

Circular Energy Systems ApS

Bakkegårdsvej 5, 2605 Brøndby

Company reg. no. 43 91 61 06

Annual report

1 January - 31 December 2024

The annual report was submitted and approved by the general meeting on the 24 June 2025.

Morten Ryge Bøgild
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Executive Board has approved the annual report of Circular Energy Systems ApS for the financial year 1 January - 31 December 2024.

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 financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024.

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.

Brøndby, 24 June 2025

Executive board

Morten Ryge Bøgild
CEO

Christoffer Bay
Executive board

Jari Bendsen
Executive board

The independent practitioner's report

To the Shareholders of Circular Energy Systems ApS

Opinion

We have performed an extended review of the financial statements of Circular Energy Systems ApS for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Others matters

Effective as from the current financial year, Circular Energy Systems ApS is subject to audit obligations. We must emphasize, as it also appears from the annual accounts, that no extended review or audit of the comparative figures in the annual accounts has been carried out.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The independent practitioner's report

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our conclusion on the financial statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management's Review.

Copenhagen, 24 June 2025

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Morten Høgh-Petersen

State Authorised Public Accountant
mne34283

Company information

The company

Circular Energy Systems ApS
Bakkegårdsvej 5
2605 Brøndby

Company reg. no. 43 91 61 06
Established: 2 March 2023
Financial year: 1 January - 31 December

Executive board

Morten Ryge Bøgild, CEO
Christoffer Bay, Executive board
Jari Bendsen, Executive board

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Lautrupsgade 11
2100 København Ø

Management's review

Description of key activities of the company

The company's purpose is to conduct business in trade and services, as well as related activities.

Significant changes in the company's activities and financial matters

The gross profit for the year totals DKK 2.362 thousand against DKK 201 thousand last year. Income or loss from ordinary activities after tax totals DKK 941 thousand against DKK -19 thousand last year. Management considers the net profit or loss for the year satisfactory.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date of material importance to the annual report for 2024.

Income statement

All amounts in DKK.

<u>Note</u>	1/1 - 31/12 2024	2/3 - 31/12 2023 (Not audited)
Gross profit	2.361.614	200.508
1 Staff costs	-1.158.742	-223.136
Operating profit	1.202.872	-22.628
Other financial income	0	91
Other financial expenses	-17.118	-1.698
Pre-tax net profit or loss	1.185.754	-24.235
Tax on net profit or loss for the year	-245.080	5.332
Net profit or loss for the year	940.674	-18.903
Proposed distribution of net profit:		
Transferred to retained earnings	22.259	0
Transferred to reserve for development costs	918.415	0
Allocated from retained earnings	0	-18.903
Total allocations and transfers	940.674	-18.903

Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>	<u>2024</u>	<u>2023</u> (Not audited)	
Non-current assets			
2	Development projects in progress and prepayments for intangible assets	1.177.454	0
	Total intangible assets	<u>1.177.454</u>	<u>0</u>
3	Deposits	21.120	0
	Total investments	<u>21.120</u>	<u>0</u>
	Total non-current assets	<u>1.198.574</u>	<u>0</u>
Current assets			
	Trade receivables	138.142	140
	Deferred tax assets	0	5.332
	Income tax receivables	15.241	0
	Other receivables	43.446	0
	Prepayments	216.305	0
	Total receivables	<u>413.134</u>	<u>5.472</u>
	Cash and cash equivalents	<u>460.951</u>	<u>168.826</u>
	Total current assets	<u>874.085</u>	<u>174.298</u>
	Total assets	<u>2.072.659</u>	<u>174.298</u>

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity 2 March 2023	150.000	0	-18.903	131.097
Retained earnings for the year	0	0	22.259	22.259
Transferred from retained earnings	<u>0</u>	<u>918.415</u>	<u>0</u>	<u>918.415</u>
	<u>150.000</u>	<u>918.415</u>	<u>3.356</u>	<u>1.071.771</u>

Accounting policies

The annual report for Circular Energy Systems 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.

Income statement

Gross profit

Gross profit comprises the revenue, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

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 comprise expenses incurred for sales, advertising, administration and premises.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

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, realised and unrealised capital gains and losses relating to transactions in foreign currency.

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

Development projects, patents, and licences

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

Investments

Deposits

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

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

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

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

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

Receivables

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

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

Accounting policies

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

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.

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.

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.

Accounting policies

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

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

Convertible and profit sharing debt instruments

Convertible bonds are issued at a fixed conversion price and is regarded as composite instruments comprising a financial liability measured at amortised cost and an equity instrument in the form of the integral conversion right. Fair value of the financial liability is determined on the date of issue by applying a market rate for a similar non-convertible debt instrument. The difference between the proceeds from issuing the convertible debt instrument and the fair value of the financial liability, corresponding to the integral option to convert the liability to shareholders' equity, is recognised directly in the shareholders' equity. The value of the financial liability is recognised as long-term debts and subsequently measured at amortised cost. When extending convertible bonds, a calculation is made at amortised cost relative to the extension. Any difference is recognised in the income statement.

Deferred income

Payments received concerning future income are recognised under deferred income.

Notes

All amounts in DKK.

	1/1 - 31/12 2024	2/3 - 31/12 2023 (Not audited)
1. Staff costs		
Salaries and wages	1.150.129	215.882
Pension costs	0	5.550
Other costs for social security	8.613	1.704
	1.158.742	223.136
 Average number of employees	 2	 1
2. Development projects in progress and prepayments for intangible assets		
Additions during the year	1.177.454	0
Cost 31 December 2024	1.177.454	0
 Carrying amount, 31 December 2024	 1.177.454	 0
3. Deposits		
Additions during the year	21.120	0
Cost 31 December 2024	21.120	0
 Carrying amount, 31 December 2024	 21.120	 0
4. Convertible and profit sharing debt instruments		
Total convertible and profit sharing debt instruments	515.778	0
Share of amount due within 1 year	0	0
Total convertible and profit sharing debt instruments	515.778	0
 Share of liabilities due after 5 years	 0	 0

Notes

All amounts in DKK.

5. **Contractual obligations and contingencies, etc.**

Contractual obligations and contingent liabilities

Lease liabilities:

The Company has entered into rent obligations with 1-3 months notice. The total rent obligation is DKK 28 thousand.