

LiqTech Holding A/S

Industriparken 22C, 2750 Ballerup

CVR no. 25 12 10 31

Annual report 2023

Approved at the Company's annual general meeting on 28 June 2024

Chair of the meeting:

DocuSigned by:
Phillip Massie Price
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Phillip Massie Price

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of LiqTech Holding A/S for the financial year 1 January - 31 December 2023.

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

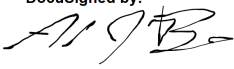
We recommend that the annual report be approved at the annual general meeting.

Ballerup, 28 June 2024
Executive Board:

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.....14BC45146221428.....
Fei Chen
Chief Executive Officer

Board of Directors:

DocuSigned by:

.....CD071B6C286B44B.....
Alexander Jon Buehler
Chairman

DocuSigned by:

.....14BC45146221428.....
Fei Chen

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Phillip Massie Price

Independent auditor's report

To the shareholder of LiqTech Holding A/S

Opinion

We have audited the financial statements of LiqTech Holding A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Material uncertainty related to going concern

The financial statements have been prepared on a going concern assumption. We draw attention to note 2 in the financial statements, which describes that substantial doubt exists about the Company's ability to continue as a going concern. The Executive Board and Board of Director's evaluation of the events and conditions and management's plans regarding these matters are also described in note 2. The Financial Statement do not include any adjustments that might result from the outcome of this uncertainty.

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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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:

Independent auditor's report

- ▶ 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 note disclosures, 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's review

Management is responsible for the Management's review.

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

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

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

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

Aalborg, 28 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Hans B. Vistisen
State Authorised Public Accountant
mne23254



Mads Obel Knøsgaard
State Authorised Public Accountant
mne49041

Management's review

Company details

Name	LiqTech Holding A/S
Address, Postal code, City	Industriparken 22C, 2750 Ballerup
CVR no.	25 12 10 31
Established	5 January 2000
Registered office	Ballerup
Financial year	1 January - 31 December
Website	www.liqtech.com
E-mail	info@liqtech.com
Board of Directors	Alexander Jon Buehler, Chairman Fei Chen Phillip Massie Price
Executive Board	Fei Chen, Chief Executive Officer
Auditors	EY Godkendt Revisionspartnerselskab Østre Havnegade 65, 9000 Aalborg, Denmark

Management's review

Business review

The principal activities of the Company is to act as holding company of subsidiaries and activities therefore include group activities such as finance, administration, IT, etc.

Financial review

The income statement for 2023 shows a loss of DKK 23,928 thousand against a loss of DKK 70,556 thousand last year, and the balance sheet at 31 December 2023 shows a negative equity of DKK 133,369 thousand.

The company has thus lost more than 50% of the share capital and is therefore subject to the capital loss rules in the Danish Companies Act section 119. To re-establish equity, Management considers capital injections from the parent company through conversion of intercompany debt alongside with the Company's own earnings in the coming years via positive results in the subsidiaries.

Material uncertainty related to going concern

As part of the LiqTech International, Inc. Group, the Company's ability to continue as a going concern depends on the Group's ability to restore profitability and raise additional funds as needed. Since such new source of funding etc. is not obtained as of the date of these financial statements, material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Refer to note 2 as basis for the assessment that the Executive Board and Board of Directors have prepared the financial statements based on a going concern assumption as well as their description of the substantial doubt about the ability of the Company to continue as a going concern.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December**Income statement**

Note	DKK'000	<u>2023</u>	<u>2022</u>
	Gross profit	12,934	13,368
3	Staff costs	-18,626	-19,252
	Amortisation/depreciation of intangible assets and property, plant and equipment	-3,944	-4,919
	Profit/loss before net financials	-9,636	-10,803
	Income from investments in group enterprises	-23,567	-51,227
	Financial income	9,612	0
	Financial expenses	-3	-8,526
	Profit/loss before tax	-23,594	-70,556
4	Tax for the year	-334	0
	Profit/loss for the year	<u>-23,928</u>	<u>-70,556</u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-23,928	-70,556
		<u>-23,928</u>	<u>-70,556</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Non-current assets		
5	Intangible assets		
	Acquired patents	332	384
	Software	783	1,752
		<u>1,115</u>	<u>2,136</u>
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	23	45
	Leasehold improvements	4,379	7,149
		<u>4,402</u>	<u>7,194</u>
7	Financial assets		
	Investments in group enterprises	13,142	18,710
	Receivables from group enterprises	86,774	78,078
	Investments in Participating interests	38	38
	Deposits	0	1,334
	Deferred tax assets	0	646
		<u>99,954</u>	<u>98,806</u>
	Total non-current assets	<u>105,471</u>	<u>108,136</u>
	Current assets		
	Receivables		
	Other receivables	516	0
	Prepayments	2,665	3,467
		<u>3,181</u>	<u>3,467</u>
	Cash	<u>51,512</u>	<u>38</u>
	Total current assets	<u>54,693</u>	<u>3,505</u>
	TOTAL ASSETS	<u>160,164</u>	<u>111,641</u>

