

Combigas ApS

Ryttervangen 11C, DK-7323 Give

Annual report

2020

Company reg. no. 38 92 36 84

The annual report was submitted and approved by the general meeting on the 12 March 2021.

Kent Skaanning Thomsen
Chairman of the meeting

Contents

Page

Reports

- 1 Management's report
- 2 Independent auditor's report

Management commentary

- 5 Company information
- 6 Management commentary

Financial statements 1 January - 31 December 2020

- 8 Accounting policies
- 13 Income statement
- 14 Statement of financial position
- 16 Notes

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 British 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 report

Today, the board of directors and the managing director have presented the annual report of Combigas ApS for the financial year 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.

Given, 12 March 2021

Managing Director

Frank Skaanning Wennerberg

Board of directors

Kent Skaanning Thomsen
Chairman

Yongming Wang

Jia Wei

Ole Juul Jørgensen

Independent auditor's report

To the shareholders of Combigas ApS

Opinion

We have audited the financial statements of Combigas ApS for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position and notes. 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.

Material uncertainties concerning the company's ability to continue as a going concern

We refer to note 1 to the Financial Statements, from which it appears that it is uncertain at this time whether the shareholders will fund operations for the next year. Accordingly, please note that funding is subject to material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. However, in Management's assessment, the shareholders will fund operations to the extent required. Therefore, the Financial Statements have been prepared on the assumption of going concern. Our opinion has not been modified in respect of these matters.

Emphasis of matter

We refer to note 2 to the Financial Statements, from which it appears that the value of the Company's goodwill is subject to material uncertainty. Our opinion has not been modified in respect of this matter.

Responsibilities of management 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.

Independent auditor's report

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.

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.

Independent auditor's report

- 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.

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.

Esbjerg, 12 March 2021

Martinsen

State Authorised Public Accountants
Company reg. no. 32 28 52 01

Alexander Rasmussen
State Authorised Public Accountant
mne24721

Company information

The company	Combigas ApS Ryttervangen 11C DK-7323 Give
	Company reg. no. 38 92 36 84 Financial year: 1 January - 31 December
Board of directors	Kent Skaanning Thomsen, Chairman Yongming Wang Jia Wei Ole Juul Jørgensen
Managing Director	Frank Skaanning Wennerberg
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Edison Park 4 6715 Esbjerg N

Management commentary

The principal activities of the company

The company's main activity is to develop and sell biogas technologies and plants.

Uncertainties about recognition or measurement

The value of recognised goodwill amounts to DKK 10 million and is based on Management's expectations of future biogas plant sales etc for export primarily. Management expects to achieve profitable operations in 2021 and onwards based on backlog and the increase in sales of biogas plants, and the goodwill recognition is based on that expectation. The realisation of future earnings is subject to uncertainty; consequently, the value of recognised goodwill is subject to uncertainty.

Development in activities and financial matters

The gross profit for the year amounts to T.DKK 2,275 against T.DKK 126 last year. The result for the year amounts to T.DKK -4,431 against T.DKK -7,570 last year. Management considers the result for the year to be unsatisfactory.

The COVID-19 outbreak has influenced the timing of projects and has led to postponements of customer's projects.

Operations in 2020 have improved significantly during the year and with good order intake, the backlog for implementation in 2021 and 2022 amounts to thousand DKK 19,653. According to calculations, the backlog consists of profitable projects in 2021.

The tender list has correspondingly improved in 2020, which gives expectations of a satisfactory future order intake. The company is experiencing an increasing demand for the company's solutions and competencies.

In 2020, the shareholders have supported the company with the necessary funding. The going concern of the company in 2021 is based on funding by the Company's shareholders. It is the management's assessment that the verbal commitment from the shareholders regarding necessary funding, which has also been given in previous years, is sufficient for the company funding for 2021.

As a result of the loss for the year the equity is T.DKK -2,836 as at 31. december 2020. The company is covered by the capital loss provisions in the Company Act.

