Reconomy Danmark ApS

Bistrupvej 176, 3460 Birkerød

Company reg. no. 43 81 86 43

Annual report

1 February - 31 December 2023

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

John Terrence Sullivan
Chairman of the meeting

Contents

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

Today, the Executive Board has approved the annual report of Reconomy Danmark ApS for the financial year 1 February - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operationsand of consolidated cash flows for the financial year 1 February – 31 December 2023.

Further, in our 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.

Birkerød, 28 June 2024

Executive board

John Terrence Sullivan

Lars Vedel Jørgensen

Independent auditor's report

To the shareholders of Reconomy Danmark ApS

Opinion

In our opinion, the consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position, consolidated and for the Company respectively at 31 December 2023 and of the results of the Company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 February to 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the consolidated Financial Statements and the Financial Statements of Reconomy Danmark ApS for the financial year 1 February to 31 December 2023, which comprise profit and loss account, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements"), consolidated and for the company respectively and consolidated cash flow statement.

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 consolidated Financial Statements and 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusions thereon.

In connection with our audit of the consolidated financial statements and 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 consolidated annual accounts or 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, in our view, Management's Review is in accordance with the consolidated annual accounts or 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 in Management's Review.

Management's Responsibilities for the consolidated financial statements and the Financial Statements

Management is responsible for the preparation of consolidated annual accounts and financial statements that give a true and 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 consolidated annual accounts and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Financial Statements and the Financial Statements, Management is responsible for assessing the group's and 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 consolidated Financial Statements and the Financial Statements, unless Management either intends to liquidate the group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the consolidated annual accounts and the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Financial Statements and 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 consolidated Financial Statements and these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Financial Statements and the Financial Statements, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement 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 group's and 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 consolidated Financial Statements and 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 about the group's and 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 consolidated Financial Statements and 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 group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated Financial Statements and the Financial Statements, including the disclosures, and whether the consolidated Financial Statements and the Financial Statements reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 28 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Tue Stensgård Sørensen	Alexander Oliver Duschek
State Authorised Public Accountant	State Authorised Public Accountant
mne32200	mne47774

Company information

The company	Reconomy Danmark ApS Bistrupvej 176 3460 Birkerød	
	Company reg. no.	43 81 86 43
	Financial year:	1 February - 31 December
Executive board	John Terrence Sullivan Lars Vedel Jørgensen	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Standvejen 44 2900 Hellerup	
Parent company	OS Pheonix Bidco Ltd.	
Subsidiaries	Combineering Holding A/S, Rudersdal Combineering A/S, Rudersdal Combineering Materials ApS, Rudersdal Combineering Ejendomme ApS, Rudersdal Logistics Center North ApS, Rudersdal CN Ireland ApS, Rudersdal Combineering US1 ApS, Rudersdal Combineering RCZ1 ApS, Rudersdal Co2mbineering ApS, Rudersdal Combineering UK Ltd., United Kingdom Combineering Materials GmbH, Germany	

Consolidated financial highlights

DKK in thousands.	2023
Income statement:	
Revenue	295.733
Gross profit	30.776
Profit from operating activities	-151.822
Net financials	-18.716
Net profit or loss for the year	-155.147
Statement of financial position:	
Balance sheet total	1.503.144
Equity	1.001.791
Cash flows:	
Operating activities	-18.666
Investing activities	-1.371.058
Financing activities	1.400.812
Total cash flows	11.088
Employees:	
Average number of full-time employees	43
Key figures in %:	
Gross margin ratio	10,4
Profit margin (EBIT-margin)	-51,3
Acid test ratio	77,9
Solvency ratio	66,6
Return on equity	-31,0

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

Consolidated financial highlights

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Gross margin ratio	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin (EBIT margin)	$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$
Acid test ratio	$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$
Solvency ratio	$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$
Return on equity	$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$

Description of key activities of the company

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

Development in activities and financial matters

In the recent financial period, our gross profit margins have experienced a notable decline, primarily attributable to the elevated costs within the transportation sector. This rise in transportation expenses can be traced back to several factors, including increased fuel prices and heightened demand for freight services. These dynamics have directly impacted our cost of goods sold (COGS), thereby compressing our gross profit margins.

