Shark Solutions ApS
Langebjerg 1, DK-4000 Roskilde, Denmark
CVR-no.: 35 41 34 72

Annual Report for 2021

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28 June 2022

Jens Peter Hoeck
Chairman of the general meeting

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Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Shark Solutions ApS for the financial year 1 January – 31 December 2021.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2021.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Roskilde, 28 June 2022

Executive Board

Jens Holmegaard

Board of Directors

Jens Peter Hoeck
Chairman

Christian Møller Christensen

Ian Michael Nolan

Steen Nielsen

Independent Auditor’s Report

To the Shareholders of Shark Solutions Group

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group’s financial position at 31 December 2021 and of the results of the Group’s operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company’s financial position at 31 December 2021 and of the results of the Parent Company’s operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Shark Solutions Group for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group (“financial statements”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management’s Review

Management is responsible for Management’s Review.

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

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

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management’s Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 28 June 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

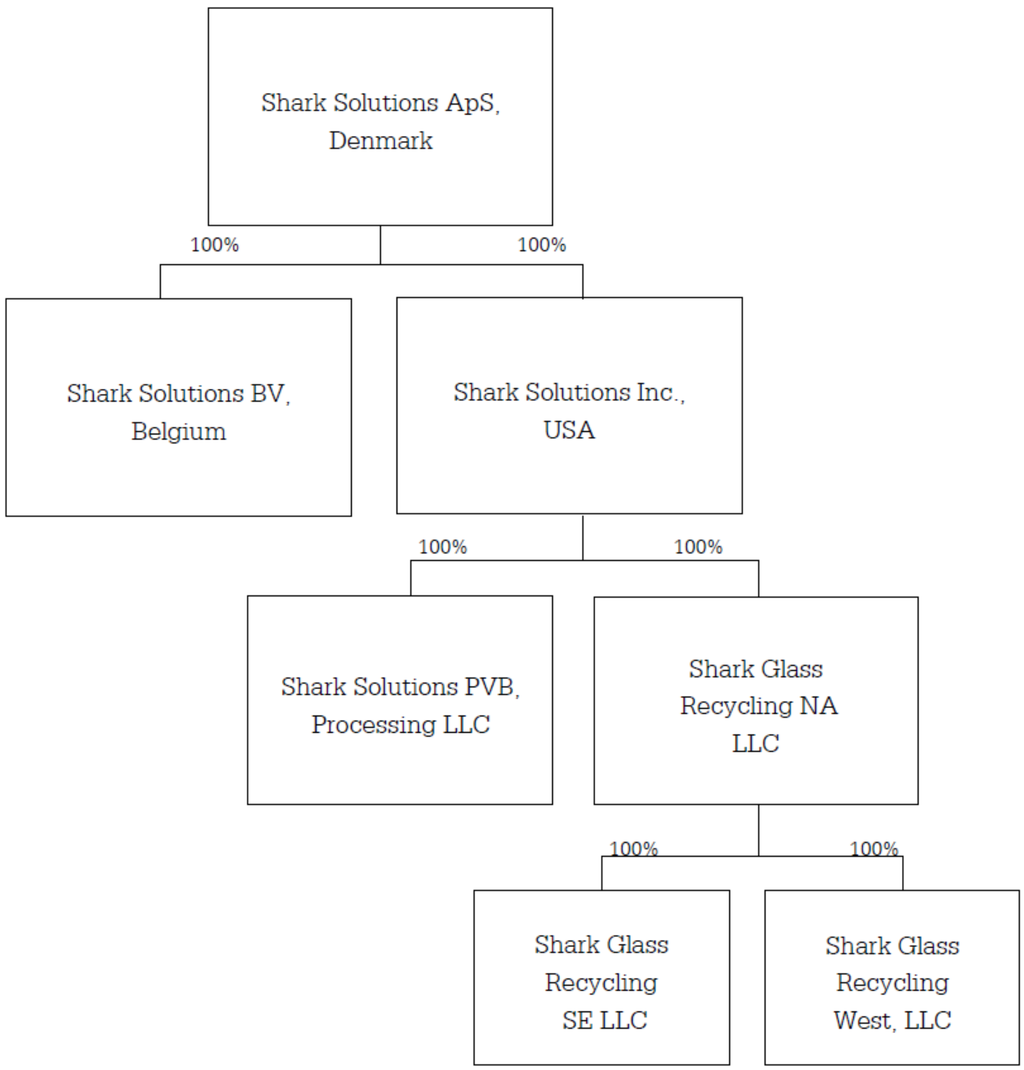
Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Jacob Brinch
State Authorised Public Accountant
mne35447

Group information

The company	Shark Solutions ApS Langebjerg 1 DK-4000 Roskilde Denmark CVR-no.: 35 41 34 72 Financial year: 1 January - 31 December
Board of Directors	Jens Peter Hoeck, Chairman Christian Møller Christensen Ian Michael Nolan Steen Nielsen
Executive Board	Jens Holmegaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group chart


Shark Solutions ApS,
Denmark
100%
100%
Shark Solutions BV,
Belgium
Shark Solutions Inc.,
USA
100%
100%
Shark Solutions PVB,
Processing LLC
Shark Glass
Recycling NA
LLC
100%
100%
Shark Glass
Recycling
SE LLC
Shark Glass
Recycling
West, LLC

Financial highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	2021	2020
	EUR	EUR
Key figures		
Profit/loss		
Revenue	7.974.382	7.585.671
Gross profit	4.913.108	4.813.882
Operating profit/(loss)	(1.978.151)	(2.175.987)
Net financials	118.646	(554.666)
Net profit/(loss) for the year	(1.865.209)	(2.735.479)
Balance sheet		
Total non-current assets	8.567.349	9.116.389
Balance sheet total	10.940.454	11.174.767
Equity	1.073.709	3.199.597
Cash flows		
Operating activities	268.031	(802.561)
Investing activities	(345.704)	(1.150.951)
Financing activities	(334.323)	2.136.718
Net cash flow for the year	(411.996)	183.206
Employees		
Average number of employees	41	39
Financial Key Ratios		
Solvency ratio (%)	10%	29%
Return on invested capital (%)	(10%)	(22%)
Return on equity (%)	(87%)	(133%)

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Management's Review

Our primary business activities

The Shark Solutions group is organized with a Danish headquarter and operating subsidiaries located in Belgium and the USA. The Danish headquarter primarily has the purpose of owning the operating subsidiaries.

