# Advent Technologies A/S

**Lyngvej 8, 9000 Aalborg**

**Company reg. no. 29 61 66 47**

## Annual report

## 1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 14 July 2023.

Kevin Linus Brackman
Chairman of the meeting

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Notes:

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

## Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Advent Technologies A/S for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

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

We recommend that the annual report be approved at the Annual General Meeting.

Aalborg, 14 July 2023

**Managing Director**

Morten Hougaard Sørensen

**Board of directors**

| | | |
|---|---|---|
| Kevin Linus Brackman<br>Chairman | Emory Sayre De Castro | James Francis Coffey |

## Independent auditor's report

**To the Shareholders of Advent Technologies A/S**

**Adverse Opinion**

We have audited the financial statements of Advent Technologies A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" section of our report, the financial statements do not give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

**Basis for Adverse Opinion**

The annual report has been prepared using the Going Concern Basis of Accounting. As stated in Note 1 it is a prerequisite for the company's continued operations that new liquidity is provided by the company's parent company. It has not been possible to obtain commitments from the company's parent company to provide liquidity in 2023. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In our opinion the use of the Going Concern Basis of Accounting is inappropriate.

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

**Statement on Management's Review**

Management is responsible for Management's Review.

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

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

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

As evident from the matter described in the "Basis for Adverse Opinion" section of our report, our opinion on the financial statements is modified due to the financial statements being prepared using the Going Concern Basis of Accounting, because it has not been possible to obtain commitments from the company's parent company to provide liquidity in 2023. We found that, for the same reason, the Management's Review contains material misstatements in relation to the amounts and other elements affected by the fact that the financial statements have been prepared using the Going Concern Basis of Accounting.

Aalborg, 14 July 2023

**Redmark**

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Alex Hoffmann Kristensen
State Authorised Public Accountant
mne33705

## Company information

| | | |
|---|---|---|
| **The Company** | Advent Technologies A/S<br>Lyngvej 8<br>9000 Aalborg, Denmark | |
| | Phone | +4588807040 |
| | Web site | https://www.advent.energy/ |
| | Company reg. no. | 29 61 66 47 |
| | Domicile: | Aalborg |
| | Financial year: | 1 January - 31 December |
| **Board of directors** | Kevin Linus Brackman, Chairman<br>Emory Sayre De Castro<br>James Francis Coffey | |
| **Managing Director** | Morten Hougaard Sørensen | |
| **Auditors** | Redmark<br>Godkendt Revisionspartnerselskab<br>Hasseris Bymidte 6<br>9000 Aalborg, Denmark | |
| **Bankers** | Nordea Bank | |
| **Parent Company** | Advent Technologies Holdings, Inc.<br>200 Clarendon StreetBoston,<br>MA 02116<br>United States<br>CIK no. 1744494 | |

## Financial highlights

| DKK in thousands. | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Gross profit | -17.234 | 118.373 | 42.322 | 47.554 | 98.717 |
| Profit from operating activities | -146.185 | 81.196 | 5.760 | 10.649 | 50.761 |
| Net financials | 388 | -335 | -2.201 | 1.620 | -17.377 |
| Net profit or loss for the year | -145.803 | 74.949 | 3.559 | 12.239 | 29.713 |
| **Statement of financial position:** | | | | | |
| Balance sheet total | 78.108 | 162.405 | 49.111 | 75.515 | 204.649 |
| Investments in property, plant and equipment | 2.922 | 6.434 | 4.518 | 7.309 | 12.973 |
| Equity | 35.239 | 120.022 | 9.726 | -25.035 | -37.345 |
| **Employees:** | | | | | |
| Average number of full-time employees | 59 | 54 | 54 | 49 | 71 |
| **Key figures in %:** | | | | | |
| Solvency ratio | 45,1 | 73,9 | 19,8 | -33,2 | -18,2 |

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

**Solvency ratio** $\dfrac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$

**The principal activities of the company**

In conformity with earlier years the main activity has consisted of development, production and sales of fuel cells and related systems.

**Uncertainties relating to going concern**

As a result of current losses, the company needs a continuous supply of capital. During the financial year, the company received the required capital from the parent company. A total of DKK 61m has been added to equity in 2022.

Management expects that the company will also receive the required capital from the parent company in 2023. No binding commitment has been made from the parent company, and there is uncertainty as to whether the parent company has sufficient capital at hand. Thus, there is considerable uncertainty about going concern.

**Development in activities and financial matters**

The result for the year totals DKK -145,8m against DKK 74,9m last year. The equity had decreased from DKK 120m to DKK 35m.

