

LiqTech Holding A/S

Benshøj Industrivej 24
DK-9500 Sdr. Onsild Kirkeby

CVR no. 25 12 10 31

Annual report 2020

The annual report was presented and approved at
the Company's annual general meeting on

14 July 2021

Claus Toftegaard
Chairman

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LiqTech Holding A/S
Annual report 2020
CVR no. 25 12 10 31

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of LiqTech Holding A/S for the financial year 1 January – 31 December 2020.

The annual report has been 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 assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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, 14 July 2021
Executive Board:

Claus Toftegaard
CEO

Board of Directors:

Sune Mathiesen
Chairman

Rikke Holgersen Feld

Claus Toftegaard

Independent auditor's report

To the shareholders 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 2020 comprising 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 Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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 rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

Independent auditor's report

- 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aalborg, 14 July 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

LiqTech Holding A/S
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CVR no. 25 12 10 31

Management's review

Company details

LiqTech Holding A/S
Benshøj Industrivej 24
9500 Sdr. Onsild Kirkeby
Denmark

Telephone: 3131 5941
Website: www.liqtech.com
E-mail: info@liqtech.com

CVR no.: 25 12 10 31
Established: 5 January 2000
Registered office: Hobro
Financial year: 1 January – 31 December

Board of Directors

Sune Mathiesen, Chairman
Rikke Holgersen Feld
Claus Toftegaard

Executive Board

Claus Toftegaard, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 22D
DK-9000 Aalborg
Denmark
CVR no. 25 57 81 98

Annual general meeting

The annual general meeting will be held on 14 July 2021.

Management's review

Operating review

Principal activities

In 2020 the Company has divided the activities in LiqTech Holding A/S (previously known as LiqTech International A/S). The former activities with development, marketing, and production of ceramic filters for diesel emissions and ceramic membranes for the filtering of liquids was transferred to the fully owned subsidiary LiqTech Ceramics A/S. The principal activities in the company are therefore group activities such as management, marketing and sales, administration, IT etc.

Development in activities and financial position

The Company's income statement for 2020 shows a loss before tax of DKK 17.6 million and the balance sheet at 31 December 2020 shows a balance sheet total of DKK 171.1 million and total equity of DKK 37.2 million.

Operating profit for the year came in at DKK 7.2 million against DKK 0.8 million last year, which was attributable to the change of business activity.

Realized positive earnings, outlook and future potential continuously support the utilization of a tax asset within the foreseeable future.

During the financial year 2020, additional capital of USD 8 million was raised through its listed US parent company. At 31 December 2020, cash at bank and in hand reached DKK 27.0 million. Accordingly, the Company has sound capital resources.

Outlook

The effects of the global COVID-19 pandemic are still influencing the company's activities but the fall-back of the restrictions in many countries have now resulted in new enquiries and offers, and it is expected that the company will be back on the same level of activity as before the pandemic at the end of 2021 with profitable operation.

Events after the balance sheet date

No events have occurred after the financial year end, with an impact on the financial statements for 2020.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit		7,155,749	778,981
Staff costs	2	-8,957,154	-4,022,972
Depreciation, amortisation and impairment losses		-2,900,129	-638,874
Loss before financial income and expenses		-4,701,534	-3,882,865
Income from equity investments in group entities		-22,209,484	7,559,039
Other financial income	3	9,910,445	5,539,958
Other financial expenses	4	-577,267	-6,654,003
Profit/loss before tax		-17,577,840	2,562,129
Tax on profit/loss for the year	5	-903,276	-82,698
Profit/loss from continuing operations		-18,481,116	2,479,431
Discontinued operations	6	0	5,231,663
Profit/loss for the year		-18,481,116	7,711,094
Proposed profit appropriation/distribution of loss			
Retained earnings		-18,481,116	7,711,094

