

# 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 January - 31 December 2022**

The annual report was submitted and approved by the general meeting on the 23 May 2023.

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**Klaus Henrik Lindblad**  
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**

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Today, the Managing Director has approved the annual report of Produktionselskabet Egebjerg ApS for the financial year 1 January - 31 December 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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, 30 April 2023

**Managing Director**

Niels Henrik Bagge

## **Independent auditor's report**

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### **To the Shareholders of Produktionsselskabet Egebjerg ApS**

#### **Opinion**

We have audited the financial statements of Produktionsselskabet Egebjerg ApS for the financial year 1 January - 31 December 2022, 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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**

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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**

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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, 30 April 2023

### **BUUS JENSEN**

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

**Arne Sørensen**

State Authorised Public Accountant  
mne27757

## **Company information**

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<b>The company</b>	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: Odsherred Financial year: 1 January - 31 December
<b>Managing Director</b>	Niels Henrik Bagge
<b>Auditors</b>	BUUS JENSEN, Statsautoriserede revisorer
<b>Parent company</b>	WASTE PLASTIC UPCYCLING A/S

## **Management's review**

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### **Description of key activities of the company**

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

### **Development in activities and financial matters**

The result from ordinary activities after tax totals DKK -8.589.696 against DKK -2.377.253 last year (6 months).

The company's production facility has not been re-established since the last financial report, and there has therefore not been any revenue in the financial year. The company has however, been supported, and continues to be supported, by the parent company to cover external debt while taking steps to cut costs by laying off all employees.

Due to this the management expect that the financial year 2023 will end with a lower negative result next year..



## Income statement

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All amounts in DKK.

<u>Note</u>	<u>1/1 - 31/12</u> <u>2022</u>	<u>1/7 - 31/12</u> <u>2021</u>
<b>Gross profit</b>	<b>-707.263</b>	<b>-1.700.444</b>
2 Staff costs	-202.670	-1.116.770
Depreciation and impairment of non-current assets	-9.046.474	0
<b>Operating profit</b>	<b>-9.956.407</b>	<b>-2.817.214</b>
Other financial income from group enterprises	4.199	0
3 Other financial expenses	-1.058.001	-485.601
<b>Pre-tax net profit or loss</b>	<b>-11.010.209</b>	<b>-3.302.815</b>
4 Tax on net profit or loss for the year	2.420.513	925.562
<b>Net profit or loss for the year</b>	<b>-8.589.696</b>	<b>-2.377.253</b>
<b>Proposed distribution of net profit:</b>		
Allocated from retained earnings	-8.589.696	-2.377.253
<b>Total allocations and transfers</b>	<b>-8.589.696</b>	<b>-2.377.253</b>

## Balance sheet at 31 December

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All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Non-current assets</b>		
5 Plant and machinery	500.000	9.546.474
Total property, plant, and equipment	<u>500.000</u>	<u>9.546.474</u>
6 Deposits	0	107.500
Total investments	<u>0</u>	<u>107.500</u>
<b>Total non-current assets</b>	<b><u>500.000</u></b>	<b><u>9.653.974</u></b>
<b>Current assets</b>		
Trade receivables	4.762	154.467
Receivables from group enterprises	90.243	327.550
Deferred tax assets	3.340.902	925.562
Other receivables	0	1.044.705
Prepayments and accrued income	0	56.146
Total receivables	<u>3.435.907</u>	<u>2.508.430</u>
Cash on hand and demand deposits	<u>867</u>	<u>8.914</u>
<b>Total current assets</b>	<b><u>3.436.774</u></b>	<b><u>2.517.344</u></b>
<b>Total assets</b>	<b><u>3.936.774</u></b>	<b><u>12.171.318</u></b>

## Balance sheet at 31 December

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All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Contributed capital	102.134	102.134
Share premium	4.662.866	4.662.866
Retained earnings	-17.507.601	-8.917.905
<b>Total equity</b>	<b>-12.742.601</b>	<b>-4.152.905</b>
 <b>Liabilities other than provisions</b>		
Payables to group enterprises	13.180.239	10.572.072
Total long term liabilities other than provisions	<u>13.180.239</u>	<u>10.572.072</u>
Current portion of long term payables	3.011.915	3.000.000
Bank loans	0	1.387.310
Trade payables	231.416	1.214.133
Payables to group enterprises	220.552	0
Other payables	35.253	150.708
Total short term liabilities other than provisions	<u>3.499.136</u>	<u>5.752.151</u>
<b>Total liabilities other than provisions</b>	<b>16.679.375</b>	<b>16.324.223</b>
<b>Total equity and liabilities</b>	<b>3.936.774</b>	<b>12.171.318</b>

**1 Special items**

**7 Contingencies**

## Statement of changes in equity

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All amounts in DKK.