Moreover, the period under review has also been marked by a significant transition in the form of new ownership. This transition has initiated a comprehensive consolidation process aimed at enhancing operational efficiency and streamlining our business operations. The consolidation efforts encompass various aspects, including the integration of supply chains, rationalization of product lines, and optimization of our workforce. These measures are not only expected to foster synergies but also to mitigate the impact of increased operational costs over time.

In response to these challenges, we are actively implementing strategic initiatives designed to offset the adverse effects of rising transportation costs. These include exploring alternative supply chain solutions, negotiating more favorable terms with logistics providers, enhancing our inventory management practices, and investing in technology to improve route efficiency and reduce dependency on traditional transportation methods.

Management considers the result for the year as satisfactory.

Financial risks and the use of financial instruments

The Group manages financial risks centralized at group level. The Company is exposed to foreign exchange risk, liquidity risk and credit risk that can have an impact on the financial performance of the Group. Significant risks are continuously assessed by Management and the Board of Directors.

Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign customers are invoiced in mainly EUR. As the Danish Kroner is pegged to the Euro, this currency risk is considered immaterial. Only approximately 0,4% (1%, 2022) of revenue and 11% (4,1%, 2022) of costs are incurred in currencies other than DKK or EUR.

Interest rate risks
The Company is not particularly exposed to changes in interest rates as net interest bearing assets and liabilities is very limited.

Liquidity risks
The Group has a liquidity buffer comprising cash of DKKK 6,4 million (DKK 32,2 million 31 December 2022) and a DKK 10 million credit line (DKK 10 million 31 December 2022) to support the current operations of the Group.

Credit risks
Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables. The Group's primary credit exposure is related to trade receivables and cash positions. The credit risk of the Group is assessed to be low. Credit risk related to trade receivables is managed by credit insurance and/or prepayment from customers. Based on forecasts as well as historical data, the Group expects no loss on trade receivables. The Group has no major exposure relating to one single customer or business partner. In relation to the credit risk related to financial institutions, the Group monitors financial institutions and places funds in financial institutions with satisfactory credit ratings.

Expected developments
The company's expected development is to continue the growth and profitability with an expected EBITDA of 30-35 mio. DKK in 2024.

Knowledge resources
The knowledge resources are based on the Company platform, processes and logistics, our employees' expertise and our long-term relationships with key customers, we support the growth strategy for the group to continue our leading role within circular economy in EU and rest of the world.

Environmental issues
The Group's core DNA is to develop new and improve existing methods for recycling and utilization of industrial waste and by-products which leads the customers to achieve a greener solution. Environment is thereby core business in the group and the group are investing many resources in developing environmental solutions.

Research and development activities
The Company perform research and development regarding waste handling solutions to benefit our customers. The development projects are expected to generate increase in turnover and profits for the coming years.

Events occurring after the end of the financial year
No significant events have occurred after the end of the financial year.

Income statement

DKK thousand.

Note		Parent 1/2 2023 - 31/12 2023	Group 1/2 2023 - 31/12 2023
	Revenue	0	295.733
	Own work capitalised	0	2.500
	Costs of raw materials and consumables	0	-251.265
	Other external expenses	-170	-16.192
	Gross profit	**-170**	**30.776**
3	Staff costs	0	-28.524
	Depreciation, amortisation, and impairment	0	-129.855
	Other operating expenses	-24.219	-24.219
	Operating profit	**-24.389**	**-151.822**
	Income from investments in group enterprises	-112.349	0
	Other financial income	0	986
4	Other financial expenses	-18.924	-19.702
	Pre-tax net profit or loss	**-155.662**	**-170.538**
	Tax on net profit or loss for the year	515	15.391
5	**Net profit or loss for the year**	**-155.147**	**-155.147**

Balance sheet

DKK thousand.