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Intangible assets	7		
Acquired patents		488,011	182,619
Software		<u>2,058,709</u>	<u>0</u>
		<u>2,546,720</u>	<u>182,619</u>
Property, plant and equipment	8		
Plant and machinery		0	7,155,025
Fixtures and fittings, tools and equipment		924,101	1,481,922
Leasehold improvements		<u>12,905,539</u>	<u>8,441,649</u>
		<u>13,829,640</u>	<u>17,078,596</u>
Investments	9		
Equity investments in group entities		69,033,215	28,655,019
Participating interests		37,250	37,250
Deposits		<u>1,664,368</u>	<u>1,664,368</u>
		<u>70,734,833</u>	<u>30,356,637</u>
Total fixed assets		<u>87,111,193</u>	<u>47,617,852</u>
Current assets			
Inventories			
Raw materials and consumables		0	6,695,766
Work in progress		0	8,978,100
Finished goods and goods for resale		<u>0</u>	<u>3,692,909</u>
		<u>0</u>	<u>19,366,775</u>
Receivables			
Trade receivables		207,769	16,565,723
Receivables from group entities		46,467,441	27,644,138
Construction contracts	10	0	120,000
Other receivables		377,590	3,353,133
Deferred tax asset		6,931,185	7,834,461
Corporation tax		42,104	42,104
Prepayments		<u>3,049,543</u>	<u>652,869</u>
		<u>57,075,632</u>	<u>56,212,428</u>
Cash at bank and in hand		<u>26,963,999</u>	<u>58,697,768</u>
Total current assets		<u>84,039,631</u>	<u>134,276,971</u>
TOTAL ASSETS		<u><u>171,150,824</u></u>	<u><u>181,894,823</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	5,000,000	5,000,000
Retained earnings		<u>32,926,936</u>	<u>51,408,052</u>
Total equity		<u>37,926,936</u>	<u>56,408,052</u>
Provisions			
Warranty provisions		<u>0</u>	<u>1,736,648</u>
Total provisions		<u>0</u>	<u>1,736,648</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payable purchase price to group entities		<u>0</u>	<u>4,000,000</u>
Current liabilities other than provisions			
Trade payables		1,274,953	9,534,415
Payables to group entities		125,642,577	99,996,665
Other payables		6,306,358	6,002,600
Deferred income		0	63,258
Prepayments and advance invoicing from customers		<u>0</u>	<u>4,153,185</u>
		<u>133,223,888</u>	<u>119,750,123</u>
Total liabilities other than provisions		<u>133,223,888</u>	<u>123,750,123</u>
TOTAL EQUITY AND LIABILITIES		<u><u>171,150,824</u></u>	<u><u>181,894,823</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	5,000,000	51,408,052	56,408,052
Transferred over the profit appropriation/distribution of loss	<u>0</u>	<u>-18,481,116</u>	<u>-18,481,116</u>
Equity at 31 December 2020	<u><u>5,000,000</u></u>	<u><u>32,926,936</u></u>	<u><u>37,926,936</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of LiqTech Holding A/S for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of LiqTech Holding A/S and group entities are included in the consolidated financial statements of Liqtech International Inc., 1804 Buerkle Road, White Bear Lake, MN 55110, United States of America, SEC 0001307579

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, 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.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from sale of goods and finished goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms @2020. Income is recognised with reference to stage of completion.

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

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax 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 used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects, patents and licences

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

Machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	2-10 years
Fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Deposits

Deposits are measured at amortised cost.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual work in progress.

When the selling price of a work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of work in progress where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash at bank and in hand

Cash and cash equivalents comprise cash.

Liabilities other than provisions

Liabilities are measured at net realisable value, which usually is equivalent to nominal value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Provisions

Provisions comprise anticipated costs of provisions. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Warranties comprise obligations to make good any defects within the warranty period of 2-5 years. Provisions are recognised based on the Company's experience with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in the subsequent year.

DKK	<u>2020</u>	<u>2019</u>
2 Staff costs		
Wages and salaries	7,259,859	2,168,948
Pensions	1,541,741	1,484,413
Other social security costs	113,989	369,611
Other staff costs	<u>41,565</u>	<u>0</u>
	<u>8,957,154</u>	<u>4,022,972</u>
Average number of full-time employees	<u>5</u>	<u>3</u>
3 Other financial income		
Other financial income	85,557	5,539,958
Exchange gains	<u>9,824,888</u>	<u>0</u>
	<u>9,910,445</u>	<u>5,539,958</u>
4 Other financial expenses		
Interest expense to group entities	0	1,495,675
Other financial costs	577,267	105,127
Exchange losses	<u>0</u>	<u>5,053,201</u>
	<u>577,267</u>	<u>6,654,003</u>

Financial statements 1 January – 31 December

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5 Tax on profit/loss for the year

DKK	2020	2019
Deferred tax for the year	903,276	0
Adjustment of tax concerning previous years	0	82,698
	<u>903,276</u>	<u>82,698</u>

Deferred tax asset is recognised based on anticipated earnings within the coming five years. The assessment includes expected earnings from subsidiaries within the joint taxation.

6 Discontinuing operations

On 1 January 2020, the Company agreed to split the activities of development, marketing and production of catalysts and filters from Liqtech Holding A/S (formerly operating under the name of Liqtech International A/S) into Liqtech Ceramics A/S. The split was completed on 1. January 2020 based on the book value method. Profit after tax of the activity is recognised as a separate line item in the income statement for 2019. Comparative figures for 2019 in the balance sheet have not been restated.

