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Lumina Sustainable Materials A/S

Nuukullak 2
3900 Nuuk
CVR No. 12759711

Annual report 01.04.2021 - 31.03.2022

The Annual General Meeting adopted the annual report on 25.10.2022

Benn Mikula
Chairman of the General Meeting

Contents

Entity details

Entity

Lumina Sustainable Materials A/S

Nuukullak 2

3900 Nuuk

Business Registration No.: 12759711

Registered office: Sermersooq

Financial year: 01.04.2021 - 31.03.2022

Board of Directors

Lars Knøsgaard Jensen
Per Buhl Olsen
James Kenneth Cambon
Benn Mikula

Executive Board

Bent Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Imaneq 33, 6-7th floor
3900 Nuuk
Greenland

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Lumina Sustainable Materials A/S for the financial year 01.04.2021 - 31.03.2022.

The annual report is presented in accordance with the Greenlandic Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2022 and of the results of its operations for the financial year 01.04.2021 - 31.03.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Nuuk, 25.10.2022

Executive Board

Bent Jensen

Board of Directors

Lars Knøsgaard Jensen **Per Buhl Olsen**

James Kenneth Cambon **Benn Mikula**

Independent auditor's report

To Management of Lumina Sustainable Materials A/S

Opinion

We have audited the financial statements of Lumina Sustainable Materials A/S for the financial year 01.04.2021 - 31.03.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Greenlandic Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2022 and of the results of its operations for the financial year 01.04.2021 - 31.03.2022 in accordance with the Greenlandic Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Greenland. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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 Greenland, 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.

Material uncertainty related to going concern

Without modifying our opinion, we refer to Management's description of uncertainties related to the continued operations (going concern) in note 1. The continued operation is dependent on positive outcome of the current negotiations with the shareholder regarding capital injection.

Emphasis of matter

We refer to note 4, where the management has described the uncertainty related to valuation of the intangible assets. Our conclusion is not modified regarding this issue.

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 Greenlandic 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Greenland 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 Greenland, 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Greenlandic Financial Statements Act.

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

Nuuk, 25.10.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Bech
State Authorised Public Accountant
Identification No (MNE) mne31453

Lea Serwin
State Authorised Public Accountant
Identification No (MNE) mne46612

Management commentary

Primary activities

Lumina Sustainable Materials is an innovative material science company tackling today's most pressing manufacturing challenges through industry-leading sustainability. The Company is developing the White Mountain Anorthosite Mine located in the Kangerlussuaq fjord on the west coast of Greenland.

During the financial year 2021/22, the Company progressed on its mission to utilize the advantageous mineral specifications of Anorthosite either directly or mixed with other ingredients to create advanced materials for distribution in North American, European and Asian market. During the year, focus on R&D for advanced materials was increased significantly a long side further improvements of the infrastructure and facility in Greenland. The already low environmental impact of operations was lowered further by creating a market and demand for the biproduct waste material from the grinding process and by this taking another step to becoming a zero-emission mining and advanced materials company.

The management has been engaged in applying for and securing the necessary changes to the existing License by working closely together with the Greenlandic Department of Mineral Resources and Justice. Further, the Company has pursued designing and implementing necessary capital projects at the White Mountain Anorthosite Mine.

Development in activities and finances

Net loss for the year was DKK 93.432k.

During the financial year 2021/22, the Company obtained additional financing through a long-term loan from Cordiant Capital Inc. and its affiliates ("Cordiant") and Romeo Fund – Flexi and its affiliates ("Romeo") (together with Cordiant, the "Lenders").

To fulfill the strategy, the management identified capital projects on site to improve production. With these changes and improvements, the Company will be able to enter into sales contracts.

The strategy has been adapted to stimulate a broader demand for Anorthosite in several industries and in vastly different applications. With new products in the corporate portfolio the Management has been in dialogue with buyers representing multiple markets, potentially securing the Company with several revenue streams. The Company is still committed to provide Greenspar products for the E-glass-, Paint filler- and Polymer markets. Furthermore, to enhance value creation from the key qualities of the mined Anorthosite, the Company has started to develop more applications and the Company has been able to provide samples for potential buyers, throughout 2021 and 2022, which have been successful and with very good potentials.