Based on the budget management expects a positive result for 2021 and the equity is expected to re-establish via future profits.

COVID-19 outbreak has influenced the timing of customers projects. Management believes that the COVID-19 outbreak will not have a material adverse effect on the company's operations in 2021. Development in COVID-19 is subject to uncertainty; consequently we might also for the future see postponements of customers projects.

Management commentary

Events occurring after the end of the financial year

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Accounting policies

The annual report for Combigas 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.

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.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under financial income and expenses.

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 and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Income statement

Gross profit

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.

Accounting policies

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

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.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown 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.

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.

Accounting policies

Statement of financial position

Intangible assets

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

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.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Plant and machinery	5 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 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.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible 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.

Accounting policies

Investments

Deposits

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

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.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. To counter expected losses, writedown is performed to net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less invoicing on account and expected losses.

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 contracts. The stage of completion is calculated as the share of costs incurred proportional to the estimated total costs of the individual contract.

When the selling price of a contract cannot be reliably determined, it is measured solely as costs incurred, or at the net realisable value, if this is lower.

Contracts are recognised if the selling price of the work performed exceeds the invoicing on account and expected losses. Contracts are recognised as liabilities if the invoicing on account and expected losses exceed the selling price.

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

Prepayments and accrued income

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

Cash at hand

Cash at bank and on hand.

Accounting policies

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

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 other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	2.275.417	125.563
4 Staff costs	-5.191.855	-5.942.902
Depreciation, amortisation, and impairment	<u>-1.489.083</u>	<u>-1.488.084</u>
Profit before net financials	-4.405.521	-7.305.423
Other financial costs	<u>-26.162</u>	<u>-14.278</u>
Pre-tax net profit or loss	-4.431.683	-7.319.701
5 Tax on net profit or loss for the year	<u>0</u>	<u>-250.000</u>
Net profit or loss for the year	<u>-4.431.683</u>	<u>-7.569.701</u>
Proposed appropriation of net profit:		
Allocated from retained earnings	<u>-4.431.683</u>	<u>-7.569.701</u>
Total allocations and transfers	<u>-4.431.683</u>	<u>-7.569.701</u>

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
6 Goodwill	10.044.528	11.532.612
Total intangible assets	<u>10.044.528</u>	<u>11.532.612</u>
7 Other fixtures and fittings, tools and equipment	18.976	0
Total property, plant, and equipment	<u>18.976</u>	<u>0</u>
Deposits	152.118	152.118
Total investments	<u>152.118</u>	<u>152.118</u>
Total non-current assets	<u>10.215.622</u>	<u>11.684.730</u>
Current assets		
Inventories	15.960	39.312
Total inventories	<u>15.960</u>	<u>39.312</u>
Trade debtors	4.063.003	922.976
Other receivables	160.022	37.275
Prepayments and accrued income	0	38.250
Total receivables	<u>4.223.025</u>	<u>998.501</u>
Cash at hand	2.204.330	90.914
Total current assets	<u>6.443.315</u>	<u>1.128.727</u>
Total assets	<u>16.658.937</u>	<u>12.813.457</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			
9	Contributed capital	700.000	700.000
10	Retained earnings	-3.535.970	895.713
	Total equity	-2.835.970	1.595.713
Liabilities other than provisions			
11	Other payables	2.312.809	2.079.896
	Total long term liabilities other than provisions	2.312.809	2.079.896
8	Prepayments received from customers concerning work in progress for the account of others	14.663.476	6.752.847
	Trade payables	1.308.476	1.649.467
	Corporate tax	250.000	250.000
	Other payables	960.146	485.534
	Total short term liabilities other than provisions	17.182.098	9.137.848
	Total liabilities other than provisions	19.494.907	11.217.744
	Total equity and liabilities	16.658.937	12.813.457
1	Uncertainties concerning the enterprise's ability to continue as a going concern		
2	Uncertainties concerning recognition and measurement		
3	Gross loss		
12	Contingencies		

Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The adequacy of the Company's financial resources is based on funding by the Company's shareholders. If capital requirement is not funded by the shareholders, the going concern of the Company will thus be subject to material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. In Management's assessment, the shareholders will fund operations to the required extent for the next year. Therefore, the Financial Statements have been presented on the assumption of going concern.