The subsidiaries are located close to sourcing partners to optimize logistics and reduce unnecessary negative environmental impact. Shark Solutions is doing business from a manufacturing site in Belgium and three sites in the USA.

The Group activities are focused upon the recycling and upcycling of PVB (PolyVinyl Bytyral) from laminated glass. In Europe the sourcing of recycled PVB (rPVB) is coming from the established glass recycling industry with whom we have a long lasting and mutually beneficial collaboration. In the USA recycling of laminated glass is not as organized as in Europe, thus Shark Solutions is recycling laminated glass from two locations in the USA and creating the rPVB needed for our PVB business.

PVB is a well-known raw material with excellent technical properties which traditionally primarily has been used as lamination of glass for security and sound dampening purposes. Shark Solutions has developed a technology to upcycle broken laminated glass which enables recycling of the PVB as an alternative non-toxic and sustainable raw material to a range of polymers and binders that are being used in several industrial applications.

Circularity – the new normal

The sustainability agenda continues to grow in importance also during 2021 and is driving the global economy towards new ways of doing business – a new normal. Countries, communities, companies, and consumers realize that we must think differently and be innovative in the future if we want to maintain our world and welfare as we know it, also in the future. It is becoming more and more evident that virgin resources are under pressure. Natural resources are being used up in an increasing pace. Waste from business activity and used products of any kind is becoming an increasing problem threatening the well-being of all living creatures of the world. Human activity has a large impact on the environment and causes the temperature of the world to increase to an extent that will change our world forever.

The new normal is all about recycling, upcycling, and circularity. Three areas that are the backbone of the business of Shark Solutions. We have since our very start 16 years ago kept our focus on developing a business that fits the new normal. Today we have a company that, within our line of business, is converting what was a former waste stream of laminated glass which was sent to landfill into upcycled circular raw materials that is used in a wide range of industries.

We have over the years developed a product range based on PVB (PolyVinyl Bytyral) from laminated glass that has technical properties which enable us to substitute virgin products and at the same time meet all the requirements of supporting the new normal.

During 2021 we have seen a drastic increase in the interest in our business from especially the paints and TPE (ThermoPlastic Polymer) industries, but also the carpet and flooring industry and even the automotive and building industry have realized that it is possible to demand and get sustainable raw materials that is based on our upcycled PVB products. Our base of potential customers that has commenced the process to implement our raw materials in their end products has grown substantially in 2021.

To be able to accommodate inquiries and future demand in the near term we have laid out and initiated a strategy that will strengthen our business platform in terms of capacity, sourcing, organization and financing. These steps will all strengthen the positioning of Shark Solutions as an important raw materials manufacturer in the circular economy – the new normal.

Financial performance of 2021

Despite the impact from the COVID pandemic on several fronts and a difficult shipping situation with limited availability and drastic increasing rates we have managed to grow the business compared to 2020. Although the growth was not enough to achieve the same level of revenue and income as before COVID, we maintained our gross margins at profitable levels. This was despite a very volatile business environment. At the same time, we grew our pipeline of companies that are in the process of implementing our products in the near future.

The income statement for the period 01.01.21 – 31.12.21 shows a net revenue of EUR 7.974.382 and a result after tax of EUR -1.865.209 against a revenue of EUR 7.585.671 and a result after tax of EUR -2.735.479 for the period 01.01.20 – 31.12.20. The balance sheet shows equity of EUR 1.073.709 as of 31.12.21. The Parent Company's income statement is negatively affected by recognition of allowance for bad debts of EUR 9.707.451 which is included in 'Gross profit'.

EBITDA is realized with a result of EUR -416.203 compared to 2020 of EUR -706.057. The deficit is caused by revenue, also in 2021, being impacted negatively by COVID. Our primary historic PVB customers do business in industries that have seen much decline in demand caused by COVID restrictions and consequences. The negative impact to EBITDA has to the extent possible been mitigated by managing costs while keeping focus on growing future sales opportunities and increased R&D efforts.

The company has committed owners who support the ongoing business as well as the growth plans.

Near and mid-term outlook

Based on the increased interest in sustainability and subsequently in our products offering, the outlook for Shark Solutions is positive. The potential is large, and a realization of the opportunities are becoming tangible as more leads are beginning to commit volumes and disclosing potential launch dates of products with Shark Solution rPVB. In 2022 demand is expected to grow with more than 30% bringing revenue beyond pre-COVID levels. The increased revenue is expected to generate a positive EBITDA and a positive cash flow from operations.

The expected 2022 demand can be serviced by the current manufacturing capacity, but the outlook for the following 2-4 years indicate a need for expansion in manufacturing capacity and substantial CAPEX in manufacturing equipment. Several of the leads that have shown increased committed interest are among the world's blue-chip companies within their respective industries. These companies use very large volumes of raw materials that Shark Solutions rPVB products will substitute fully or partly. Their communicated future demand will require us to initiate investments in expanding manufacturing capacity, beginning already in 2022.

To be able to accommodate the near and mid-term growth and upcoming CAPEX a funding process has been initiated with expected close in summer of 2022.

Subsequent events

No significant events have occurred after the end of the financial year that have an impact on the result and balance sheet for the year.

