

C-Leanship A/S

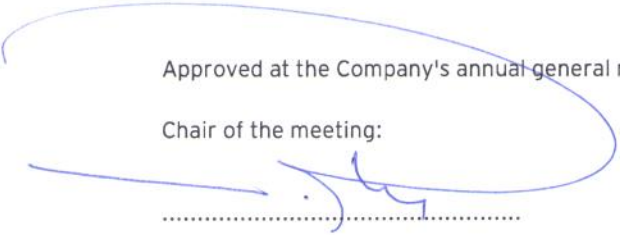
Ørnevej 2, 1. th., 4600 Køge

CVR no. 33 39 24 27

Annual report 2022

Approved at the Company's annual general meeting on 24 May 2023

Chair of the meeting:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of C-Leanship A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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

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

Copenhagen, 24 May 2023
Executive Board:

.....
Jonas Kaasing Rasmussen

Board of Directors:

.....
Jonas Lundeberg
Chairman

.....
Henrik Lars Olof Engqvist

.....
Anders Mikael Thyberg

.....
Niclas Lövgren

.....
Andreas Marø

Independent auditor's report

To the shareholders of C-Leanship A/S

Opinion

We have audited the financial statements of C-Leanship A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ 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

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.


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

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

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

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

Copenhagen, 24 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Rasmus Broth Jespersen
State Authorised Public Accountant
mne35503

Management's review

Business review

C-Leanship offers their customers a full hull cleaning and full inspection of the hull in port during cargo operation. Our services present several benefits for our customers which includes fuel savings, reduced emissions, smaller environmental footprint and no disruption to schedules. The Company has confirmations from our customers that they save both valuable fuel and time by cleaning in port. This is further confirmed by an Inspection service agreement with one of the world's largest container lines whereby C-Leanship regularly inspect all the customers vessels calling their current service hubs.

The service that C-Leanship offers the market is new in that sense that cleaning can be done in one port call safely without divers. By offering our customers reliable services in our first port in Singapore, C-Leanship is now focusing on expanding the network of cleaning hubs to be able to services customers in more locations.

During 2022, C-Leanship has continued to build up sales volume and expanding the customer base by increasing activity from the world's largest container lines and from anchorage customers consisting of Large Bulk Carriers & Oil Tankers.

First step for this was taken in 2021 with the addition of a Service Hub in Busan, Korea and in 2022 with a third Service hub in Antwerp.

With a reliable service, focus is on expanding the service portfolio to move closer to having all needed services in-house.

C-Leanship's long term plan is to establish service hubs in multiple locations around the world. This is being requested by customers and the market for underwater servicing is expected to increase significantly in the coming years for the following reasons:

- ▶ Increase in Global awareness on pollution both via emissions and invasive species.
- ▶ Growing need from shipowners to have safe, reliable and environmentally friendly solutions in more ports.
- ▶ Upcoming environmental legislations to avoid spreading of invasive species and to reduce emissions such as the CII regulations as of January 2023 and the Australia Biofouling regulations as of 15th June 2022.

C-Leanship has established a solid foundation for future expansion by building up a market position, developing a technology to provide its services and developing the organization and operational skills to offer the market services that address the customers' current and future needs.

Recognition and measurement uncertainties

C-Leanship has verified its technology and the concept of cleaning a large vessel in port during one port call in a safe, gentle and environmentally friendly way.

Completed development projects, amounting DKK 12,495 thousand at 31 December 2022, comprise capitalized development costs represents the intangible assets associated with the development of the ShipShiner (the machine that performs the underwater hull cleanings), which initially was placed in operations in 2020. Development projects in progress, amounting DKK 3,777 thousand at 31 December 2022, comprise capitalized costs related to development of the ProShiner (the machine that performs underwater propeller cleanings), which is expected to be placed in operations in H1 2023. Operational equipment and equipment in progress, amounting DKK 21,438 thousand and DKK 12,895 thousand, respectively at 31 December 2022, primarily comprise the constructed tangible ShipShiners in operations and to be placed in operation.

C-Leanship has made an impairment test by estimating the expected value of the discounted future Cash flow (DCF) expected to be generated by the business to be established. Management's conclusion is that this DCF value exceeds the value of the capitalised development cost and property plant and equipment.

