ROESGAARD
En del af Cedra

Phoenix International A/S

Industrivej Vest 11
6600 Vejen

CVR no. 26 07 87 17

Annual report for 2025

The Annual Report was presented and
approved at the Annual General Meeting
of the Company on 20/04 2026

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Iben Lindhardt
chairman

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Company details

The company

Phoenix International A/S
Industrivej Vest 11
6600 Vejen

CVR no.:	26 07 87 17
Reporting period:	1 January - 31 December 2025
Domicile:	Vejen

Board of Directors

Thomas Rask Jensen, chairman

Tony Hansen
Siamack Ilkhanizadeh

Executive board

René Koch, CEO

Auditors

Roesgaard
Godkendt Revisionsaktieselskab
Sønderbrogade 16
8700 Horsens

Statement by management on the annual report

The Board of Directors and executive board have today discussed and approved the annual report of Phoenix International A/S for the financial year 1 January - 31 December 2025.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2025 and of the results of the company's operations for the financial year 1 January - 31 December 2025.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Vejen, 20 April 2026

Executive board

René Koch
CEO

Board of Directors

Thomas Rask Jensen chairman	Tony Hansen	Siamack Ilkhanizadeh

Independent auditor's report

To the shareholders of Phoenix International A/S

Opinion

We have audited the financial statements of Phoenix International A/S for the financial year 1 January - 31 December 2025, 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.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2025 and of the results of the company's operations for the financial year 1 January - 31 December 2025 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor's responsibilities for the audit of the financial statements” section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1, which describes events and conditions, including the significant loss for the year, impairment charges, and financial arrangements, that indicate the existence of a material uncertainty that may cast significant doubt on the company’s ability to continue as a going concern. As stated in note 1, management has prepared the annual report on the assumption of continued operations. We have not modified our opinion in respect of this matter.

Emphasis of matter

We draw attention to note 2 in the financial statements, which describes management’s assessment of the need for impairment of the company’s land and buildings, production lines, and financial non-current assets.

We have not modified our opinion in respect of this matter.

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 the 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 in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

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

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

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

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

Horsens, 20 April 2026

Roesgaard
Godkendt Revisionsaktieselskab
CVR no. 37 54 31 28

Kasper Rostgaard Munk
State Authorised Public Accountant
mne44061

Management's review

Business review

Phoenix International A/S is a contracting, industrial and trade company with production and delivery of coating materials for corrosion protection of oil, gas and water pipes as one business area, with the other area being our 2K product which are sold on the international market as joint filling materials for underground high voltage cables, and as joint sealants in concrete constructions. The company has, in the Danish part of its operations, decided to discontinue cooperation with a customer who, as at 31 December 2024, had a materially overdue receivable. This has resulted in the company's coating production line regarding the Middle East market having no orders in the second half of 2025, which has negatively affected the profit for the year. In light of this, management has furthermore decided to divest the company's headquarters property, as the future needs after the shutdown are different. The company continues activities related to 2K production, which is used, among other things, in the electricity transmission network in Denmark and Europe.

Since 1997, the Company has participated in a joint venture in South Africa together with SHELL, where the joint venture produces and sells modified bitumen to the road and pipe coating industry. During 2025 Phoenix has bought Shell's 50% shares and Phoenix International are now the sole owner, at the same time Bittugard has bought the land and the buildings from the leases owners.

The fully owned subsidiary in Malaysia produces and sells primer, enamel and wrap to the pipe coating industry. In addition to that, there is trading of bitumen to the markets in the Far East.

The company's former auditor issued a modified opinion in 2025 on the financial statements for 2024 regarding the valuation of the receivable from a customer. The company had DKK 14,266 thousand outstanding, for which the collections lacked sufficient underlying supporting documentation. Furthermore, the former auditor was unable to obtain assurance regarding the valuation of the past-due receivable of DKK 10,801 thousand. The company engaged legal assistance during the financial year regarding the challenges related to the traceability of the payments, and in light of this has ceased its cooperation with and sales to the customer. Furthermore Phoenix Middle East has chosen to assume the trade receivable, at a discount to the claim in view of the credit risk. The remaining amount was settled by writing down the balance of the intercompany account with Phoenix Middle East.

The Company has since 1998 held 17% shares in the listed company Varziran Co., Iran. In May 2018 the US sanctions against Iran have been increased, and this together with internal civil unrest has every year caused doubts regarding Varziran's future earnings and equity and thus raised questions regarding the book value of the shares in Varziran Co. As a result of this, and to eliminate any doubts about the value of the shares, it was in 2025 decided to sell the Varziran shares at the book value.

