31% of the transaction price allocated to the unsatisfied contracts as of year-end 2020 will be recognised as revenue during the next reporting period (DKK 8 million). Approximately 51%, DKK 14 million, will be recognised in the financial year 2022.

6. Staff costs

| DKK'000 | 2020 | 2019 |
|--|---------------|---------------|
| Salaries | 18,550 | 15,995 |
| Share-based payments | 703 | 1,475 |
| Pensions | 512 | 878 |
| Other social security costs | 200 | 211 |
| Other staff costs | 137 | 138 |
| Total | 20,102 | 18,697 |
| Average numbers of employees during the year | 28 | 27 |

| Board of Directors and Key Management Personnel | 2020 | | | 2019 | | |
|--|---------------------------|----------------|--------------------------------------|---------------------------|-----------------|----------------------------------|
| | Remune- ration | Pension | Share- based payments | Remune- ration | Pensions | Shared-based payments |
| Board of Directors | 1,418 | 0 | 0 | 419 | 0 | 0 |
| Key Management Personnel | 2,648 | 0 | 0 | 3,425 | 0 | 0 |
| Total | 4,066 | 0 | 0 | 3,844 | 0 | 0 |

Employment contracts for members of the Key Management Personnel contain terms and conditions that are common to those of their peers in similar companies, including terms of notice and non-competitive clauses.

7. Government grants

As a result of COVID-19, the Group has received DKK 1,026k in government aid in 2020, which is included in other operating income in accordance with IAS 20. This is presented separately and is not offset against staff costs. The Group has also received government grants relating to development projects in 2020 in the amount of DKK 10,578k (2019: DKK 2,411k). From the DKK 2,411k received in 2019, DKK 482k was booked to other operating income in 2020.

8. Share-based payments

| DKK'000 | <u>2020</u> | <u>2019</u> |
|------------------------------|-------------------|---------------------|
| Cost of share-based payments | 703 | 1,475 |
| Total | <u>703</u> | <u>1,475</u> |

Costs of share-based payments are recognised as staff costs with a corresponding effect in equity. Consideration received for warrants sold is recognised directly in equity.

The Group offers warrants to members of the Board of Directors and certain employees. Each share option converts into one ordinary share of Re-Match Holding A/S on exercise. No amounts are paid or are payable by the recipient on receipt of the option.

The options carry neither rights to dividends nor voting rights. Options may be exercised in case of exit events or at the latest in 2026. Options are exercisable at an agreed price on the date of grant. The vesting period is 2-3 years. If the options remain unexercised after the exercise period, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Specification of outstanding warrants:

| Number of warrants | Weighted average exercise price DKK | Board of Directors | Employees | Total |
|--|--|-------------------------------|-----------------------|-----------------------|
| Outstanding at 1 January 2019 | 9.11 | 221,796 | 0 | 221,796 |
| Granted | 0 | 0 | 287,871 | 287,871 |
| Exercised | 0 | 0 | 0 | 0 |
| Cancelled | 0 | -147,725 | 0 | -147,725 |
| Outstanding at 31 December 2019 | <u>9.11</u> | <u>74,071</u> | <u>287,781</u> | <u>361,942</u> |
| Granted | 0 | 0 | 0 | 0 |
| Exercised | 0 | 0 | 0 | 0 |
| Cancelled | 0 | 0 | 0 | 0 |
| Outstanding at 31 December 2020 | <u>9.11</u> | <u>74,071</u> | <u>287,781</u> | <u>361,942</u> |

8. Share-based payments (continued)

Outstanding warrants have the following characteristics:

| Outstanding warrants | Weighted average exercise price DKK | Vesting period | Exercise period | 2020 | 2019 |
|-----------------------------------|--|-----------------|-----------------|----------------|----------------|
| Warrants granted in 2015-2018 | 9.11 | 16 Mar – 21 Mar | 16 Mar – 26 May | 74,071 | 74,071 |
| Warrants granted in 2019 | 0 | 19 Mar – 21 Mar | 19 Mar – 26 May | 287,871 | 287,871 |
| Outstanding at 31 December | | | | 361,942 | 361,942 |

No warrants are exercised in 2020.

| | 2020 | 2019 |
|---|---------|---------|
| Average remaining life of outstanding warrants at 31 December (years) | 5.4 | 6.4 |
| Exercise price for outstanding warrants at 31 December (DKK) | 0-10.07 | 0-10.07 |

The fair value of the warrants issued is measured at calculated market price at the grant date based on the Black & Scholes option pricing model. The calculation is based on the following assumptions at the grant date:

| | Warrants granted in 2020 | Warrants granted in 2019 | Warrants granted in 2015-2018 |
|---|-----------------------------|-----------------------------|-------------------------------------|
| Average share price (DKK) | - | 8.15 | 9,11 |
| Expected volatility rate (% p.a.) | - | 35% | 35% |
| Risk-free interest rate (% p.a.) | - | 0 | 0 |
| Expected warrant life (no. years) | - | 2 | 3-6 |
| Exercise price (DKK) | - | 0 | 8.15-10.07 |
| Fair value all warrants, after dilution (DKK'000) | - | 2,343 | 493 |

Expected volatility rate is applied based on the annualised volatility on relevant peer groups derived from the standard deviation of daily observations over 12 months ending in 2020.