ESG and circularity

Environmental and circularity

The business of Shark Solutions is all about sustainability and circularity. Our raw materials consist of a former waste stream of broken laminated glass. Our manufacturing processes are set to generate the least waste as possible and at the same time using

green energy to power the processes.
Most of our end products are recyclable and help our customers save tons of GHG emissions when substituting their raw materials with our rPVB products. A third-party cradle-to-gate carbon footprint report based on ISO 14067:2018 was completed in 2021 and has proven a very low carbon footprint on our products. As example, our rPVB has a carbon footprint that is 6-10 times lower than traditional paint binders which our binders can substitute.

Furthermore, there are minimum emissions of volatile organic components (VOC's) from rPVB and no toxicity. In 2021 Shark Solutions dispersion achieved certification from the Danish Asthma and Allergy Council as the first industrial binder.

In 2021 the business of Shark Solutions saved our nature from 50.526 tons of laminated glass and PVB fractions being dumped in landfills. The rPVB products have reduced our customers CO2 emissions with approximately 31.400 tons when measuring against the carbon footprint of commonly used materials that our rPVB based products are substituting. Our glass recycling business in the USA has converted disposed laminated glass glass cullets that have been used in various glass industries.

In our Belgium manufacturing facilities 100% of energy consumption is supplied from renewable energy sources. In the USA approx. 60% of energy consumption is from renewable energy sources. Water consumption in the manufacturing process is being recirculated and cleaned internally reducing the need for clean water and wastewater to a minimum.

Our R&D is set to explore new ways of increasing the circularity of our products and resources are allocated to ongoing projects in collaboration with our customers that involve the recycling of PVB at end of life of their rPVB based products.

Social
Shark Solutions operate as a global enterprise with locations in Belgium, USA (Georgia and California) and Denmark. We are an ISO9001 certified company and have deployed the highest safety standards possible. No injuries were reported in any of the locations in 2021. Ecovadis certifications also support our efforts to improve our ESG results.

The employees of Shark Solutions are being recruited based on their professional and personal skills no matter gender, ethnical or cultural background. What matters to us is that our people contribute to maintain and develop our mutual work environment as an efficient workplace based on high ethical values with a mission to make our world a better place for our future generations. Our Code-Of-Conduct is managed and used within the company but also communicated to suppliers and customers.

Governance
The daily operations of Shark Solutions are managed by a global management team governed by a board of directors consisting of three investors, the founder of the company, a Danish based PE fund and a UK based PE fund. Due to the size of the company no detailed governance policy has been developed, although it is an area that is considered of importance. As the company will grow in the coming years a governance policy will be developed and implemented.

The investors of Shark Solutions have been carefully chosen with the purpose of generating the best possible business platform that fits the new circular normal. The Danish fund, Blue Equity, is focused on delivering funding support to small and mid-size companies enabling them to grow to become major market players within their industries. The UK fund, Circularity Capital, has a commitment to fund the development of the circular economy, and has a wide network of stakeholders that has proven valuable to contribute to create worldwide awareness about the business and the sustainable and circular value propositions of Shark Solutions.

During the year of 2021 we have listed as a member of the Ellen MacArthur Foundation and we enjoy our membership of UN Global Compact and The Danish Association for Responsible Construction to participate as a stakeholder in the transition of the economies to circularity and sustainability.

Risk Management

Managing business risks is an embedded part in Shark Solutions in daily management level and on Board level. As part of the budgeting process the strategic business risks to the coming year are identified, revised, and raised to discussion in the Board. Over the year the strategic business risks are monitored by the Board and management and preplanned mitigating actions implemented.

Besides the strategic risk assessment and follow up on Board level, our ISO9001 certification includes a managerial risk management process that is conducted once a year. The risks identified in this process forms a bottom-up basis for the strategic risks and our managerial must win battles framework. This framework secures connection with our overall objectives and the obstacles of how to achieve the objectives. Shark Solutions is committed to make a positive difference and has already proven commercial products and production sites – so managing our growth journey responsibly is important and a high priority.

Consolidated income statement
for the year ended 31 December 2021

EUR	Notes	2021	2020
Revenue	3	7.974.382	7.585.671
Other income	4	343.395	159.076
Raw materials and consumables used		(3.404.669)	(2.930.866)
Gross profit		**4.913.108**	**4.813.882**
Other external expenses		(3.009.452)	(3.265.393)
Staff costs	5	(2.319.860)	(2.254.546)
Operating profit before amortisation, depreciation and impairment (EBITDA)		**(416.204)**	**(706.057)**
Depreciation, amortisation and impairment	7	(1.561.947)	(1.469.930)
Operating profit (loss) before financial income and expenses		**(1.978.151)**	**(2.175.987)**
Financial income	8	629.324	12.048
Financial expenses	8	(510.678)	(566.714)
Loss before tax		**(1.859.505)**	**(2.730.653)**
Tax on profit/loss for the year	9	(5.704)	(4.826)
Net loss for the year		**(1.865.209)**	**(2.735.479)**

Consolidated statement of comprehensive income

for the year ended 31 December 2021

EUR	Notes	2021	2020
Loss for the year		**(1.865.209)**	**(2.735.479)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation from functional currency to presentation currency		(346.220)	(333.587)
Total comprehensive income for the period		**(2.211.429)**	**(3.069.066)**