Due to uncertainties as to future income and cash flows from sale of hull cleanings, the valuation of the non-current asset is subject to Management's assessments and estimates and, consequently, to measurement uncertainties.

Management's review

Unusual matters having affected the financial statements

Going concern

The Company is in an expansion phase and its operating and expansion activities are financed by operational cash-flows from sale of hull- and prop cleaning services, capital injections from investors, and short-term loan payables to current shareholders. Until such time where the Company becomes able to generate positive cash-flows from its operations, additional funding may be necessary to fund the Company's operations and expansion activities.

The board of directors and Executive management assess that the gross proceeds of USD 2.1 million raised in the capital increase completed after the balance sheet date is sufficient to meet the Company's operational liquidity requirements at least through 31 December 2023. On this basis, the financial statements for 2022 is prepared on a going concern assumption.

Financial review

In the fiscal year ending December 31, 2022, C-Leanship reported a loss of DKK 32,878 thousand, which is an increase of 35% compared to the previous year's loss of DKK 24,358 thousand. With a revenue growth doubling compared to 2021 the company attributed the increase in losses to investments made during the year in its operations and development of the Propshiner.

C-Leanship's staff costs for the year were DKK 7,089 thousand, representing a substantial increase from DKK 3,166 thousand in the previous year. This increase was due to the company's decision to hire more staff to support its growth initiatives.

In 2022, the company completed an equity financing round by increasing the share capital of DKK 745,935. The gross proceeds from the capital increase was DKK 35,592 thousand.

In terms of financial position, C-Leanship's total balance sheet as of December 31, 2022, was tDKK 72,167, up from tDKK 66,155 in the previous year. This increase was mainly due to the company's investment activities and growth.

While the Company has not experienced a material adverse impact related to the conflict in Ukraine in the financial statements for 2022, the Company is closely monitoring the potential impact of the conflict in Ukraine on its financial reporting for 2023 and beyond, as these events continues to unfold.

In summary, while C-Leanship experienced an increase in losses in the fiscal year ending December 31, 2022, its revenue growth and financial position suggest that it has the potential for future growth. The company's decision to invest in growth initiatives and hire more staff also indicates a commitment to long-term success, which should benefit the company in the coming years.

Events after the balance sheet date

On 11 May 2023, the Company, on an extraordinary general meeting of shareholders, completed a cash capital increase of by issuance of 313.293 shares of nominal DKK 1 each and raised gross proceeds of USD 2.1 million. As of the date of these financial statements, the Company has received cash payment of USD 0.1 million and is pending receipt of USD 2.0 million of the subscribed capital increase.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2022	2021
	Gross loss	-14,873,567	-16,447,218
4	Staff costs	-7,088,820	-3,166,068
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-12,431,278	-7,654,040
	Profit/loss before net financials	-34,393,665	-27,267,326
6	Financial income	2,419,531	3,033,175
7	Financial expenses	-2,897,356	-1,963,785
	Profit/loss before tax	-34,871,490	-26,197,936
8	Tax for the year	1,993,497	1,839,597
	Profit/loss for the year	-32,877,993	-24,358,339
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-32,877,993	-24,358,339
		-32,877,993	-24,358,339