9. Depreciation, amortisation and impairment losses

| DKK'000 | 2020 | 2019 |
|--|--------------|--------------|
| Amortisation of intangible assets | 1,555 | 1,280 |
| Depreciation of property plant and equipment | 1,993 | 1,492 |
| Depreciation of right-of-use assets | 3,319 | 2,906 |
| Total | 6,867 | 5,678 |

10. Financial income

| DKK'000 | 2020 | 2019 |
|-------------------------|-------------|-------------|
| Foreign exchange income | 124 | 92 |
| Other financial income | 0 | 0 |
| Total | 124 | 92 |

11. Financial expenses

| DKK'000 | 2020 | 2019 |
|-------------------------------|---------------|---------------|
| Interest expenses | 7,167 | 7,063 |
| Foreign exchange losses | 2,753 | 269 |
| Interest on lease liabilities | 3,064 | 2,779 |
| Total | 12,984 | 10,111 |

12. Tax for the year

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

| DKK'000 | 2020 | 2019 |
|--|---------------|--------------|
| Current tax for the year | - | 127 |
| Current tax for previous years | -1,528 | - |
| Changes in deferred tax | - | 8,315 |
| Income tax expense reported in the statement of profit or loss | -1,528 | 8,442 |
| Profit/loss before tax | -46,285 | -44,349 |
| Tax calculated as 22% of profit/loss before tax | 10,183 | 9,757 |
| Tax loss not recognised for the year | -9,472 | - |
| Non-deductible expenses | 30 | 286 |
| Tax credit | - | -199 |
| Correction of development costs from previous years | -531 | - |
| Correction of tax credit from previous years | -1,528 | - |
| Other | -210 | -1,402 |
| Effective tax | -1,528 | 8,442 |
| Effective tax rate for the year (%) | 3.3% | 19% |

Deferred tax is recognised in the statement of financial position as follows:

| DKK'000 | 2020 | 2019 |
|--------------------------|---------------|---------------|
| Deferred tax (asset) | 16,288 | 16,288 |
| Deferred tax (liability) | - | - |
| Total | 16,288 | 16,288 |

Deferred tax concerns

| DKK'000 | 2020 | 2019 |
|-------------------------------|---------------|---------------|
| Intangible assets | -832 | -1,039 |
| Property, plant and equipment | -3,671 | -3,898 |
| Tax loss carried forward | 20,791 | 21,225 |
| Total | 16,288 | 16,288 |

12. Tax for the year (continued)

Deferred tax assets have not been recognised for tax losses that arose in Denmark in the amount of DKK 44,714k (2019: DKK 4,536k) that are available for offsetting against future taxable profits of the Parent.

13. Intangible assets

| DKK'000 | Completed development projects | Development projects in progress | Patents | Software | Total |
|--|--------------------------------------|--|--------------|--------------|---------------|
| 2020 | | | | | |
| Cost at 1 January | 6,790 | - | 2,168 | - | 8,958 |
| Additions | 222 | 151 | 420 | 2,001 | 2,794 |
| Foreign exchange adjustments | - | - | -125 | - | -125 |
| Cost at 31 December | 7,012 | 151 | 2,463 | 2,001 | 11,627 |
| Amortisation and impairment losses at 1 January | -3,009 | - | -222 | - | -3,231 |
| Amortisation during the year | -1,432 | - | -123 | - | -1,555 |
| Disposals during the year | - | - | - | - | - |
| Foreign exchange adjustments | - | - | - | - | - |
| Amortisation and impairment losses at 31 December | -4,441 | - | -345 | - | -4,786 |
| Carrying amount at 31 December | 2,571 | 151 | 2,118 | 2,001 | 6,841 |

13. Intangible assets (continued)

| DKK'000 | Completed development projects | Development projects in progress | Patents | Software | Total |
|--|---|---|----------------|-----------------|---------------|
| 2019 | | | | | |
| Cost at 1 January | 5,887 | - | 1,737 | - | 7,624 |
| Additions | 903 | - | 449 | - | 1,352 |
| Foreign exchange adjustments | - | - | -18 | - | -18 |
| Cost at 31 December | 6,790 | - | 2,168 | - | 8,958 |
| Amortisation and impairment losses at 1 January | -1,832 | - | -126 | - | -1,958 |
| Amortisation during the year | -1,177 | - | -103 | - | -1,280 |
| Disposals during the year | - | - | - | - | - |
| Foreign exchange adjustments | - | - | -7 | - | -7 |
| Amortisation and impairment losses at 31 December | -3,009 | - | -236 | - | -3,245 |
| Carrying amount at 31 December | 3,781 | - | 1,932 | - | 5,713 |

Completed development projects relate to the development of plasticupcycling. Management has an expectation of positive earnings from the project.