2. Uncertainties concerning recognition and measurement

The value of recognised goodwill amounts to DKK 10 million and is based on Management's expectations of future biogas plant sales etc for export primarily. Management expects to achieve profitable operations in 2021 and onwards with the increase in sales of biogas plants, and the goodwill recognition is based on that expectation. The realisation of future earnings is subject to uncertainty; consequently, the value of recognised goodwill is subject to uncertainty.

3. Gross loss

Covid-19 compensation be included gross loss with DKK 232.387.

	<u>2020</u>	<u>2019</u>
4. Staff costs		
Salaries and wages	4.855.620	5.679.750
Pension costs	310.226	229.639
Other costs for social security	<u>26.009</u>	<u>33.513</u>
	<u>5.191.855</u>	<u>5.942.902</u>
Average number of employees	<u>8</u>	<u>10</u>
5. Tax on net profit or loss for the year		
Tax of the results for the year	<u>0</u>	<u>250.000</u>
	<u>0</u>	<u>250.000</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
6. Goodwill		
Cost 1 January 2020	<u>14.880.796</u>	<u>14.880.796</u>
Cost 31 December 2020	<u>14.880.796</u>	<u>14.880.796</u>
Amortisation and writedown 1 January 2020	-3.348.184	-1.860.100
Amortisation for the year	<u>-1.488.084</u>	<u>-1.488.084</u>
Amortisation and writedown 31 December 2020	<u>-4.836.268</u>	<u>-3.348.184</u>
Carrying amount, 31 December 2020	<u>10.044.528</u>	<u>11.532.612</u>
7. Other fixtures and fittings, tools and equipment		
Additions during the year	<u>19.975</u>	<u>0</u>
Cost 31 December 2020	<u>19.975</u>	<u>0</u>
Depreciation for the year	<u>-999</u>	<u>0</u>
Depreciation and writedown 31 December 2020	<u>-999</u>	<u>0</u>
Carrying amount, 31 December 2020	<u>18.976</u>	<u>0</u>
8. Contract work in progress		
Sales value of the production of the period	4.525.333	1.521.352
Payments on account received	<u>-19.188.809</u>	<u>-8.274.199</u>
Contract work in progress, net	<u>-14.663.476</u>	<u>-6.752.847</u>
The following is recognised:		
Work in progress for the account og others (prepayments received)	<u>-14.663.476</u>	<u>-6.752.847</u>
	<u>-14.663.476</u>	<u>-6.752.847</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
9. Contributed capital		
Contributed capital 1 January 2020	700.000	700.000
	<u>700.000</u>	<u>700.000</u>
10. Retained earnings		
Retained earnings 1 January 2020	895.713	8.465.414
Profit or loss for the year brought forward	-4.431.683	-7.569.701
	<u>-3.535.970</u>	<u>895.713</u>
11. Other payables		
Total other payables	2.312.809	2.079.896
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Total other payables	<u>2.312.809</u>	<u>2.079.896</u>
Share of liabilities due after 5 years	<u>416.141</u>	<u>2.079.896</u>

There is agreed to no payment in 2021.

12. Contingencies

Contingent assets

The company has a not included tax asset on TDKK 4.763.

Contingent liabilities

Lease liabilities

The company has entered into an operating lease with an average annual lease payment of TDKK 71. The leasing contract has a remaining term of 1 month, and with a remaining leasing obligation of TDKK 6.

Annual rent for premises amounts to TDKK 269. The rent can be terminated with 6 months' notice, corresponding to a liability of TDKK 135.