Consolidated balance sheet
as at 31 December 2021

EUR	Notes	2021	2020	As at 1 January 2020
Assets				
Non-current assets				
Intangible assets		1.312	-	-
Property, plant and equipment	11	5.735.159	6.124.581	6.251.272
Right-of-use assets	12	2.765.536	2.940.201	3.713.089
Deferred tax assets	10	-	-	-
Deposits		65.342	51.607	58.558
Total non-current assets		**8.567.349**	**9.116.389**	**10.022.919**
Current assets				
Inventory	13	847.480	838.814	1.326.779
Trade receivables	14	974.689	523.082	1.040.889
Receivables from group enterprises	22	-	-	260.595
Income tax receivables	9, 10	-	18.593	61.780
Prepayments		57.148	33.772	86.360
Other receivables		326.777	88.518	98.445
Cash and cash equivalents	16	167.012	555.600	372.394
Total current assets		**2.373.105**	**2.058.379**	**3.247.242**
Total assets		**10.940.454**	**11.174.767**	**13.270.161**

Consolidated balance sheet
as at 31 December 2021

EUR	Notes	2021	2020	As at 1 January 2020
Equity	17			
Share capital		21.073	21.073	21.073
Foreign currency translation reserve		(679.807)	(333.587)	-
Retained earnings		1.732.443	3.512.111	883.845
Total equity		**1.073.709**	**3.199.597**	**904.918**
Liabilities				
Non-current liabilities				
Borrowings	14, 18	603.383	806.951	1.164.864
Payables to credit institutions	14, 19	785.333	1.132.127	1.818.116
Lease liabilities	12	2.412.285	2.509.961	3.164.340
Deferred income		797.974	319.622	229.137
Other liabilities		92.887	33.096	13.458
Total non-current liabilities		**4.691.862**	**4.801.757**	**6.389.915**
Current liabilities				
Borrowings	14, 18	424.388	283.529	56.167
Payables to credit institutions	14, 19	2.028.778	1.112.179	2.776.838
Lease liabilities	12	479.330	496.672	548.749
Payables to group enterprises	22	642.540	1.218	-
Trade payables	15	1.020.497	624.818	1.725.194
Deferred tax liabilites	9, 10	23.407	23.407	15.951
Deferred income		46.804	10.884	33.186
Other liabilities		509.139	620.705	819.243
Total current liabilities		**5.174.883**	**3.173.412**	**5.975.328**
Total liabilities		**9.866.745**	**7.975.170**	**12.365.243**
Total liabilities and equity		**10.940.454**	**11.174.767**	**13.270.161**

Consolidated statement of changes in equity
for the year ended 31 December 2021

EUR	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
As at 1 January 2021	**21.073**	**(333.587)**	**3.512.111**	**3.199.597**
Profit for the period	-	-	(1.865.209)	(1.865.209)
Other comprehensive income	-	(346.220)	-	(346.220)
Total comprehensive income	**-**	**(346.220)**	**(1.865.209)**	**(2.211.429)**
Transactions with owners in their capacity as owners				
Share-based payments	-	-	85.540	85.540
Total transactions with owners	**-**	**-**	**85.540**	**85.540**
As at 31 December 2021	**21.073**	**(679.807)**	**1.732.443**	**1.073.709**

Consolidated statement of changes in equity

for the year ended 31 December 2020

EUR	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
As at 1 January 2020	**21.073**	**-**	**883.845**	**904.918**
Profit for the period	-	-	(2.735.479)	(2.735.479)
Other comprehensive income	-	(333.587)	-	(333.587)
Total comprehensive income	**-**	**(333.587)**	**(2.735.479)**	**(3.069.066)**
Transactions with owners in their capacity as owners				
Cash contribution			5.363.408	5.363.408
Share-based payments	-	-	337	337
Total transactions with owners	**-**	**-**	**5.363.745**	**5.363.745**
As at 31 December 2020	**21.073**	**(333.587)**	**3.512.111**	**3.199.597**

Consolidated statement of cash flows

for the year ended 31 December 2021

EUR	Notes	2021	2020
Cash flows from operating activities			
Net loss for the year		(1.865.209)	(2.735.479)
Adjustments	16	1.528.842	2.024.933
Changes in net working capital	16	782.449	169.145
Interest paid		(178.051)	(261.160)
Net cash inflow (outflow) from operating activities		**268.031**	**(802.561)**
Cash flows from investing activities			
Payments for intangible assets		(1.312)	-
Payments for property, plant and equipment	11	(344.392)	(1.150.951)
Net cash inflow (outflow) from investing activities		**(345.704)**	**(1.150.951)**
Cash flows from financing activities			
Repayment of borrowings	19	(286.032)	(233.907)
Proceeds from credit institutions	19	367.869	-
Repayment of payables to credit institutions	19	-	(2.559.172)
Principal elements of lease payments	12	(416.160)	(433.611)
Cash contribution	22	-	5.363.408
Net cash inflow (outflow) from financing activities		**(334.323)**	**2.136.718**
Net increase (decrease) in cash and cash equivalents		**(411.996)**	**183.206**
Cash and cash equivalents at the beginning of the financial year		555.600	372.394
Cash and cash equivalents at end of year		**143.604**	**555.600**

Contents of the notes to the consolidated financial statements

Contents of the notes to the consolidated financial statements

Note 1 Summary of significant accounting policies

The consolidated financial statements of Shark Solutions ApS and its subsidaries (the group) for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors and approval at general meeting 24 June 2022.

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of Shark Solutions ApS and its subsidaries.

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional the Danish disclosure requirements applying to entities of reporting class B with additional choice of specific provisions for accounting Class C enterprises.

The consolidated financial statements are presented in Euro (EUR), except when otherwise indicated.

First-time adoption of IFRS

These consolidated financial statements are the first consolidated financial statements that is presented in accordance with IFRS.
The comparative figures for 2020 in the income statement and the balance sheet items as at 1 January 2020 and 31 December 2020 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for 2021. No standards or interpretations which are not yet effective have been adopted.