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

14. Property, plant & equipment

| DKK'000 | Other fixtures and fittings, tools and equipment | Plant and machinery | Leasehold improvement | Total |
|---------------------------------------|---|--------------------------------|----------------------------------|---------------|
| 2020 | | | | |
| Cost at 1 January | 1,962 | 28,441 | 1,358 | 31,761 |
| Additions | - | 1,807 | - | 1,807 |
| Disposals | - | - | - | - |
| Cost at 31 December | 1,962 | 30,248 | 1,358 | 33,568 |
| Depreciation at 1 January | -172 | -4,557 | -741 | -5,470 |
| Depreciation during the year | -381 | -1,488 | -124 | -1,993 |
| Depreciation at 31 December | -553 | -6,045 | -865 | -7,463 |
| Carrying amount at 31 December | 1,409 | 24,203 | 493 | 26,105 |
| | | | | |
| DKK'000 | Other fixtures and fittings, tools and equipment | Plant and machinery | Leasehold improvement | Total |
| 2019 | | | | |
| Cost at 1 January | 175 | 27,760 | 1,342 | 29,277 |
| Additions | 1,826 | 681 | 16 | 2,523 |
| Disposals | -39 | - | - | -39 |
| Cost at 31 December | 1,962 | 28,441 | 1,358 | 31,761 |
| Depreciation at 1 January | -114 | -3,318 | -586 | -4,018 |
| Depreciation during the year | -58 | -1,239 | -155 | -1,452 |
| Depreciation at 31 December | -172 | -4,557 | -741 | -5,470 |
| Carrying amount at 31 December | 1,790 | 23,884 | 617 | 26,291 |

15. Leases

| DKK'000 | Property | Machinery | Total |
|---------------------------------------|-----------------|------------------|---------------|
| 2020 | | | |
| Cost at 1 January | 43,362 | 466 | 43,828 |
| Additions | - | 66 | 66 |
| Adjustments and revaluations | 5,149 | - | 5,149 |
| Cost at 31 December | 48,511 | 532 | 49,043 |
| Depreciation at 1 January | -2,714 | -192 | -2,906 |
| Depreciation during the year | -3,110 | -209 | -3,319 |
| Depreciation at 31 December | -5,824 | -401 | -6,225 |
| Carrying amount at 31 December | 42,687 | 131 | 42,818 |

| DKK'000 | Property | Machinery | Total |
|---------------------------------------|-----------------|------------------|---------------|
| 2019 | | | |
| Cost at 1 January | 36,010 | 422 | 36,432 |
| Additions | - | 44 | 44 |
| Adjustments and revaluations | 7,352 | - | 7,352 |
| Cost at 31 December | 43,362 | 466 | 43,828 |
| Depreciation at 1 January | - | - | - |
| Depreciation during the year | -2,714 | -192 | -2,906 |
| Depreciation at 31 December | -2,714 | -192 | -2,906 |
| Carrying amount at 31 December | 40,648 | 274 | 40,922 |

Carrying amounts of lease liabilities and movements during the period:

| DKK'000 | 2020 | 2019 |
|-----------------------|---------------|---------------|
| At 1 January | 42,374 | 36,432 |
| Additions | 66 | 44 |
| Accrual of interest | 3,064 | 2,779 |
| Payments | -4,721 | -4,234 |
| Adjustments | 5,149 | 7,353 |
| At 31 December | 45,932 | 42,374 |
| Non-current | 44,205 | 40,851 |
| Current | 1,727 | 1,523 |

The maturity of lease liabilities is disclosed in note 25.

15. Leases (continued)

The following amounts have been recognised in the statement of profit or loss:

| DKK'000 | 2020 | 2019 |
|---|--------------|--------------|
| Depreciation of right-of-use assets | 3,319 | 2,906 |
| Interest on lease liabilities | 3,065 | 2,779 |
| Expense relating to short-term leases (included in other external expenses) | 1,471 | 1,215 |
| Total amount recognised in the statement of profit or loss | 7,855 | 6,900 |

The Group had total lease outflow of DKK 6,192k (2019: DKK 5,449k).

The Group leases offices and lease terms are negotiated on an individual basis and contain different terms and conditions. As part of COVID-19 no rent concession has been received.

16. Deposits

| DKK'000 | 2020 | 2019 |
|----------------------------|--------------|--------------|
| Cost at 1 January | 2,397 | 2,299 |
| Additions | 14 | 98 |
| Cost at 31 December | 2,411 | 2,397 |

17. Investment in a joint venture

The Group has a 40% interest in a newly established joint venture in France, Re-Match France. The Group's interest in Re-Match France is accounted for using the equity method in the Consolidated Financial Statements. Summarised financial information of the joint venture, based on its IFRS Financial Statements, and reconciliation with the carrying amount of the investment in the Consolidated Financial Statements are set out below:

Summarised statement of financial position of Re-match France:

| DKK'000 | <u>2020</u> |
|--|-----------------|
| Current assets | 6,375 |
| Non-current assets | - |
| Current liabilities | 6,870 |
| Non-current liabilities | <u>-</u> |
| Equity | -495 |
| Group's share in equity 40% | <u>-198</u> |
| Goodwill | <u>-</u> |
| Group's carrying amount of the investment | <u>-</u> |

Summarised statement of profit or loss of Re-Match France:

| DKK'000 | <u>2020</u> |
|--|--------------------|
| Revenue | 201 |
| Cost of sales | -162 |
| Staff costs | -483 |
| Other external expenses | -421 |
| Financial expenses | <u>-1</u> |
| Profit/loss before tax | -866 |
| Income tax | <u>-</u> |
| Profit/loss for the year | -866 |
| Other | <u>-</u> |
| Total comprehensive income for the year | -866 |
| Group's share of profit for the year | <u>-346</u> |

The Group has made a convertible loan available to Re-Match France in an amount of EUR 880,000, which is not bearing interest. It has been included in other financial assets and classified as financial assets at fair value through profit or loss.