Management's review

Recognition and measurement uncertainties

As a result of the uncertainty related to going concern and the loss for 2025, the company has assessed whether there are indicators of impairment for the company's tangible fixed assets as well as the financial fixed assets. Management has made the following accounting estimates:

The company has assessed that there are no indications of impairment for the company's land and buildings, based on an independent broker's valuation and positive negotiations with a potential buyer.

Based on the fixed asset register, the company has assessed that there is a need to recognize an impairment on one of the two production lines, as there are currently no orders for one of the lines. The company has decided to write down the unused production line to DKK 0, and is investigating the possibility of dismantling the production line and moving it to the company's subsidiaries in either South Africa or Malaysia, where there is demand for the products that the production line can produce. Based on the realized results for 2025 and the budget expectations for 2026, the company has assessed that there are no indications of impairment for the company's investments in South Africa.

The company has, based on an impairment test of the investment in Malaysia, made af write down of DKK 1,500 thousand. The impairment test is based on a value-in-use calculation derived from management's discounted cash flow (DCF) forecasts, with EBIT of DKK 1.128m in 2026. A terminal growth rate of 2 percent reflects long term euro area inflation.

The pre tax discount rate is approximately 12 percent, derived from a 2.5 percent risk free rate, 6.5 percent market risk premium, beta 0.65, and a 5 percent company specific risk premium. Maintenance capex is assumed to offset depreciation, and the capital structure is 100 percent equity, resulting in no net debt in the valuation.

Financial review

The company's income statement for the year ended 31 December 2025 shows a loss of TDKK 20.098, and the balance sheet at 31 December 2025 shows equity of TDKK 14.666.

Management's review

Even if the major changes in the market conditions and the world economy are considered, the annual result is considered very unsatisfactory.

The result for the year was negatively affected by the unrest and consequent declining activity in the Middle East, which is the main sales area for the company's FBE products.

In addition, activity has been negatively impacted by the raw material situation, logistic challenges, the raise in energy prices, and in general the uncertain situation following the war in Ukraine and the Middle East. The 2K market was as expected, and thus contributed positively to the result, at the expected level.

The South African subsidiary contributed positively to the result, above expected level.

The profit for the year has also been adversely affected by a realized exchange loss on a receivable from a debtor who, due to external factors, had difficulty paying the company in a manner that provided full traceability between the delivery and the actual payments. The company has transferred the impaired trade receivable to the Phoenix Middle East.

The profit for the year has also been adversely affected by impairments of property, plant and equipment, as well as a write-down of inventories due to obsolescence.

Uncertainty about the continued operation (going concern)

The company realized a loss before tax of DKK 20,023 thousand in the 2025 financial year, which is primarily attributable to external restrictions that have hampered the company's sales to certain regions of the world, negatively affecting revenue and activity levels. As a result, the company has recognized impairments of tangible and financial fixed assets, as well as inventories, due to these external restrictions.

Furthermore, the company has had difficulty collecting a receivable of DKK 14,266 thousand, which resulted in a realised exchange loss of DKK 8,301 thousand in connection with the transfer of this receivable to Phoenix Middle East.The company's management has chosen to prepare the 2025 annual report on the assumption that the company is going concern. This is based on budgets for 2026, including that the company has initiated a sales process for its property with a view to leasing a smaller part of the property that better reflects the company's future activity level in Denmark. Furthermore, the expectation is that the surplus liquidity from the sale of the property will be used to reduce the company's debt and to facilitate a turnaround. This is expected to result in an adjustment of the company's capacity costs to match its activity level, thereby enabling operations, including dividends from subsidiaries, to generate positive cash flow in the future.

Material misstatements

In connection with the preparation of the 2025 annual report, the company's management identified that in prior years it had not withheld the correct withholding tax on interest and fees paid to the company's principal shareholder, who is resident in Dubai. Management has decided to correct this as a material prior period error by adjusting opening equity by DKK 1,462 thousand. Correspondingly, the liability for corporate tax payable has been increased by the same amount.

Management's review

Events after the balance sheet date

It has during early 2026 been decided that Phoenix International should sell the buildings in Vejen, with a clause that Phoenix can rent the part of the buildings where 2K is currently operating. The company’s updated forecast for the financial year 2026 shows that profit before tax will be around DKK 0.

Financial risks and use of financial instruments

Country risk

The Company has investments in South Africa and Malaysia as well as sales and receivables to these countries among others. Consequently the Company is influenced by the political and economical development in said countries.

Price risk

The Company's use of oil based products and the significant price increases in the market pose a special risk on the volatile oil market, as price increases cannot always fully be included in the price of the finished products to the end user.