Assets

Note		Parent 31/12 2023	Group 31/12 2023
	Non-current assets		
6	Completed development projects, including patents and similar rights arising from development projects	0	3.601
7	Acquired concessions, patents, licenses, trademarks, and similar rights	0	246
8	Goodwill, Technology and Customer relations	0	1.412.242
9	Development projects in progress and prepayments for intangible assets	0	13.594
	Total intangible assets	0	1.429.683
10	Land and buildings	0	6.157
11	Other fixtures, fittings, tools and equipment	0	8.063
	Total property, plant, and equipment	0	14.220
12	Investments in group enterprises	1.264.765	0
13	Deposits	0	317
	Total investments	1.264.765	317
	Total non-current assets	**1.264.765**	**1.444.220**
	Current assets		
	Manufactured goods and goods for resale	0	2.698
	Total inventories	0	2.698
	Trade receivables	0	40.952
	Income tax receivables	0	648
	Tax receivables from group enterprises	570	0
	Other receivables	0	240
14	Prepayments	0	3.298
	Total receivables	570	45.138
	Cash and cash equivalents	49	11.088
	Total current assets	**619**	**58.924**
	Total assets	**1.265.384**	**1.503.144**

Balance sheet

DKK thousand.

Note	Equity and liabilities	Parent 31/12 2023	Group 31/12 2023
	Equity		
	Contributed capital	40	40
	Reserve for development costs	0	13.412
	Retained earnings	1.001.751	988.339
	Total equity	**1.001.791**	**1.001.791**
	Provisions		
	Provisions for deferred tax	0	174.928
	Total provisions	**0**	**174.928**
	Liabilities other than provisions		
	Payables to group enterprises	250.827	250.827
15	Total long term liabilities other than provisions	250.827	250.827
15	Current portion of long term liabilities	12.292	12.514
	Trade payables	169	45.550
	Payables to group enterprises	250	0
	Income tax payable to group enterprises	55	0
	Other payables	0	17.534
	Total short term liabilities other than provisions	12.766	75.598
	Total liabilities other than provisions	**263.593**	**326.425**
	Total equity and liabilities	**1.265.384**	**1.503.144**

1 Uncertainties concerning recognition and measurement
2 Special items
16 Charges and security
17 Contingencies
18 Related parties

Consolidated statement of changes in equity of the Group

DKK thousand.

	Contributed capital	Share premium	Reserve for development costs	Reserve for foreign currency translation	Retained earnings	Total
Equity 1 February 2023	40	0	0	0	0	40
Cash capital increase	0	1.156.898	0	0	0	1.156.898
Retained earnings for the year	0	0	13.412	0	-168.559	-155.147
Transferred to retained earnings	0	-1.156.898	0	0	1.156.898	0
	40	**0**	**13.412**	**0**	**988.339**	**1.001.791**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 February 2023	40	0	0	40
Cash capital increase	0	1.156.898	0	1.156.898
Retained earnings for the year	0	0	-155.147	-155.147
Transferred to retained earnings	0	-1.156.898	1.156.898	0
	40	**0**	**1.001.751**	**1.001.791**

Statement of cash flows

DKK thousand.

Note		Group 1/2 2023 - 31/12 2023
	Net profit or loss for the year before tax	-170.538
19	Adjustments	146.965
20	Change in working capital	5.192
	Cash flows from operating activities before net financials	-18.381
	Interest paid, etc.	-250
	Cash flows from ordinary activities	-18.631
	Income tax paid	-35
	Cash flows from operating activities	**-18.666**
	Purchase of intangible assets	-10.916
	Sale of property, plant, and equipment	1.530
21	Acquisition of enterprises and activities	-1.361.672
	Cash flows from investment activities	**-1.371.058**
	Repayments of long-term payables	-2.171
	Cash capital increase	1.156.898
	Borrowings	246.085
	Cash flows from financing activities	**1.400.812**
	Change in cash and cash equivalents	**11.088**
	Cash and cash equivalents at opening balance	0
	Cash and cash equivalents at end of period	**11.088**
	Cash and cash equivalents	
	Cash and cash equivalents	11.088
	Cash and cash equivalents at end of period	**11.088**

Notes

DKK thousand.