18. Inventories

| DKK'000 | <u>2020</u> | <u>2019</u> |
|--|--------------|--------------|
| Finished goods | 6,815 | 6,784 |
| Total inventories at the lower of cost and net realisable value | 6,815 | 6,784 |

During 2020, DKK 3,768k (2019: 6,500k) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

19. Trade receivables

| DKK'000 | <u>31 December 2020</u> | <u>31 December 2019</u> | <u>1 January 2019</u> |
|-------------------|-----------------------------|-----------------------------|---------------------------|
| Trade receivables | 3,231 | 3,293 | 2,130 |
| Write-downs | -197 | -138 | -252 |
| Total | 3,034 | 3,155 | 1,878 |

Expected credit loss

The below table details the maturity of trade receivables. The Group has assessed its expected credit loss on an individual level, and has deemed its expected loss immaterial, for which reason there no matrix for expected credit loss on groups of receivables has been made available, and furthermore the historical losses on trade receivables are limited as shown in the maturity analysis.

| DKK'000 | <u>Not past due</u> | <u>Overdue by 0-30 days</u> | <u>Overdue by 31-60 days</u> | <u>Overdue by >60 days</u> | <u>Write downs</u> | <u>Carrying amount of receivables</u> |
|-------------------|-------------------------|-------------------------------------|----------------------------------|---------------------------------------|------------------------|---|
| 31 December 2020 | | | | | | |
| Trade receivables | 331 | 294 | 196 | 2,410 | -197 | 3,034 |
| 31 December 2019 | | | | | | |
| Trade receivables | 422 | 1,073 | 429 | 1,368 | -138 | 3,155 |
| 1 January 2019 | | | | | | |
| Trade receivables | 699 | 928 | 158 | 345 | -252 | 1,878 |

20. Other receivables

| DKK'000 | 2020 | 2019 |
|----------------|---------------|--------------|
| Warranties | 14,229 | 7,375 |
| VAT | 2,467 | 2,121 |
| Other | - | 25 |
| Total | 16,696 | 9,521 |

Warranties relate to leases for storage space which are classified as short-term leases and not capitalised. The amount increased as the storage was extended in 2020.

21. Working capital changes

| DKK'000 | 2020 | 2019 |
|---|--------------|--------------|
| Change in inventory and prepayments | 31 | 981 |
| Change in receivables | -7,006 | -10,128 |
| Change in trade payables and other debt | 16,432 | 11,290 |
| | 9,457 | 2,143 |

22. Share capital and earnings per share

At 31 December 2020, the share capital consisted of 14,681,315 (2019: 14,393,561) shares with a nominal value of DKK 1 each.

The shares are not divided into classes and carry no right to fixed income.

DKK'000

Issued and fully paid-up shares:

| | |
|--|---------------|
| At 1 January 2019 , 9,538k shares of DKK 1 each | 9,538 |
| Capital increase | 4,855 |
| At 31 December 2019 | 14,394 |
| Capital increase | 288 |
| Share capital at 31 December 2020 | 14,681 |

Earnings per share

| DKK'000 | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| The calculation of earnings per share is based on the following: | | |
| Profit/loss for the year | -49,082 | -35,907 |
| Interest on convertible loan | 4,504 | 1,811 |
| Earnings for the purposes of diluted earnings per share | -44,577 | -34,095 |
| Average number of ordinary shares for calculation of basic earnings per share: | <u>14,427,276</u> | <u>13,436,947</u> |
| Average diluted effect of outstanding share options | 361,942 | 338,584 |
| Convertible loans | 1,153,263 | 1,057,158 |
| Average number of shares for calculation of diluted earnings per share: | <u>15,942,481</u> | <u>14,832,689</u> |
| Earnings per share, (EPS) | -3.40 | -2.67 |
| Earnings per share, diluted (DEPS) | -2.80 | -2.30 |

23. Interest-bearing liabilities

| DKK'000 | <u>31 December 2020</u> | <u>31 December 2019</u> | <u>1 January 2019</u> |
|-------------------------------|-----------------------------|-----------------------------|---------------------------|
| Non-current borrowings | | | |
| Debt to credit institutions | 7,288 | 11,041 | 11,745 |
| Convertible loans | <u>31,895</u> | <u>28,339</u> | <u>-</u> |
| Total | <u>39,183</u> | <u>39,380</u> | <u>11,745</u> |
| Current borrowings | | | |
| Debt to credit institutions | <u>7,337</u> | <u>4,539</u> | <u>7,979</u> |
| Total | <u>7,337</u> | <u>4,539</u> | <u>7,979</u> |

Management has assessed the carrying amount to be equivalent to the fair value of the liabilities.

24. Other capital reserve

Other capital reserve is used to recognise the value of equity-settled share-based payments provided to employees, including Key Management Personnel, as part of their remuneration. Refer to note 8 for further details of these plans. The reserve also includes the equity component of the issued convertible loans. The liability component is included in interest-bearing liabilities (note 23).

