

C-Leanship A/ S

Vestre Kaj 4, 1., 4700 Næstved

CVR no. 33 39 24 27

Annual report 2020

Approved at the Company's annual general meeting on 9 June 2021

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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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

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

Copenhagen, 9 June 2021
Executive Board:

.....
Jonas Kaasing Rasmussen

Board of Directors:

.....
Dan Åke Enstedt
Chair

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Henrik Lars Olof Engqvist

.....
Anders Mikael Thyberg

.....
Jesper Højer

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 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the 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, 9 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Rasmus Bloch Jespersen
State Authorised Public Accountant
mne35503

Management's review

Business review

During 2020, C-Leanship continued to build up sales volume and expanding the customer base by increasing activity from the worlds largest container lines and from anchorage customers consisting of Large Bulk Carriers & Oil Tankers.

C-Leanship offers their customers a full hull cleaning & full inspection of the hull in port during cargo operation. Our services present several benefits for our customers which includes Fuel Savings, reduced emissions, better 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.

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, we are now focusing on expanding our network of cleaning hubs to be able to services our customers in more locations. With a reliable service, we are also focusing on expanding our service portfolio to move closer to having all needed services in-house.

C-Leanships long term pan is to establish service hubs in multiple locations around the world. This is being requested by our customers and we also see the market for underwater servicing to increase 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. These are already in process by IMO and several new industry standards are expected.

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.

During 2020, C-Leanship completed the development of the second generation hull cleaning machine that has increased our delivery capacity by reducing the cleaning time even further and open up new market segment by offering hull cleanings at anchorage. The new machine is also prepared to fulfill future environmental requirements.

Recognition and measurement uncertainties

The Company's completed development of the second generation of the shipshiner (the machine that performs the underwater hull cleanings), 'ShipShiner 2' and the in progress development of 'propshiner' is capitalised in the balance sheet at DKK 21,360 thousand. Furthermore, the Company has capitalised the constructed second generation of the shipshiner, which was placed in operations in 2020, at an amount of DKK 13,112 thousand.

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 environmental friendly way. C-Leanship's customer has 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 the second generation Shipshiner, which in 2020 was placed in operations.

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.

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 estimations and, consequently, to measurement uncertainties.

Management's review

Unusual matters having affected the financial statements

Going concern

The Company's operations are financed by operational cash-flows from sale of hull cleaning services and capital increases from investors.

Management assesses that the Company will have sufficient funds from capital increases executed after the balance sheet date and cash flows from projected revenue to meet the Company's operational liquidity requirements through 31 December 2021.

On this basis, Management presents the financial statements for 2020 on a going concern assumption.

Financial review

The income statement for 2020 shows a loss of DKK 13,140,216 against a loss of DKK 19,644,535 last year, and the balance sheet at 31 December 2020 shows equity of DKK 17,949,044.

While the Company has not experienced a material adverse impact from COVID-19 on the financial statements for 2020, the Company is closely monitoring the potential impact of COVID-19 on its financial reporting for 2021 and beyond, as the impact of the world wide COVID-19 pandemic continues to unfold.

Events after the balance sheet date

In January 2021, the Company completed a cash capital increase of nominal DKK 1.253.002 shares of DKK 1 and raised gross proceeds of DKK 35,133 thousand.

No other significant events have occurred subsequent to the end of the financial year.