Financial statements 1 January - 31 December**Balance sheet**

Note	DKK'000	<u>2023</u>	<u>2022</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	5,000	5,000
	Retained earnings	-138,369	-114,441
	Total equity	<u>-133,369</u>	<u>-109,441</u>
	Liabilities		
	Current liabilities		
	Trade payables	2,261	1,275
8	Payables to group enterprises	285,204	215,053
	Other payables	6,068	4,754
	Total current liabilities	<u>293,533</u>	<u>221,082</u>
	Total liabilities	<u>293,533</u>	<u>221,082</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>160,164</u></u>	<u><u>111,641</u></u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 9 Contractual obligations and contingencies, etc.
- 10 Contingent assets
- 11 Security and collateral
- 12 Related parties

Financial statements 1 January - 31 December**Statement of changes in equity**

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2023	5,000	-114,441	-109,441
Transfer through appropriation of loss	0	-23,928	-23,928
Equity at 31 December 2023	<u>5,000</u>	<u>-138,369</u>	<u>-133,369</u>

The company has lost more than 50% of the share capital and is therefore subject to the capital loss rules in the Danish Companies Act section 119. To re-establish equity, Management considers capital injections from the parent company through conversion of intercompany debt alongside with the Company's own earnings in the coming years via positive results in the subsidiaries.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LiqTech Holding A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 112(2) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of LiqTech Holding A/S are included in the consolidated financial statements of LiqTech International Inc., 1804 Burkle Road, White Bear Lake, MN55110, United States of America, (reg. no. 0001307579)

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reclassification

"Receivables from group enterprises" have been reclassified from current assets to non-current assets as "Receivables from group enterprises" are considered part of the total net investment in group enterprises and, thus, non-current. Comparative figures for 2022 have been adjusted to the changed classification in the annual accounts for 2023. The reclassification entails a reduction of "Receivables from group enterprises, current assets" by DKK 78,078 thousand and a corresponding increase of "Receivables from group enterprises, non-current assets". The changed classification has no impact on the profit for the year 2022 as well as the balance sheet total and equity as of 31 December 2022.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration, premises, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	2-10 years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in group entities and participating interests

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares. In participating interests, only proportional elimination of profit and loss is carried out, taking into account ownership shares.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, 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

Intangible assets

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 10 years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Deposits

Deposits are measured at amortised cost.

Investments in group entities and participating interests

Equity investments in group entities and participating interests are measured according to the equity method.

On initial recognition, equity investments in group entities and participating interests are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in group entities and participating interests measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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

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 is impaired.

The receivables from group enterprises are considered part of the total net investment in the group enterprises. Thus, the receivables from group enterprises are classified as non-current.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash at bank and in hand comprises cash.

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.

Grants without consideration within a group

Grants to group entities without consideration are recognised as a capital injection under "Investments in group entities". Grants received from group entities are recognised as dividend received from the group entity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the group entities' income taxes vis à vis the tax authorities as the group entities pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Going concern uncertainties

In connection with the preparation of the 2023 annual report, the Executive Board and Board of Directors have assessed whether it is justified that the going concern assumption is taken as a basis for preparation of the financial statements.

The Danish entities within the LiqTech International, Inc. Group, are all ultimately financed via the parent company, LiqTech International, Inc. The Danish entities have received a letter of support from the parent company which commit itself, for the period of at least 12 months from 24 June 2024, to continue to financially support the Danish entities.

As per the condensed consolidated interim financial statements as of 31 March 2024 for LiqTech International, Inc. (hereinafter "LiqTech Group"), the group had cash and cash equivalents of DKK 52,110 thousand (USD 7,726 thousand), net working capital of DKK 86,184 thousand (USD 12,778 thousand), an accumulated deficit of DKK 528,177 thousand (USD 78,310 thousand), total assets and liabilities of DKK 211,554 thousand (USD 31,366 thousand) and DKK 113,507 thousand (USD 16,829 thousand), respectively.

LiqTech Group has incurred significant recent losses, which raises substantial doubt about the ability of the Group to continue as a going concern. Executive Board and the Board of Directors in LiqTech International, Inc. have concluded that the Group's future success depends on its ability to restore profitability and raise capital as needed.

The Danish entities represent the majority of the LiqTech Group. The Danish entities do not have any overdraft facilities in credit institutions. The Danish entities have provided guarantees for each other to secure for any bank debt and lease liabilities. Consequently, the Danish entities within the LiqTech Group are dependent of financing from the parent company, LiqTech International, Inc. Therefore, the Executive Board and Board of Directors have concluded that there is significant doubt about the Danish entities ability to continue as a going concern.