25. Financial risks

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of net debt and equity. Management reviews the capital structure continually to consider if the current capital structure is in accordance with the Group's and shareholders' interests.

25. Financial risks (continued)

Financial risk management

Due to the nature of its operations, investments, and financing, the Group is exposed to a number of financial risks. It is Group policy to operate with a low risk profile, so that currency risk, interest rate risk and credit risk only occur in commercial relationships. The scope and nature of the Group's financial instruments appear from the statement of profit or loss and statement of financial position in accordance with the accounting policies applied. Provided below is information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the Financial Statements. This note addresses only financial risks directly related to the Group's financial instruments.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations towards the Group, resulting in a financial loss. The Group is exposed to credit risk primarily related to its trade and other receivables, receivables from group enterprises, contract assets and cash held at financial institutions. The Group assesses default when the accounts receivable are due more than 90 days and the outstanding amount is written off, when there is a court order of bankruptcy from the counterparty. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets.

Foreign currency risk:

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.

The general objective of the Group's currency risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. The Group also aims at balancing incoming and outgoing payments in local currency as much as possible as well as monitoring the development in exchange rates and adjusting price lists when required.

The Group issues invoices in local currency, which is why the incoming cash flow reflects different currencies. Historically, EUR has been the predominant invoiced currency. The Group has in all material aspects only transactions in DKK, EUR and USD. The foreign currency risk for EUR is limited due to a low volatility.

Going forward, Management expects higher frequency of foreign currencies in the incoming and outgoing cash flow. Consequently, Management has established bank accounts for these currencies, to reduce costs and lower the risk.

| DKK'000 | 2020 | 2019 |
|---|------|------|
| Sensitivity to a 10% increase in USD exchange rate | | |
| Effect on profit before tax | 140 | 180 |
| Effect on pre-tax equity | 650 | 590 |

25. Financial risks (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| DKK'000 | Assets | | Liabilities | |
|-----------------|-------------|-------------|-------------|-------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| Currency | | | | |
| USD | 2,261 | 2,492 | 113 | 37 |

Liquidity risk

The Group ensures sufficient liquidity resources by liquidity management. In order to limit the Group's counterparty risk, deposits are only made in well-reputed banks.

At 31 December 2020, the Group's cash and cash equivalents amounted to DKK 6,016k (2019: DKK 28,020k). The cash reserve, expected cash flow and investments from investors for 2021 are considered to be adequate to meet the obligations of the Group as they fall due.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments which include estimated interest payments:

| DKK'000 | On demand | <1 year | 1 to 5 years | > 5 years | Total |
|------------------------------------|------------------|-------------------|---------------------|---------------------|----------------|
| Year ended 31 December 2020 | | | | | |
| Interest-bearing liabilities | - | 9,005 | 52,434 | - | 61,439 |
| Lease liabilities | - | 4,763 | 19,728 | 46,359 | 70,850 |
| Trade and other payables | - | 12,753 | - | - | 12,753 |
| Total | - | 26,521 | 72,162 | 46,359 | 145,042 |
| DKK'000 | On demand | <1 year | 1 to 5 years | > 5 years | Total |
| Year ended 31 December 2019 | | | | | |
| Interest-bearing liabilities | - | 7,762 | 55,025 | - | 62,787 |
| Lease liabilities | - | 4,326 | 17,245 | 45,783 | 67,354 |
| Trade and other payables | - | 10,256 | - | - | 10,256 |
| Total | - | 22,344 | 72,270 | 45,783 | 140,397 |

25. Financial risks (continued)

Interest rate risk

Interest rate risk arises in relation to interest-bearing assets and liabilities.

The Group's interest-bearing debt to credit institutions of DKK 9.78 million at 31 December 2020 is subject to a floating rate of interest based on a three-month CIBOR plus a premium.

If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the loan balance to credit institutions at the end of 2020, would result in an annual increase in interest expenses of DKK 978k. A corresponding decrease in market interest rates would have the opposite impact.

Financial instruments:

| DKK'000 | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Financial assets measured at fair value through profit and loss | | |
| Other financial assets | 6,554 | - |
| Total | <u>6,554</u> | <u>-</u> |
| Financial assets measured at amortised cost | | |
| Deposits | 2,411 | 2,397 |
| Trade receivables | 3,034 | 3,155 |
| Other receivables | 16,697 | 9,521 |
| Cash | 6,016 | 28,020 |
| Total | <u>28,158</u> | <u>43,093</u> |
| Financial liabilities measured at amortised cost | | |
| Interest-bearing liabilities | 46,520 | 43,919 |
| Trade payables | 3,226 | 2,161 |
| Other payables | 9,527 | 8,095 |
| Total | <u>59,273</u> | <u>54,175</u> |

Classification of financial assets measured at amortised cost

Since the Group's financial instruments measured at amortised cost are either short-term and/or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

26. Other disclosures relating to consolidated statement of cash flow

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

| DKK'000 | <u>31 Dec 2020</u> | <u>31 Dec 2019</u> | <u>01 Jan 2019</u> |
|----------------------------------|---------------------------|---------------------------|---------------------------|
| Cash at banks and on hand | 5,990 | 28,020 | 600 |
| Bank overdrafts | <u>-13</u> | <u>-56</u> | <u>-3,076</u> |
| Cash and cash equivalents | <u>5,977</u> | <u>27,964</u> | <u>-2,476</u> |