DKK	31/12 2020	31/12 2019
Revenue	0	62,547,899
Costs	0	-57,316,236
	<u>0</u>	<u>5,231,663</u>

7 Intangible assets

DKK	Acquired patents	Software	Total
Cost at 1 January 2020	905,807	0	905,807
Additions for the year	334,371	1,676,160	2,010,531
Transfers for the year	0	1,084,800	1,084,800
Cost at 31 December 2020	<u>1,240,178</u>	<u>2,760,960</u>	<u>4,001,138</u>
Amortisation and impairment losses at 1 January 2020	-723,188	0	-723,188
Amortisation for the year	-28,979	-702,251	-731,230
Amortisation and impairment losses at 31 December 2020	<u>-752,167</u>	<u>-702,251</u>	<u>-1,454,418</u>
Carrying amount at 31 December 2020	<u>488,011</u>	<u>2,058,709</u>	<u>2,546,720</u>

Financial statements 1 January – 31 December

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8 Property, plant and equipment

DKK	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	24,436,379	15,608,002	0	40,044,381
Additions for the year	0	800,244	6,471,652	7,271,896
Disposals (transfer)	-24,436,379	-15,608,002	0	-40,044,381
Transfers for the year	0	984,356	12,531,694	13,516,050
Cost at 31 December 2020	0	1,784,600	19,003,346	20,787,946
Depreciation and impairment losses at 1 January 2020	-17,281,354	-5,684,431	0	-22,965,785
Depreciation for the year	0	-161,135	-2,007,763	-2,168,898
Reversed depreciation (transfer)	17,281,354	4,985,067	-4,090,044	18,176,377
Depreciation and impairment losses at 31 December 2020	0	-860,499	-6,097,807	-6,958,306
Carrying amount at 31 December 2020	0	924,101	12,905,539	13,829,640

9 Investments

DKK	Equity investments in group entities	Equity Investments in associates	Deposits	Total
Cost at 1 January 2020	101,287,032	905,679	1,664,368	103,857,079
Additions for the year	64,587,680	0	0	64,587,680
Cost at 31 December 2020	165,874,712	905,679	1,664,368	168,444,759
Revaluations at 1 January 2020	-72,632,013	-868,429	0	-73,500,442
Net profit/loss for the year	-22,222,845	0	0	-22,222,845
Amortisation of goodwill	-1,986,639	0	0	-1,986,639
Revaluations at 31 December 2020	-96,841,497	-868,429	0	-97,709,926
Carrying amount at 31 December 2020	69,033,215	37,250	1,664,368	70,734,833

Financial statements 1 January – 31 December

Notes

10 Contract work in progress

DKK	31/12 2020	31/12 2019
Contract work in progress, selling price	0	120,000
Progress billing	0	-4,153,185
	<u>0</u>	<u>-4,033,185</u>
recognised as follows:		
Prepayments and advance invoicing	0	-4,033,185
	<u>0</u>	<u>-4,033,185</u>

11 Equity

Contributed capital consists of 5,000 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

12 Contractual obligations, contingencies, etc.

Contingent liabilities

Liqtech Holding A/S is taxed jointly with other Danish Companies in the Liqtech Holding Group. As Parent Company, the Company has jointy and unlimited liability with the other companies in the joint taxaion for Danish corporation taxes within the joint taxation group.

Operating lease obligations

The Company has entered into lease agreements with a residual commitment in the amount of DKK 707 thousand, of which DKK 266 thousand falls due within a year.

Furthermore, the Company has entered into a commecial tenancy agreement with a remaining contract period of 72 months and a residual commitment in the amount of DKK 8,527 thousand, of which DKK 2,463 thousand falls due within a year.

13 Mortgages and collateral

Together with its subsidiary, the Company has issued performance guarantees of up to DKK 10.0 million for customer projects provided by the Company's bankers. Current guarantees made up DKK 3.7 million at 31 December 2020.

Out of cash at bank and in hand, DKK 18.0 million has been provided as collateral for bank debt. Apart from the guarantees, the Company had no bank debt at 31 December 2020.

A company charge of DKK 9.5 million secured on the Company's assets has been provided as collateral for bank debt. Apart from guarantees, the Company had no bank debt at 31 December 2020.

The Company has guaranteed for the subsidiary's bank debt. The subsidiary had no bank debt at 31 December 2020.

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Notes

14 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding 100% of the contributed capital.

Liqtech International inc., 1804 Buerkle Road, White Bear Lake, MN 55110, United States of America.

LiqTech Holding A/S is part of the consolidated financial statements of LiqTech International Inc., 1804 Buerkle Road, White Bear Lake, MN 55110, United States of America. The consolidated financial statement of LiqTech International Inc. can be obtained at the Company's website: <https://www.liqtech.com/>