The Company's financial performance is dependent on several factors. Any revenues the Company may earn from its operations in the future will be from the sale of minerals. However, prices and markets for minerals are cyclical, difficult to predict, volatile, subject to government negotiation and controls and affected by changes in domestic and international, political, social and economic environments. These changes in events can seriously affect the financial performance of the Company.

Going Concern
As of March 31, 2022, Lumina Sustainable Materials A/S is an innovative material science company tackling today's most pressing manufacturing challenges through industry-leading sustainability. The Company is developing the White Mountain Anorthosite Mine located in the Kangerlussuaq fjord on the W-coast of Greenland.

The Company has experienced, as expected in 2021, recurring operating losses and had a working capital deficit as of March 31, 2022. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. The cumulative losses can be attributed to the very long lead times required to obtain all necessary permits and licenses required for development of a deposit and the complexity of construction of the processing plant and shipping facilities in a remote location.

In 2022/23 the company's liquidity will continue to be challenged and dependent on the positive outlook for new revenue generating contracts is realized, and that the owners and long-term investors in Lumina Sustainable Materials A/S to provide the Company with the necessary financial support to meet its obligations coming due up to 30. September 2023.

Lumina Sustainable Materials A/S has developed and operates an anorthosite mine at Qaqortorsuaq, from where the company started production in 2018. The company has had some large volume sales of test material to potential long-term buyers. Though these sales have resulted in very positive test results by all the buyers, the Company has not yet realized significant revenue generated from sales agreements for anorthosite and thus the establishment and operation has been financed with equity and loans from the owners.

The owners adapted a strategic path in 2021, which the management has been working dedicated to implement. For the strategy to succeed the Company has had to make changes to facilities on the mine site as well as the production taking place. These processes are still taking place and depending on Governmental approvals. Further, to support the strategy the owners intend to develop and change the organizational structure. The changes to the new organization are key elements to the strategy and is now waiting for Government acceptance.

At the same time, the management is dedicated to entering markets around the world with various new products to increase sale and revenue. The management has already been able to enter sales contracts in 2022, and it is management's expectation that an increase in sales revenue through 2023 will take place, which will continue to increase as the Company obtains the needed approvals and are able to enter markets around the world with various products. The uncertainties attached to whether the increased sales revenue can be realized at the planned rate may therefore raise doubts about the company's ability to continue operations. However, with the steps taken, the expected approvals from the Government and the financial support from the owners, the management is of the opinion that the company has a satisfactory capital approach to ensure continued operation and implementation of the strategy and business plan within the foreseeable future and has therefore overall assessed that the annual accounts can be presented under the assumption of continued operation.

The owners are confident that with the strategy being implemented and the progress that has been – and still is –taking place at the mine and in the markets, and with the expected approvals from the Government, the project and the Company are moving in the right direction and the owners will support with further funding when and if needed to support the operation and development of the company.

In the period from 2020 until the autumn of 2022, the necessary capital has been continually added to the company, so that the development of the production plant, the operations and the obligations to all creditors have been fulfilled. It is a prerequisite for the company's continued operation that adequate capital will be provided in line with the financing needs until the company's operations show positive cash flow. While finishing the making of the Annual Report 2021/22, the company is in the final negotiations on financing new working capital, which must ensure liquidity for planned operations until at least the end of September 2023. The negotiations take place with the company's owners, who is expected to provide the financial support in the form of equity, as a capital increase, or as loan capacity by granting monetary loans.

Uncertainty relating to recognition and measurement

Lumina Sustainable Materials A/S operates an anorthosite mine at Qaqortorsuaq, from where the company started production in 2018. The company has had some large volume sales of test material to potential long-term buyers. Though these sales have resulted in very positive test results by all of the buyers, commercial negotiations are still ongoing. The Company has not yet realized significant revenue generated from sales agreements for anorthosite and thus the establishment and operation has been financed with equity and loans from the shareholders. The shareholders are confident that with the strategy being implemented and the progress that has been – and still is – taking place at the mine and in the markets, the project and the Company are moving in the right direction. The primary shareholders are expected to provide further funding in order to support the further operation and development of the company**.**

The Company's marketing and sales work, conducted in 2021/22, will continue in 2022/23 and is directed at developing more markets and customers, who can increase the sales volume during the year and thus increase the turnover rate for raw material and finished products while also increasing the utilization of the production capacity. The main uncertainty is related to the timing as we have engaged in significant commercial negotiations at the same time as important changes and improvements are being executed at the White Mountain Anorthosite mine.

