

Cirqle R&D ApS
Ewaldsgade 3, 2, 2200 København N

Annual report
2023

Company reg. no. 41 74 28 36

The annual report was submitted and approved by the general meeting on the 28 June 2024.

Jan Weber
Chairman of the meeting

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 %.

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Management's statement

Today, the Managing Director has approved the annual report of Cirqle R&D ApS for the financial year 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Managing Director consider the conditions for audit exemption of the 2023 financial statements to be met.

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.

København N, 28 June 2024

Managing Director

Jan Weber

Practitioner's compilation report

To the Shareholders of Cirqle R&D ApS

We have compiled the financial statements of Cirqle R&D ApS for the financial year 1 January - 31 December 2023 based on the company's bookkeeping and on information you have provided.

These financial statements comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements under the Danish Act on Approved Auditors and Audit Firms and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Grindsted, 28 June 2024

Martinsen

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

Uffe Conradsen

State Authorised Public Accountant
mne48482

Company information

The company

Cirqlø R&D ApS
Ewaldsgade 3, 2
2200 København N

Company reg. no. 41 74 28 36
Financial year: 1 January - 31 December

Managing Director

Jan Weber

Auditors

Martinsen
Statsautoriseret Revisionspartnerselskab
Hedemarken 23
7200 Grindsted

Parent company

Passion & Purpose ApS

Management´s review

Description of key activities of the company

Cirqlø is an organization operating in the circular economy, fighting packaging waste in the food and beverage industry. Cirqlø replaces disposable single-use packaging, such as styrofoam and cardboard, with a reusable system where packaging can be used again and again. They thereby reduce waste, resulting in Cirqlø having a direct and positive impact on the environment and the climate crisis.

Development in activities and financial matters

The company has experienced a turbulent period in 2023, including restructuring, etc.

In 2023, the company reported a positive result of DKK 4.9 million, which can largely be attributed to the following events during the fiscal year:

- Receipt of LL § 8X (tax credit) in the fiscal year 2023. The company has been in dialogue with the Tax Authorities regarding its research and development. The Tax Authorities have approved the company's research/development activities. In addition, the company has received/entered into several research and development collaborations during the fiscal year.

The receipt of 8X resulted in an income of DKK 1.2 million.

- Cirqlø ApS was under reconstruction in 2023, which resulted in a portion of the debt being forgiven, leading to a gain of DKK 1.3 million.

- In December 2023, the management decided to spin off the commercial concepts from Cirqlø R&D ApS to a sister company with a pure focus on sales and operations. This resulted in a gain of DKK 7.5 million, as mentioned in note 1.

Had these events not occurred in 2023, the company would have faced a deficit of DKK 5.1 million.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	-136.817	-2.884.751
2 Staff costs	-3.239.604	-5.602.205
Depreciation and impairment of property, land, and equipment	<u>7.190.520</u>	<u>-6.257.468</u>
Operating profit	3.814.099	-14.744.424
Other financial expenses	<u>-665</u>	<u>-45.156</u>
Pre-tax net profit or loss	3.813.434	-14.789.580
Tax on ordinary results	<u>1.135.042</u>	<u>0</u>
Net profit or loss for the year	<u>4.948.476</u>	<u>-14.789.580</u>
 Proposed distribution of net profit:		
Transferred to retained earnings	4.948.476	0
Allocated from retained earnings	<u>0</u>	<u>-14.789.580</u>
Total allocations and transfers	<u>4.948.476</u>	<u>-14.789.580</u>

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
Production plant and machinery	14.367	102.125
Other fixtures, fittings, tools and equipment	<u>0</u>	<u>188.100</u>
Total property, plant, and equipment	<u>14.367</u>	<u>290.225</u>
Total non-current assets	<u>14.367</u>	<u>290.225</u>
Current assets		
Trade debtors	21.321	53.341
Receivables from group enterprises	7.035.205	0
Other receivables	31.570	204.140
Prepayments	<u>5.379</u>	<u>33.254</u>
Total receivables	<u>7.093.475</u>	<u>290.735</u>
Cash and cash equivalents	<u>1.335.210</u>	<u>4.990.272</u>
Total current assets	<u>8.428.685</u>	<u>5.281.007</u>
Total assets	<u>8.443.052</u>	<u>5.571.232</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	90.712	90.712
Results brought forward	8.093.590	3.145.114
Total equity	8.184.302	3.235.826
Liabilities other than provisions		
Prepayments received from customers	84.000	0
Total long term liabilities other than provisions	84.000	0
Trade creditors	31.591	261.680
Payables to group enterprises	72.000	1.923.241
Payables to participating interest	1	0
Debt to shareholders and management	0	4.796
Other debts	71.158	145.689
Total short term liabilities other than provisions	174.750	2.335.406
Total liabilities other than provisions	258.750	2.335.406
Total equity and liabilities	8.443.052	5.571.232

1 Special items

3 Contingencies

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	90.712	17.934.694	18.025.406
Profit or loss for the year brought forward	0	-14.789.580	-14.789.580
Equity 1 January 2023	90.712	3.145.114	3.235.826
Profit or loss for the year brought forward	0	4.948.476	4.948.476
	<u>90.712</u>	<u>8.093.590</u>	<u>8.184.302</u>

Notes

All amounts in DKK.

1. Special items

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

	<u>2023</u>
Income:	
Profit/loss on sale of intangible fixed assets	<u>6.998.866</u>
	<u>6.998.866</u>
Expenses:	
Writedown on non-current assets	<u>372.429</u>
	<u>372.429</u>
Special items are recognised in the following items in the financial statements:	
Depreciation and impairment of property, land, and equipment	<u>6.626.437</u>
Profit of special items, net	<u>6.626.437</u>

	<u>2023</u>	<u>2022</u>
2. Staff costs		
Salaries and wages	3.168.614	5.514.391
Other costs for social security	10.035	59.222
Other staff costs	<u>60.955</u>	<u>28.592</u>
	<u>3.239.604</u>	<u>5.602.205</u>
Average number of employees	<u>4</u>	<u>8</u>

3. Contingencies

Contingent assets

The company has deferred tax to be used in future positive income of DKK 55 mio. The nominal value hereof amounts 22%, in total DKK 12 mio. The deferred tax asset has not been recognized due to the uncertainty about the time for use of the tax losses.

Joint taxation

With Passion & Purpose ApS, company reg. no 41742836 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

Notes

All amounts in DKK.

3. Contingencies (continued)

Joint taxation (continued)

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

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

The annual report for Cirqle R&D 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.

Foreign currency translation

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

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

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

Income statement

Gross loss

Gross loss comprises the revenue, 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.

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 and loss on receivables.

Accounting policies

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.

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.

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	5-10 years
Other fixtures and fittings, tools and equipment	5-10 years

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.

Accounting policies

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

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

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

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

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.

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.