Financial statements 1 January - 31 December

Income statement

| Note | DKK | 2020 | 2019 |
|------|---|-------------|-------------|
| | Gross loss | -6,897,944 | -17,192,789 |
| 5 | Staff costs | -1,300,404 | -1,751,827 |
| 6 | Amortisation/ depreciation of intangible assets and property, plant and equipment | -4,293,209 | -6,677,061 |
| | Profit/ loss before net financials | -12,491,557 | -25,621,677 |
| | Income from investments in group entities | 0 | 5,615,742 |
| 7 | Financial income | 21,352 | 185,469 |
| 8 | Financial expenses | -657,529 | -1,518,200 |
| | Profit/ loss before tax | -13,127,734 | -21,338,666 |
| 9 | Tax for the year | -12,482 | 1,694,131 |
| | Profit/ loss for the year | -13,140,216 | -19,644,535 |
| | Recommended appropriation of profit/ loss | | |
| | Reserve for development costs | 0 | -49,802 |
| | Retained earnings/ accumulated loss | -13,140,216 | -19,594,733 |
| | | -13,140,216 | -19,644,535 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2020 | 2019 |
|------|--|-------------------|-------------------|
| | ASSETS | | |
| | Non-current assets | | |
| 10 | Intangible assets | | |
| | Completed development projects | 20,208,081 | 12,022,123 |
| | Development projects in progress | 1,151,502 | 9,625,835 |
| | | <u>21,359,583</u> | <u>21,647,958</u> |
| 11 | Property, plant and equipment | | |
| | Operational equipment | 13,112,053 | 55,847 |
| | Other fixtures and fittings, tools and equipment | 18,800 | 47,000 |
| | Equipment in progress | 0 | 12,427,105 |
| | | <u>13,130,853</u> | <u>12,529,952</u> |
| 12 | Financial assets | | |
| | Investments in group entities | 532,294 | 532,294 |
| | Deposits | 24,375 | 0 |
| | | <u>556,669</u> | <u>532,294</u> |
| | Total non-current assets | <u>35,047,105</u> | <u>34,710,204</u> |
| | Current assets | | |
| | Receivables | | |
| | Trade receivables | 1,830,552 | 1,047,839 |
| | Income taxes receivable | 1,769,507 | 1,360,678 |
| | Other receivables | 103,285 | 433,901 |
| | Prepayments | 421,112 | 480,394 |
| | | <u>4,124,456</u> | <u>3,322,812</u> |
| | Cash | <u>591,313</u> | <u>6,256,859</u> |
| | Total current assets | <u>4,715,769</u> | <u>9,579,671</u> |
| | TOTAL ASSETS | <u>39,762,874</u> | <u>44,289,875</u> |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2020 | 2019 |
|------|--------------------------------------|-------------------|-------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 13 | Share capital | 3,640,624 | 3,410,463 |
| | Share premium account | 150,211,923 | 143,527,841 |
| | Reserve for development costs | 7,474,126 | 7,699,059 |
| | Retained earnings | -143,377,629 | -130,462,346 |
| | Total equity | 17,949,044 | 24,175,017 |
| | Liabilities | | |
| 14 | Non-current liabilities | | |
| | Deferred tax | 4,776,718 | 4,355,407 |
| | Provision for holiday | 93,326 | 69,085 |
| | Payables to group entities | 2,831,779 | 3,774,019 |
| | Grants payables | 2,448,291 | 2,448,291 |
| | Total non-current liabilities | 10,150,114 | 10,646,802 |
| | Current liabilities | | |
| | Other credit institutions | 1,357,589 | 725,272 |
| | Convertible debt instruments | 0 | 44,917 |
| | Trade payables | 467,862 | 1,814,382 |
| | Payables to group entities | 9,554,230 | 6,499,610 |
| | Other payables | 284,035 | 383,875 |
| | Total current liabilities | 11,663,716 | 9,468,056 |
| | | 21,813,830 | 20,114,858 |
| | TOTAL EQUITY AND LIABILITIES | 39,762,874 | 44,289,875 |

- 1 Accounting policies
- 2 Financing and the going concern assumption
- 3 Recognition and measurement uncertainties
- 4 Events after the balance sheet date
- 15 Contractual obligations and contingencies, etc.
- 16 Contingent assets
- 17 Collateral
- 18 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 2020 | 3,410,463 | 143,527,841 | 7,699,059 | -130,462,346 | 24,175,017 |
| Capital increase | 230,161 | 6,684,082 | 0 | 0 | 6,914,243 |
| Transfer through appropriation of loss | 0 | 0 | 0 | -13,140,216 | -13,140,216 |
| Development costs capitalised in the year | 0 | 0 | -224,933 | 224,933 | 0 |
| Equity at 31 December 2020 | 3,640,624 | 150,211,923 | 7,474,126 | -143,377,629 | 17,949,044 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of C-Leanship A/S for 2020 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.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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 received to cover expenses are recognised in the income statement once it is probable that all criteria for being receiving the grant are satisfied. Grants which must be repaid under certain circumstances are only recognised in the income statement if they are not expected to be repaid. Grants that are expected to be repaid are recognised as grants payables under liabilities.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gross loss

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

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses 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

The item comprises amortisation/depreciation 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 |
| Development projects in progress | 0 years |

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 from investments in subsidiaries

Dividend from investments in subsidiaries is recognised in the income statement in the year of declaration. Distribution of dividend where the dividend exceeds the profit for the year or where the carrying amount of the Company's investments in the subsidiary exceeds the carrying amount of the subsidiary's net asset value will be evidence of impairment, meaning that an impairment must 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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 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 and associates 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. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

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

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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 adjusted for deferred tax. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs 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 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.

Convertible loans

Convertible loans are broken down into a liability element and an equity element based on the relevant instrument of debt. On initial recognition, the liability is recognised at the fair value of a similar liability without a conversion right. The remaining amount of the convertible loan is recognised as equity. On subsequent recognition, the liability is measured at amortised cost until converted or repaid. The equity element is not re measured after initial recognition.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Financing and the going concern assumption

The Company's operations are financed by operational cash-flows from sale of hull cleaning services and capital increases from investors.