In 2023, LiqTech Group initiated substantial cost reductions and measures to improve profitability, aiming to right-size the business and establish a clear, sustainable path to profitability. These efforts were further supported by an updated strategy and the recruitment of key executives. However, there is no guarantee that LiqTech Group will successfully restore profitability, secure additional funding, or implement the proposed cost reductions, strategy, and margin improvement measures to achieve profitable operations.

Since such new source of funding etc. is not obtained as of the date of these financial statements, material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern, and therefore LiqTech Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

If the scenarios above are carried out and succeeds according to plan, the Executive Board and Board of Directors assess sufficient financing and cash resources for the planned activities and operations for the year according to the budget for 2024 and beyond. The conclusion has been made based on knowledge of the Group, the estimated outlook, and the identified uncertainties and risks related to them.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2023	2022	
3 Staff costs			
Wages/salaries	16,961	17,863	
Pensions	1,433	1,178	
Other social security costs	232	211	
	<u>18,626</u>	<u>19,252</u>	
Average number of full-time employees	<u>20</u>	<u>18</u>	
4 Tax for the year			
Deferred tax adjustments in the year	646	0	
Tax adjustments, prior years	-312	0	
	<u>334</u>	<u>0</u>	
5 Intangible assets			
DKK'000	Acquired patents	Software	Total
Cost at 1 January 2023	1,240	5,310	6,550
Additions	0	116	116
Cost at 31 December 2023	<u>1,240</u>	<u>5,426</u>	<u>6,666</u>
Impairment losses and amortisation at 1 January 2023	856	3,558	4,414
Amortisation for the year	52	1,085	1,137
Impairment losses and amortisation at 31 December 2023	908	4,643	5,551
Carrying amount at 31 December 2023	<u>332</u>	<u>783</u>	<u>1,115</u>
6 Property, plant and equipment			
DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2023	1,357	19,003	20,360
Additions	15	0	15
Cost at 31 December 2023	<u>1,372</u>	<u>19,003</u>	<u>20,375</u>
Impairment losses and depreciation at 1 January 2023	1,312	11,854	13,166
Depreciation	37	2,770	2,807
Impairment losses and depreciation at 31 December 2023	1,349	14,624	15,973
Carrying amount at 31 December 2023	<u>23</u>	<u>4,379</u>	<u>4,402</u>

Financial statements 1 January - 31 December**Notes to the financial statements****7 Financial assets**

DKK'000	Investments in group enterprises	Receivables from group enterprises	Investments in Participating interests	Deposits	Total
Cost at 1 January 2023	218,375	78,078	906	1,334	298,693
Additions	0	26,696	0	0	26,696
Disposals	0	0	0	-1,334	-1,334
Transferred	18,000	-18,000	0	0	0
Cost at 31 December 2023	236,375	86,774	906	0	324,055
Value adjustments at 1 January 2023	-199,665	0	-868	0	-200,533
Profit/loss for the year	-22,358	0	0	0	-22,358
Amortisation of goodwill	-1,210	0	0	0	-1,210
Value adjustments at 31 December 2023	-223,233	0	-868	0	-224,101
Carrying amount at 31 December 2023	13,142	86,774	38	0	99,954

Receivables from group enterprises consists of loans to LiqTech Ceramics A/S, LiqTech Water A/S, LiqTech Plastics A/S and LiqTech Emission Control A/S. It has been agreed between the parties, that the loans are free of interest, as the receivables from group enterprises are considered part of the total net investment in the group enterprises. Thus, the receivables from group enterprises are classified as non-current.

Group entities

Name	Domicile	Interest
LiqTech Ceramics A/S	Ballerup	100%
LiqTech Plastics A/S	Risskov	100%
LiqTech Water A/S	Hobro	100%
LiqTech Water Projects A/S	Hobro	100%
LiqTech Emission Control A/S	Hobro	100%

8 Payables to group enterprises

Payables to group enterprises consist of loan from the parent company, LiqTech International, Inc. It has been agreed between the parties, that the loan is free of interest.

9 Contractual obligations and contingencies, etc.**Contingent liabilities**

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

The Company has provided a letter of support to its Danish subsidiaries, where it commit itself, for the period of at least 12 months from 21 June 2024, to continue to financially support the Danish entities.

10 Contingent assets

The Company has tax loss carry-forwards totalling DKK 50,000 thousand. The nominal value thereof is 22%, totalling DKK 11,000 thousand. The deferred tax asset has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses in the next 3-5 years.

Financial statements 1 January - 31 December**Notes to the financial statements****11 Security and collateral**

The Company has provided guarantees for bank debt and lease liabilities in subsidiaries. At 31 December 2023, the bank debt amount to DKK 0 and lease liabilities amount to DKK 22,884 thousand.

12 Related parties

LiqTech Holding A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Liqtech International, Inc.	1804 Buerkle Road White Bear Lake MN 55110 USA	100% Shareholder

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
LiqTech International, Inc.	1804 Buerkle Road White Bear Lake MN 55110 USA	https://www.liqtech.com/