	<u>Contributed capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 July 2021	102.134	4.662.866	-6.540.652	-1.775.652
Retained earnings for the year	<u>0</u>	<u>0</u>	<u>-2.377.253</u>	<u>-2.377.253</u>
Equity 1 January 2022	102.134	4.662.866	-8.917.905	-4.152.905
Retained earnings for the year	<u>0</u>	<u>0</u>	<u>-8.589.696</u>	<u>-8.589.696</u>
	<b><u>102.134</u></b>	<b><u>4.662.866</u></b>	<b><u>-17.507.601</u></b>	<b><u>-12.742.601</u></b>

## Notes

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All amounts in DKK.

	1/1 - 31/12 2022	1/7 - 31/12 2021
<b>1. Special items</b>		
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.		
Income:		
Project Innovationsfonden	0	1.852.500
	<u>0</u>	<u>1.852.500</u>
Special items are recognised in the following items in the financial statements:		
Gross profit	0	1.852.500
<b>Profit of special items, net</b>	<b>0</b>	<b>1.852.500</b>
	<u>0</u>	<u>1.852.500</u>
<b>2. Staff costs</b>		
Salaries and wages	194.596	1.100.943
Other costs for social security	8.074	15.827
	<u>202.670</u>	<u>1.116.770</u>
Average number of employees	1	3
	<u>1</u>	<u>3</u>
<b>3. Other financial expenses</b>		
Financial costs, group enterprises	622.804	207.794
Other financial costs	435.197	277.807
	<u>1.058.001</u>	<u>485.601</u>

## Notes

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All amounts in DKK.

	1/1 - 31/12 2022	1/7 - 31/12 2021
<b>4. Tax on net profit or loss for the year</b>		
Tax on net profit or loss for the year	0	-230.654
Adjustment of deferred tax for the year	-2.415.340	-694.908
Adjustment of tax for previous years	-5.173	0
	<u><b>-2.420.513</b></u>	<u><b>-925.562</b></u>
<b>5. Plant and machinery</b>		
Cost 1 January 2022	9.546.474	0
Reclass during the year	0	12.780.844
Disposals during the year	0	-3.234.370
<b>Cost 31 December 2022</b>	<u><b>9.546.474</b></u>	<u><b>9.546.474</b></u>
Amortisation and depreciation for the year	-9.046.474	0
<b>Depreciation and write-down 31 December 2022</b>	<u><b>-9.046.474</b></u>	<u><b>0</b></u>
<b>Carrying amount, 31 December 2022</b>	<u><b>500.000</b></u>	<u><b>9.546.474</b></u>
<b>6. Deposits</b>		
Cost 1 January 2022	107.500	107.500
Disposals during the year	-107.500	0
<b>Cost 31 December 2022</b>	<u><b>0</b></u>	<u><b>107.500</b></u>
<b>Carrying amount, 31 December 2022</b>	<u><b>0</b></u>	<u><b>107.500</b></u>
<b>7. Contingencies</b>		
<b>Contingent liabilities</b>		
<b>Joint taxation</b>		
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.		

## Notes

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All amounts in DKK.

### 7. Contingencies (continued)

#### Joint taxation (continued)

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 jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

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

## **Accounting policies**

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The annual report for Produktionselskabet 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 was changed in the financial year before last and, consequently, the comparative figures in the income statement comprise the period 1 July – 31 December 2021.

### **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.

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.

### **Income statement**

#### **Gross loss**

Gross loss 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.



## **Accounting policies**

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Cost of sales comprises costs concerning 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, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

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, 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 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).

## **Statement of financial position**

### **Property, plant, and equipment**

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

## Accounting policies

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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:

	Useful life
Plant and machinery	5-10 years

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.

## **Accounting policies**

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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**

Prepayments recognised 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.

## **Accounting policies**

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Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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.

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