

Combineering Materials ApS

Bistrupvej 176, 3460 Birkerød

Company reg. no. 37 85 73 27

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 21 June 2021.

Mads Prag Roesen
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 report

Today, the executive board has presented the annual report of Combineering Materials ApS for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Birkerød, 21 June 2021

Executive board

Carsten Park Andreasen

Mads Prag Roesen

Lars Vedel Jørgensen

Independent auditor's report

To the shareholders of Combineering Materials ApS

Opinion

We have audited the financial statements of Combineering Materials ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without changing our conclusion we must draw attention to uncertainties regarding receivables from sales, which has been written down with 3,5 mio.DKK and accounted for at 4,7 mio.DKK. Please see note 2.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with international standards on auditing, 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 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

Independent auditor's report

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Alleroed, 21 June 2021

Piaster Revisorerne

Statsautoriseret Revisionsaktieselskab
Company reg. no. 25 16 00 37

Niels Kristian Tordrup Mørk

State Authorised Public Accountant
mne35462

Company information

The company

Combineering Materials ApS
Bistrupvej 176
3460 Birkerød

Company reg. no. 37 85 73 27
Established: 1 July 2016
Domicile: Rudersdal
Financial year: 1 January - 31 December

Executive board

Carsten Park Andreasen
Mads Prag Roesen
Lars Vedel Jørgensen

Auditors

Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab
Engholm Parkvej 8
3450 Allerød

Subsidiary

Combineering Materials GmbH, HRB 12176FL, EUR

Management commentary

The principal activities of the company

The company's activities is handling, recycling and utilization including safe destruction of industrial residues and waste product indcluding development of environment solutions on behalf of customers.

Uncertainties relating to going concern

Going concern of the company is based on the fact that the parent company has confirmed that they will cover or supply management fee services and confirm that current outstanding group debt are not to be paid before other creditors. The confirmation is minimum valid until the 1 January 2022. Management therefore prepare the Financial Statements under the assumption of continued operation.

Development in activities and financial matters

The company operations are profitable before the write down on receivables from sales. The company has written down a large outstanding receivable due to the customer is undergoing bankruptcy and expected payment is uncertain even though the ultimate owners have signed a debt letter covering most of the outstanding amount. Management has taken legal action to claim the receivables, but there are uncertainties regarding both time and valuation and therefore the write down has been made. Management will chase the payment to the fullest length and with full force.

Events occurring after the end of the financial year

The daughter company has been sold within the group due to a group restructuring process.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	3.041.150	928.142
4 Impairment of current assets exceeding usual impairment	-3.500.000	0
Income from equity investments in group enterprises	-79.014	-230.565
Other financial income	228.510	164.221
Other financial costs	-317.435	-428.410
Pre-tax net profit or loss	-626.789	433.388
5 Tax on net profit or loss for the year	120.560	-147.114
Net profit or loss for the year	-506.229	286.274
Proposed appropriation of net profit:		
Transferred to retained earnings	0	286.274
Allocated from retained earnings	-506.229	0
Total allocations and transfers	-506.229	286.274

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Current assets		
Trade receivables	6.829.408	13.896.042
Receivables from group enterprises	2.132.467	2.358.595
Tax receivables from group enterprises	120.560	0
Other receivables	1.032.071	5.495.617
Total receivables	<u>10.114.506</u>	<u>21.750.254</u>
Cash on hand	<u>2.672.575</u>	<u>112.360</u>
Total current assets	<u>12.787.081</u>	<u>21.862.614</u>
Total assets	<u>12.787.081</u>	<u>21.862.614</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	50.000	50.000
Retained earnings	-219.955	286.274
Total equity	-169.955	336.274
Liabilities other than provisions		
Bank loans	0	1.402.286
Prepayments received from customers	3.801.358	4.799.928
Trade payables	1.424.383	7.054.984
Payables to group enterprises	7.731.295	8.122.028
Income tax payable	0	147.114
Total short term liabilities other than provisions	12.957.036	21.526.340
Total liabilities other than provisions	12.957.036	21.526.340
Total equity and liabilities	12.787.081	21.862.614