As a consequence of the uncertainty related to the expected revenue, we recognize there is an uncertainty to the valuation of the intangible assets.

COVID-19 Impact

On March 11, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The impacts on global commerce have been far-reaching. Lumina Sustainable Materials has had to deal with two challenges during the pandemic:

(i) Lumina Sustainable Materials has local as well as Danish and Canadian residents employed and uses contractors from both North America as well as Europe. The travel restrictions imposed in Greenland and in the countries from where – and through which – the Company has had to bring in people have been unprecedented and a significant burden to the Company. The changes in commercial flights, the various tests, the number of tests and the additional travel days this has forced on employees and technical consultants needed on site has been significant. Further to this, for the Company to maintain operations on site, the Company and the people travelling in and out from the site have been subject to 14-days self-quarantine when on site. This has meant that rotations take place every two weeks. In between the rotations, no other movement of people in or out or contact with local communities has been allowed.

Canadian employees in particular have experienced a significant increase in restrictions on entry and exit from Canada. This has had a debilitating effect on employees. The number of Canadian employees has decreased over time, but the company has been able to replace, adjust and adapt to the new situation.
The Company and all of its employees, as well as subcontractors, have all been extremely disciplined and the Company has managed to run the operation through this difficult period without having outbreaks of covid on

the mine site.

(ii) Over the last 6-9 months the global market has experienced a significant increase in freight costs. In some cases, the cost of container freight has increased more than 300%. It is to be expected that this can continue for some time still. A normalization of freight rates is not expected in the near term. As Lumina Sustainable Materials is dependent on exporting products to North America and Europe, the Company will be exposed to this increase in freight and the Company must focus on optimizing cost structure on production costs as well as logistical costs to become competitive on the world market.

In response to the COVID-19 pandemic, the Greenlandic Government initiated and implemented financial packages to help private companies. However, given the conditions to become eligible for such help, Lumina Sustainable Materials has not received any financial support from the Greenlandic Government.

The Government allowed mining companies to take out 50% of the funds placed on the Escrow Account for Reclamation. Lumina Sustainable Materials used that option and has put the re-depositioning of these 50% on the budget for 2022/23 in accordance with the terms stipulated by Naalakkersuisut.

Unusual circumstances affecting recognition and measurement

Material errors in previous years have been corrected. The effect and reason for this has been explained in note 2.

Events after the balance sheet date

In the aftermath of the Covid-19 Pandemic the world experienced an increase in energy prices and inflation in the fall of 2021 increasing further in the spring of 2022 after the start of the Russian invasion in Ukraine. This affects the Company directly as energy, food and other cost increased.

However, this has also had a further indirect effect as sanctions imposed on Russia and Belarus have led to large drops in exports of many goods including several minerals that these countries were main suppliers of for the global market. Hence being able to supply alternative but replaceable minerals from a stable region can create further opportunities for the Company.

Lumina was already engaged in providing materials for tests on various markets in Europe prior to the war in Ukraine, and despite the war and inflation creating many unforeseen challenges for many industrial companies including the customers and potential customers of Lumina, the Company has been successful in entering an agreement with a leading European company providing minerals to the e-glass market. Further commercial negotiations are planned to take place within other markets both in Europe as well as in the USA, hence the Company has already taken more steps towards the point where a positive cashflow can be reached.

Income statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Gross profit/loss		**(36,174,560)**	**(65,401,334)**
Staff costs	5	(15,624,607)	(13,108,214)
Depreciation, amortisation and impairment losses	6	(9,839,440)	(13,417,221)
Operating profit/loss		**(61,638,607)**	**(91,926,769)**
Other financial income		0	17,533,778
Other financial expenses		(31,787,811)	(10,523,617)
Profit/loss before tax		**(93,426,418)**	**(84,916,608)**
Tax on profit/loss for the year	7	(5,618)	0
Profit/loss for the year		**(93,432,036)**	**(84,916,608)**
Proposed distribution of profit and loss			
Retained earnings		(93,432,036)	(84,916,608)
Proposed distribution of profit and loss		**(93,432,036)**	**(84,916,608)**