Currency risk

The Company has customers worldwide. Sales are primarily invoiced in DKK and EUR. In case of special customer relationships an exception may be made. This implies that the results may be affected by the development in exchange rates and interest rates of other currencies. From a risk and cost point of view, the Company evaluates whether these risks are to be hedged; such evaluation is made per order. Often however, the risk is limited as matching purchase and sales orders are made in the same currency, primarily in EUR.

Interest rate risk

As the interest on the Company's interest-bearing debt is fixed through agreements, moderate changes in the interest level will not have any major impact on earnings.

Accounting policies

The annual report of Phoenix International A/S for 2025 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The annual report for 2025 is presented in TDKK

In connection with the preparation of the 2025 annual report, the company's management identified that in prior years it had not withheld the correct withholding tax on interest and fees paid to the company's principal shareholder, who is resident in Dubai. Management has decided to correct this as a material prior-period error by adjusting opening equity by DKK 1,462 thousand. Correspondingly, the liability for corporate tax payable has been increased by the same amount.

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Changes in accounting policies

The accounting policies have been changed in the following respect:

The accounting policies have been changed in the following respect: The company's management and shareholders have shifted their focus regarding investments in subsidiaries and equity interests, so that the focus is solely on realised dividends/cash flows. On this basis, the company has decided to change its accounting policy for the recognition and measurement of subsidiaries and equity interests, so that going forward these are recognised and measured at cost. Comparatives have been restated to reflect the policy change.

Comparatives have been restated to reflect the policy change.

The accumulated effect of the policy changes at 31 December 2025:

Profit/loss for 2024 is reduced by DKK 1.917 thousand, the balance sheet total is decreased by DKK 5.534 thousand, and equity is decreased by DKK 6.999 thousand.

The accounting policies are otherwise consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

Accounting policies

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross loss

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross loss reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other operating income

The item other operating income includes items of a secondary nature relative to the company’s activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Accounting policies

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries, associates and participating interests

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Dividend from participating interests is recognised in the financial year in which the dividend is declared.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and impairment of subsidiaries, liabilities and foreign currency transactions, and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of property, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Useful life

Buildings 30 years

Plant and machinery 5-15 years

Fixtures and fittings, other plant and equipment 3-5 years

Accounting policies

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale.

Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries, associates and participating interests

Investment in subsidiaries, associates and participating interests are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Other securities and investments, fixed assets

Investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

When conditions for measuring at fair value is not present the securities are measured at cost.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Accounting policies

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of raw materials and consumables comprises the acquisition price plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

The company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Special items

The company presents special items as income and expenses that, due to their size or nature, are material to understanding the annual report. Special items are recognized in the relevant income statement line in accordance with requirements of the Danish Financial Statements Act and are specified and explained in the note “Special items".

Accounting policies

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, including payables to suppliers, affiliated companies, and other debts, are measured at amortised cost, which typically corresponds to nominal value.

Accounting policies

The compensated absence commitment which the company's employees earn during the transitional period from 1 September 2019 to 31 August 2020, is administered by the company and is paid in to the Danish Holiday Fund before the employee reaches the pensionable age. Other debt is measured at amortised cost, which usually corresponds to the nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to the fair value reserve under 'Equity'. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in such entities are taken directly to equity.

Income statement 1 January 2025 - 31 December 2025

	Note	2025	2024
		TDKK	TDKK
Gross loss		**(8.254)**	**6.849**
Staff costs	5	(6.202)	(6.052)
Profit/loss before depreciation and amortization		**(14.456)**	**797**
Depreciation and amortisation of tangible fixed assets		(6.531)	(2.938)
Profit/loss before net financials		**(20.987)**	**(2.141)**
Income from investments in subsidiaries		3.592	0
Income from investments in associates		0	547
Financial income	6	245	606
Impairment losses on financial assets		(1.500)	0
Financial costs		(1.373)	(257)
Profit/loss before tax		**(20.023)**	**(1.245)**
Tax on profit/loss for the year	7	(75)	0
Profit/loss for the year		**(20.098)**	**(1.245)**

Recommended appropriation of profit/loss

Retained earnings	(20.098)	(1.245)
	(20.098)	**(1.245)**

Balance sheet at 31 December 2025

	Note	2025	2024
		TDKK	TDKK
Assets			
Land and buildings	8	15.665	17.163
Plant and machinery	8	1.051	5.887
Other fixtures and fittings, tools and equipment	8	299	319
Tangible assets		**17.015**	**23.369**
Investments in subsidiaries	9	14.168	8.822
Investments in associates	10	0	2.111
Receivables from associates		0	1.144
Other fixed asset investments		0	10.067
Fixed asset investments		**14.168**	**22.144**
Total non-current assets		**31.183**	**45.513**
Raw materials and consumables		1.214	6.139
Finished goods and goods for resale		496	1.365
Stocks		**1.710**	**7.504**
Trade receivables	11	6.811	21.046
Receivables from subsidiaries		1.827	5.275
Other receivables		0	259
Prepayments		73	314
Receivables		**8.711**	**26.894**
Cash at bank and in hand		**1.376**	**715**
Total current assets		**11.797**	**35.113**
Total assets		**42.980**	**80.626**