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2022</u>	<u>2021</u>
	ASSETS		
	Non-current assets		
9	Intangible assets		
	Completed development projects	8,717,697	15,984,986
	Development projects in progress	3,776,995	1,488,169
		<u>12,494,692</u>	<u>17,473,155</u>
10	Property, plant and equipment		
	Operational equipment	21,428,295	25,156,403
	Other fixtures and fittings, tools and equipment	0	0
	Equipment in progress	12,895,685	9,777,389
		<u>34,323,980</u>	<u>34,933,792</u>
11	Financial assets		
	Investments in group entities	1,234,060	1,085,330
	Rent deposit	476,404	24,375
		<u>1,710,464</u>	<u>1,109,705</u>
	Total non-current assets	<u>48,529,136</u>	<u>53,516,652</u>
	Current assets		
	Inventories		
	Raw materials and consumables	94,481	0
		<u>94,481</u>	<u>0</u>
	Receivables		
	Trade receivables	5,843,367	3,231,504
	Receivables from group entities	90,203	0
	Income taxes receivable	707,289	385,856
	Other receivables	151,116	533,417
	Prepayments	122,728	319,950
		<u>6,914,703</u>	<u>4,470,727</u>
	Cash	<u>16,628,315</u>	<u>8,167,209</u>
	Total current assets	<u>23,637,499</u>	<u>12,637,936</u>
	TOTAL ASSETS	<u><u>72,166,635</u></u>	<u><u>66,154,588</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2022</u>	<u>2021</u>
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	5,773,463	5,027,528
	Share premium account	231,011,438	197,803,781
	Reserve for development costs	9,745,860	13,629,061
	Retained earnings	-202,885,695	-173,890,903
	Total equity	<u>43,645,066</u>	<u>42,569,467</u>
	Liabilities		
13	Non-current liabilities		
	Deferred tax	1,676,940	3,166,895
	Provision for holiday	0	93,326
	Grants payables	950,770	2,448,291
	Total non-current liabilities	<u>2,627,710</u>	<u>5,708,512</u>
	Current liabilities		
	Other interest bearing debt	3,660,405	0
	Other credit institutions	2,753,453	2,210,217
	Trade payables	659,391	1,488,833
	Payables to group entities	18,178,903	13,871,451
	Other payables	641,707	306,108
	Total current liabilities	<u>25,893,859</u>	<u>17,876,609</u>
	Total liabilities	<u>28,521,569</u>	<u>23,585,121</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>72,166,635</u></u>	<u><u>66,154,588</u></u>

- 1 Accounting policies
- 2 Financing and going concern assumption
- 3 Events after the balance sheet date
- 14 Contractual obligations and contingencies, etc.
- 15 Contingent assets
- 16 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2021	3,640,624	150,211,923	16,660,475	-152,563,978	17,949,044
Capital increase	1,386,904	47,591,858	0	0	48,978,762
Transfer through appropriation of loss	0	0	0	-24,358,339	-24,358,339
Movement of capitalized development costs	0	0	-3,886,428	3,886,428	0
Tax on movement of capitalized development costs	0	0	855,014	-855,014	0
Equity at 1 January 2022	5,027,528	197,803,781	13,629,061	-173,890,903	42,569,467
Capital increase	745,935	34,846,502	0	0	35,592,437
Cost of capital increase	0	-1,638,845	0	0	-1,638,845
Transfer through appropriation of loss	0	0	0	-32,877,993	-32,877,993
Movement of capitalized development costs	0	0	-4,978,463	4,978,463	0
Tax on movement of capitalized development costs	0	0	1,095,262	-1,095,262	0
Equity at 31 December 2022	5,773,463	231,011,438	9,745,860	-202,885,695	43,645,066

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of C-Leanship A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Reporting currency

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

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Public grants

Public grants to cover expenses are recognised in the income statement when it is deemed likely that all grant criteria have been met. Grants which must be repaid under certain circumstances are recognised in other operating income only where they are not expected to be repaid.

Income statement

Revenue

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

Income from rendering of hull cleaning services is recognised as revenue as the service is rendered, implying that revenue corresponds to the market value of services rendered in the year (production method).

Income from operating leases where the Company is lessor: Leases where the Company does not transfer all the significant risks and rewards of ownership of the assets to the lessee are classified as operational leases. Rent from operational lease agreements is recognised as income in the period in which they are generated.

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

Gross profit/loss

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including government grants that are not expected to be repaid and gains on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to administration, office rent, patent and licence expenditures, bad debts, payments under operating leases and development costs that do not meet the recognition criteria for capitalisation.

Staff costs

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

Amortisation/depreciation and impairment

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

The cost for completed development projects is amortised over the expected useful life.

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

Completed development projects	7 years
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The residual value of intangible assets is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

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

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

Other fixtures and fittings, tools and equipment	3-5 years
Operational equipment	3 years

The residual value of tangible assets is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in subsidiaries

The item includes dividends from investments in subsidiaries. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the subsidiary's net assets will indicate impairment for which reason an impairment test will have to be conducted.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, interest on convertible debt instruments, realised and unrealised exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Tax for the year includes tax credit for development activities at the applicable tax rate for the year in question, if the Company is deemed to qualify for the tax credit.

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, the capitalised development project is allocated and reclassified to relevant asset classes under completed development projects and property plant and equipment and are amortised or depreciated as such on a straight-line basis over the estimated useful life of the respective assets.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

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

As regards self-produced assets, the cost includes the cost of materials and labour, etc. directly relating to the production.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Impairment of non-current assets

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

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

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

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

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

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

Cash

Cash consists of cash in banks.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Income taxes

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

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities.

