Advent Technologies A/S

Lyngvej 8, 9000 Aalborg

Company reg. no. 29 61 66 47

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 30 June 2022.

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Kevin Linus Brackman
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that thousand separator and decimal points are used according til Danish standard, and not US/UK standard. Therefore DKK 146.940 means the amount of DKK 146,940, and 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 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021.

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, 30 June 2022

Managing Director

Morten Hougaard Sørensen

Board of directors

Kevin Linus Brackman Chairman	Emory Sayre De Castro	James Francis Coffey

Independent auditor's report

To the Shareholders of Advent Technologies A/S

Opinion

We have audited the financial statements of Advent Technologies A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management’s responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Independent auditor's report

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aalborg, 30 June 2022

EY
Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28

Hans B. Vistesen State Authorised Public Accountant mne23254	Martin Bøgsted State Authorised Public Accountant mne40035

Company information

The Company	Advent Technologies A/S Lyngvej 8 9000 Aalborg, Denmark	
	Phone	+4588807040
	Web site	https://www.advent.energy/
	Company reg. no.	29 61 66 47
	Established:	9 June 2006
	Domicile:	Aalborg
	Financial year:	1 January - 31 December
Board of directors	Kevin Linus Brackman, Chairman Emory Sayre De Castro James Francis Coffey	
Managing Director	Morten Hougaard Sørensen	
Auditors	EY Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A 9000 Aalborg, Denmark	
Bankers	Nordea Bank	
Parent Company	Advent Technologies Holdings, Inc. 200 Clarendon StreetBoston, MA 02116 United States CIK no. 1744494	
Subsidiaries	Serenergy Pvt. Ltd, Mumbai, India Advent Green Energy Philippines Inc., Philippines	

Financial highlights

DKK in thousands.	2021	2020	2019	2018	2017
Income statement:					
Gross profit	117.319	41.409	47.141	97.939	-59.788
Profit from operating activities	81.195	5.760	10.649	50.761	-30.124
Net financials	-334	-2.201	1.620	-17.377	-1.048
Net profit or loss for the year	74.949	3.559	12.239	29.713	-26.091
Statement of financial position:					
Balance sheet total	162.405	49.111	75.515	204.649	47.909
Investments in property, plant and equipment	6.434	4.518	7.309	12.973	3.037
Equity	120.022	9.726	-25.035	-37.345	28.412
Employees:					
Average number of full-time employees	54	54	49	71	39
Key figures in %:					
Solvency ratio	73,9	19,8	-33,2	-18,2	59,3

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 and production of fuel cells and related systems.

Change of Ownership

Effective 1st September 2021 the Company was acquired by Advent Technologies Holdings Inc., a NASDAQ listed (ticker: ADN) company, headquartered in Boston, Massachusetts, USA.

Uncertainties about recognition or measurement

In 2018, two large orders were placed by a large customer for the delivery of fuel cell units, valued at a total of EUR 3.6 million (DKK 26.9 million), of which the remaining outstanding receivables is valued at EUR 309 thousand (2.3m DKK). Due to these circumstances, there are uncertainties related to the collection and timing of these outstanding receivables.

Development in activities and financial matters

The result for the year totals DKK 74,9m against 3.6. last year. The equity had increased from 9.7m DKK to 120m.

A large order from a telecommunications company was executed during 2021.

The Company made a profit during the year due to its contractual production, distribution and R&D relationship 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 2021 was satisfactory.

The activities and financial matters of the company were primarily affected by the COVID-19 pandemic and resulting stagnating sales.

Impacts of COVID-19: Production Stop, reduced working hours and travel activities

Regular production was temporary stopped in March, working hours for the production staff and administration staff were reduced for some time, and business travel was essentially eliminated.

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 2021, essentially caused by unexpected delays in tender processes for large projects in Asia as well as other smaller projects being delayed due to the Covid-19 pandemic.

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 2021.

The conflicts in Ukraine and the sanctions against Russia and Belarus is expected 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.

On the basis of the changed business setup as of 1 January 2022, the Company expects to realise a loss before tax between DKK 75 and 100 million.

Events occurring after the end of the financial year

As of 1 January 2022 the business setup has been changed as the new owners has changed the business strategy regarding intercompany trades and other trade partners.