Refer to note 25 for information on how the group adopted IFRS.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the company.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Contents of the notes to the consolidated financial statements

Note 1 Summary of significant accounting policies

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro (EUR), as the majority of the Group's operations resides in countries in which the primary currency is Euro. Shark Solutions ApS' functional currency is Danish Kroner (DKK).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from Euros are translated into Euros as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Revenue

The group provides recycling solutions to its customers by recycling PolyVinyl Bytyral (PVB) from laminated glass. Revenue is generated from the sale of standarised products.

Revenue from contracts with customers is recognised when control of the goods are transferred to the customers at an amount that reflects the transaction price which the group expects to be entitled in exchange for these products.

Each delivery of a standardised product comprise a single performance obligation. Revenue related to the standardised products is recognised at a point in time when control of the products has been transferred to the customer. This is usually when the products are made available to the customer at a designated location, and the customer must cover the transport costs (Ex Works).

The products are sold a fixed price and does not include any form of variable consideration.

Payment is due upon delivery of the products. No significant element of financing is deemed present as the sales are made with a credit term of 30 - 60 days, which is consistent with market practice. A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contents of the notes to the consolidated financial statements

Note 1 Summary of significant accounting policies

Other income

Other operating income comprise items of a secondary nature to the main activities of the group, including government grants, gains and losses on the sale of intangible assets and property, plant and equipment.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. The grant is initially recognised in the balance sheet as deferred income.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset (on a gross-basis).

Raw materials and consumables used

Raw materials and consumables include the cost of raw materials and consumables used during the year for the production of the Group's finished goods. Any write-downs of inventories for the year are also included.

Other external expenses

Other external expenses comprise of expenses for premises and bad debts to the extent that these do not exceed normal writedowns, sales, advertising and distribution as well as office expenses, etc.

Staff costs

Staff costs comprise wages and salaries, remuneration, pension costs and costs for share-based payment programs for the groups's employees and Management.

Share-based payments

Share-based payments are provided to participants via the warrant programme. Information relating to these schemes is set out in note 6.

The fair value of the warrants granted under the warrant programme is recognised as a staff cost, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the warrants granted. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Because the vesting of the warrants is conditional on the participants' ongoing employment until the occurrence of an exit event, the group revises its estimate of the length of the expected vesting period until the actual outcome is known. Upon a change in estimate, the group adjusts the recognised share-based payment cost on a cumulative basis in the period in which the estimate is revised.

Contents of the notes to the consolidated financial statements

Note 1 Summary of significant accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income, interest expenses calculated using the effective interest rate method, fair-value adjustment of performance- and exit-payment derivatives.

Income tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Contents of the notes to the consolidated financial statements

Note 1 Summary of significant accounting policies

Intangible assets

Software

Software is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Software is amortised using the straight-line method based on useful lives.

Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

Software	3 - 5 years

Property, plant and equipment

Plant and machinery and other fixtures and fittings, tools and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

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

Leases

The group's leasing activities and how these are accounted for

The group leases various properties, trucks and machinery, and other equipment.

Lease terms are negotiated on an individual basis and may contain a range of different terms and conditions. Property contracts are typically made for periods of 3 to 5 years with options to extend and/or terminate the lease (see note 2 regarding judgements in relation to extension and termination options).

Contents of the notes to the consolidated financial statements

Note 1 Summary of significant accounting policies

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, and
- makes adjustments specific to the lease (e.g. the term, country, currency and security).

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Contents of the notes to the consolidated financial statements

Note 1 Summary of significant accounting policies

Deposits

Deposits are measured at amortised cost and consists of rent deposits.

Inventories

Inventories are measured at the lower of cost and net realisable value under the FIFO method.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance of machinery, buildings and equipment used in the production processes and related factory administration and management cost. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost less loss allowance. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss.

Other receivables

Other receivables consist of government grants and marketing contributions. Other receivables are measured at cost which normally correspond to the nominal amount.

Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions and interest. Prepayments are measured at costs.

Financial liabilities

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Note 1 Summary of significant accounting policies

Derivatives embedded in financial liabilities which are triggered upon certain events, such as additional payments upon an exit-event on performance based payments, are separated and accounted for separately when the risks of the derivative and the debt host contract are dissimilar. Such derivatives are initially measured at fair value and presented within borrowings. The derivatives are subsequently measured at fair value through profit or loss with fair value changes presented within financial income and expenses.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Deferred income

Deferred income consists of received government grants.

Employee benefits

Pensions

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Equity reserves

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

Foreign currency translation reserve

Exchange differences arising on translation of the parent company and of foreign controlled entities into EUR, are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Statement of cash flows

The cash flow statement shows the group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the group's cash and cash equivalents at the beginning and end of the year.

Contents of the notes to the consolidated financial statements

Note 1 Summary of significant accounting policies

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as share-based payment expenses, depreciation, amortisation and impairment losses. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances.

Key figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Solvency ratio $$\frac{\text{Equity at year end}}{\text{Total assets at year end}} \times 100$$

Return on invested capital $$\frac{\text{Net profit / (loss) for the period}}{\text{Average total assets}} \times 100$$

Return on equity $$\frac{\text{Net profit / (loss) for the period}}{\text{Average total equity}} \times 100$$

Note 2 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Judgements

Going concern assumptions

The Group has experienced a firm commitment and support from its current investors throughout its growth and development, and they intend to support the business with the needed liquidity to continue its operations. To support the intended growth and accelerated business development, Management has initiated an external capital raise which is expected to be completed during the summer of 2022. On this basis it is Management's assessment that the uncertainty of the Group's and the Company's ability to continue its operations is not material.

Leases

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For property leases, the following factors are normally the most relevant:
- If there are significant penalty payments to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- If the property lease is of significant operational importance, the group is reasonably certain to extend (or not terminate).