Management assesses that the Company will have sufficient funds from capital increases executed after the balance sheet date (refer to note 4) and cash flows from projected revenue to meet the Company's operational liquidity requirements through 31 December 2021.

On this basis, Management presents the financial statements for 2020 on a going concern assumption.

3 Recognition and measurement uncertainties

The Company's completed development of the second generation of the shipshiner (the machine that performs the underwater hull cleanings), 'ShipShiner 2' and the in progress development of 'propshiner' is capitalised in the balance sheet at DKK 21,360 thousand. Furthermore, the Company has capitalised the constructed second generation of the shipshiner, which was placed in operations in 2020, at an amount of DKK 13,112 thousand.

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 environmental friendly way. C-Leanship's customer has 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 the second generation Shipshiner, which in 2020 was placed in operations.

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.

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 estimations and, consequently, to measurement uncertainties.

Financial statements 1 January - 31 December

Notes to the financial statements

4 Events after the balance sheet date

In January 2021, the Company completed a cash capital increase of nominal DKK 1.253.002 shares of DKK 1 and raised gross proceeds of DKK 35,133 thousand.

| DKK | 2020 | 2019 |
|--|------------------|-------------------|
| 5 Staff costs | | |
| Wages/salaries | 1,146,894 | 1,589,339 |
| Pensions | 15,000 | 30,000 |
| Other social security costs | 94,033 | 76,418 |
| Other staff costs | 44,477 | 56,070 |
| | <u>1,300,404</u> | <u>1,751,827</u> |
| Average number of full-time employees | <u>2</u> | <u>2</u> |
| 6 Amortisation/ depreciation of intangible assets and property, plant and equipment | | |
| Amortisation of intangible assets | 3,551,215 | 3,136,206 |
| Depreciation of property, plant and equipment | 741,994 | 3,540,855 |
| | <u>4,293,209</u> | <u>6,677,061</u> |
| 7 Financial income | | |
| Exchange adjustments | 21,352 | 81,793 |
| Other financial income | 0 | 103,676 |
| | <u>21,352</u> | <u>185,469</u> |
| 8 Financial expenses | | |
| Interest expenses, group entities | 86,764 | 629,481 |
| Interest expenses, debt instruments | 1,982 | 6,360 |
| Exchange loss, debt instruments | 196,835 | 618,724 |
| Other financial expenses | 371,948 | 263,635 |
| | <u>657,529</u> | <u>1,518,200</u> |
| 9 Tax for the year | | |
| Estimated tax charge for the year | -717,825 | -1,360,678 |
| Deferred tax adjustments in the year | 421,311 | 605 |
| Tax adjustments, prior years | 308,996 | -334,058 |
| | <u>12,482</u> | <u>-1,694,131</u> |

Financial statements 1 January - 31 December

Notes to the financial statements

10 Intangible assets

| DKK | Completed development projects | Development projects in progress | Total |
|--|--------------------------------|----------------------------------|-------------------|
| Cost at 1 January 2020 | 21,953,442 | 9,625,835 | 31,579,277 |
| Additions in the year | 0 | 3,262,840 | 3,262,840 |
| Disposals in the year | 0 | 0 | 0 |
| Transfer to/from other accounts | 11,737,173 | -11,737,173 | 0 |
| Cost at 31 December 2020 | 33,690,615 | 1,151,502 | 34,842,117 |
| Impairment losses and amortisation at 1 January 2020 | 9,931,319 | 0 | 9,931,319 |
| Amortisation in the year | 3,551,215 | 0 | 3,551,215 |
| Impairment losses and amortisation at 31 December 2020 | 13,482,534 | 0 | 13,482,534 |
| Carrying amount at 31 December 2020 | 20,208,081 | 1,151,502 | 21,359,583 |
| Amortised over | 7 years | | |

Reference made to note 3.

11 Property, plant and equipment

| DKK | Operational equipment | Other fixtures and fittings, tools and equipment | Equipment in progress | Total |
|--|-----------------------|--|-----------------------|-------------------|
| Cost at 1 January 2020 | 12,649,313 | 103,156 | 12,427,105 | 25,179,574 |
| Additions in the year | 0 | 0 | 1,342,895 | 1,342,895 |
| Transfer from other accounts | 13,770,000 | 0 | -13,770,000 | 0 |
| Cost at 31 December 2020 | 26,419,313 | 103,156 | 0 | 26,522,469 |
| Impairment losses and depreciation at 1 January 2020 | 12,593,466 | 56,156 | 0 | 12,649,622 |
| Depreciation in the year | 713,794 | 28,200 | 0 | 741,994 |
| Impairment losses and depreciation at 31 December 2020 | 13,307,260 | 84,356 | 0 | 13,391,616 |
| Carrying amount at 31 December 2020 | 13,112,053 | 18,800 | 0 | 13,130,853 |
| Depreciated over | 5 years | 3-5 years | | |

Reference is made to note 3.