The Company made a loss during the year due to the suspension of its contractual production, distribution and R&D relationship that was in place with the former owners.

With new owners a new business set-up has been developed, requiring the Company to need financial support from the owners until the development projects have reduced the product costs enough to allow a contribution from sales to cover the cost base.

The result for the financial year 2022 was un-satisfactory but broadly in line with expectations.

Although management believes transactions have been done at arms length, there is a risk that the Danish and/or German tax authorities have a different point of view. It is not possible for management to estimate the potential financial effect should this be the case.

**Intra-Group Transactions**

A number of intra-Group commercial agreements which had been in place in prior years during the previous ownership were terminated and replaced, effective from 1st January 2022.

Trading and financial transactions during 2022 has been documented, but the new agreements done in 2022 has not been reviewed by the relevant authorities in terms of arms length principle etc.

Although management believes transactions have been done at arms length, there is a risk that the Danish and/or German tax authorities have a different point of view. It is not possible for management to estimate the potential financial effect should this be the case.

As a result of the new group company structure and capitalization as well as the updated commercial agreements, there is significant doubt about a related party's ability to repay it's obligations towards the Company. Management's assessment of this risk has resulted in a DKK 85m extraordinary write down of current assets.

**Impacts of outside factors during 2022**

There was little to no direct impact of Covid 19 during 2022, but indirectly some impact was felt particular in terms of logistics and pricing / availability on certain electronics components. The war in Ukraine also did not directly impact the Company, but indirectly it had an effect on logistics and energy prices, and possibly on customer timing of buying decisions.

**Special risks**

*Operating risks*

The Company's main risks lie with the fulfilment of the targets set in the Cost and Quality Roadmap, successful implementation of the market access strategy.

Turnover and new orders were below expectations in 2022, essentially caused by delays in tender processes for large projects in Asia and Middle East as well as other smaller projects being delayed .

**Environmental issues**

The company has only a limited effect on the external environment, and no special measures have been made to prevent or reduce any damage. The company's products has a positive impact on the environment and reduces carbon dioxide emissions.

**Know how resources**

The qualifications and know how of the employees of the company is a key competitive factor for the Company. These resources are maintained and improved through targeted internal and external development activities.

### Research and development activities

Research and development have been the core of the company since the formation in 2006. In the financial year the development projects have been focused on improving and optimizing the performance of the fuel cells and related systems.

### Expected developments

The Cost and Quality roadmap for 2019 2023, which foresees continued development activities at the Company, including a pilot production setup for up to maximum 500 units p.a., followed by industrialization & ramp up for serial production, was followed throughout 2022.

The war in Ukraine and the sanctions against Russia and Belarus is expected to continue to raise general uncertainties and price increases on raw materials, and can generally impact customers with a lower market activity as a result. Management currently expects that the circumstances will not impact the Company significantly.

For the year 2023, the Company expects to realise a loss before tax between DKK 50 and 60 million.

### Events occurring after the end of the financial year

According to the 10-K financial report for 2022 for the parent company, Advent Technologies Holdings Inc., which was released on 31st March 2023, Ernst & Young LLP, gave an unqualified opinion expressing doubt that the parent company can continue as a going concern.

### Branches abroad

Advent Technologies A/S no longer has any branches abroad. Serenergy Philippines, Inc. remains an active Subsidiary, whereas Serenergy India Pvt. Ltd. was closed in September 2022.

## Income statement 1 January - 31 December

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| Note | | 2022 | 2021 |
|---|---|---|---|
| | **Gross loss** | **-17.233.839** | **118.373** |
| 3 | Staff costs | -39.088.669 | -32.914 |
| | Depreciation and impairment of property, land, and equipment | -4.924.483 | -4.263 |
| | Writedown of current assets exceeding usual writedown | -84.796.507 | 0 |
| | Other operating costs | -141.238 | 0 |
| | **Operating profit** | **-146.184.736** | **81.196** |
| | Income from investments in subsidiaries | -1.381.963 | 983 |
| | Other financial income from subsidiaries | 2.978.522 | 0 |
| | Other financial income | 11.665 | 56 |
| 4 | Other financial costs | -1.220.029 | -1.374 |
| | **Pre-tax net profit or loss** | **-145.796.541** | **80.861** |
| 5 | Tax on net profit or loss for the year | -6.184 | -5.912 |
| **6** | **Net profit or loss for the year** | **-145.802.725** | **74.949** |