Liabilities

Financial liabilities comprising payables to other credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Financing and going concern assumption

The Company is in an expansion phase and its operating and expansion activities are financed by operational cash-flows from sale of hull- and prop cleaning services, capital injections from investors, and short-term loan payables to current shareholders. Until such time where the Company becomes able to generate positive cash-flows from its operations, additional funding may be to be necessary to fund the Company's operations and expansion activities.

The board of directors and Executive management assess that the gross proceeds of USD 2.1 million raised in the capital increase completed after the balance sheet date is sufficient to meet the Company's operational liquidity requirements at least through 31 December 2023. On this basis, the financial statements for 2022 is prepared on a going concern assumption.

3 Events after the balance sheet date

On 11 May 2023, the Company, on an extraordinary general meeting of shareholders, completed a cash capital increase of by issuance of 313.293 shares of nominal DKK 1 each and raised gross proceeds of USD 2.1 million. As of the date of these financial statements, the Company has received cash payment of USD 0.1 million and is pending receipt of USD 2.0 million of the subscribed capital increase.

DKK	2022	2021
4 Staff costs		
Wages/salaries	6,372,231	3,019,378
Pensions	410,535	0
Other social security costs	80,336	37,207
Other staff costs	225,718	109,483
	7,088,820	3,166,068
Average number of full-time employees	10	6
5 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	4,805,253	4,855,946
Impairment of intangible assets	2,613,505	0
Depreciation of property, plant and equipment	5,012,520	2,798,094
	12,431,278	7,654,040
6 Financial income		
Other interest income	223,932	0
Exchange adjustments	2,195,599	3,033,175
	2,419,531	3,033,175

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	<u>2022</u>	<u>2021</u>
7 Financial expenses		
Interest expenses, group entities	260,373	153,974
Exchange adjustments	2,263,956	1,661,274
Other financial expenses	<u>373,027</u>	<u>148,537</u>
	<u>2,897,356</u>	<u>1,963,785</u>
8 Tax for the year		
Estimated tax charge for the year	-503,542	-229,774
Deferred tax adjustments in the year	<u>-1,489,955</u>	<u>-1,609,823</u>
	<u>-1,993,497</u>	<u>-1,839,597</u>

Financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets

DKK	Completed development projects	Development projects in progress	Total
Cost at 1 January 2022	34,318,781	1,488,169	35,806,950
Additions in the year	151,469	2,288,826	2,440,295
Disposals in the year	0	0	0
Cost at 31 December 2022	34,470,250	3,776,995	38,247,245
Impairment losses and amortisation at 1 January 2022	18,333,795	0	18,333,795
Impairment losses in the year	2,613,505	0	2,613,505
Amortisation in the year	4,805,253	0	4,805,253
Impairment losses and amortisation at 31 December 2022	25,752,553	0	25,752,553
Carrying amount at 31 December 2022	8,717,697	3,776,995	12,494,692
Amortised over	7 years		

Completed development projects

Completed development projects comprise the Shipshiner technology and knowhow relating to underwater hull cleanings. C-Leanship has verified its Shipshiner technology and the concept of cleaning a large vessel in port during one port call in a safe, gentle and environmental friendly way. C-Leanship's customers have also verified the fuel savings generated by hull cleanings done by C-Leanship. In 2020, C-Leanship completed the development and the final verification of functionality of second generation Shipshiner, which initially was placed in operations in 2020.

Development projects in progress

Development projects in progress include 'Propshiner', which is a machine for underwater propeller cleanings. Expenses capitalized in relation to the propshiner project consist of internal expenses in the form of payroll costs and production overheads. The propshiner project expected to be finalised during 2023 after which marketing and selling activities are planned to be initiated.

Impairment testing and related recognition and measuring uncertainties

In 2022, Management carried out an impairment test of the carrying amount of the company's non-current assets, including completed development projects and development projects in progress. The recoverable amount is determined by estimating the value in use of the hull cleaning business to be established. The value in use is determined by use of a discounted cash flow model (DCF), which is based on expected net cash flows for the period 2023-2027 followed by a terminal period, and an applied discount factor before tax of 20%. The determined recoverable amount exceeds the carrying amount of the company's non-current assets. Due to uncertainties as to future income and cash flows from sale of hull and propeller cleanings, the valuation of the non-current asset is subject to Management's assessments and estimations and, consequently, to measurement uncertainties.