Balance sheet at 31.03.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Completed development projects	9	238,420,819	238,700,819
Intangible assets	8	**238,420,819**	**238,700,819**
Other fixtures and fittings, tools and equipment		24,668,272	33,865,937
Property, plant and equipment in progress		4,088,295	0
Property, plant and equipment	10	**28,756,567**	**33,865,937**
Other receivables		5,256,184	22,430
Financial assets		**5,256,184**	**22,430**
Fixed assets		**272,433,570**	**272,589,186**
Raw materials and consumables		1,292,490	3,634,128
Inventories		**1,292,490**	**3,634,128**
Trade receivables		89,576	0
Other receivables		1,080,531	4,480
Prepayments		471,519	223,584
Receivables		**1,641,626**	**228,064**
Cash		**31,497,076**	**30,019,933**
Current assets		**34,431,192**	**33,882,125**
Assets		**306,864,762**	**306,471,311**

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital	11	65,884,941	65,884,941
Reserve for development expenditure		37,699,780	38,225,369
Other reserves		27,758,509	42,332,416
Retained earnings		(178,779,920)	(85,873,473)
Equity		**(47,436,690)**	**60,569,253**
Other provisions		10,000,000	10,000,000
Provisions		**10,000,000**	**10,000,000**
Lease liabilities		0	1,213,676
Debt to other credit institutions		259,311,964	183,969,216
Convertible and dividend-yielding debt instruments	12	59,678,476	44,306,265
Non-current liabilities other than provisions	13	**318,990,440**	**229,489,157**
Current portion of non-current liabilities other than provisions	13	19,475,035	967,632
Bank loans		38,918	19,362
Trade payables		4,007,635	4,210,602
Other payables		1,789,424	1,215,305
Current liabilities other than provisions		**25,311,012**	**6,412,901**
Liabilities other than provisions		**344,301,452**	**235,902,058**
Equity and liabilities		**306,864,762**	**306,471,311**
Going concern	1		
Unusual circumstances	2		
Events after the balance sheet date	3		
Uncertainty relating to recognition and measurement	4		

Statement of changes in equity for 2021/22

	Contributed capital DKK	Reserve for development expenditure DKK	Other reserves DKK	Retained earnings DKK	Total DKK
Equity beginning of year	65,884,941	38,225,369	27,758,509	(88,253,737)	43,615,082
Corrections of material errors	0	0	14,573,907	2,380,264	16,954,171
Adjusted equity, beginning of year	**65,884,941**	**38,225,369**	**42,332,416**	**(85,873,473)**	**60,569,253**
Dissolution of reserves	0	(525,589)	(14,573,907)	525,589	(14,573,907)
Profit/loss for the year	0	0	0	(93,432,036)	(93,432,036)
Equity end of year	**65,884,941**	**37,699,780**	**27,758,509**	**(178,779,920)**	**(47,436,690)**

The other entries on the equity is related to the financial instrument regarding to the convertible debt.

Notes

1 Going concern

As of March 31, 2022, Lumina Sustainable Materials A/S is an innovative material science company tackling today's most pressing manufacturing challenges through industry-leading sustainability. The Company is developing the White Mountain Anorthosite Mine located in the Kangerlussuaq fjord on the W-coast of Greenland.

The Company has experienced, as expected in 2021, recurring operating losses and had a working capital deficit as of March 31, 2022. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. The cumulative losses can be attributed to the very long lead times required to obtain all necessary permits and licenses required for development of a deposit and the complexity of construction of the processing plant and shipping facilities in a remote location.

In 2022/23 the company's liquidity will continue to be challenged and dependent on the positive outlook for new revenue generating contracts is realized, and that the owners and long-term investors in Lumina Sustainable Materials A/S to provide the Company with the necessary financial support to meet its obligations coming due up to 30. September 2023.

Lumina Sustainable Materials A/S has developed and operates an anorthosite mine at Qaqortorsuaq, from where the company started production in 2018. The company has had some large volume sales of test material to potential long-term buyers. Though these sales have resulted in very positive test results by all the buyers, the Company has not yet realized significant revenue generated from sales agreements for anorthosite and thus the establishment and operation has been financed with equity and loans from the owners.