## Balance sheet at 31 December

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| Note | Assets | 2022 | 2021 |
|---|---|---|---|
| | **Non-current assets** | | |
| 7 | Property | 9.359.633 | 8.841 |
| 8 | Plant and machinery | 2.518.384 | 4.064 |
| 9 | Other fixtures and fittings, tools and equipment | 10.246.124 | 11.364 |
| | Total property, plant, and equipment | 22.124.141 | 24.269 |
| 11 | Investments in group enterprises | 0 | 1.417 |
| 12 | Deposits | 141.425 | 136 |
| | Total investments | 141.425 | 1.553 |
| | **Total non-current assets** | **22.265.566** | **25.822** |
| | **Current assets** | | |
| | Raw materials and consumables | 18.082.562 | 12.847 |
| | Work in progress | 2.583.024 | 0 |
| | Manufactured goods and trade goods | 27.097.500 | 0 |
| | Prepayments for goods | 268.013 | 124 |
| | Total inventories | 48.031.099 | 12.971 |
| | Trade debtors | 1.111.016 | 12.397 |
| | Receivables from group enterprises | 13.662 | 75.459 |
| | Receivable corporate tax | 0 | 329 |
| | Other debtors | 3.781.894 | 2.492 |
| 13 | Prepayments and accrued income | 667.475 | 1.043 |
| | Total receivables | 5.574.047 | 91.720 |
| | Cash and cash equivalents | 2.237.767 | 31.892 |
| | **Total current assets** | **55.842.913** | **136.583** |
| | **Total assets** | **78.108.479** | **162.405** |

## Balance sheet at 31 December

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| Note | **Equity and liabilities** | 2022 | 2021 |
|---|---|---|---|
| | **Equity** | | |
| 15 | Contributed capital | 3.881.653 | 3.882 |
| | Retained earnings | 31.356.963 | 116.140 |
| | **Total equity** | **35.238.616** | **120.022** |
| | **Provisions** | | |
| 16 | Other provisions | 7.300.000 | 6.883 |
| | **Total provisions** | **7.300.000** | **6.883** |
| | **Liabilities other than provisions** | | |
| 17 | Other payables | 0 | 1.826 |
| | Total long term liabilities other than provisions | 0 | 1.826 |
| | Current portion of long term liabilities | 1.825.925 | 0 |
| | Prepayments received from customers | 507.109 | 218 |
| | Trade creditors | 7.321.562 | 6.926 |
| | Payables to subsidiaries | 19.490.992 | 16.993 |
| | Other payables | 6.424.275 | 9.537 |
| | Total short term liabilities other than provisions | 35.569.863 | 33.674 |
| | **Total liabilities other than provisions** | **35.569.863** | **35.500** |
| | **Total equity and liabilities** | **78.108.479** | **162.405** |

**1 Uncertainties relating to going concern**
**2 Special items**
**14 Deferred tax asset**
**18 Charges and security**
**19 Contingencies**
**20 Related parties**

## Statement of changes in equity

DKK thousand.

| | Contributed capital | Retained earnings | Total |
|---|---|---|---|
| Equity 1 January 2022 | 3.882 | 116.141 | 120.023 |
| Profit or loss for the year brought forward | 0 | -145.803 | -145.803 |
| Adjustment exchange currency Equity investments | 0 | -35 | -35 |
| Capital contribution from parent company | 0 | 61.054 | 61.054 |
| | **3.882** | **31.357** | **35.239** |

## Statement of cash flows 1 January - 31 December

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| Note | | 2022 | 2021 |
|---|---|---|---|
| | Net profit or loss for the year | -145.802.725 | 74.949 |
| 21 | Adjustments | 89.898.158 | 13.654 |
| 22 | Change in working capital | -33.969.326 | -59.027 |
| | Cash flows from operating activities before net financials | -89.873.893 | 29.576 |
| | Interest received, etc. | 2.990.187 | 56 |
| | Interest paid, etc. | -1.220.029 | -1.373 |
| | Cash flows from ordinary activities | -88.103.735 | 28.259 |
| | Income tax paid | 322.491 | -6.185 |
| | **Cash flows from operating activities** | **-87.781.244** | **22.074** |
| | Purchase of property, plant, and equipment | -2.921.509 | -6.430 |
| | Purchase of fixed asset investments | -5.393 | -4 |
| | **Cash flows from investment activities** | **-2.926.902** | **-6.434** |
| | Repayments of long-term payables | 0 | -20.046 |
| | Cash capital increase | 0 | 5.576 |
| | Capital contribution from parent company | 61.054.360 | 29.762 |
| | **Cash flows from investment activities** | **61.054.360** | **15.292** |
| | **Change in cash and cash equivalents** | **-29.653.786** | **30.932** |
| | Cash and cash equivalents at opening balance | 31.891.553 | 960 |
| | **Cash and cash equivalents at end of period** | **2.237.767** | **31.892** |

| | | 2022 | 2021 |
|---|---|---|---|
| | **Cash and cash equivalents** | | |
| | Cash and cash equivalents | 2.237.767 | 31.892 |
| | **Cash and cash equivalents at end of period** | **2.237.767** | **31.892** |

