

# **PHOTOCAT A/S**

**Langebjerg 4, 4000 Roskilde**

**Company reg. no. 32 35 79 03**

## **Annual report**

**1 January - 31 December 2023**

The annual report was submitted and approved by the general meeting on the 22 May 2024.

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Tom Weidner  
Chairman of the meeting

## Contents

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	<u>Page</u>
<b>Reports</b>	
Management's statement	1
Independent auditor's report	2
<b>Management's review</b>	
Company information	5
Management's review	6
<b>Financial statements 1 January - 31 December 2023</b>	
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Statement of cash flows	12
Notes	13
Accounting policies	19

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**

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Today, the Board of Directors and the Managing Director have approved the annual report of PHOTOCAT A/S for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

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

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

Roskilde, 6 May 2024

### **Managing Director**

Michael Humle  
Director

### **Board of directors**

Mette Therkildsen  
Chairman

Finn Overgaard

Theis Holst Reenberg

Tom Weidner

## **Independent auditor's report**

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### **To the shareholders of PHOTOCAT A/S**

#### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of PHOTOCAT A/S for the financial year 1 January to 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("financial statements").

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

#### **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 conclusions 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.

Based on the work we have performed, in our view, 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 in Management's Review.

## **Independent auditor's report**

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### **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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

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- 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 the internal control that we identify during our audit.

Hillerød, 6 May 2024

### **PrisewaterhouseCoopers**

State Authorised Public Accountants  
Company reg. no. 33 77 12 31

Flemming Eghoff  
State Authorised Public Accountant  
mne30221

Preben Bøgeskov Eriksen  
State Authorised Public Accountant  
mne23370

## Company information

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### **The company**

PHOTOCAT A/S  
Langebjerg 4  
4000 Roskilde

Company reg. no. 32 35 79 03  
Established: 31 July 2009  
Domicile: Roskilde  
Financial year: 1 January - 31 December

### **Board of directors**

Mette Therkildsen, Chairman  
Finn Overgaard  
Theis Holst Reenberg  
Tom Weidner

### **Managing Director**

Michael Humle, Director

### **Auditors**

PrisewaterhouseCoopers Statsautoriseret Revisionspartnerselskab  
Milnersvej 43  
3400 Hillerød

## Management's review

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### Introduction

Photocat has developed photocatalytic liquids that can be applied to surfaces etc. giving an air cleaning effects as it removes NOx from the air.

Photocat was born as a green transition company focusing on delivering environmental and climate solutions to the goals set up by the UN and known as the 17 world sustainability goals. Photocat delivers life and health saving solutions at health economic beneficial profile for the public sector. Photocat keeps track of its delivery on these important transition goals and focuses on NOx control for better air quality in the cities. Also, indoor air quality has been on the agenda, and the company has delivered several solutions for the reduction of VOC's. In the foreseeable future, the company will add CO2 reduction to its palette of unique property proposals.

Photocat's solutions are developed with economic and scientific aims enabling customers to offer even greater value when delivering their own products like roofing membranes, pavements, roads, and floors.

The Product portfolio is marketed using direct sales methods to potential customers in selected markets. Photocat uses the brands NOxOFF, Actifloor, ShineOn and Photocat Garden as recognizable tradenames. All the products are in their early lifecycle phase.

As we conclude another year at Photocat A/S, we have been given a chance to reflect over the year, its highlights and the challenges it gave and hopefully convey some of this into our management report for 2023. This year has been pivotal, reflecting our steadfast commitment to environmental sustainability by focusing on the key challenges we address, being air pollution either as NOx or particle matter in our ambient air. This situation is causing far too many deaths and excessive mortality for the wealthy member countries of the EU not to prioritize it. We have continued our focus on being the lowest hanging fruit in the "tool box".