Financial statements 1 January - 31 December

Notes to the financial statements

10 Property, plant and equipment

DKK	Operational equipment	Other fixtures and fittings, tools and equipment	Equipment in progress	Total
Cost at 1 January 2022	41,247,644	103,156	9,777,389	51,128,189
Additions in the year	1,284,412	0	3,118,296	4,402,708
Cost at 31 December 2022	42,532,056	103,156	12,895,685	55,530,897
Impairment losses and depreciation at 1 January 2022	16,091,241	103,156	0	16,194,397
Depreciation in the year	5,012,520	0	0	5,012,520
Impairment losses and depreciation at 31 December 2022	21,103,761	103,156	0	21,206,917
Carrying amount at 31 December 2022	21,428,295	0	12,895,685	34,323,980
Depreciated over	5 years	3-5 years		

Impairment testing and related recognition and measuring uncertainties

In 2022, Management carried out an impairment test of the carrying amount of the company's non-current assets, including property plant and equipment. The recoverable amount is determined by estimating the value in use of the hull cleaning business to be established. The value in use is determined by use of a discounted cash flow model (DCF), which is based on expected net cash flows for the period 2023-2027 followed by a terminal period, and an applied discount factor before tax of 20%. The determined recoverable amount exceeds the carrying amount of the company's non-current assets. Due to uncertainties as to future income and cash flows from sale of hull and propel cleanings, the valuation of the non-current asset is subject to Management's assessments and estimations and, consequently, to measurement uncertainties.

Financial statements 1 January - 31 December

Notes to the financial statements

11 Financial assets

DKK	Investments in group entities	Rent deposit	Total
Cost at 1 January 2022	1,085,330	24,375	1,109,705
Additions in the year	148,730	452,029	600,759
Cost at 31 December 2022	1,234,060	476,404	1,710,464
Carrying amount at 31 December 2022	1,234,060	476,404	1,710,464

DKK	2022	2021
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12 Share capital

Analysis of the share capital:

5,773,463 shares of DKK 1.00 nominal value each	5,773,463	5,027,528
	5,773,463	5,027,528

Analysis of changes in the share capital over the past 5 years:

DKK	2022	2021	2020	2019	2018
Opening balance	5,027,528	3,640,624	3,410,463	2,931,892	601,368
Capital increase	745,935	1,386,904	230,161	478,571	2,330,524
	5,773,463	5,027,528	3,640,624	3,410,463	2,931,892

13 Non-current liabilities

At 31 December 2022, the Company has a grant payable to the Danish Maritime Fund of DKK 951 thousand relating to the 'PropShiner' development project. The Company has obtained a patent based on the result of the development project, and the financial support will be repaid, once the development project generates a profit.

DKK	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	1,676,940	0	1,676,940	0
Other interest bearing debt	3,660,405	3,660,405	0	0
Grants payables	950,770	0	950,770	0
	6,288,115	3,660,405	2,627,710	0

Financial statements 1 January - 31 December

Notes to the financial statements

14 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with other Danish SAAP Group companies. SAAB Denmark A/S, which acts as management company in the joint taxation. The Company has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

Other rent and lease liabilities:

DKK	2022	2021
Rent and lease liabilities	695,289	24,863

15 Contingent assets

The Company has tax loss carry-forwards totalling DKK 158,660 thousand (2021: DKK 132,172 thousand). The nominal value thereof is 22%, totalling DKK 34,905 thousand (2021: DKK 29,078 thousand), which has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.

16 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Saab AB	Stockholm, Sweden	Olof Palmes gata 17, 5th floor, SE-111 22 Stockholm, Sweden
Saab Ventures AB	Linköping, Sweden	Bröderna Ugglas Gata, 581 88 Linköping, Sweden

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Andreas Marø

Bestyrelsesmedlem

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2023-05-24 12:59:35 UTC



Jonas Christian Lundeberg

Bestyrelsesformand

Serial number: 19620414xxxx

IP: 136.163.xxx.xxx

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ANDERS THYBERG

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Henrik Engqvist

Bestyrelsesmedlem

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Bestyrelsesmedlem

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