**The cash flow statement cannot be directly derived from the other components of the financial statements.**

## Notes

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

**1. Uncertainties relating to going concern**

As a result of current losses, the company needs a continuous supply of capital. During the financial year, the company received the required capital from the parent company. A total of DKK 61m has been added to equity in 2022.

Management expects that the company will also receive the required capital from the parent company in 2023. No binding commitment has been made from the parent company, and there is uncertainty as to whether the parent company has sufficient capital at hand. Thus, there is considerable uncertainty about going concern.

**2. Special items**

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

## Notes

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

**2. Special items (continued)**

| | 2022 | 2021 |
|---|---|---|
| Income: | | |
| Intercompany sales of rights | 0 | 72.801 |
| | 0 | 72.801 |
| Expenses: | | |
| Impairment of receivables from group enterprises | 84.796.507 | 0 |
| | 84.796.507 | 0 |
| Special items are recognised in the following items in the financial statements: | | |
| Gross profit | 0 | 72.801 |
| Writedown of current assets exceeding usual writedown | -84.796.507 | 0 |
| **Profit of special items, net** | **-84.796.507** | **72.801** |

**3. Staff costs**

| | 2022 | 2021 |
|---|---|---|
| Salaries and wages | 35.874.544 | 30.154 |
| Pension costs | 2.531.474 | 2.201 |
| Other costs for social security | 682.651 | 559 |
| | **39.088.669** | **32.914** |
| Executive board and board of directors | 0 | 212 |

No salary has been paid to the Executive Board and the Board of Directors in 2022.

| | 2022 | 2021 |
|---|---|---|
| Average number of employees | 59 | 54 |

**4. Other financial costs**

| | 2022 | 2021 |
|---|---|---|
| Financial costs, group enterprises | 669.285 | 758 |
| Other financial costs | 550.744 | 616 |
| | **1.220.029** | **1.374** |

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| | | 2022 | 2021 |
|---|---|---|---|
| **5.** | **Tax on net profit or loss for the year** | | |
| | Tax of the results for the year, parent company | 0 | 6.178 |
| | Adjustment for the year of deferred tax | 6.184 | 0 |
| | Adjustment of tax for previous years | 0 | -266 |
| | | **6.184** | **5.912** |
| **6.** | **Proposed distribution of net profit** | | |
| | Transferred to retained earnings | 0 | 74.949 |
| | Allocated from retained earnings | -145.802.725 | 0 |
| | **Total allocations and transfers** | **-145.802.725** | **74.949** |

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **7.** | **Property** | | |
| | Cost opening balance | 10.714.165 | 10.714 |
| | Additions during the year | 869.169 | 0 |
| | **Cost end of period** | **11.583.334** | **10.714** |
| | Depreciation and writedown opening balance | -1.872.419 | -1.534 |
| | Depreciation, amortisation and writedown for the year | -351.282 | -339 |
| | **Depreciation and writedown end of period** | **-2.223.701** | **-1.873** |
| | **Carrying amount, end of period** | **9.359.633** | **8.841** |

## Notes

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **8.** | **Plant and machinery** | | |
| | Cost opening balance | 9.981.432 | 8.940 |
| | Transfers from plant and equipment under construction | 0 | 318 |
| | Additions during the year | 439.284 | 724 |
| | Disposals during the year | -118.983 | 0 |
| | **Cost end of period** | **10.301.733** | **9.982** |
| | Depreciation and writedown opening balance | -5.918.491 | -4.309 |
| | Depreciation, amortisation and writedown for the year | -1.864.858 | -1.609 |
| | **Depreciation and writedown end of period** | **-7.783.349** | **-5.918** |
| | **Carrying amount, end of period** | **2.518.384** | **4.064** |
| **9.** | **Other fixtures and fittings, tools and equipment** | | |
| | Cost opening balance | 19.258.090 | 13.293 |
| | Transfers from plant and equipment under construction | 0 | 255 |
| | Additions during the year | 1.613.056 | 5.711 |
| | Disposals during the year | -58.057 | 0 |
| | **Cost end of period** | **20.813.089** | **19.259** |
| | Depreciation and writedown opening balance | -7.894.424 | -5.579 |
| | Depreciation, amortisation and writedown for the year | -2.708.343 | -2.316 |
| | Depreciation, amortisation and writedown, assets disposed of | 35.802 | 0 |
| | **Depreciation and writedown end of period** | **-10.566.965** | **-7.895** |
| | **Carrying amount, end of period** | **10.246.124** | **11.364** |