### 2023 Overview

In 2023, Photocat A/S continued to demonstrate resilience and adaptability in a year marked by significant achievements and challenges. The building material market was hit hard in major European countries due to high interest rates resulting in fewer new build houses. Public budgets were under pressure due to war and high inflation. Our dedication to delivering high-quality air purification solutions has remained unwavering, and our efforts have been directed towards sustaining growth, enhancing operational efficiency, and expanding our market presence.

### Development in activities and financial matters

#### *Financial Highlights*

- A revenue level maintained despite the significant challenges.
- Turned EBITDA positive, reflecting our improved operational efficiency and cost management.
- Notable EBITDA improvement from 2022 to 2023, driven by better efficiency and cost reductions.



## Management's review

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### *Operational Highlights*

- Successfully integrated product CMA (Ice & Dust away product) into our portfolio, enhancing our product offerings.
- Applied the first 105,000 SQM of NOxOFF on a highway near Barcelona, showcasing our technological capabilities and market expansion.
- Conducted a study at Roskilde Festival demonstrating the effectiveness of our dust-suppression technology, CMA, in reducing particle concentrations.
- Streamlined organizational structure and management, resulting in reduced administrative costs and increased operational efficiency.

As we move into 2024, we hope to have the first penetration in Mexico. We also have focused on access and further build on the basis created in 2023 in GCC. In addition, a considerable effort has been invested into showing that we are competitive and will win tender businesses in Spain. We have with market creation and market access effort directed at opening public demand in Spain. This activity has played a strong part in trying to open public tenders with specifications in advance of air cleaning technology.

The integration of ESG principles into our core operations has been a driving force, guiding our efforts in delivering impactful air quality solutions. Our progress in Spain, the success of Photocat Garden, and the promising developments in our product portfolio underline our potential for continued growth and innovation.

Looking ahead, we are excited about the opportunities to expand our reach, enhance our product offerings, and continue making a positive environmental impact. Yet we are fully aware of the need to further strengthen our “go to market” model together with building a winning business model. Together, these parts are on a path towards a sustainable and prosperous future for Photocat A/S.

### **Conclusion**

In conclusion, 2023 has been a year of both challenges and significant achievements for Photocat A/S. Our unwavering focus on innovation, sustainability, and strategic growth has enabled us to navigate the complexities of the market. As we look to the future, we are poised for continued success and are committed to leading the way in air purification technology. Our management team extends heartfelt thanks to our shareholders, customers, and partners for their continued support and confidence in our vision.

Thank you for your unwavering support.

## Income statement 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Revenue	15.041.092	14.947.650
Own work capitalised	1.849.003	1.991.237
Other operating income	0	189.340
Costs of raw materials and consumables	-4.113.557	-3.457.125
Other external expenses	-6.450.030	-9.430.014
<b>Gross profit</b>	<b>6.326.508</b>	<b>4.241.088</b>
3 Staff costs	-5.978.915	-5.151.904
Depreciation, amortisation, and impairment	-2.113.271	-2.236.450
<b>Operating profit</b>	<b>-1.765.678</b>	<b>-3.147.266</b>
Other financial expenses	-561.368	-276.935
<b>Pre-tax net profit or loss</b>	<b>-2.327.046</b>	<b>-3.424.201</b>
4 Tax on net profit or loss for the year	406.781	438.072
<b>Net profit or loss for the year</b>	<b>-1.920.265</b>	<b>-2.986.129</b>
<b>Proposed distribution of net profit:</b>		
Allocated from retained earnings	-1.920.265	-2.986.129
<b>Total allocations and transfers</b>	<b>-1.920.265</b>	<b>-2.986.129</b>