The owners adapted a strategic path in 2021, which the management has been working dedicated to implement. For the strategy to succeed the Company has had to make changes to facilities on the mine site as well as the production taking place. These processes are still taking place and depending on Governmental approvals. Further, to support the strategy the owners intend to develop and change the organizational structure. The changes to the new organization are key elements to the strategy and is now waiting for Government acceptance.

At the same time, the management is dedicated to entering markets around the world with various new products to increase sale and revenue. The management has already been able to enter sales contracts in 2022, and it is management's expectation that an increase in sales revenue through 2023 will take place, which will continue to increase as the Company obtains the needed approvals and are able to enter markets around the world with various products. The uncertainties attached to whether the increased sales revenue can be realized at the planned rate may therefore raise doubts about the company's ability to continue operations. However, with the steps taken, the expected approvals from the Government and the financial support from the owners, the management is of the opinion that the company has a satisfactory capital approach to ensure continued operation and implementation of the strategy and business plan within the foreseeable future and has therefore overall assessed that the annual accounts can be presented under the assumption of continued operation.

The owners are confident that with the strategy being implemented and the progress that has been – and still is – taking place at the mine and in the markets, and with the expected approvals from the Government, the project and the Company are moving in the right direction and the owners will support with further funding when and if needed to support the operation and development of the company.

In the period from 2020 until the autumn of 2022, the necessary capital has been continually added to the company, so that the development of the production plant, the operations and the obligations to all creditors have been fulfilled. It is a prerequisite for the company's continued operation that adequate capital will be provided in line with the financing needs until the company's operations show positive cash flow. While finishing the making of the Annual Report 2021/22, the company is in the final negotiations on financing new working capital, which must ensure liquidity for planned operations until at least the end of September 2023. The negotiations take place with the company's owners, who is expected to provide the financial support in the form of equity, as a capital increase, or as loan capacity by granting monetary loans.

2 Unusual circumstances

The Annual report for 2020/21has contained misstatements relating to valuation of the convertible debt. The convertible debt is by an mistake not measured to amortised cost.

As a consequence, convertible debt in the figures of comparison have been written down with DKK 14.574K. As a consequence of this the loss for 2020/21 has reduced with DKK 2.380k and the balance sheet is reduced with DKK 0k.

The equity is increased with 16,954k.

3 Events after the balance sheet date

In the aftermath of the Covid-19 Pandemic the world experienced an increase in energy prices and inflation in the fall of 2021 increasing further in the spring of 2022 after the start of the Russian invasion in Ukraine. This affects the Company directly as energy, food and other cost increased.

However, this has also had a further indirect effect as sanctions imposed on Russia and Belarus have led to large drops in exports of many goods including several minerals that these countries were main suppliers of for the global market. Hence being able to supply alternative but replaceable minerals from a stable region can create further opportunities for the Company.

Lumina was already engaged in providing materials for tests on various markets in Europe prior to the war in Ukraine, and despite the war and inflation creating many unforeseen challenges for many industrial companies including the customers and potential customers of Lumina, the Company has been successful in entering an agreement with a leading European company providing minerals to the e-glass market. Further commercial negotiations are planned to take place within other markets both in Europe as well as in the USA, hence the Company has already taken more steps towards the point where a positive cashflow can be reached.

4 Uncertainty relating to recognition and measurement

Lumina Sustainable Materials A/S operates an anorthosite mine at Qaqortorsuaq, from where the company started production in 2018. The company has had some large volume sales of test material to potential long-termbuyers. Though these sales have resulted in very positive test results by all of the buyers, commercial negotiations are still ongoing. The Company has not yet realized significant revenue generated from sales agreements for anorthosite and thus the establishment and operation has been financed with equity and loans from the shareholders. The shareholders are confident that with the strategy being implemented and the progress that has been – and still is – taking place at the mine and in the markets, the project and the Company are moving in the right direction. The primary shareholders are expected to provide further funding in order to support the further operation and development of the company**.**

The company marketing and sales work, conducted in 2021/22 will continue in 2022/23 and is directed to more markets and customers, who can increase the sales volume during the year and thus increase the turnover rate for raw material and produced products on stock and further also increase the utilization of the production capacity. The main uncertainty is related to the timing as we have engaged in significant commercial negotiations at the same time as important changes and improvements are being executed at the White Mountain Anorthosite mine and approval on application to increase of production volume.

