CHRISTENSEN KJÆRULFF
PERSONLIGT ENGAGEMENT

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Oreco A/S

Oldvej 1A, 3540 Lynge

Company reg. no. 37 25 94 62

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 24 June 2024.

Ole Meldgaard Nielsen
Chairman of the meeting

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Notes:

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

Management's statement

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

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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

We recommend that the annual report be approved at the Annual General Meeting.

Lynge, 28 May 2024

Managing Director

Ole Meldgaard Nielsen

Board of directors

Ole Meldgaard Nielsen | Radad Saeed R. Al Zahrani | Mohammed Hassan Al Zahrani

Independent auditor's report

To the Shareholder of Oreco A/S

Opinion

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

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

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 28 May 2024

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Martin Dyhr Jørgensen
State Authorised Public Accountant
mne41362

Company information

The company	Oreco A/S Oldvej 1A 3540 Lynge	
	Company reg. no.	37 25 94 62
	Established:	26 November 2015
	Domicile:	Allerød
	Financial year:	1 January - 31 December
Board of directors	Ole Meldgaard Nielsen Radad Saeed R. Al Zahrani Mohammed Hassan Al Zahrani	
Managing Director	Ole Meldgaard Nielsen	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Østbanegade 123 2100 København Ø	
Parent company	Saudi Napesco Company Limited	

The principal Activities of the Company

The principal activities of the company are to develop, manufacture and globally market mobile, turnkey systems for automated waste oil recovery and storage tank cleaning (ATC) in the oil and petrochemical industries as well as develop, manufacture and globally market Pressure Swing Adsorption (PSA) Oxygen and Nitrogen producing systems for the general industry in addition to the oil and Petrochemical industry.

Oreco's tank cleaning and waste oil treatment systems offers a combination of oil tank cleaning with simultaneous or standalone separation of the cleaned-out sludge and waste. While Oreco's PSA gas producing systems offers onsite and on-demand production of Nitrogen or Oxygen gasses both to the Oil and petrochemical industry, but also into several other large sectors such as aqua culture, glass industry, paper, and pulp industry and beyond.

High level events

The shares in Oreco were traded on March 31st, 2023. 100% of the shares are now placed in Saudi Napesco, Saudi Arabia. Saudi Napesco is a part of the Saeed Raddad Group containing more than 40.000 employees. The whole negotiation was managed together with the owner Mr. Saeed Raddad himself.

Unforuately in October 2023, Mr. Raddad passes away creating the need for management change. Late in 2023 Mr. Raddad's son took over his responsibilities.

Unusual circumstances

In early 2023, management performed an impairment analysis of the capitalised goodwill in the company. The outlook for future earnings based on the capitalised goodwill was not good due to the energy crisis following the Russian invasion of Ukraine. Based on this, management assessed that the capitalised goodwill, which at this time amounted to DKK 4,320,793, had to be written down to DKK 0.

Development in activities and financial matters

With reference to the new owners, Oreco has moved our Sales and Business Development Officer to Bahrain, in order to be closer to the new owners' Headquarter and to easier accessibility.

The gross profit for the year totals DKK 19.598.156 against DKK 6.289.930 last year. Income or loss from ordinary activities after tax totals DKK 1.868.928 against DKK -6.534.867 last year. Management considers the net profit for the year satisfactory.

Market overview

The Tank Cleaning market returned early in 2023 as the world stabilizes after the Russian invasion of Ukraine. It seems that the war is not ending in a near future which the economies must adapt to and is opening for investments again. The energy crisis from the invasion in 2022 did not repeat in 2023 and oil market prices were somewhere stabile throughout the year. All in all, a more steady marked.

From a slow start in 2023, the growth within the ATC segment started mid-year with a securing 5 ATC contracts. Roughly a 100% increase from 2022. By securing contracts from 4 existing clients, and 1 new, Oreco proofs their quality target of reselling ATC units to existing clients by having focus on quality, service and engineering know how. The secured contracts result in a very good year and a large back log for 2024. The target for Oreco is now to achieve the same high performance for the coming year.

The PSA segment had a rough year and is showing a 39% decrease from 2022. Contracts were lost to competitors and clients went with other manufacturers. The end of 2023 was more positive by the return of the mentioned clients who now are recognizing the quality of Oreco products and new contracts are negotiated. Also, the merging of Oreco into the Saudi Arabian Group did not result in any increase activities in the PSA segment.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**19.598.156**	**6.289.930**
2	Staff costs	-11.709.591	-11.706.959
	Depreciation, amortisation, and impairment	-1.897.621	-2.950.673
	Impairment of current assets exceeding usual impairment	-4.369.912	-949.931
	Profit before net financials	**1.621.032**	**-9.317.633**
	Other financial income	89.350	17.164
	Other financial expenses	-483.947	-174.762
	Pre-tax net profit or loss	**1.226.435**	**-9.475.231**
3	Tax on net profit or loss for the year	642.493	2.940.364
	Net profit or loss for the year	**1.868.928**	**-6.534.867**
	Proposed distribution of net profit:		
	Transferred to retained earnings	1.868.928	0
	Allocated from retained earnings	0	-6.534.867
	Total allocations and transfers	**1.868.928**	**-6.534.867**

