Statsautoriserede Revisorer

Produktionsselskabet Egebjerg ApS

c/o Waste Plastic Upcycling A/S, Ringholm 4, 4500 Nykøbing SJ

Company reg. no. 38 10 29 90

Annual report

1 July - 31 December 2021

The annual report was submitted and approved by the general meeting on the 18 March 2022.

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Klaus Henrik Lindblad
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of Produktionsselskabet Egebjerg ApS for the financial year 1 July - 31 December 2021.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 July – 31 December 2021.

Further, in my 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.

Nykøbing SJ, 17 March 2022

Managing Director

Niels Henrik Bagge

Independent auditor's report

To the Shareholders of Produktionsselskabet Egebjerg ApS

Opinion

We have audited the financial statements of Produktionsselskabet Egebjerg ApS for the financial year 1 July - 31 December 2021, 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 2021, and of the results of the Company's operations for the financial year 1 July - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We 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.

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.

Independent auditor's report

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, 17 March 2022

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Arne Sørensen
State Authorised Public Accountant
mne27757

Company information

The company	Produktionsselskabet Egebjerg ApS c/o Waste Plastic Upcycling A/S Ringholm 4 4500 Nykøbing SJ	
	Company reg. no.	38 10 29 90
	Established:	1 October 2016
	Domicile:	
	Financial year:	1 July - 31 December
Managing Director	Niels Henrik Bagge	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Parent company	WASTE PLASTIC UPCYCLING A/S	

Management´s review

The principal activities of the company

The company's purpose is to run production business within upcycling and other business related activities.

Uncertainties as to recognition or measurement

There are no uncertainties in recognition and measurement.

Development in activities and financial matters

The revenue for the year totals DKK -2.377.253 against DKK -4.163.598 last year.

In connection with the adjustment to the group, the financial year has been reorganized into a calendar year and therefore only comprises 6 months.

During the financial year, there was an accident at the factory in Egebjerg, which resulted in an postponement of the planned processes and an additional cost of DKK 3.234.370.

The start-up period and the costs incurred have resulted in the company losing the company's equity and is therefore covered by section 119 of the Danish Companies Act. The company's management expects to re-establish the equity by commercialization of the company's know-how.
The company's innovative approach to recycling of plastic enjoys great interest and the management does not see any problems in securing both sufficient liquidity and to restore the company's equity and to expand both the company's and the group strategy.

Income statement

All amounts in DKK.

Note		1/7 2021 - 31/12 2021	1/7 2020 - 30/6 2021
	Gross loss	**-1.700.444**	**-3.058.627**
2	Staff costs	-1.116.770	-102.757
	Profit before net financials	**-2.817.214**	**-3.161.384**
3	Other financial expenses	-485.601	-1.002.214
	Pre-tax net profit or loss	**-3.302.815**	**-4.163.598**
4	Tax on ordinary results	925.562	0
	Net profit or loss for the year	**-2.377.253**	**-4.163.598**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-2.377.253	-4.163.598
	Total allocations and transfers	**-2.377.253**	**-4.163.598**

Balance sheet

All amounts in DKK.

Note	Assets	31/12 2021	30/6 2021
	Non-current assets		
5	Plant and machinery	9.546.474	0
6	Property, plant, and equipment under construction and prepayments for property, plant, and equipment	0	12.161.734
	Total property, plant, and equipment	9.546.474	12.161.734
7	Deposits	107.500	107.500
	Total investments	107.500	107.500
	Total non-current assets	**9.653.974**	**12.269.234**
	Current assets		
	Trade receivables	154.467	4.203
	Receivables from subsidiaries	327.550	0
	Deferred tax assets	925.562	0
	Other debtors	1.044.705	857.616
	Prepayments	56.146	97.767
	Total receivables	2.508.430	959.586
	Cash and cash equivalents	8.914	16.968
	Total current assets	**2.517.344**	**976.554**
	Total assets	**12.171.318**	**13.245.788**

Balance sheet

All amounts in DKK.