Additional information on the changes to liabilities arising from financing activities can be found in the below tables:

| DKK'000 | <u>Other borrowings</u> | <u>Lease liabilities</u> | <u>Total</u> |
|-----------------------------------|--------------------------------|---------------------------------|----------------------|
| 2020 | | | |
| Liabilities at 1 January | 43,919 | 42,374 | 86,293 |
| Loans raised | - | - | - |
| New leases | - | 66 | 66 |
| Repayments | -8,882 | -4,721 | -13,603 |
| Other | <u>11,483</u> | <u>8,213</u> | <u>19,696</u> |
| Liabilities at 31 December | <u>46,520</u> | <u>45,932</u> | <u>92,452</u> |

| DKK'000 | <u>Other borrowings</u> | <u>Lease liabilities</u> | <u>Total</u> |
|-----------------------------------|--------------------------------|---------------------------------|----------------------|
| 2019 | | | |
| Liabilities at 1 January | 19,724 | 36,432 | 56,156 |
| Loans raised | 35,800 | - | 35,800 |
| New leases | - | 44 | 44 |
| Repayments | -8,847 | -4,234 | -13,081 |
| Other | <u>-2,758</u> | <u>10,131</u> | <u>7,374</u> |
| Liabilities at 31 December | <u>43,919</u> | <u>42,374</u> | <u>86,293</u> |

27. Guarantees, contingent liabilities and collateral

As security for debt to other credit institutions and other debt, totalling DKK 19,500k the Company has been granted a company charge of which the carrying amount accounts for DKK 38,751k as of December 2020.

The Parent participates in a Danish joint taxation arrangement where Re-Match Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent is therefore liable to income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's Financial Statements.

28. Related parties

| <u>Shareholders</u> | <u>Registered office</u> | <u>Basis of influence</u> |
|----------------------------------|--------------------------|---------------------------|
| Nordic Alpha Partners Fund I K/S | Hellerup | 29.25 % |
| MLI Portfolio Holding ApS | Hellerup | 15.41 % |
| UL Investment ApS | Charlottenlund | 10.36 % |
| DACH Invest ApS | Risskov | 9.75 % |
| LAC Invest Ikast ApS | Ikast | 9.15 % |

The ultimate Parent is Nordic Alpha Partners Fund I K/S.

Other related parties

Other related parties of the Group with a significant influence comprise the Board of Directors and the Executive Board and their related parties. The transactions with the Board of Directors and the Executive Board only consist of normal remuneration as disclosed in note 6.

29. Events after the reporting period

As of 14 March 2021 the Group successfully conducted a funding round among existing shareholders strengthening the balance sheet and repairing equity by raising DKK 37,250k from existing shareholders (thereof DKK 14,900k in equity and DKK 22,350k in convertible debt).

Parent income statement

| DKK | Note | 2020 | 2019 |
|--|-------------|--------------------|--------------------|
| Gross profit/loss | | -10,558,663 | -12,765,183 |
| Staff costs | 4 | -19,399,042 | -16,701,354 |
| Depreciation, amortisation and impairment losses | 5 | -3,425,055 | -2,668,963 |
| Operating profit/loss | | -33,382,760 | -32,135,500 |
| Share of profit in joint venture | | -148,960 | - |
| Financial income | 6 | 123,724 | 469,405 |
| Financial expenses | 7 | -8,973,758 | -7,318,690 |
| Profit/loss before tax | | -42,381,754 | -38,984,785 |
| Tax for the year | 8 | -1,528,279 | 8,513,694 |
| Profit/loss for the year | | -43,910,033 | -30,471,091 |
| Proposed distribution of profit and loss: | | | |
| Transferred to other statutory reserves | | 1,191,471 | -1,679,941 |
| Retained earnings | | -45,101,504 | -28,791,150 |
| Profit/loss for the year | | -43,910,033 | -30,471,091 |

Parent balance sheet

| DKK | <u>Note</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|--------------------------|---------------------------|
| Completed development projects | | 2,570,441 | 3,781,588 |
| Development projects in progress | | 150,936 | - |
| Software | | <u>2,000,966</u> | - |
| Total intangible assets | 9 | <u>4,722,343</u> | <u>3,781,588</u> |
| Plant and machinery | | 24,203,166 | 23,883,800 |
| Other fixtures and fittings, tools and equipment | | 1,409,409 | 1,789,617 |
| Leasehold improvements | | <u>493,034</u> | <u>617,233</u> |
| Total tangible assets | 10 | <u>26,105,609</u> | <u>26,290,650</u> |
| Investments in subsidiaries | 11 | 429,214 | 29,213 |
| Receivables from subsidiaries | | 18,549,558 | 11,085,512 |
| Deferred tax assets | | 16,287,913 | 16,287,913 |
| Deposits | | <u>2,411,054</u> | <u>2,397,042</u> |
| Total fixed asset investments | | <u>37,677,739</u> | <u>29,799,680</u> |
| Total fixed assets | | <u>68,505,691</u> | <u>59,871,918</u> |
| Finished goods and goods for resale | | <u>4,889,152</u> | <u>4,661,334</u> |
| Inventory | | <u>4,889,152</u> | <u>4,661,334</u> |
| Trade receivables | | 3,034,301 | 3,155,322 |
| Other receivables | | 16,659,618 | 9,483,654 |
| Corporation tax | | 102,679 | 2,788,480 |
| Prepayments | | <u>199,316</u> | <u>247,554</u> |
| Total receivables | | <u>19,995,914</u> | <u>15,675,010</u> |
| Cash | | <u>5,266,343</u> | <u>27,634,196</u> |
| Total current assets | | <u>30,151,409</u> | <u>47,970,540</u> |
| Total assets | | <u>98,657,100</u> | <u>107,842,458</u> |