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **10.** | **Property, plant, and equipment under construction including pre-payments for property, plant, and equipment** | | |
| | Cost opening balance | 0 | 572 |
| | Transfers | 0 | -572 |
| | **Cost end of period** | **0** | **0** |
| | **Carrying amount, end of period** | **0** | **0** |
| **11.** | **Investments in group enterprises** | | |
| | Cost opening balance | 1.342.800 | 2.636 |
| | Disposals during the year | 0 | -1.293 |
| | **Cost end of period** | **1.342.800** | **1.343** |
| | Revaluations, opening balance opening balance | 74.685 | -2.211 |
| | Adjustment of previous revaluations | 0 | 1.293 |
| | Exchange rate adjustments at rate valid on balance sheet date | 0 | 9 |
| | Results for the year before goodwill amortisation | -1.417.485 | 983 |
| | **Revaluation end of period** | **-1.342.800** | **74** |
| | **Carrying amount, end of period** | **0** | **1.417** |

**Financial highlights for the enterprises according to the latest approved annual reports**

| | **Equity interest** | **Equity DKK** | **Results for the year DKK** | **Carrying amount, Advent Technologies A/S DKK** |
|---|---|---|---|---|
| Advent Green Energy Philippines Inc., Philippines | 100 % | -2.450.774 | -3.820.970 | 0 |
| | | **-2.450.774** | **-3.820.970** | **0** |

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **12.** | **Deposits** | | |
| | Cost opening balance | 136.032 | 132 |
| | Additions during the year | 5.393 | 4 |
| | **Cost end of period** | **141.425** | **136** |
| | **Carrying amount, end of period** | **141.425** | **136** |
| **13.** | **Prepayments and accrued income** | | |
| | Other prepayments | 667.475 | 1.043 |
| | | **667.475** | **1.043** |

Prepayments contains prepayment of other administrative expenses.

**14. Deferred tax asset**

The company has a deferred tax asset of approx. DKK 24.7 m (2021: 11.5 m) that primarily relates to unrestricted carry-forward tax loss. Management has recognised a deferred tax asset of DKK 0 m as of 31 December 2022 (2021: DKK 0 m). In view of uncertainty about future earnings, management considers that the valuation of the company's deferred tax asset as of 31 December 2022 and 31 December 2021 is realistic.

**15. Contributed capital**

The Share Capital consists of 3.881.653 shares with a par value of DKK 1,00. No shares have special preferences, rights or share classes attributed to them. There has been a capital increase in 2021 of nominal DKK 1,00 by issuance of 1 share.

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **16.** | **Other provisions** | | |
| | Other provisions opening balance | 6.882.780 | 3.739 |
| | Change of the year in other provisions | 417.220 | 3.144 |
| | **Other provisions, end of period** | **7.300.000** | **6.883** |

Other provisions contains warranty obligations.

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **17.** | **Other payables** | | |
| | Total other payables | 1.825.925 | 1.826 |
| | Share of amount due within 1 year | -1.825.925 | 0 |
| | **Total other payables** | **0** | **1.826** |

**18. Charges and security**

For bank loans, t.DKK 0, the Company has provided security in Company assets representing a nominal value of t.DKK 1.700. This security comprises the assets below, stating the carrying amounts:

| | DKK in thousands |
|---|---|
| Fixed assets | 12.765 |
| Trade receivables | 1.111 |

For intercompany debt 17.6m DKK the Company has provided security in account receivables. The book value of account receivables amounts in 1.1m DKK.

**19. Contingencies**

**Contingent liabilities**

Lease liabilities

In addition to finance leases, the company has entered into operational leases with an average annual lease payment of t.DKK 439. The leases have 6-15 months to maturity and total outstanding lease payments total t.DKK 250.