Note	Equity and liabilities	31/12 2021	30/6 2021
	Equity		
	Contributed capital	102.134	102.134
	Share premium	4.662.866	4.662.866
	Retained earnings	-8.917.905	-6.540.652
	Total equity	**-4.152.905**	**-1.775.652**
	Long term labilities other than provisions		
	Current portion of long term payables	3.000.000	3.000.000
	Bank loans	1.387.310	1.652.646
	Trade payables	1.214.133	1.113.098
	Payables to subsidiaries	10.572.072	5.343.542
	Other payables	150.708	2.059.654
	Deferred income	0	1.852.500
	Total short term liabilities other than provisions	16.324.223	15.021.440
	Total liabilities other than provisions	**16.324.223**	**15.021.440**
	Total equity and liabilities	**12.171.318**	**13.245.788**

1 Special items

8 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 July 2020	102.134	4.662.866	-2.377.054	2.387.946
Retained earnings for the year	0	0	-4.163.598	-4.163.598
Equity 1 July 2021	102.134	4.662.866	-6.540.652	-1.775.652
Retained earnings for the year	0	0	-2.377.253	-2.377.253
	102.134	**4.662.866**	**-8.917.905**	**-4.152.905**

Notes

All amounts in DKK.

	1/7 2021 - 31/12 2021	1/7 2020 - 30/6 2021

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 number 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.

	1/7 2021 - 31/12 2021	1/7 2020 - 30/6 2021
Income:		
Projekt Innovationsfonden	1.852.500	160.501
	1.852.500	160.501
Special items are recognised in the following items in the financial statements:		
Gross profit	1.852.500	160.501
Profit of special items, net	**1.852.500**	**160.501**

2. Staff costs

	1/7 2021 - 31/12 2021	1/7 2020 - 30/6 2021
Salaries and wages	1.100.943	88.262
Other costs for social security	15.827	14.495
	1.116.770	**102.757**
Average number of employees	3	3

3. Other financial expenses

	1/7 2021 - 31/12 2021	1/7 2020 - 30/6 2021
Financial costs, group enterprises	207.794	93.542
Other financial costs	277.807	908.672
	485.601	**1.002.214**

Notes

All amounts in DKK.

		1/7 2021 - 31/12 2021	1/7 2020 - 30/6 2021
4.	**Tax on ordinary results**		
	Tax on net profit or loss for the year	-230.654	0
	Adjustment of deferred tax for the year	-694.908	0
		-925.562	**0**
5.	**Plant and machinery**		
	Cost 1 July 2021	0	0
	Reclass during the year	12.780.844	0
	Disposals during the year	-3.234.370	0
	Cost 31 December 2021	**9.546.474**	**0**
	Depreciation and writedown 1 July 2021	0	0
	Carrying amount, 31 December 2021	**9.546.474**	**0**
6.	**Property, plant, and equipment under construction and prepayments for property, plant, and equipment**		
	Cost 1 July 2021	12.161.735	5.115.072
	Additions during the year	619.109	7.046.662
	Reclass during the year	-12.780.844	0
	Cost 31 December 2021	**0**	**12.161.734**
	Depreciation and writedown 1 July 2021	0	0
	Amortisation and depreciation for the year	0	0
	Carrying amount, 31 December 2021	**0**	**12.161.734**

Notes

All amounts in DKK.

		31/12 2021	30/6 2021
7.	**Deposits**		
	Cost 1 July 2021	107.500	107.500
	Disposals during the year	0	0
	Cost 31 December 2021	**107.500**	**107.500**
	Carrying amount, 31 December 2021	**107.500**	**107.500**

8. Contingencies

Contingent liabilities

Lease liabilities

In addition to finance leases, the company has entered into operational leases with an average annual lease payment of TDKK 202. The leases have 14 months to maturity and total outstanding lease payments total TDKK 111.

Joint taxation

With Waste Plastic Upcycling A/S, company reg. no 41873264 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.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme is stated in the administration companys Annual report.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Produktionsselskabet Egebjerg 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 the previous year, and the annual report is presented in DKK. The accounting period has been changed in the current financial year and comprises the period 1 July – 31 December 2021. The comparative figures in the income statement comprise the period 1 July 2020 – 30 June 2021.

Income statement

Gross loss

Gross loss 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 include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, 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. Staff costs are less government reimbursements.

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.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

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

The balance sheet

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown 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.

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.

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Leases
The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of 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.

Financial fixed assets
Deposits
Deposits are measured at amortised cost and represent rent 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. Writedown 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.

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. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under 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.

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.

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, Produktionsselskabet Egebjerg 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

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.