Branches abroad

Advent Technologies A/S no longer has any branches abroad. Serenergy Philippines, Inc. remains an active Subsidiary, whereas Serenergy India Pvt. Ltd. has been under closure since 2020 and is expected to be closed in 2022.

Income statements 1 January - 31 December

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Note		2021	2020
	Gross profit	**117.318.965**	**41.409**
4	Staff costs	-31.860.555	-31.838
	Depreciation and impairment of property, land, and equipment	-4.263.352	-3.811
	Operating profit	**81.195.058**	**5.760**
	Income from investments in subsidiaries	982.624	-591
	Other financial income	56.488	590
5	Other financial costs	-1.372.920	-2.200
	Pre-tax net profit or loss	**80.861.250**	**3.559**
6	Tax on net profit or loss for the year	-5.912.189	0
7	**Net profit or loss for the year**	**74.949.061**	**3.559**

Balance sheets at 31 December

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Assets

Note		2021	2020
	Non-current assets		
8	Property	8.841.746	9.181
9	Plant and machinery	4.062.942	4.631
10	Other fixtures and fittings, tools and equipment	11.363.666	7.714
11	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	0	572
	Total property, plant, and equipment	24.268.354	22.098
12	Investments in subsidiaries	1.417.486	425
13	Deposits	136.033	131
	Total investments	1.553.519	556
	Total non-current assets	**25.821.873**	**22.654**
	Current assets		
	Raw materials and consumables	12.847.185	14.575
	Prepayments for goods	123.549	355
	Total inventories	12.970.734	14.930
	Trade debtors	12.396.786	2.406
	Receivables from group enterprises	75.459.303	6.808
	Receivable corporate tax	329.297	0
	Other debtors	2.491.701	964
14	Prepayments and accrued income	1.043.258	389
	Total receivables	91.720.345	10.567
	Cash and cash equivalents	31.891.553	960
	Total current assets	**136.582.632**	**26.457**
	Total assets	**162.404.505**	**49.111**

Balance sheets at 31 December

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Equity and liabilities

Note		2021	2020
	Equity		
16	Contributed capital	3.881.653	3.882
	Retained earnings	116.140.751	5.844
	Total equity	**120.022.404**	**9.726**
	Provisions		
17	Other provisions	6.882.780	3.739
	Total provisions	**6.882.780**	**3.739**
	Liabilities other than provisions		
18	Payables to group enterprises	0	19.126
19	Other payables	1.825.925	2.746
	Total long term liabilities other than provisions	1.825.925	21.872
	Prepayments received from customers	217.650	177
	Trade creditors	6.926.483	1.715
	Payables to group enterprises	16.993.302	0
	Other payables	9.535.961	11.882
	Total short term liabilities other than provisions	33.673.396	13.774
	Total liabilities other than provisions	**35.499.321**	**35.646**
	Total equity and liabilities	**162.404.505**	**49.111**

1 Uncertainties concerning recognition and measurement
2 Subsequent events
3 Special items
15 Deferred tax asset
20 Charges and security
21 Contingencies
22 Related parties

Statements of changes in equity

DKK thousand.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 January 2021	3.882	0	5.844	9.726
Cash capital increase	0	5.576	0	5.576
Profit or loss for the year brought forward	0	0	74.949	74.949
Transferred to retained earnings	0	-5.576	5.576	0
Adjustment exchange currency Equity investments	0	0	9	9
Capital contribution from parent company	0	0	29.762	29.762
	3.882	**0**	**116.140**	**120.022**

Statements of cash flows 1 January - 31 December

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Note		2021	2020
	Net profit or loss for the year	74.949.061	3.559
23	Adjustments	13.653.216	5.285
24	Change in working capital	-59.027.156	-1.697
	Cash flows from operating activities before net financials	29.575.121	7.147
	Interest received, etc.	56.489	589
	Interest paid, etc.	-1.372.920	-2.199
	Cash flows from ordinary activities	28.258.690	5.537
	Income tax paid	-6.185.000	-30
	Cash flows from operating activities	**22.073.690**	**5.507**
	Purchase of property, plant, and equipment	-6.429.641	-4.515
	Purchase of fixed asset investments	-4.489	-3
	Cash flows from investment activities	**-6.434.130**	**-4.518**
	Repayments of long-term payables	-20.046.441	0
	Cash capital increase	5.576.059	0
	Capital contribution from parent company	29.762.400	0
	Changes in short-term bank debts	0	-752
	Cash flows from investment activities	**15.292.018**	**-752**
	Change in cash and cash equivalents	**30.931.578**	**237**
	Cash and cash equivalents at opening balance	959.975	723
	Cash and cash equivalents at end of period	**31.891.553**	**960**