Balance sheet at 31 December 2025

	Note	2025	2024
		TDKK	TDKK
Equity and liabilities			
Share capital		18.500	18.500
Retained earnings		(3.834)	16.264
Equity		**14.666**	**34.764**
Mortgage loans		5.254	5.690
Payables to subsidiaries		4.476	0
Shareholders and management		12.251	26.057
Total non-current liabilities	12	**21.981**	**31.747**
Short-term part of long-term debt	12	437	437
Banks		0	2.430
Trade payables		1.034	3.224
Payables to shareholders and management		3.240	6.239
Corporation tax		1.462	1.462
Other payables		160	323
Total current liabilities		**6.333**	**14.115**
Total liabilities		**28.314**	**45.862**
Total equity and liabilities		**42.980**	**80.626**
Uncertainty about the continued operation (going concern)	1		
Recognition and measurement uncertainties	2		
Contingent liabilities	13		
Mortgages and collateral	14		

Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2025	18.500	5.536	17.726	41.762
Net effect from adjustment of error	0	0	(1.462)	(1.462)
Net effect from change of accounting policy	0	(5.536)	0	(5.536)
Adjusted equity at 1 January 2025	18.500	0	16.264	34.764
Net profit/loss for the year	0	0	(20.098)	(20.098)
Equity at 31 December 2025	**18.500**	**0**	**(3.834)**	**14.666**

Notes

1 Uncertainty about the continued operation (going concern)

The company realised a loss before tax of DKK 20,023 thousand in the 2025 financial year, which is primarily attributable to external restrictions that have hampered the company’s sales to certain regions of the world, negatively affecting revenue and activity levels. As a result, the company has recognised impairments of tangible and financial fixed assets, as well as inventories, due to these external restrictions. Furthermore, the company has had difficulty collecting a receivable of DKK 14,266 thousand, which resulted in a realised exchange loss of DKK 8,301 thousand in connection with the transfer of this receivable to the company’s principal shareholder.

The company’s management has chosen to prepare the 2025 annual report on the assumption that the company is a going concern. This is based on budgets for 2026, including that the company has initiated a sales process for its property with a view to leasing a smaller part of the property that better reflects the company’s future activity level in Denmark. Furthermore, the expectation is that the surplus liquidity from the sale of the property will be used to reduce the company's debt and to facilitate a turnaround. The company has also received a subordination declaration from its principal shareholder, who is the company’s largest creditor. On this basis, management believes that the 2025 annual report can be prepared on a going concern basis.

Notes

2 Recognition and measurement uncertainties

As a result of the uncertainty related to going concern and the loss for 2025, the company has assessed whether there are indicators of impairment for the company's tangible fixed assets as well as financial fixed assets. Management has made the following accounting estimates:

The company has assessed that there are no indications of impairment for the company's land and buildings, based on an independent broker's valuation and positive negotiations with a potential buyer.

Based on the fixed asset register, the company has assessed that there is a need to recognize an impairment on one of the two production lines, as there are currently no orders for one of the lines. The company has decided to write down the unused production line to DKK 0, and is investigating the possibility of dismantling the production line and moving it to the company's subsidiaries in either South Africa or Malaysia, where there is demand for the products that the production line can produce. Based on the realized results for 2025 and the budget expectations for 2026, the company has assessed that there are no indications of impairment for the company's investments in South Africa.

The company has based on an impairment test of det investment in Malaysia made af write down of DKK 1,500 thousand. The impairment test is based on a DCF value in use using management's forecasts, with EBIT of DKK 1.128m in 2026. A terminal growth rate of 2 percent reflects long term euro area inflation.

The pre tax discount rate is approximately 12 percent, derived from a 2.5 percent risk free rate, 6.5 percent market risk premium, beta 0.65, and a 5 percent company specific risk premium. Maintenance capex is assumed to offset depreciation, and the capital structure is 100 percent equity, resulting in no net debt in the valuation.