1. Uncertainties concerning recognition and measurement

Goodwill

The Group reviews at each reporting period whether there are any indicators of impairment in accordance with IAS 36: Impairment of Assets. An annual impairment review is completed by comparing the carrying amount of the goodwill to its recoverable amount. The recoverable amount being the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the assets of the Company.

The key assumptions when calculating the value in use are the growth in forecasted revenue over the period. Management's calculation for the value in use has been developed by using a four-year forecast of cash flows, prepared on the basis of past performance, with future growth generated from current projects, contracts in place for new projects, as well as a percentage of pipelines projects which are currently in negotiations. The cash flow projections are based on the assumption that the effect from logistic difficulties and other one-offs in 2023 has delayed the business plan by two years.

The pre-tax discount rate used within the value in use calculation was 10.62%. The annual growth rate assumption beyond the four-year forecast period, based on market trends is 2%.

Trade receivables

There are uncertainties concerning a trade receivable, that on 31 December 2023 amounts to 8,5 million DKK before a writedown in 2020 of 3,5 million DKK and 1,8 million DKK in 2022 – amounts to 3,2 million DKK after writedown. The estimate of the potential loss is based on limited information about the debtor's ability to pay. The ultimate owners have issued a personal guarantee for payment, which is currently being pursued in a court case, which Management expects to win. The uncertainties mainly relate to debtor's and it's ultimate owner's ability to pay.

2. Special items

Cost relating to acquisition in the amount of 24.219 TDKK has been recognized under the item Other Operating Expenses.

DKK thousand.

		Parent 1/2 2023 - 31/12 2023	Group 1/2 2023 - 31/12 2023
3.	**Staff costs**		
	Salaries and wages	0	24.454
	Other costs for social security	0	2.276
	Other staff costs	0	1.794
		0	**28.524**
	Executive board	0	5.749
	Board of directors	0	550
	Executive board and board of directors	**0**	**6.299**
	Average number of employees	0	43
4.	**Other financial expenses**		
	Financial costs, group enterprises	18.924	18.924
	Other financial costs	0	778
		18.924	**19.702**

		Parent 1/2 2023 - 31/12 2023
5.	**Proposed distribution of net profit**	
	Allocated from retained earnings	-155.147
	Total allocations and transfers	**-155.147**

DKK thousand.

		Parent 31/12 2023	Group 31/12 2023
6.	**Completed development projects, including patents and similar rights arising from development projects**		
	Additions during the year	0	1.249
	Transfers	0	2.938
	Cost end of period	**0**	**4.187**
	Amortisation and depreciation for the year	0	-586
	Amortisation and write-down end of period	**0**	**-586**
	Carrying amount, end of period	**0**	**3.601**

Completed development projects:

The development projects relates to the development of waste-handling solutions. The development projects are expected to generate increase in turnover and profits for the coming years.

		Parent 31/12 2023	Group 31/12 2023
7.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Additions during the year	0	385
	Cost end of period	**0**	**385**
	Amortisation and depreciation for the year	0	-139
	Amortisation and write-down end of period	**0**	**-139**
	Carrying amount, end of period	**0**	**246**

DKK thousand.