	2021	2020
Cash and cash equivalents		
Cash and cash equivalents	31.891.553	960
Cash and cash equivalents at end of period	**31.891.553**	**960**

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

Notes

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

1. Uncertainties concerning recognition and measurement

In 2018, two large orders were placed by a large customer for the delivery of fuel cell units, valued at a total of EUR 3.6 million (26.9 million DKK), of which the remaining outstanding receivables is valued at 309 T.EUR (2.299 T.DKK).

Due to these circumstances, there are uncertainties related to the assessment of these outstanding receivables.

2. Subsequent events

As of 1 January 2022 the business setup has been changed as the new owners has changed the business strategy regaring intercompany trades and other trade partners.

3. 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.

	2021	2020
Income:		
Intercompany sales of rights	72.801.429	0
	72.801.429	0
Special items are recognised in the following items in the financial statements:		
Gross profit	72.801.429	0
Profit of special items, net	**72.801.429**	**0**

Notes

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		2021	2020
4.	**Staff costs**		
	Salaries and wages	29.100.202	29.268
	Pension costs	2.201.239	2.128
	Other costs for social security	559.114	442
		31.860.555	**31.838**
	Executive board and board of directors	845.016	0

No salary has been paid to the Executive Board and the Board of Directors in 2020.

		2021	2020
	Average number of employees	54	54
5.	**Other financial costs**		
	Financial costs, group enterprises	221.873	2.150
	Other financial costs	1.151.047	50
		1.372.920	**2.200**
6.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	6.178.194	0
	Adjustment of tax for previous years	-266.005	0
		5.912.189	**0**
7.	**Proposed appropriation of net profit**		
	Transferred to retained earnings	74.949.061	3.559
	Total allocations and transfers	**74.949.061**	**3.559**

Notes

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		31/12 2021	31/12 2020
8.	**Property**		
	Cost opening balance	10.714.165	10.427
	Additions during the year	0	288
	Cost end of period	**10.714.165**	**10.715**
	Depreciation and writedown opening balance	-1.533.659	-1.189
	Depreciation, amortisation and writedown for the year	-338.760	-345
	Depreciation and writedown end of period	**-1.872.419**	**-1.534**
	Carrying amount, end of period	**8.841.746**	**9.181**
9.	**Plant and machinery**		
	Cost opening balance	8.940.120	8.499
	Transfers from plant and equipment under construction	317.693	0
	Additions during the year	723.619	441
	Cost end of period	**9.981.432**	**8.940**
	Depreciation and writedown opening balance	-4.309.453	-2.716
	Depreciation, amortisation and writedown for the year	-1.609.037	-1.593
	Depreciation and writedown end of period	**-5.918.490**	**-4.309**
	Carrying amount, end of period	**4.062.942**	**4.631**

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		31/12 2021	31/12 2020
10.	**Other fixtures and fittings, tools and equipment**		
	Cost opening balance	13.292.952	8.081
	Transfers from plant and equipment under construction	254.618	2.096
	Additions during the year	5.710.520	3.217
	Disposals during the year	0	-101
	Cost end of period	**19.258.090**	**13.293**
	Depreciation and writedown opening balance	-5.578.869	-3.807
	Depreciation, amortisation and writedown for the year	-2.315.555	-1.873
	Depreciation, amortisation and writedown, assets disposed of	0	101
	Depreciation and writedown end of period	**-7.894.424**	**-5.579**
	Carrying amount, end of period	**11.363.666**	**7.714**
11.	**Property, plant, and equipment under construction including pre-payments for property, plant, and equipment**		
	Cost opening balance	572.311	2.096
	Additions during the year	0	572
	Transfers	-572.311	-2.096
	Cost end of period	**0**	**572**
	Carrying amount, end of period	**0**	**572**