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

### 20. Related parties

**Controlling interest**

Advent Technologies Holdings, Inc., Boston, USA — Majority shareholder

**Transactions**

The Company has related party transactions with the controlling entity. All the transactions are made on normal market conditions.

| | 2022 |
|---|---:|
| | t.kr. |
| Total | |
| Capital contribution | 61.054 |
| Revenue from Related parties | 407 |
| Grants from supported projects | 8.402 |
| Financial expenses | 669 |
| Expense to Related Parties | 36.068 |
| Income (Loss) from transactions with Related Parties | 33.126 |
| | |
| Receivables from Related Parties | 11 |
| Payables to Related Parties | 19.491 |
| Net Receivable (Payable) | 19.480 |

**Consolidated financial statements**

The Company is included in the consolidated financial statements of:

Advent Technologies Holdings, Inc.
200 Clarendon Street
Boston, MA 02116
United States

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

| | | 2022 | 2021 |
|---|---|---|---|
| | | 2022 | 2021 |
| **21.** | **Adjustments** | | |
| | Depreciation, amortisation, and impairment | 4.924.483 | 4.263 |
| | Loss from disposal of non-current assets | 141.238 | 0 |
| | Income from investments in subsidiaries | 1.381.963 | -983 |
| | Writedown of current assets | 84.796.507 | 0 |
| | Other financial income | -2.990.187 | -56 |
| | Other financial costs | 1.220.029 | 1.374 |
| | Tax on net profit or loss for the year | 6.184 | 5.912 |
| | Other provisions | 417.220 | 3.144 |
| | Other adjustments | 721 | 0 |
| | | **89.898.158** | **13.654** |

| | | | |
|---|---|---|---|
| **22.** | **Change in working capital** | | |
| | Change in inventories | -35.060.365 | 1.960 |
| | Change in receivables | 1.020.494 | -80.885 |
| | Change in trade payables and other payables | 70.545 | 19.898 |
| | | **-33.969.326** | **-59.027** |

# Accounting policies

The annual report for Advent Technologies A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

No consolidated financial statements have been prepared pursuant to section 112 (2) of the Danish Financial Statements Act. The financial statements of Advent Technologies A/S and its group enterprises are included in the consolidated financial statements for Advent Technologies Holdings Inc., Boston, USA, reg. no. 1744494 (Nasdaq ticker: “ADN”).

**Changes in the accounting policies**

Classification of the accounting item "staff costs" has been changed thus salary reimbursements, which were previously classified under staff costs, are classified as other operating income.

The change in classification has no monetary effect on the year's result or the balance sheet for either the current or previous financial year. The comparison figures are adapted to the changed classification.

Last year's comparative figures have been adapted to the changed accounting practices, which affected last year's gross profit positively by t.DKK 1.054 and staff costs negative with t.DKK 1.054. The change has therefore no effect on last year's result, balance sheet or equity.

Except for the above, the accounting policies remain unchanged from last year.

Comparative figures and financial highlights have been adjusted to the changed accounting policies.

**Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of  the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

## Income statement

### Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

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

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

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

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

**Depreciation, amortisation, and writedown for impairment**
Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

**Other operating costs**
Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

**Research and development costs**
Research and development costs comprise costs, salaries, and wages and depreciation directly or indirectly attributable to the Company’s research and development activities.

Research costs are recognised in the income statement in the year incurred. Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. Furthermore, there must be a proven correlation between the costs incurred and future earnings. However, lack of official approvals, customer approvals, and other uncertainties will often imply that the requirements for recognition as assets are not met and that development costs are charged to the income statement as incurred.

**Financial income and expenses**
Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

**Results from investments in subsidiaries**
After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

**Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

## Statement of financial position

**Property, plant, and equipment**

Property is measured at cost plus revaluations and less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in Company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

| | Useful life | Residual value |
|---|---|---|
| Buildings | 10-50 years | 51 % |
| Plant and machinery | 2-10 years | 0-20 % |
| Other fixtures and fittings, tools and equipment | 3-10 years | 0-20 % |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

**Leases**

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

**Impairment loss relating to non-current assets**

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

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

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

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

**Investments**

**Investments in subsidiaries**

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

**Other financial instruments and equity investments**

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

**Deposits**

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

**Inventories**

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

**Receivables**

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

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

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the Company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

**Prepayments and accrued income**

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

**Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank.

**Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

**Provisions**

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

**Liabilities other than provisions**

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

## Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as the Company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments is recognised under “Interest income and dividend received”.

**Cash flows from investment activities**

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

**Cash flows from financing activities**

Cash flows from financing activities include changes in the size or the composition of the Company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.