## Balance sheet at 31 December

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All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
5 Completed development projects	5.937.137	4.955.680
6 Acquired patents	925.492	1.001.909
7 Acquired other rights	5.324.891	4.268.274
8 Development projects in progress	4.280.185	4.772.866
Total intangible assets	<u>16.467.705</u>	<u>14.998.729</u>
9 Plant and machinery	291.904	257.261
10 Other fixtures, fittings, tools and equipment	46.269	164.196
Total property, plant, and equipment	<u>338.173</u>	<u>421.457</u>
11 Other financial investments	1	1
12 Deposits	315.885	300.885
Total investments	<u>315.886</u>	<u>300.886</u>
<b>Total fixed assets</b>	<b><u>17.121.764</u></b>	<b><u>15.721.072</u></b>
Raw materials and consumables	388.240	289.002
Work in progress	226.779	156.629
Finished goods and goods for resale	138.650	496.864
Total inventories	<u>753.669</u>	<u>942.495</u>
Trade receivables	4.071.809	4.582.580
Income tax receivables	406.775	438.066
Other receivables	407.011	680.267
Prepayments	116.896	158.249
Total receivables	<u>5.002.491</u>	<u>5.859.162</u>
Cash and cash equivalents	<u>229.888</u>	<u>89.810</u>
<b>Total current assets</b>	<b><u>5.986.048</u></b>	<b><u>6.891.467</u></b>
<b>Total assets</b>	<b><u>23.107.812</u></b>	<b><u>22.612.539</u></b>

## Balance sheet at 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2023</u>	<u>2022</u>
<b>Equity</b>			
	Contributed capital	5.850.000	5.850.000
	Reserve for development costs	7.795.225	7.197.109
	Retained earnings	-1.400.101	1.118.281
	<b>Total equity</b>	<b><u>12.245.124</u></b>	<b><u>14.165.390</u></b>
<b>Liabilities</b>			
	Other payables	3.916.096	2.345.866
	Payables to shareholders and management	706.075	13.224
	Deferred income	779.994	779.994
13	Total long term liabilities other than provisions	<u>5.402.165</u>	<u>3.139.084</u>
13	Current portion of long term liabilities	268.053	269.510
	Bank loans	1.748.178	979.623
	Trade payables	3.126.780	3.919.821
	Other payables	317.512	139.111
	Total short term liabilities other than provisions	<u>5.460.523</u>	<u>5.308.065</u>
	<b>Total liabilities</b>	<b><u>10.862.688</u></b>	<b><u>8.447.149</u></b>
	<b>Total equity and liabilities</b>	<b><u>23.107.812</u></b>	<b><u>22.612.539</u></b>
<b>1</b>	<b>Special items</b>		
<b>2</b>	<b>Fees for auditor</b>		
<b>14</b>	<b>Charges and security</b>		
<b>15</b>	<b>Contingencies</b>		

## Statement of changes in equity

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All amounts in DKK.

	<b>Contributed capital</b>	<b>Share premium</b>	<b>Reserve for development costs</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 January 2022	5.250.000	0	6.167.370	-113.932	11.303.438
Cash capital increase	600.000	5.248.081	0	0	5.848.081
Retained earnings for the year	0	0	0	-2.986.129	-2.986.129
Transfer from share premium account	0	-5.248.081	0	5.248.081	0
Development costs for the year	0	0	1.553.165	-1.553.165	0
Depreciation, amortisation and impairment for the year	0	0	-523.426	523.426	0
Equity 1 January 2023	5.850.000	0	7.197.109	1.118.281	14.165.390
Retained earnings for the year	0	0	0	-1.920.266	-1.920.266
Development costs for the year	0	0	1.442.222	-1.442.222	0
Depreciation, amortisation and impairment for the year	0	0	-844.106	844.106	0
	<b>5.850.000</b>	<b>0</b>	<b>7.795.225</b>	<b>-1.400.101</b>	<b>12.245.124</b>

## Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Net profit or loss for the year	-1.920.265	-2.986.129
16 Adjustments	2.267.859	1.885.973
17 Change in working capital	412.195	-49.487
Cash flows from operating activities before net financials	759.789	-1.149.643
Interest paid, etc.	-464.793	-276.935
Cash flows from ordinary activities	294.996	-1.426.578
Income tax received	438.072	347.481
<b>Cash flows from operating activities</b>	<b>733.068</b>	<b>-1.079.097</b>
Purchase of intangible assets	-3.349.003	-6.733.709
Purchase of property, plant, and equipment	-149.960	-168.883
Purchase of fixed asset investments	-15.000	0
<b>Cash flows from investment activities</b>	<b>-3.513.963</b>	<b>-6.902.592</b>
Changes in long-term payables	1.459.567	805.194
Cash capital increase	0	5.848.081
Changes in short-term bank loans	768.555	0
Raising of loans from shareholders and management	692.851	1.828
<b>Cash flows from financing activities</b>	<b>2.920.973</b>	<b>6.655.103</b>
<b>Change in cash and cash equivalents</b>	<b>140.078</b>	<b>-1.326.586</b>
Cash and cash equivalents at 1 January 2023	89.810	1.416.396
<b>Cash and cash equivalents at 31 December 2023</b>	<b>229.888</b>	<b>89.810</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	229.888	89.810
<b>Cash and cash equivalents at 31 December 2023</b>	<b>229.888</b>	<b>89.810</b>

## Notes

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All amounts in DKK.

### 1. Special items

In relation to the aquirement of the CMA Business Photocat received in 2022 a penalty from NASDAQ as the acquisition price was not published in first instance.

	<u>2023</u>	<u>2022</u>
Expenses:		
Other external expenses	<u>0</u>	<u>-421.218</u>
	<u>0</u>	<u>-421.218</u>
Special items are recognised in the following items in the financial statements:		
Received listing penalty	<u>0</u>	<u>421.218</u>
<b>Profit of special items, net</b>	<b><u>0</u></b>	<b><u>421.218</u></b>

### 2. Fees for auditor

Total remuneration for PricewaterhouseCoopers, State

Authorised Public Accountants	<u>124.000</u>	<u>104.500</u>
Fees for auditors performing statutory audit	109.000	90.000
Tax-related consulting	0	0
Assurance engagements	<u>15.000</u>	<u>14.500</u>
	<b><u>124.000</u></b>	<b><u>104.500</u></b>

### 3. Staff costs

Salaries and wages	5.795.577	4.970.591
Pension costs	126.400	127.000
Other costs for social security	<u>56.938</u>	<u>54.313</u>
	<b><u>5.978.915</u></b>	<b><u>5.151.904</u></b>
Average number of employees	<u>7</u>	<u>6</u>

### 4. Tax on net profit or loss for the year

Tax on net profit or loss for the year	<u>-406.781</u>	<u>-438.072</u>
	<b><u>-406.781</u></b>	<b><u>-438.072</u></b>

## Notes

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All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
<b>5. Completed development projects</b>		
Cost 1 January 2023	21.703.328	20.013.566
Transfers	<u>2.341.684</u>	<u>1.689.762</u>
<b>Cost 31 December 2023</b>	<b><u>24.045.012</u></b>	<b><u>21.703.328</u></b>
Amortisation and write-down 1 January 2023	-16.747.648	-15.321.668
Amortisation and depreciation for the year	<u>-1.360.227</u>	<u>-1.425.980</u>
<b>Amortisation and write-down 31 December 2023</b>	<b><u>-18.107.875</u></b>	<b><u>-16.747.648</u></b>
<b>Carrying amount, 31 December 2023</b>	<b><u>5.937.137</u></b>	<b><u>4.955.680</u></b>
<b>6. Acquired patents</b>		
Cost 1 January 2023	3.144.515	2.829.507
Additions during the year	<u>0</u>	<u>315.008</u>
<b>Cost 31 December 2023</b>	<b><u>3.144.515</u></b>	<b><u>3.144.515</u></b>
Amortisation and write-down 1 January 2023	-2.142.606	-2.075.556
Amortisation and depreciation for the year	<u>-76.417</u>	<u>-67.050</u>
<b>Amortisation and write-down 31 December 2023</b>	<b><u>-2.219.023</u></b>	<b><u>-2.142.606</u></b>
<b>Carrying amount, 31 December 2023</b>	<b><u>925.492</u></b>	<b><u>1.001.909</u></b>
<b>7. Acquired other rights</b>		
Cost 1 January 2023	4.427.465	0
Additions during the year	<u>1.500.000</u>	<u>4.427.465</u>
<b>Cost 31 December 2023</b>	<b><u>5.927.465</u></b>	<b><u>4.427.465</u></b>
Amortisation and write-down 1 January 2023	-159.191	0
Amortisation and depreciation for the year	<u>-443.383</u>	<u>-159.191</u>
<b>Amortisation and write-down 31 December 2023</b>	<b><u>-602.574</u></b>	<b><u>-159.191</u></b>
<b>Carrying amount, 31 December 2023</b>	<b><u>5.324.891</u></b>	<b><u>4.268.274</u></b>