- 1 **Uncertainties concerning the enterprise's ability to continue as a going concern**
- 2 **Uncertainties concerning recognition and measurement**
- 3 **Special items**
- 7 **Charges and security**
- 8 **Contingencies**
- 9 **Related parties**

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	50.000	0	50.000
Retained earnings for the year	0	286.274	286.274
Equity 1 January 2020	50.000	286.274	336.274
Retained earnings for the year	0	-506.229	-506.229
	50.000	-219.955	-169.955

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Uncertainties concerning the enterprise's ability to continue as a going concern		
Going concern of the company is based on the fact that the parent company has confirmed that they will cover or supply management fee services and confirm that current outstanding group debt are not to be paid before other creditors. The confirmation is minimum valid until the 1 January 2022. Management therefore prepare the Financial Statements under the assumption of continued operation.		
2. Uncertainties concerning recognition and measurement		
There are uncertainties concerning receivables from sales, that on the 31 December 2020 after reservation is accounted for with 4,7 MDKK. We could expect some loss on the receivable and therefore we have made a reservation in 2020. The estimate of the potential loss is based on limited information due to fact that they are awaiting information about debtor's ability to pay and the fact that the ultimate owners has issue a personal guarantee for payment, this is currently being pursued in a court case, which management expect to win.		
The management will with all possible effort collect full amount from the debtors.		
3. Special items		
As mentioned in the management commentary, the net profit or loss for the year is affected by a write down on receivables that differ from what is considered by management to be part of operating activities, the loss of 3,5 mio.DKK has been accounted for in the line Impairment of current assets exceeding usual impairment.		
4. Impairment of current assets exceeding usual impairment		
Impairment loss relating to current assets, except for financial current assets	3.500.000	0
	<u>3.500.000</u>	<u>0</u>
5. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	-120.560	147.114
	<u>-120.560</u>	<u>147.114</u>

Notes

All amounts in DKK.

6. Equity investments in group enterprises

Cost 1 January 2020	186.250	186.250
Cost 31 December 2020	186.250	186.250
Revaluations, opening balance 1 January 2020	-186.250	-186.250
Revaluation 31 December 2020	-186.250	-186.250

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, Combineering Materials ApS
Combineering Materials GmbH, HRB 12176FL, EUR	100 %	-46.763	-24.098	0
		-46.763	-24.098	0

7. Charges and security

The company has provided an unlimited guarantee for the companies within the Vedel & Roesen Holding ApS Group bank loans.

8. Contingencies

Contingent assets

The company is involved in pending proceedings against a former customer and the ultimate owners of the company. The ultimate owner has signed a debt letter confirming that they privately will make payment of mio.DKK 6,3. An action for unpaid invoices totalling mio.DKK 8,2 has been brought against the opposing party. The time of decision of the proceedings is unknown.

Management of Combineering Group is going to full length to receive payment of the outstanding debt. The debt has been written down in 2020 due to unsecurity related to the valuation of the position. Managements position is that the full amount will be chased and neither the claim towards the customer and the ultimate owner will be terminated and the management has hired legal assistance to pursue the full amount.

Joint taxation

With Vedel & Roesen Holding ApS as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

Notes

All amounts in DKK.

9. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Combineering Holding ApS, Bistrupvej 176, 3460 Birkerød.

Accounting policies

The annual report for Combineering Materials ApS 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, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

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

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

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

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

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

Foreign currency translation

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

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

Accounting policies

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, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

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

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Investments

Equity in group enterprises

Equity in group enterprises are recognised and measured by applying the equity method. The equity method is used as a measurement method.

Equity in group enterprises recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Equity in group enterprises with a negative equity value measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Receivables

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

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

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Accounting policies

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Combineering Materials ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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

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

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

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

Liabilities other than provisions

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

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

Carsten Park Andreasen

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Mads Prag Roesen

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Niels Kristian Tordrup Mørk

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