3 Special items

	2025 TDKK	2024 TDKK
Impairment loss and other special items		
Impairment of tangible fixed assets	3.662	0
Impairment of inventories	3.100	0
Realised exchange loss on receivables	8.301	0
Impairment of investments in subsidiaries	1.500	0
	16.563	**0**

Notes

		2025	2024
		TDKK	TDKK
4	**Other operating income**		
	Gain/loss on sale of assets	209	1.473
		209	**1.473**
5	**Staff costs**		
	Wages and salaries	5.723	5.527
	Pensions	417	435
	Other social security costs	62	90
		6.202	**6.052**
	Number of fulltime employees on average	7	7
6	**Financial income**		
	Income from fixed asset investments	0	475
	Interest received from subsidiaries	56	95
	Other financial income	9	0
	Exchange gains	180	36
		245	**606**
7	**Tax on profit/loss for the year**		
	Current tax for the year	75	0
		75	**0**

Notes

8 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost at 1 January 2025	24.595	44.692	2.673
Additions for the year	73	50	166
Disposals for the year	(342)	(10.968)	(450)
Cost at 31 December 2025	24.326	33.774	2.389
Impairment losses and depreciation at 1 January 2025	8.210	38.026	2.355
Depreciation for the year	793	5.565	173
Reversal of impairment and depreciation of sold assets	(342)	(10.868)	(438)
Impairment losses and depreciation at 31 December 2025	8.661	32.723	2.090
Carrying amount at 31 December 2025	**15.665**	**1.051**	**299**

The company engaged an independent real estate agent in 2025 to assess the company's property. The valuation shows that the expected net realizable value exceeds the carrying amount. The company has therefore concluded that there is no need to recognise an impairment loss on the property.

Notes

		2025	2024
		TDKK	TDKK
9	**Investments in subsidiaries**		
	Cost at 1 January 2025	8.822	8.822
	Impairment for the year, net	(1.500)	0
	Additions for the year	6.846	0
	Cost at 31 December 2025	14.168	8.822
	Carrying amount at 31 December 2025	**14.168**	**8.822**

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Phoenix International Sdn	Malaysia	100 %	8.016	(2.309)
Bituguard Southern Africa Ltd	South Africa	100 %	12.503	5.904

		2025	2024
		TDKK	TDKK
10	**Investments in associates**		
	Cost at 1 January 2025	2.111	2.111
	Additions for the year	4.735	0
	Transfers for the year	(6.846)	0
	Cost at 31 December 2025	0	2.111
	Carrying amount at 31 December 2025	**0**	**2.111**

11 Trade receivables

Out of the company's total receivables, trade receivables totalling DKK 6,811 thousand app. DKK 6,128 thousand is secured by a quarantee from the Shareholder, where the Shareholder in case of losses on these receivables will take over these customer receivables against set off the amount in the shareholders receivables from the Phoenix International A/ S, which is classified as long-term liabilities.

Notes

12 Long term debt

	Debt at 1 January 2025	Debt at 31 December 2025	Instalment next year	Debt outstanding after 5 years
Mortgage loans	6.127	5.691	437	3.507
Payables to subsidiaries	0	4.476	0	0
Shareholders and management	26.057	12.251	0	0
	32.184	**22.418**	**437**	**3.507**

The company is operating, as stated in the management commentary and note 1, with the objective that the result after dividends from the subsidiaries should, overall, balance around zero over the near term. In addition, the company plans to reduce the balance sheet by on the order of DKK 20–25 million through divestment of property and debt repayment, as well as settlement of intra group debt and debt to shareholders. The aim is for the company's balance sheet to consist predominantly of the carrying cost of the subsidiaries in Malaysia and South Africa and the working capital related to the continuing 2K business.

The long term intra group debt is subject to terms under which the repayment date can be deferred for as long as deemed necessary to support the company's liquidity and capital resources. The debt is expected to be settled in step with completion of the planned divestments and the company's ongoing consolidation.

13 Contingent liabilities

Contingent liabilities
Guarantee commitments consist of a guarantee provided in respect of bank commitments in a sister company.

The company has until 2021 as management company been jointly taxed with other Danish group entities and has jointly and severally with other jointly taxed group entities been liable for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Other financial obligations
The Company has liabilities under operating leases for cars, totalling DKK 175 thousand, with remaining contract terms of up to 35 months.

Notes

14 Mortgages and collateral

Land and buildings with a carrying amount of DKK 16,385 thousand have been provided as collateral for mortgage debt of DKK 6,127 thousand.

As collateral for bank debt of DKK 2,430 thousand the following are issued:
- Mortgage registered to the owner of DKK 9,000 thousand secured on assets with a carrying amount of DKK 35,534 thousand.
- Mortgage registered to the owner of DKK 2,200 thousand secured on land and buildings with a carrying amount of DKK 16,123 thousand.