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		2023	2022
	Non-current assets		
4	Completed development projects, including patents and similar rights arising from development projects	4.222.336	1.896.605
5	Acquired concessions, patents, licenses, trademarks, and similar rights	1.074.997	1.872.116
6	Goodwill	0	4.708.889
7	Development projects in progress and prepayments for intangible assets	0	2.791.246
	Total intangible assets	5.297.333	11.268.856
8	Plant and machinery	76.204	106.686
9	Other fixtures, fittings, tools and equipment	454.933	547.292
	Total property, plant, and equipment	531.137	653.978
10	Deposits	448.637	434.975
	Total investments	448.637	434.975
	Total non-current assets	**6.277.107**	**12.357.809**
	Current assets		
	Raw materials and consumables	3.323.683	2.164.483
	Manufactured goods and goods for resale	2.555.683	2.711.611
	Prepayments for goods	0	13.245
	Total inventories	5.879.366	4.889.339
	Trade receivables	5.904.149	8.281.770
11	Contract work in progress	14.663.883	2.821.658
	Deferred tax assets	745.686	0
	Income tax receivables	0	2.940.364
	Other receivables	2.479.470	2.080.912
	Prepayments	136.502	825.411
	Total receivables	23.929.690	16.950.115
	Cash and cash equivalents	5.204.992	1.645.284
	Total current assets	**35.014.048**	**23.484.738**
	Total assets	**41.291.155**	**35.842.547**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	1.846.866	1.846.866
	Reserve for development costs	3.216.358	3.656.524
	Retained earnings	7.586.082	5.276.988
	Total equity	**12.649.306**	**10.780.378**
	Provisions		
	Other provisions	2.604.078	1.043.102
	Total provisions	**2.604.078**	**1.043.102**
	Liabilities other than provisions		
	Other payables	975.266	942.286
	Total long term liabilities other than provisions	975.266	942.286
	Bank loans	0	915
11	Prepayments received from customers for contract work in progress	4.225.426	13.464.218
	Trade payables	11.273.227	7.267.146
	Other payables	9.563.852	1.005.644
	Deferred income	0	1.338.858
	Total short term liabilities other than provisions	25.062.505	23.076.781
	Total liabilities other than provisions	**26.037.771**	**24.019.067**
	Total equity and liabilities	**41.291.155**	**35.842.547**

1 Special items

12 Charges and security

13 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	1.846.866	3.999.341	11.469.038	17.315.245
Retained earnings for the year	0	0	-6.534.867	-6.534.867
Transferred to retained earnings	0	-342.817	0	-342.817
Transferred from reserve	0	0	342.817	342.817
Equity 1 January 2023	1.846.866	3.656.524	5.276.988	10.780.378
Retained earnings for the year	0	0	1.868.928	1.868.928
Transferred to retained earnings	0	-440.166	0	-440.166
Transferred from reserve	0	0	440.166	440.166
	1.846.866	**3.216.358**	**7.586.082**	**12.649.306**

Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a some of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2023	2022
Expenses:		
Extraordinary impairment of development costs and goodwill	4.320.793	949.931
	4.320.793	949.931
Special items are recognised in the following items in the financial statements:		
Impairment of current assets exceeding usual impairment	-4.320.793	-949.931
Profit of special items, net	**-4.320.793**	**-949.931**

2. Staff costs

	2023	2022
Salaries and wages	11.077.344	10.995.688
Pension costs	557.462	604.270
Other costs for social security	74.785	107.001
	11.709.591	**11.706.959**
Average number of employees	11	12

3. Tax on net profit or loss for the year

	2023	2022
Adjustment of deferred tax for the year	-745.686	0
Adjustment of tax for previous years	103.193	-2.940.364
	-642.493	**-2.940.364**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
4.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2023	4.899.816	4.674.327
	Additions during the year	155.300	140.448
	Disposals during the year	0	85.041
	Transfers	2.809.115	0
	Cost 31 December 2023	**7.864.231**	**4.899.816**
	Amortisation and write-down 1 January 2023	-3.003.211	-2.273.156
	Amortisation and depreciation for the year	-589.565	-424.805
	Impairment loss for the year	-49.119	-305.250
	Amortisation and write-down 31 December 2023	**-3.641.895**	**-3.003.211**
	Carrying amount, 31 December 2023	**4.222.336**	**1.896.605**

		31/12 2023	31/12 2022
5.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	7.664.369	7.396.161
	Additions during the year	0	268.208
	Cost 31 December 2023	**7.664.369**	**7.664.369**
	Amortisation and write-down 1 January 2023	-5.792.253	-4.973.863
	Amortisation and depreciation for the year	-797.119	-818.390
	Amortisation and write-down 31 December 2023	**-6.589.372**	**-5.792.253**
	Carrying amount, 31 December 2023	**1.074.997**	**1.872.116**

All amounts in DKK.