Financial statements 1 January - 31 December

Notes to the financial statements

12 Financial assets

| DKK | Investments in group entities | Deposits | Total |
|--|----------------------------------|---------------|----------------|
| Cost at 1 January 2020 | 532,294 | 0 | 532,294 |
| Additions | 0 | 24,375 | 24,375 |
| Cost at 31 December 2020 | 532,294 | 24,375 | 556,669 |
| Carrying amount at 31 December 2020 | 532,294 | 24,375 | 556,669 |

Reference made to note 3.

| Name | Legal form | Domicile | Interest |
|-------------------------------|------------|-----------|----------|
| Subsidiaries | | | |
| C-leanship Singapore Pte.Ltd. | Pte. Ltd. | Singapore | 100.00% |

13 Share capital

Analysis of the share capital:

| | | |
|---|------------------|------------------|
| 3,640,624 shares of DKK 1.00 nominal value each | 3,640,624 | 3,410,463 |
| | 3,640,624 | 3,410,463 |

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

| DKK | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|------------------|------------------|------------------|----------------|----------------|
| Opening balance | 3,410,463 | 2,931,892 | 601,368 | 588,868 | 552,682 |
| Capital increase | 230,161 | 478,571 | 2,330,524 | 12,500 | 36,186 |
| | 3,640,624 | 3,410,463 | 2,931,892 | 601,368 | 588,868 |

14 Non-current liabilities

The Company has received financial support from the Danish Maritime Fund totalling DKK 2,448 thousand, including a grant 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 2020 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|----------------------------|-----------------------------|-------------------------|----------------------|-----------------------------------|
| Deferred tax | 4,776,718 | 0 | 4,776,718 | 0 |
| Provision for holiday | 93,326 | 0 | 93,326 | 0 |
| Payables to group entities | 9,151,748 | 6,319,969 | 2,831,779 | 0 |
| Grants payables | 2,448,291 | 0 | 2,448,291 | 0 |
| | 16,470,083 | 6,319,969 | 10,150,114 | 0 |

Financial statements 1 January - 31 December

Notes to the financial statements

15 Contractual obligations and contingencies, etc.

Contingent liabilities

In accordance with the Company's service agreement with its subsidiary C-Leanship Pte. Ltd., the Company is obligated to compensate C-Leanship Singapore Pte. Ltd. for all costs related to C-Leanship Singapore Pte. Ltd.'s supply of services to the Company with a mark-up of 10%

The Company has entered into the joint taxation with other Danish Saab Group companies. The Company is jointly taxed and is jointly and severally liable 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 | 2020 | 2019 |
|----------------------------|--------|--------|
| Rent and lease liabilities | 32,500 | 12,000 |

16 Contingent assets

The Company has tax loss carry-forwards totalling DKK 114,030 thousand (2019: DKK 101,439 thousand). The nominal value thereof is 22% totalling DKK 25,087 thousand (2019: DKK 22,317 thousand), which has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.

17 Collateral

No security for loans had been placed at 31 December 2020.

18 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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"By my signature I confirm all dates and content in this document."

The name is withheld (SSN validated)

Chief Executive Officer

On behalf of: C-leanship A/S

Serial number: PID:9208-2002-2-655824459052

IP: 116.88.xxx.xxx

2021-06-11 08:22:12Z

NEM ID 

DAN ÅKE ENSTEDT

Chair of the Board of Directors

On behalf of: C-leanship A/S

Serial number: 19570329xxxx

IP: 78.71.xxx.xxx

2021-06-11 09:27:09Z



Jesper Højer

Member of the Board of Directors

On behalf of: C-Leanship A/S

Serial number: PID:9208-2002-2-306563224095

IP: 194.62.xxx.xxx

2021-06-13 10:53:11Z

NEM ID 

Henrik Engqvist

Member of the Board of Directors

On behalf of: C-Leanship A/S

Serial number: 19710805xxxx

IP: 155.4.xxx.xxx

2021-06-13 16:33:07Z



ANDERS THYBERG

Member of the Board of Directors

On behalf of: C-Leanship A/S

Serial number: 19621201xxxx

IP: 90.232.xxx.xxx

2021-06-14 12:11:57Z



Rasmus Jespersen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:34311459

IP: 145.62.xxx.xxx

2021-06-14 13:47:01Z

NEM ID 

Carsten Finn Raasteen

Chair of the meeting

On behalf of: C-leanship A/S

Serial number: PID:9208-2002-2-006166584854

IP: 2.106.xxx.xxx

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