Notes

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		31/12 2021	31/12 2020
12.	**Investments in subsidiaries**		
	Cost, opening balance	2.636.221	2.740
	Exchange rate adjustments	0	-104
	Disposals during the year	-1.293.420	0
	Cost end of period	**1.342.801**	**2.636**
	Revaluations, opening balance opening balance	-2.210.569	-1.679
	Adjustment of previous revaluations	1.293.420	0
	Exchange rate adjustments	9.209	59
	Results for the year	982.625	-591
	Revaluation end of period	**74.685**	**-2.211**
	Carrying amount, end of period	**1.417.486**	**425**

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**
Serenergy Pvt. Ltd, Mumbai, India	100 %	12.325	-141	12.325
SerEnergy (Shanghai) Co. Ltd.,	0 %	0	-5.239	0
Advent Green Energy Philippines Inc., Philippines	100 %	1.405.160	988.004	1.405.161
		1.417.485	**982.624**	**1.417.486**

		31/12 2021	31/12 2020
13.	**Deposits**		
	Cost opening balance	131.544	128
	Additions during the year	4.489	3
	Cost end of period	**136.033**	**131**
	Carrying amount, end of period	**136.033**	**131**

Notes

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		31/12 2021	31/12 2020
14.	**Prepayments and accrued income**		
	Other prepayments	1.043.258	389
		1.043.258	**389**

Prepayments contains prepayment of other administrative expenses.

15. Deferred tax asset

The company has a deferred tax asset of approx. DKK 11.5 m (2020: 22.8 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 2021 (2020: 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 2021 and 31 December 2020 is realistic.

16. 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 2021	31/12 2020
17.	**Other provisions**		
	Other provisions opening balance	3.738.910	4.465
	Change of the year in other provisions	3.143.870	-726
	Other provisions, end of period	**6.882.780**	**3.739**

Other provisions contains warranty obligations.

18.	**Payables to group enterprises**		
	Total payables to group enterprises	**0**	**19.126**
	Share of liabilities due after 5 years	0	0

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		31/12 2021	31/12 2020
19.	**Other payables**		
	Total other payables	**1.825.925**	**2.746**
	Share of liabilities due after 5 years	0	2.746

20. 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	15.427
Trade receivables	12.397

For intercompany debt 16.7m DKK the Company has provided security in account receivables. The book value of account receivables amounts in 87.9m DKK.

21. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	303
Total contingent liabilities	**303**

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

22. 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.

	2021
	t.kr.
Total	
Capital contribution	29.762
Revenue from Related parties	153.615
Financial expenses	758
Expense to Related Parties	51.525
Income (Loss) from transactions with Related Parties	131.094
Receivables from Related Parties	75.459
Payables to Related Parties	16.771
Net Receivable (Payable)	58.688

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 2021: DKK.
Amounts concerning 2020: DKK thousand.

		2021	2020
23.	**Adjustments**		
	Depreciation, amortisation, and impairment	4.263.353	3.811
	Income from investments in subsidiaries	-982.624	591
	Other financial income	-56.488	-590
	Other financial costs	1.372.920	2.200
	Tax on net profit or loss for the year	5.912.189	0
	Other provisions	3.143.874	-727
	Other adjustments	-8	0
		13.653.216	**5.285**

		2021	2020
24.	**Change in working capital**		
	Change in inventories	1.959.543	-663
	Change in receivables	-80.885.132	27.374
	Change in trade payables and other payables	19.898.433	-28.408
		-59.027.156	**-1.697**

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).

The company has enacted a change in presentation of the income statement, pertaining to the presentation of research and development costs. In the 2020 annual report, research and development costs were presented below gross profit on a separate line. As the company present the income statement classified by nature, Management has enacted a change in presentation for the 2021 annual report by presenting research and development costs as part of the gross profit. Accordingly, the figures for 2020 has been adjusted.

The annual report is presented in DKK.

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”).

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. 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 profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and 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. Recognition of revenue is 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.

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. Staff costs are less government reimbursements.

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.

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	30 years	30 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-40 %

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.

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

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 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 market 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 and on hand.

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.