## Notes

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All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
<b>8. Development projects in progress</b>		
Cost 1 January 2023	4.772.866	4.471.390
Additions during the year	1.849.003	1.991.238
Transfers	<u>-2.341.684</u>	<u>-1.689.762</u>
<b>Cost 31 December 2023</b>	<b><u>4.280.185</u></b>	<b><u>4.772.866</u></b>
<b>Carrying amount, 31 December 2023</b>	<b><u>4.280.185</u></b>	<b><u>4.772.866</u></b>

The Company's development costs include costs for the development of photocatalytic liquid that can be applied to surfaces giving an air cleaning effect as it removes NOx from the air. Development costs capitalised for the year relate to the development of the Company's solutions for incorporation into products. The expected market for the developed products is the existing customer segments which will incorporate the products into their own product lines. Development projects in progress are projects that are expected to be completed in 2024-2025.

<b>9. Plant and machinery</b>		
Cost 1 January 2023	5.403.787	5.308.954
Additions during the year	<u>149.960</u>	<u>94.833</u>
<b>Cost 31 December 2023</b>	<b><u>5.553.747</u></b>	<b><u>5.403.787</u></b>
Depreciation and write-down 1 January 2023	-5.146.526	-4.694.015
Amortisation and depreciation for the year	<u>-115.317</u>	<u>-452.511</u>
<b>Depreciation and write-down 31 December 2023</b>	<b><u>-5.261.843</u></b>	<b><u>-5.146.526</u></b>
<b>Carrying amount, 31 December 2023</b>	<b><u>291.904</u></b>	<b><u>257.261</u></b>

## Notes

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All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
<b>10. Other fixtures, fittings, tools and equipment</b>		
Cost 1 January 2023	433.673	359.624
Additions during the year	<u>0</u>	<u>74.049</u>
<b>Cost 31 December 2023</b>	<b><u>433.673</u></b>	<b><u>433.673</u></b>
Depreciation and write-down 1 January 2023	-269.477	-137.759
Amortisation and depreciation for the year	<u>-117.927</u>	<u>-131.718</u>
<b>Depreciation and write-down 31 December 2023</b>	<b><u>-387.404</u></b>	<b><u>-269.477</u></b>
<b>Carrying amount, 31 December 2023</b>	<b><u>46.269</u></b>	<b><u>164.196</u></b>
<b>11. Other financial investments</b>		
Cost 1 January 2023	<u>7</u>	<u>7</u>
<b>Cost 31 December 2023</b>	<b><u>7</u></b>	<b><u>7</u></b>
Revaluation 1 January 2023	<u>-6</u>	<u>-6</u>
<b>Revaluation 31 December 2023</b>	<b><u>-6</u></b>	<b><u>-6</u></b>
<b>Carrying amount, 31 December 2023</b>	<b><u>1</u></b>	<b><u>1</u></b>
<b>12. Deposits</b>		
Cost 1 January 2023	300.885	300.885
Additions during the year	<u>15.000</u>	<u>0</u>
<b>Cost 31 December 2023</b>	<b><u>315.885</u></b>	<b><u>300.885</u></b>
<b>Carrying amount, 31 December 2023</b>	<b><u>315.885</u></b>	<b><u>300.885</u></b>

## Notes

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All amounts in DKK.

