C-Leanship A/S

Ørnevej 2, 1. th., 4600 Køge

CVR no. 33 39 24 27

Annual report 2021

Approved at the Company's annual general meeting on 24 May 2022

Chair of the meeting:

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Carsten Raasteen

Contents

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 2021.

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

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 2022
Executive Board:

Jonas Kaasing Rasmussen

Board of Directors:

Dan Åke Enstedt
Chair

Henrik Lars Olof Engqvist

Anders Mikael Thyberg

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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Material uncertainty related to going concern

We draw attention to the fact that the Company's ability to continue as a going concern is associated with significant uncertainty. We refer to note 2 in the financial statements, which describes the uncertainty in respect of going concern and assumptions applied by Management. We have not modified our opinion in respect of this mattter.

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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Rasmus Bloch Jespersen
State Authorised Public Accountant
mne35503

Management's review

Business review

During 2021, 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 precents 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. 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, we are now focusing on expanding our network of cleaning hubs to be able to services our customers in more locations.

First step for this has been taken in 2021 with the addition of a Service Hub in Busan, Korea.

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 plan 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. Examples of these er the CII regulations taking effect in January 2023 and Australia Biofouling regulations taking effect 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

The Company's completed development of the second generation of the 'ShipShiner' (the machine that performs the underwater hull cleanings), and the in progress development of ‘propshiner’ is capitalised in the balance sheet at DKK 17,473 thousand. Furthermore, the Company has capitalised the constructed second generation of the ShipShiner, 'ShipShiner 2', which was placed in operations in 2020, and 'ShipShiner 3', which was placed in operations in 2021 at an amount of DKK 25,161 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. In 2021 'ShipShiner 3' 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's current liquid funds from existing assets and cash flows from projected operating activities will meet the Company's operational liquidity requirements through the beginning of July 2022.

The Company is in advanced negotiations with a potential new investor and has entered into a non-binding agreement on new financing, which will allow the Company to fund its planned operations and liquidity requirements, at least throughout 2022. Decisions on this financing round, including form, price, and tranches are expected to be executed prior to July 2022. Should this financing agreement not materialize in due time prior to July 2022, it is the expectation of management that current shareholders will provide financial support to fund the Company's planned operations and liquidity requirements, at least throughout 2022.

Based on these assumptions, Management presents the financial statements for 2021 on a going concern assumption.

Due to the fact that financing from potential new or current investors is not executed nor formally committed to as of the date of these financial statements, significant uncertainties regarding going concern exists, and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Financial review

The income statement for 2021 shows a loss of DKK 24,358,339 against a loss of DKK 13,140,216 last year because of invested money in second port in Busan and successfully started in 2021, and the balance sheet at 31 December 2021 shows equity of DKK 42,569,467.

While the Company has not experienced a material adverse impact from COVID-19 and the conflict in Ukraine on the financial statements for 2021, the Company is closely monitoring the potential impact of COVID-19 and the conflict in Ukraine on its financial reporting for 2022 and beyond, as the impact of the world wide COVID-19 pandemic continues to unfold.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2021	2020
	Gross loss	-16,447,218	-6,897,944
4	Staff costs	-3,166,068	-1,300,404
5	Amortisation/depreciation of intangible assets and property, plant and equipment	-7,654,040	-4,293,209
	Profit/loss before net financials	-27,267,326	-12,491,557
6	Financial income	3,033,175	21,352
7	Financial expenses	-1,963,785	-657,529
	Profit/loss before tax	-26,197,936	-13,127,734
8	Tax for the year	1,839,597	-12,482
	Profit/loss for the year	-24,358,339	-13,140,216
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-24,358,339	-13,140,216
		-24,358,339	-13,140,216

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Non-current assets		
9	Intangible assets		
	Completed development projects	15,984,986	20,208,081
	Development projects in progress	1,488,169	1,151,502
		17,473,155	21,359,583
10	Property, plant and equipment		
	Operational equipment	25,156,403	13,112,053
	Other fixtures and fittings, tools and equipment	0	18,800
	Equipment in progress	9,777,389	0
		34,933,792	13,130,853
11	Financial assets		
	Investments in group entities	1,085,330	532,294
	Deposits	24,375	24,375
		1,109,705	556,669
	Total non-current assets	53,516,652	35,047,105
	Current assets		
	Receivables		
	Trade receivables	3,231,504	1,830,552
	Income taxes receivable	385,856	1,769,507
	Other receivables	533,417	103,285
	Prepayments	319,950	421,112
		4,470,727	4,124,456
	Cash	8,167,209	591,313
	Total current assets	12,637,936	4,715,769
	TOTAL ASSETS	66,154,588	39,762,874

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	5,027,528	3,640,624
	Share premium account	197,803,781	150,211,923
	Reserve for development costs	4,442,712	7,474,126
	Retained earnings	-164,704,554	-143,377,629
	Total equity	42,569,467	17,949,044
	Liabilities		
13	Non-current liabilities		
	Deferred tax	3,166,895	4,776,718
	Provision for holiday	93,326	93,326
	Payables to group entities	0	2,831,779
	Grants payables	2,448,291	2,448,291
	Total non-current liabilities	5,708,512	10,150,114
	Current liabilities		
	Other credit institutions	2,210,217	1,357,589
	Trade payables	1,488,833	467,862
	Payables to group entities	13,871,451	9,554,230
	Other payables	306,108	284,035
	Total current liabilities	17,876,609	11,663,716
	Total liabilities	23,585,121	21,813,830
	TOTAL EQUITY AND LIABILITIES	66,154,588	39,762,874

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3 Recognition and measurement uncertainties
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15 Contingent assets
16 Collateral
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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
Movement of development costs capitalised in the year	0	0	-224,933	224,933	0
Equity at 1 January 2021	3,640,624	150,211,923	7,474,126	-143,377,629	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 development costs capitalised in the year	0	0	-3,031,414	3,031,414	0
Equity at 31 December 2021	5,027,528	197,803,781	4,442,712	-164,704,554	42,569,467

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of C-Leanship A/S for 2021 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 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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 and 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/loss 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 areidentifiable 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 projet 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 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.