		Parent 31/12 2023	Group 31/12 2023
8.	**Goodwill, Technology and Customer relations**		
	Additions during the year	0	1.540.648
	Cost end of period	**0**	**1.540.648**
	Amortisation and depreciation for the year	0	-128.406
	Amortisation and write-down end of period	**0**	**-128.406**
	Carrying amount, end of period	**0**	**1.412.242**
	Specification of Goodwill, Technology and Customer relations		
	Goodwill	0	693.076
	Technology	0	366.021
	Customer relations	0	481.551
	Cost end of period	**0**	**1.540.648**
	Amortisations for the year, Goodwill	0	-57.756
	Amortisations for the year, Technology	0	-30.521
	Amortisations for the year, Customer relations	0	-40.129
	Amortisations end of period	**0**	**-128.406**
	Book value end of period	**0**	**1.412.242**

DKK thousand.

		Parent 31/12 2023	Group 31/12 2023
9.	**Development projects in progress and prepayments for intangible assets**		
	Additions during the year	0	16.532
	Transfers	0	-2.938
	Cost end of period	**0**	**13.594**
	Carrying amount, end of period	**0**	**13.594**

Management has determined these key assumptions when testing development project in progress: Cashflows are based on signed contracts and gross profit based on experience from other projects. Remaining development costs are taken into account.

Development projects in progress:
The development projects relates to the development of waste-handling and transportation solutions. The development projects are expected to generate increase in turnover and profits for the coming years.

		Parent 31/12 2023	Group 31/12 2023
10.	**Land and buildings**		
	Additions during the year	0	6.399
	Cost end of period	**0**	**6.399**
	Amortisation and depreciation for the year	0	-242
	Depreciation and write-down end of period	**0**	**-242**
	Carrying amount, end of period	**0**	**6.157**

DKK thousand.

		Parent 31/12 2023	Group 31/12 2023
11.	**Other fixtures, fittings, tools and equipment**		
	Additions during the year	0	9.716
	Disposals during the year	0	-1.177
	Cost end of period	**0**	**8.539**
	Amortisation and depreciation for the year	0	-583
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	107
	Depreciation and write-down end of period	**0**	**-476**
	Carrying amount, end of period	**0**	**8.063**

DKK thousand.

		Parent 31/12 2023	Group 31/12 2023
12.	**Investments in group enterprises**		
	Additions during the year	1.377.114	0
	Cost end of period	**1.377.114**	**0**
	Net profit or loss for the year before amortisation of goodwill	370	0
	Revaluations end of period	**370**	**0**
	Amortisation of goodwill for the year	-112.719	0
	Depreciation on goodwill end of period	**-112.719**	**0**
	Carrying amount, end of period	**1.264.765**	**0**

Group enterprises:

	Domicile	Equity interest
Combineering Holding A/S	Rudersdal	100 %
Combineering A/S	Rudersdal	100 %
Combineering Materials ApS	Rudersdal	100 %
Combineering Ejendomme ApS	Rudersdal	100 %
Logistics Center North ApS	Rudersdal	100 %
CN Ireland ApS	Rudersdal	100 %
Combineering US1 ApS	Rudersdal	100 %
Combineering RCZ1 ApS	Rudersdal	100 %
Co2mbineering ApS	Rudersdal	100 %
Combineering UK Ltd.	United Kingdom	100 %
Combineering Materials GmbH	Germany	100 %

		Parent 31/12 2023	Group 31/12 2023
13.	**Deposits**		
	Additions during the year	0	317
	Cost end of period	**0**	**317**
	Carrying amount, end of period	**0**	**317**

DKK thousand.

	Parent 31/12 2023	Group 31/12 2023
14. Prepayments		
Prepayments projects	0	2.443
Other accruals	0	855
	0	**3.298**

15. Long term labilities other than provisions

	Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
Group				
Payables to group enterprises	263.341	12.514	250.827	250.827
	263.341	**12.514**	**250.827**	**250.827**
Parent				
Payables to group enterprises	263.119	12.292	250.827	250.827
	263.119	**12.292**	**250.827**	**250.827**

16. Charges and security

In regards to debt to banks of TDKK 0 (2022: 155), the company has posted company charge of TDKK 5.000 (2022: 5.000), with an accounting value of TDKK 46.272 at 31 December 2023 (2022: 31.819).