Parent balance sheet

| DKK | <u>Note</u> | <u>31/12/20</u> | <u>31/12/19</u> |
|--|-------------|---------------------------|---------------------------|
| Share capital | | 14,681,315 | 14,393,561 |
| Share premium | | 6,415,446 | - |
| Reserve for development expenditure | | 2,122,674 | 931,203 |
| Retained earnings | | <u>-28,312,367</u> | <u>16,789,137</u> |
| Total equity | | <u>-5,092,932</u> | <u>32,113,901</u> |
| | | | |
| Subordinate loan capital | | 37,185,149 | 36,904,198 |
| Other payables | | <u>6,335,536</u> | <u>9,079,831</u> |
| Total non-current liabilities | 12 | <u>43,520,685</u> | <u>45,984,029</u> |
| | | | |
| Current portion of non-current liabilities other than provisions | 12 | 8,570,231 | 4,483,387 |
| Other credit institutions | | 39,137 | 55,786 |
| Trade payables | | 3,067,589 | 2,157,358 |
| Payables to associates | | 188,894 | - |
| Payables to shareholders and management | | - | 43,164 |
| Other payables | | 9,471,412 | 8,080,776 |
| Deferred income | | <u>38,892,084</u> | <u>14,924,057</u> |
| Total current liabilities | | <u>60,229,347</u> | <u>29,744,528</u> |
| | | | |
| Total liabilities | | <u>103,750,032</u> | <u>75,728,557</u> |
| | | | |
| Total equity and liabilities | | <u>98,657,100</u> | <u>107,842,458</u> |
| | | | |
| Rental agreements and lease commitments | 13 | | |
| Mortgages and collateral | 14 | | |
| Subsequent events | 15 | | |

Statement of changes in equity

| DKK | Share capital | Share premium account | Reserve for development costs | Retained earnings | Total |
|---------------------------------|-------------------|-----------------------------|-------------------------------------|----------------------|-------------------|
| Equity beginning of year | 14,393,561 | 0 | 931,203 | 16,789,137 | 32,113,901 |
| Capital increase | 287,754 | 6,415,446 | - | - | 6,703,200 |
| Net profit/loss for the year | - | - | 1,191,471 | -45,101,504 | -43,910,033 |
| Equity end of year | 14,681,315 | 6,415,446 | 2,122,674 | -28,312,367 | -5,092,932 |

Notes

1. Accounting policies
2. Consideration about the continued operation (going concern)
3. Government grants
4. Staff costs
5. Depreciation, amortisation and impairment losses
6. Other financial income
7. Other financial expenses
8. Tax on profit/loss for the year
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10. Property, plant and equipment
11. Financial assets
12. Non-current liabilities other than provisions
13. Unrecognised rental and lease commitments
14. Mortgages and collateral
15. Subsequent events

Notes

1. Accounting policies

The Annual Report of Re-Match Holding A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B enterprises as well as selected provisions as regards larger entities.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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 measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the Annual Report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit or loss

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

1. Accounting policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. They are included in other operating income.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and property, plant and equipment.

Other external costs

Other external costs include expenses related 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 pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

1. Accounting policies (continued)

Balance sheet

Intangible assets

Development projects

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Tangible assets

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

| | |
|---|------------|
| Plant and machinery: | 25 years |
| Other fixtures and fittings, tools and equipment: | 3-5 years |
| Leasehold improvements: | 3-10 years |

Leases

All leases are operating leases. Payments relating to operating leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'

Investments in subsidiaries

Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

1. Accounting policies (continued)

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprise expenses incurred concerning subsequent financial years.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

1. Accounting policies (continued)

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest Financial Statements is recognised in the income statement as financial income or financial expenses.

2. Consideration about the continued operation (going concern)

The company has lost more than 50% of the share capital and is thus covered by the capital loss rules in the Danish Companies Act. The equity has been reestablished in March 2021. Re-Match Holding A/S received a capital injection from the owners in the amount of DKK 37,3 million as of 14 March 2021. The capital was a combination of capital raised and loans and was part of the liquidity management.

The management has accordingly presented the annual report based on the assumption of going concern.

3. Government grants

As a result of COVID-19, the Group has received DKK 1,026k in government aid in 2020, which is included in other operating income in accordance with IAS 20. This is presented separately and is not offset against staff costs. The Group has also received government grants relating to development projects in 2020 in the amount of DKK 10,578k (2019: DKK 2,411k). From the DKK 2,411k received in 2019, DKK 482k was booked to other operating income in 2020.