Otherwise, Shark Solutions considers other factors including historical lease durations, the location and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Contents of the notes to the consolidated financial statements

Note 2 Critical estimates, judgements and errors

Share-based payments

The group's warrant programme includes a redemption feature which the group may repurchase the warrants from the participants in a bad leaver scenario. In accordance with the provisions under IFRS 2 *Share-based payments*, this redemption feature, effectively, provides the group with a choice of settlement, for which the classification of the warrant programme may either be cash-settled or equity-settled.

In determining the classification, the group has assessed whether it, in substance, has an obligation to settle the programme in cash. In doing so, the group has considered its intent of settlement, its practical ability to settle in equity and its past practice. On that basis, Management has concluded the sharebased payment program should be classified as equity-settled.

Deferred tax

Unrecognised deferred tax asset

As of 31 December 2021, the Group has unrecognised deferred tax assets of EUR 323.551 which relates to the tax value of tax losses carried forward. The losses can be carried forward indefinitely and have no expiration date.

Estimates

Fair value of derivative financial instruments

The group has a loan under which the lender (the Danish Green Investment Fund) is entitled to receive an exit payment and/or a performance payment if certain triggering-conditions related to each payment are met. Management has assessed that the exit-payment and the performance payment must be separated from the host contract and be accounted for separately as one derivative (refer to note 14).

The fair value of derivatives embedded in debt host contracts, which are accounted for separately from the host contract, is estimated using a probability-weighted cash flow approach for various scenarios. The fair value of the embedded derivative of thus approximated as the difference between the probability-weighted cash flows and the proceeds.

Subsequently, Management revises its estimate on each reporting date.

Contents of the notes to the consolidated financial statements

Note 3 Revenue

Disaggregation of revenue from contracts with customers

The Group recognises revenue from the transfer of goods in the following product categories:

EUR	2021	2020
PVB	4.754.891	4.722.288
Glass	3.219.491	2.863.383
Total revenue	**7.974.382**	**7.585.671**

Revenues from external customers are from the sale of goods on a retail basis.

The Group recognises revenue from the transfer of goods in the following geographical regions:

Europe	3.206.563	3.362.967
United States	4.767.819	4.222.704
Total revenue	**7.974.382**	**7.585.671**

Note 4 Other income and deferred income

EUR	2021	2020
Government grants	343.395	159.076
Total	**343.395**	**159.076**

Government grants recognised within other income relate to the following:		
Government grants, USA COVID-19	274.347	26.495
Government grants related to income	69.048	132.581
Total	**343.395**	**159.076**

Government grants related to income are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

There are no unfulfilled conditions or other contingencies attaching to these grants.

Government grants from USA relates to the COVID-19 relief package "Paycheck Protection Program".

EUR	2021	2020

Government grants received but which have not yet been recognised in the income statement are presented as deferred income. The movement in the balance of deferred income is as follows:

Government grants as of 1 January	**319.622**	**229.137**
Grants received	478.352	90.485
Government grants as of 31 December	**797.974**	**319.622**

These grants relates to acquisitions of assets.

Contents of the notes to the consolidated financial statements

Note 5 Staff costs

EUR	2021	2020
Wages and salaries	1.809.421	1.791.139
Defined contribution plans	40.095	93.555
Other social security costs	363.858	354.476
Other staff costs	20.946	15.039
Share-based payment	85.540	337
Total	**2.319.860**	**2.254.546**
Average number of employees	41	39

Key management personnel compensation

Key management personnel consists of the CEO and CFO. The compensation paid or payables to key management personnel for employee services is shown below:

Key management personnel

Wages and salaries	430.832	398.560
Defined contribution plans	27.851	26.237
	458.683	**424.797**

Note 6 Share-based payments

Warrant programme

At an extraordinary general meeting, the supreme governing body of Shark Solutions ApS was authorised to pass a resolution on the issuance of warrants. The warrant programme is established with the purpose to create further incentive to the participants to work for and contribute to future value added to the group. Further, the program is to be instrumental to retaining the participants in the group.

Under the programme, participants are granted warrants in Shark Solutions ApS, either at market value or for no consideration. Each warrant entitle the participant to subscribe for one new share in Shark Solutions ApS with a nominal value of DKK 1.

The vested warrants may only be exercised upon the occurrence of an exit event, or, where an exit event has not occurred, on 31 May 2024 (31 May 2023 for a single grant), and is conditional on the participants' ongoing employment with Shark Solutions ApS. Upon the occurrence of an exit-event, all warrants will become fully vested. The cost of the warrant program is thus recognised over the expected vesting period, considering the expected date of exit.

The program includes a redemption feature under which Shark Solution ApS may repurchase the warrants from the participants in a bad leaver scenario. However, Management has assessed that the warrant program is an equity-settled arrangement.

Fair value measurement

The fair value at grant date is determined using a Black-Scholes Model calculation that takes into account the share price at grant date, the exercise price, the risk free interest rate for the term of the warrants, the expected volatility and the term of the warrant (the expected maturity).

The model inputs for the warrants granted during the year ended included

	2021	2020
Exercise price (DKK)	2.244	638
Share price at grant date (DKK) (weighted average)	4.346	3.216
Expected volatility (%)	66%	55%
Risk free rate (%)	-0,53%	-0,57%
Expected maturity (years)	2,60	3,53

The expected price volatility is based upon an analysis of the historical volatility of peer-group companies and factors specific to Shark Solutions ApS. Share price at grant date is determined by using a linear interpolation with data points related to actual share transactions.

The cost is recognised on a straight line basis, as the services are rendered, over the expected service period.