		31/12 2023	31/12 2022
6.	**Goodwill**		
	Cost 1 January 2023	15.523.857	15.523.857
	Cost 31 December 2023	**15.523.857**	**15.523.857**
	Amortisation and write-down 1 January 2023	-10.814.968	-8.617.901
	Amortisation and depreciation for the year	-388.096	-1.552.386
	Impairment loss for the year	-4.320.793	-644.681
	Amortisation and write-down 31 December 2023	**-15.523.857**	**-10.814.968**
	Carrying amount, 31 December 2023	**0**	**4.708.889**
7.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2023	2.791.246	2.726.190
	Additions during the year	0	150.098
	Disposals during the year	0	-85.042
	Transfers	-2.791.246	0
	Cost 31 December 2023	**0**	**2.791.246**
	Carrying amount, 31 December 2023	**0**	**2.791.246**
8.	**Plant and machinery**		
	Cost 1 January 2023	571.034	571.034
	Cost 31 December 2023	**571.034**	**571.034**
	Depreciation and write-down 1 January 2023	-464.348	-432.008
	Amortisation and depreciation for the year	-30.482	-32.340
	Depreciation and write-down 31 December 2023	**-494.830**	**-464.348**
	Carrying amount, 31 December 2023	**76.204**	**106.686**

All amounts in DKK.

		31/12 2023	31/12 2022
9.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	1.206.522	1.206.522
	Cost 31 December 2023	**1.206.522**	**1.206.522**
	Depreciation and write-down 1 January 2023	-659.230	-536.478
	Amortisation and depreciation for the year	-92.359	-122.752
	Depreciation and write-down 31 December 2023	**-751.589**	**-659.230**
	Carrying amount, 31 December 2023	**454.933**	**547.292**
10.	**Deposits**		
	Cost 1 January 2023	434.975	434.975
	Additions during the year	13.662	0
	Cost 31 December 2023	**448.637**	**434.975**
	Carrying amount, 31 December 2023	**448.637**	**434.975**

All amounts in DKK.

		31/12 2023	31/12 2022
11.	**Contract work in progress**		
	Selling price of the production for the period	56.778.137	23.283.209
	Progress billings	-46.339.680	-33.925.769
	Contract work in progress, net	**10.438.457**	**-10.642.560**
	The following is recognised:		
	Contract work in progress (current assets)	14.663.883	2.821.658
	Contract work in progress (prepayments received on account)	-4.225.426	-13.464.218
		10.438.457	**-10.642.560**

12. Charges and security

For bank loans, DKK 0, the company has provided security in company assets representing a nominal value of t.DKK 5.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	5.879
Intangible fixed assets	5.297
Tangible fixed assets	531
Trade receivables	5.904

13. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	2.756
Total contingent liabilities	**2.756**

Joint taxation

The company has withdrawn from the joint taxation with the former management company AKF Holding A/S as of 31 March 2023 and is liable for any tax claims against the other jointly taxed companies until the time of withdrawal from the joint taxation.

The annual report for Oreco A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

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

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

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

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

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

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

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

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

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

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

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

Goodwill

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

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0%
Other fixtures and fittings, tools and equipment	3-5 years	0%

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Deposits

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

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

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

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

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

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

Deferred income

Payments received concerning future income are recognised under deferred income.

Ole Meldgaard Nielsen

The name returned by Danish MitID was:
Ole Meldgaard Nielsen
Direktør
ID: 7f69f2ae-ba06-4aec-9e8b-6ad54f176524
Time of signature: 26-06-2024 at: 11:03:49
Signed with MitID

Radad Saeed R. Al Zahrani
Bestyrelsesmedlem
IP-address: 139.64.21.34:63830
Time of signature: 01-07-2024 at: 12:04:57
Signed with esignatur EasySign

Mohammed Hassan Al Zahrani
Bestyrelsesmedlem
IP-address: 139.64.12.126:29145
Time of signature: 01-07-2024 at: 11:04:42
Signed with esignatur EasySign

Ole Meldgaard Nielsen

The name returned by Danish MitID was:
Ole Meldgaard Nielsen
Bestyrelsesmedlem
ID: 7f69f2ae-ba06-4aec-9e8b-6ad54f176524
Time of signature: 01-07-2024 at: 11:30:53
Signed with MitID

Martin Dyhr

The name returned by Danish MitID was:
Martin Robert Dyhr Jørgensen
Revisor
On behalf of Christensen Kjærulff Statsautoriseret Revision...
ID: e9be4fa7-cffb-423f-a782-96248d73b39e
Time of signature: 01-07-2024 at: 17:06:09
Signed with MitID

Ole Meldgaard Nielsen

The name returned by Danish MitID was:
Ole Meldgaard Nielsen
Dirigent
ID: 7f69f2ae-ba06-4aec-9e8b-6ad54f176524
Time of signature: 01-07-2024 at: 17:10:56
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