4. Staff costs

| DKK | 2020 | 2019 |
|--|-------------------|-------------------|
| Wages and salaries | 18,273,981 | 15,474,218 |
| Pensions | 939,123 | 877,815 |
| Other social security costs | 200,222 | 210,898 |
| Other staff costs | 136,715 | 138,423 |
| Total | 19,549,978 | 16,701,354 |
| Transfer to development costs | -150,936 | - |
| Total | 19,399,042 | 16,701,354 |
| Average numbers of employees at balance sheet date | 28 | 27 |

Please refer to the disclosure in note 6 in the Consolidated Financial Statement for management remuneration.

5. Depreciation, amortisation and impairment losses

| DKK | 2020 | 2019 |
|---|------------------|------------------|
| Amortisation of intangible assets | 1,432,581 | 1,177,320 |
| Depreciation of property, plant and equipment | 1,992,474 | 1,491,643 |
| Total | 3,425,055 | 2,668,963 |

6. Other financial income

| DKK | 2020 | 2019 |
|------------------------|----------------|----------------|
| Foreign exchange gains | 123,724 | 469,405 |
| Total | 123,724 | 469,405 |

7. Other financial expenses

| DKK | 2020 | 2019 |
|---|-------------------|-------------------|
| Foreign exchange losses and other adjustments | -1,955,235 | -42,713 |
| Other interest expenses | -7,018,523 | -7,275,977 |
| Total | -8,973,758 | -7,318,690 |

8. Tax on profit/loss for the year

| DKK | 2020 | 2019 |
|---------------------------|------------------|-------------------|
| Current tax for the year | 0 | -198,872 |
| Deferred tax for the year | 1,528,279 | -8,314,822 |
| | 1,528,279 | -8,513,694 |

9. Intangible assets

| DKK | Completed development projects | Development projects in progress | Software | Total |
|---|---|---|------------------|------------------|
| 2020 | | | | |
| Cost at 1 January | 6,790,535 | - | - | 6,790,535 |
| Additions | 221,434 | 150,936 | 2,000,966 | 2,373,336 |
| Cost at 31 December | 7,011,969 | 150,936 | 2,000,966 | 9,163,871 |
| Amortisation and impairment at 1 January | 3,008,947 | - | - | 3,008,947 |
| Amortisation during the year | 1,432,581 | - | - | 1,432,581 |
| Amortisation and impairment at 31 December | 4,441,528 | - | - | 4,441,528 |
| Carrying amount at 31 December | 2,570,441 | 150,936 | 2,000,966 | 4,722,343 |

Please refer to the description in note 13 to the Consolidated Financial Statement. Completed development projects relate to the development of plastic-upcycling. Management has an expectation of positive earnings from the project.

10. Property, plant and equipment

| DKK | Plant and machinery | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---------------------------------------|--------------------------------|---|-----------------------------------|-------------------|
| 2020 | | | | |
| Cost at 1 January | 28,440,755 | 1,962,035 | 1,358,333 | 31,761,123 |
| Additions | 1,807,433 | - | - | 1,807,433 |
| Cost at 31 December | 30,248,188 | 1,962,035 | 1,358,333 | 33,568,556 |
| Depreciation at 1 January | 4,556,955 | 172,418 | 741,100 | 5,470,473 |
| Depreciation during the year | 1,488,067 | 380,208 | 124,199 | 1,992,474 |
| Depreciation at 31 December | 6,045,022 | 552,628 | 865,299 | 7,462,947 |
| Carrying amount at 31 December | 24,203,166 | 1,409,409 | 493,033 | 26,105,609 |

11. Financial assets

Investments in subsidiaries

| DKK | 2020 | 2019 |
|----------------------------|----------------|---------------|
| 2020 | | |
| Cost at 1 January | 29,213 | 29,213 |
| Additions | 400,001 | 0 |
| Cost at 31 December | 429,214 | 29,213 |

12. Non-current liabilities other than provisions

| DKK | <u>Debt at 1</u> <u>January</u> | <u>Debt at 31</u> <u>December</u> | <u>Due within 12</u> <u>months</u> | <u>Due after more</u> <u>than 5 years</u> |
|--------------------------|------------------------------------|--------------------------------------|---------------------------------------|--|
| 2020 | | | | |
| Subordinate loan capital | 38,365,537 | 41,917,994 | 4,732,845 | - |
| Other payables | 12,101,879 | 10,172,922 | 3,837,389 | - |
| Total | 50,467,416 | 52,090,916 | 8,570,231 | - |

13. Unrecognised rental and lease commitments

| DKK | <u>2020</u> | <u>2019</u> |
|--|----------------|----------------|
| <i>Operating lease liabilities. Total future lease payments:</i> | | |
| Within 1 year | 78,413 | 235,442 |
| Between 1 and 5 years | 23,570 | 68,656 |
| | 101,983 | 304,098 |

14. Mortgages and collateral

As security for debt to other credit institutions and other debt, totalling DKK 19,500k the Company has been granted a company charge of which the carrying amount accounts for DKK 38,751k of December 2020.

The Parent participates in a Danish joint taxation arrangement where Re-Match Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent is therefore liable to income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's Financial Statements.

15. Subsequent events

Re-Match Holding A/S received a capital injection from the owners in the amount of DKK 37.3 million as of 14 March 2021. The capital was a combination of capital raised and loans and was part of the liquidity management.