Expenses recognised in the statement of profit or loss

Share-based payment expenses	85.540	337

Contents of the notes to the consolidated financial statements

Note 6 Share-based payments

Set out below is an overview of the warrants outstanding:

	Number of warrants	Weighted average exercise prices (DKK)	Weighted average fair value per warrant (EUR)	Weighted average years to maturity	Range of exercise prices for warrants outstanding (DKK) Low	High
As at 1 January 2020	**784**	638		3,53	638	638
Warrants granted	1.570	638	134			
As at 31 December 2020	**2.354**	638		3,20	638	638
Warrants granted	2.352	2.244	201			
As at 31 December 2021	**4.706**	1.440		2,37	638	2.244

Grants of warrants:	
October 2018	784
December 2020	1.570
November 2021	2.352
	4.706

Contents of the notes to the consolidated financial statements

Note 7 Depreciation, amortisation and impairment

EUR	2021	2020
Depreciation and amortisation		
Depreciation of plant and machinery	1.006.598	891.018
Depreciation of other fixtures and fittings, tools and equipment	79.542	73.825
Depreciation of right-of-use assets	475.807	505.087
Total depreciation, amortisation and impairment	**1.561.947**	**1.469.930**

Note 8 Financial income and expenses

EUR	2021	2020
Financial income		
Other financial income	6.845	10.665
Foreign exchange rate gains	622.479	1.383
Total financial income	**629.324**	**12.048**
Financial expenses		
Interest paid to group enterprises	7.559	106.834
Interest expenses on lease liabilities	96.434	115.138
Interest on payables to credit institutions	201.934	208.525
Total interest expense related to financial liabilities not at fair value through profit or loss	**305.927**	**430.497**
Other financial expenses	78.989	93.217
Foreign exchange rate losses	-	37.681
Fair value adjustment of derivatives	125.762	5.319
Total financial expenses	**510.678**	**566.714**

Contents of the notes to the consolidated financial statements

Note 9 Income tax expense

EUR	2021	2020
Current tax		
Current tax on profits for the year	(4.349)	2.630
Adjustments for current tax of prior periods	(1.355)	-
Deferred income tax	-	(7.456)
Income tax expense	**(5.704)**	**(4.826)**

EUR	2021	%	2020	%
Reconcilliation of effective tax rate				
Tax at the Danish tax rate of 22% (2020: 22%)	(409.091)	22%	(600.744)	22%
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:				
Losses not recognised	323.551	22%	600.407	22%
Non-deductible expenses, share-bsaed payment	85.540	22%	337	22%
Income tax expense	**(5.704)**	**0%**	**(4.826)**	**0%**

Note 10 Deferred tax

EUR	2021	2020
Deferred tax liability		
Deferred tax at the beginning of period	23.407	15.951
Deferred tax recognised in the statement of profit or loss	-	7.456
Deferred tax at year end	**23.407**	**23.407**
Deferred tax relates to:		
Other	23.407	23.407
Total	**23.407**	**23.407**

Contents of the notes to the consolidated financial statements

Note 11 Property, plant and equipment

EUR	Other fixtures, fittings and equipment	Plant and machinery	Total
Cost:			
At 1 January 2020	644.053	9.370.315	10.014.368
Additions	76.187	1.074.764	1.150.951
Exchange differences	(38.047)	(580.181)	(618.228)
At 31 December 2020	**682.193**	**9.864.898**	**10.547.091**
Accumulated depreciation and impairment:			
At 1 January 2020	(376.283)	(3.360.160)	(3.736.443)
Depreciation charge	(73.825)	(855.542)	(929.367)
Exchange differences	19.341	223.959	243.300
At 31 December 2020	**(430.767)**	**(3.991.743)**	**(4.422.510)**
Carrying amount 31 December 2020	**251.426**	**5.873.155**	**6.124.581**
Cost:			
At 1 January 2021	682.193	9.864.898	10.547.091
Additions	136.338	208.054	344.392
Exchange differences	28.081	541.459	569.540
At 31 December 2021	**846.612**	**10.614.411**	**11.461.023**
Accumulated depreciation and impairment:			
At 1 January 2021	(430.767)	(3.991.743)	(4.422.510)
Depreciation charge	(79.542)	(1.006.598)	(1.086.140)
Exchange differences	(18.269)	(198.945)	(217.214)
At 31 December 2021	**(528.578)**	**(5.197.286)**	**(5.725.864)**
Carrying amount 31 December 2021	**318.034**	**5.417.125**	**5.735.159**

Some property, plant and equipment is pledged as security. Refer to note 22 for further detail.

Contents of the notes to the consolidated financial statements

Note 12 Leases

EUR	2021	2020
Amounts recognised in the balance sheet		
The balance sheet shows the following amounts relating to leases:		
Right-of-use assets		
Buildings	2.721.265	2.848.714
Trucks, machinery and other equipments	44.271	91.486
	2.765.536	**2.940.201**
Additions to the right-of-use assets during the year ended		
Buildings	91.387	3.536.448
Trucks, machinery and other equipments	-	176.640
	91.387	**3.713.089**
Lease liabilities		
Current	479.330	496.672
Non-current	2.412.285	2.509.961
	2.891.615	**3.006.633**
Amounts recognised in the statement of profit or loss		
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets		
Properties	423.473	430.238
Trucks, machinery and other equipments	52.334	74.849
	475.807	**505.087**
Interest expense on lease liabilities	96.434	115.138
Total cash outflow for leases	512.594	548.749

Expenses related to short-term leases and leases of low value are considered immaterial.

For maturity of future lease payments, refer to note 15.

The Group's nature of leasing activities relates to various properties, trucks and machinery as well as other equipment.

Contents of the notes to the consolidated financial statements

Note 13 Inventory

EUR	2021	2020
Inventory		
Raw materials	443.134	455.522
Work in progress	11.838	39.005
Finished goods	268.633	179.213
Spare parts	123.874	165.075
	847.480	**838.814**

Write-downs of inventory spare parts to net realisable value amounted to EUR 180.501 (2020: EUR 0). These were recognised as an expense during the period and included in 'Raw materials and consumables used'.