DKK thousand.

17. Contingencies

Contingent liabilities

Group

In the ordinary course of business, the Group is involved in certain claims and disputes. In the opinion of management, settlement or continuation of pend-ing claims and other disputes will have no material impact on the Groups financial position.

Joint taxation

Parent

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

18. Related parties

Controlling interest

OS Pheonix Bidco Ltd.	Majority shareholder

Transactions

Transactions between group companies has been carried out on market terms.

DKK thousand.

		Group 1/2 2023 - 31/12 2023
19.	**Adjustments**	
	Depreciation, amortisation, and impairment	129.855
	Interest not paid	17.006
	Exchange adjustments	104
		146.965

20.	**Change in working capital**	
	Change in receivables	35
	Change in trade payables and other payables	6.792
	Other changes in working capital	-1.635
		5.192

21.	**Acquisition of enterprises and activities**	
	Intangible assets	863.078
	Property, plant, and equipment	7.937
	Inventories	1.063
	Receivables	44.647
	Bank loans	-56
	Mortgage loans	-2.171
	Provisions for deferred tax	-189.685
	Trade payables	-38.993
	Other payables	-17.225
	Goodwill	693.077
		1.361.672

Accounting policies

The annual report for Reconomy Danmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

The consolidated financial statements

The consolidated income statements comprise the parent company Reconomy Danmark ApS and those group enterprises of which Reconomy Danmark ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Business combinations

Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition. If it is possible to measure the value reliably, acquired contingent liabilities are measured at fair value under the item Equity investments in group enterprises.

The date of acquisition is the date when control of the acquired entity is obtained.

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are recognised in the income statement as incurred.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected useful life. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences from acquired group enterprises may, as a result of changes in recognition and measurement of the identified net assets, be adjusted up to 12 months from the date of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

If the cost includes contingent considerations, these are measured at fair value at the date of acquisition. Subsequently, contingent considerations at fair value are measured again. Value adjustments are recognised in the income statement.

Income statement

Revenue

Revenue is recognised when or as the performance obligations in the contract are satisfied by transferring control of the promised goods or services to the customer. Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax, rebates and discounts.

Fees for receiving waste is considered service revenue as the customers pays the Group for disposing the waste. Such revenue is recognised when the Group is disposing the waste - effectively at the time the Group is handing over the waste to a third party performing recycling or disposal of the waste.

The terms of payment set out in the Group’s sales agreements with customers depend on the underlying performance obligation. Revenue from services are normally fully or partly prepaid.

Cost of sales

Cost of sales contains costs incurred to achieve revenue for the year. Cost contains raw materials, cost of disposal or recycling waste and freight.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other external expenses

Operating expenses include expenses related to distribution, sale, advertising, administration, bad debt, premises, short terms lease agreements etc.

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.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

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

Results from investments in group enterprises

The proportionate share of the results of group enterprises after tax is recognized in the income statement after the elimination of intercompany proceeds and deduction of goodwill depreciation and goodwill impairment losses.

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 parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

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

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

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

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

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 and the residual value of the individual assets:

	Useful life	Residual value
Buildings	25 years	0 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

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.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

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

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 10 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises but are not represented in the parent, the following accounting policies have been applied.

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

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

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

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 as well as equity investments in group enterprises 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.

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.

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.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

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

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

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

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

As administration company, Reconomy Danmark ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

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 ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

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.

Statement of cash flows

The cash flow statement shows the cash flows of the group for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and group' cash and cash equivalents at the beginning and the end of the year, respectively.

A cash flow statement for the parent has not been prepared as the cash flows of the enterprise are included in the consolidated cash flow statement, cf. section 86, subsection 4, of the Danish Financial Statements Act.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

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

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