### 13. Long term liabilities

	<b>Total payables 31 Dec 2023</b>	<b>Current portion of long term payables</b>	<b>Long term payables 31 Dec 2023</b>	<b>Outstanding payables after 5 years</b>
Other payables	4.184.149	268.053	3.916.096	892.092
Payables to shareholders and management	706.075	0	706.075	0
	<b>4.890.224</b>	<b>268.053</b>	<b>4.622.171</b>	<b>892.092</b>

### 14. Charges and security

As Security for the Company's assets, a negative pledge of TDKK 5.800 has been given to the Company's credit institutions. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	753
Trade receivables	4.071
Intangible assets	16.467
Property, plant, and equipment	338

### 15. Contingencies

#### Contingent assets

The company has a non-recognized tax asset of tDKK 6.731.

#### Contingent liabilities

The Company has a total rental obligation of DKK 506.678 (2022: DKK 499.470) and a leasing obligation of DKK 288.439.

### 16. Adjustments

Depreciation, amortisation, and impairment	2.113.272	2.236.450
Other financial expenses	561.368	276.935
Tax on net profit or loss for the year	-406.781	-438.072
Other adjustments	0	-189.340
	<b>2.267.859</b>	<b>1.885.973</b>

## Notes

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All amounts in DKK.

	<u>2023</u>	<u>2022</u>
<b>17. Change in working capital</b>		
Change in inventories	188.826	128.997
Change in receivables	825.382	-839.648
Change in trade payables and other payables	<u>-602.013</u>	<u>661.164</u>
	<u><b>412.195</b></u>	<u><b>-49.487</b></u>

## **Accounting policies**

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The annual report for PHOTOCAT A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

### **Changes in classification**

There has been some changes in classification from "Other operating income" to "Revenue", which in the comparative year is t.DKK 108, from "Staff costs" to "Other external expenses", which in the comparative year is t.DKK 217, and from "Other credit institutions" to "Bank loans" and "Other payables", which in the comparative year is t.DKK 3.234.

The changes in classification have no effect on the net profit and equity for the year.

### **Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

## **Accounting policies**

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### **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.

### **Incentive schemes**

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement.

## **Income statement**

### **Revenue**

Revenue which consists of consultancy fee, licences and goods 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.

### **Raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### **Own work capitalised**

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

### **Other operating income**

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.

## **Accounting policies**

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### **Other external expenses**

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

Other external expenses also comprise research and development costs that do not qualify for capitalisation.

### **Staff costs**

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

### **Depreciation, amortisation, and write-down for impairment**

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

### **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, 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.

### **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**

### **Intangible assets**

#### **Development projects, patents, and licences**

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

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. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

## Accounting policies

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Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 6-8 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 20 years.

Other rights are measured at cost less accrued amortisation. Other rights are amortised on a straightline basis over its useful life, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, licenses and other rights are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Grants received in connection with development projects are accrued in deferred income and are recognised currently as the asset is amortised over its expected useful life.

### **Property, plant, and equipment**

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:

	Useful life
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years



## **Accounting policies**

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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.

### **Investments**

#### **Other financial instruments**

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.

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

The carrying amount of both intangible and tangible fixed assets 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.

### **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.

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.

## **Accounting policies**

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### **Receivables**

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

### **Prepayments**

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

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand.

### **Equity**

#### **Reserve for development costs**

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

#### **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.

#### **Liabilities other than provisions**

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.

## **Accounting policies**

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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 are 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.