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 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.

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's current liquid funds from existing assets and cash flows from projected operating activities will meet the Company's operational liquidity requirements through the beginning of July 2022.

The Company is in advanced negotiations with a potential new investor and has entered into a non-binding agreement on new financing, which will allow the Company to fund its planned operations and liquidity requirements, at least throughout 2022. Decisions on this financing round, including form, price, and tranches are expected to be executed prior to July 2022. Should this financing agreement not materialize in due time prior to July 2022, it is the expectation of management that current shareholders will provide financial support to fund the Company's planned operations and liquidity requirements, at least throughout 2022.

Based on these assumptions, Management presents the financial statements for 2021 on a going concern assumption.

Due to the fact that financing from potential new or current investors is not executed nor formally committed to as of the date of these financial statements, significant uncertainties regarding going concern exists, and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

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 17,473 thousand. Furthermore, the Company has capitalised the constructed second generation of the shipshiner, which was placed in operations in 2020, and 'ShipShiner 3', which was placed in operations in 2021 at an amount of DKK 25,161 thousand.

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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

	DKK	2021	2020
4	Staff costs		
	Wages/salaries	3,019,378	1,146,894
	Pensions	0	15,000
	Other social security costs	37,207	94,033
	Other staff costs	109,483	44,477
		3,166,068	1,300,404
	Average number of full-time employees	6	2
5	Amortisation/depreciation of intangible assets and property, plant and equipment		
	Amortisation of intangible assets	4,855,946	3,551,215
	Depreciation of property, plant and equipment	2,798,094	741,994
		7,654,040	4,293,209
6	Financial income		
	Exchange adjustments	3,033,175	21,352
		3,033,175	21,352
7	Financial expenses		
	Interest expenses, group entities	153,974	86,764
	Interest expenses, debt instruments	0	1,982
	Exchange adjustments	1,661,274	196,835
	Other financial expenses	148,537	371,948
		1,963,785	657,529
8	Tax for the year		
	Estimated tax charge for the year	-229,774	-717,825
	Deferred tax adjustments in the year	-1,609,823	421,311
	Tax adjustments, prior years	0	308,996
		-1,839,597	12,482

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 2021	33,690,615	1,151,502	34,842,117
Additions in the year	628,166	336,667	964,833
Disposals in the year	0	0	0
Cost at 31 December 2021	34,318,781	1,488,169	35,806,950
Impairment losses and amortisation at 1 January 2021	13,482,534	0	13,482,534
Amortisation in the year	4,851,261	0	4,851,261
Impairment losses and amortisation at 31 December 2021	18,333,795	0	18,333,795
Carrying amount at 31 December 2021	15,984,986	1,488,169	17,473,155
Amortised over	7 years		

Reference made to note 3.

10 Property, plant and equipment

DKK	Operational equipment	Other fixtures and fittings, tools and equipment	Equipment in progress	Total
Cost at 1 January 2021	26,419,313	103,156	0	26,522,469
Additions in the year	14,828,331	0	9,777,389	24,605,720
Cost at 31 December 2021	41,247,644	103,156	9,777,389	51,128,189
Impairment losses and depreciation at 1 January 2021	13,307,260	84,356	0	13,391,616
Depreciation in the year	2,783,981	18,800	0	2,802,781
Impairment losses and depreciation at 31 December 2021	16,091,241	103,156	0	16,194,397
Carrying amount at 31 December 2021	25,156,403	0	9,777,389	34,933,792
Depreciated over	5 years	3-5 years		

Reference is made to note 3.

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Notes to the financial statements

11 Financial assets

DKK	Investments in group entities	Deposits	Total
Cost at 1 January 2021	532,294	24,375	556,669
Additions in the year	553,036	0	553,036
Cost at 31 December 2021	1,085,330	24,375	1,109,705
Carrying amount at 31 December 2021	1,085,330	24,375	1,109,705

Reference made to note 3.

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

DKK	2021	2020
12 Share capital		
Analysis of the share capital:		
5,027,528 shares of DKK 1.00 nominal value each	5,027,528	3,640,624
	5,027,528	3,640,624

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

DKK	2021	2020	2019	2018	2017
Opening balance	3,640,624	3,410,463	2,931,892	601,368	588,868
Capital increase	1,386,904	230,161	478,571	2,330,524	12,500
	5,027,528	3,640,624	3,410,463	2,931,892	601,368

13 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 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	3,166,895	0	3,166,895	0
Provision for holiday	93,326	0	93,326	93,326
Grants payables	2,448,291	0	2,448,291	0
	5,708,512	0	5,708,512	93,326

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14 Contractual obligations and contingencies, etc.

Contingent liabilities

In accorance with the Company's service agreement with its subsidiary C-Leanship Singapore 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%.

In accorance with the Company's service agreement with its subsidiary C-Leanship Korea LTD., the Company is obligated to compensate C-Leanship Korea LTD. for all costs related to C-Leanship Korea LTD.'s supply of services to the Company with a mark-up of 6%.

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	2021	2020
Rent and lease liabilities	24,863	32,500

15 Contingent assets

The Company has tax loss carry-forwards totalling DKK 132,172 thousand (2020: DKK 114,030 thousand). The nominal value thereof is 22%, totalling DKK 29,078 thousand (2020: DKK 25,087 thousand), which has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.

16 Collateral

No security for loans had been placed at 31 December 2021.

17 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