As a consequence of the uncertainty related to the expected revenue, we recognize there is an uncertainty to the valuation of the intangible assets.

5 Staff costs

	2021/22 DKK	**2020/21 DKK**
Wages and salaries	15,300,278	12,902,503
Pension costs	235,826	15,840
Other social security costs	88,315	183,996
Other staff costs	188	5,875
	15,624,607	**13,108,214**

Average number of full-time employees	**23**	**21**

6 Depreciation, amortisation and impairment losses

	2021/22 DKK	**2020/21 DKK**
Amortisation of intangible assets	280,000	245,589
Depreciation of property, plant and equipment	9,559,440	13,004,679
Profit/loss from sale of intangible assets and property, plant and equipment	0	166,953
	9,839,440	**13,417,221**

7 Tax on profit/loss for the year

	2021/22 DKK	**2020/21 DKK**
Change in deferred tax	5,618	0
	5,618	**0**

8 Intangible assets

	Completed development projects DKK
Cost beginning of year	430,036,729
Cost end of year	**430,036,729**
Amortisation and impairment losses beginning of year	(191,335,910)
Amortisation for the year	(280,000)
Amortisation and impairment losses end of year	**(191,615,910)**
Carrying amount end of year	**238,420,819**

9 Development projects

Lumina Sustainable Materials is an innovative material science company tackling today's most pressing manufacturing challenges through industry-leading sustainability. The Company is developing the White Mountain Anorthosite Mine located in the Kangerlussuaq fjort on the W-coast of Greenland. The Company announced that it had completed construction at the White Mountain Project site in the prior fiscal year and commenced production of its anorthosite product. It may also acquire, explore and evaluate other resource properties, and either joint venture or develop these properties further or dispose of them when the evaluation is completed. The Company currently holds the exploitation license 2015-39. The Company entered the development phase of the White Mountain Project on July 17, 2017.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	98,882,378	0
Additions	361,775	4,088,295
Cost end of year	**99,244,153**	**4,088,295**
Depreciation and impairment losses beginning of year	(65,016,441)	0
Depreciation for the year	(9,559,440)	0
Depreciation and impairment losses end of year	**(74,575,881)**	**0**
Carrying amount end of year	**24,668,272**	**4,088,295**
Recognised assets not owned by entity	2,645,060	0

11 Share capital

	Number	Par value DKK	Nominal value DKK	Recorded par value DKK
A shares	20,491,491	1	20,491,491	20,491,491
B shares	45,393,450	1	45,393,450	45,393,450
	65,884,941		**65,884,941**	**65,884,941**

12 Convertible and dividend-yielding debt instruments

200 per cent of the Loan Amount is due for full repayment on 2025 unless Creditor prior thereto has chosen to convert the Loan Amount into 33,112,582 B-shares.

The convetible loan have a interest rate at 0%.

13 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK	Due within 12 months 2020/21 DKK	Due after more than 12 months 2021/22 DKK	Outstanding after 5 years 2021/22 DKK
Lease liabilities	1,213,040	967,632	0	0
Debt to other credit institutions	18,261,995	0	259,311,964	82,653,580
Convertible and dividend-yielding debt instruments	0	0	59,678,476	0
	19,475,035	**967,632**	**318,990,440**	**82,653,580**

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Material errors in previous years
Material errors in previous years have been corrected. The effect and reason for this have been explained in note 2.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary write downs of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses comprise exoenses for distribution, sale, marketing, administration, premises, bad debt, etc.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income and capital gains on receiceable, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and capital losses in receiceable, payables and transactions in foreign currencies.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc
Tangible assets acquired are measured at cost less accumulated amortisation and impairment losses. The amortisation period for intangible assets will be determined to fit with the life of the mine. Cost comprises the acquisition and preparation price, costs directly attributable to the acquisition and preparation costs of the asset until the time when the asset is ready to be put into operation.

Intangible assets depreciation are based at cost plus revaluation and minus estimated residual value after the end of useful life.

Depreciation is made systematically on the basis of used production capacity and the lives of the asset.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Equipment
Equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the estimated useful lives of the assets.

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.