Note 14 Financial assets and financial liabilities

The group holds the following financial instruments:

EUR	2021	2020
Financial assets		
Financial assets at amortised cost		
Trade receivables	974.689	523.082
Cash and cash equivalents	167.012	555.600
Deposits	65.342	51.607
	1.207.042	**1.130.290**
Financial liabilities		
Liabilities at amortised cost		
Trade payables	1.020.497	624.818
Borrowings	840.499	1.028.994
Payables to credit institutions	2.814.110	2.244.307
Lease liabilities	2.891.615	3.006.633
Payables to group enterprises	642.540	1.218
	8.209.261	**6.905.970**
Liabilities at fair value through profit and loss		
Derivative financial instruments (exit payment)*	187.272	61.486
	8.396.533	**6.967.456**

* *Included under Borrowings in the balance sheet*

Measurement and fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Recurring fair value measurements

	2021	2020
Financial liabilities measured at fair value		
Exit-payment derivative	187.272	61.486

For financial assets and liabilities of short-term nature, such as trade receivables and trade payables, the carrying amount approximates their fair value. For borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current market rates.

Exit-payment derivative

The fair value of the exit-payment derivative is based on the probability weighted discounted cash flows reflecting possible triggering events, the probability and expected timing.

Note 14 Financial assets and financial liabilities

	2021	2020
Probability weighted cash flows (kEUR)	218	97
Probability weighted time to maturity (years)	1,75	5,25
Probability of payment (percentage)	90%	40%

An increase/decrease in the probability weighted time to maturity by 1 year will reduce/increase the fair value of the exit-payment liability by EUR 16 thousands. The probability weighted cash flows reflects the maximum amount payable, which Management considers being the most realistic outcome.

The recurring fair value measurement required for the Group's financial liabilities are monitored by Management. The significant unobservable inputs are updated at least by the end of each reporting period to reflect Management's most recent expectations. There has been no change in the valuation technique compared to previous years.

The following table presents the changes in level 3 items:

Opening balance 1 January	**61.486**	**56.167**
Losses recognised in financial expenses *	125.786	5.319
Closing balance 31 December	**187.272**	**61.486**
** Includes unrealised losses recognised in profit or loss attributable to balances held at the end of the reporting period.*	125.786	5.319

Note 15 Financial risk management

The Group’s principal financial liabilities, comprise loans and borrowings, and trade payables. The main purpose of these financial liabilities is to finance the group’s operations. The Group’s principal financial assets include trade receivables, and cash and cash equivalents. These includes risks from financial instruments to which the Group is exposed, and which can have an impact on the Group's financial statements.

There has been no change in the Group's financial risk management policies compared to last year.

The group is exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is related to the volatility in interest rates and foreign exchange rates.

Interest rate risk

The Group’s main interest rate risk arises from long-term borrowings with variable interest rates, which expose the group to cash flow interest rate risk.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The Group's borrowings from the Danish Green Investment Fund are floating rate loans, and do therefore expose the Group to cash flow interest rate risk.

Sensitivity from changes in interest rates:
A reasonably possible change in the market interest rate compared to the interest rates as of the end of the reporting period will have the following hypothetical impact on profit after tax and equity:

EUR	2021	2020
Impact on post tax profit and equity:		
Interest rate - increase of 100 basis points	(43.686)	(30.239)
Interest rate - decrease of 100 basis points	43.686	30.239

The sensitivity analysis is based on the assumption that all other variables and exposures remains constant. The impact on post tax profit is based on those financial instruments that were recognised at the respective balance sheet dates. The sensitivity analysis does not consider impact from repayments and other changes in borrowings made during the year.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates.

The Group's income and expenses are recognised in the respective subsidiaries local currencies, being EUR and USD, which limits the risks regarding possible fluctuations in exchange rates.

Note 15 Financial risk management

The Group is however exposed to foreign currency risks relating to the Group's intercompany oustandings in EUR and USD. Due to the fixed exchange rate policy in Denmark against the EUR, the foreign exchange rate risk against the EUR is not considered material.

On that basis, Management has concluded that only the group's intercompany outstandings carries a substantial foreign currency risk.

Sensitivity from changes in foreign currency exchange rates:

EUR	2021	2020
Impact on post tax profit and equity:		
Exchange rate, USD/DKK - increase of 10%	154.445	138.447
Exchange rate, USD/DKK - decrease of 10%	(159.223)	(143.096)

The sensitivity analysis assumes all other variables remain constant. The impact on post tax profit and equity is based on those financial istruments that were recognised at the respective balance sheet dates.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. The Treasury Policy of the Group sets forth authority limits for the credit risk exposure related to cash and cash equivalents. The limits are based on the counterparty credit rating. The Group aim at using banks of high quality in the countries the group operate in.

Credit risk is managed on a Group basis.

To assess the credit risk of a customer, prior to entering into a binding sales agreement, it is the Group's policy to evaluate the customer's credit rating, if possible, provided by external parties. Furthermore, the majority of the Group's customers are long-standing clients. The Group has historically not incurred any losses from trade receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group's loss allowance as at 31 December 2021 and 31 December 2020 was nill.

Note 15 Financial risk management

Liquidity risk

Maturities of financial liabilities

EUR	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
As at December 2021				
Non-derivatives				
Borrowings, current and non-current	285.945	643.618	-	929.563
Payables to credit institutions, current and non-curret	2.028.778	785.333	-	2.814.110
Trade payables	1.020.497	-	-	1.020.497
Lease liabilities	533.262	1.093.492	2.077.850	3.704.604
Total non-derivatives	**3.868.481**	**2.522.443**	**2.077.850**	**8.468.774**
Derivatives				
Exit payment	187.272	-	-	187.272
Total derivatives	**187.272**	**-**	**-**	**187.272**

EUR	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
As at December 2020				
Non-derivatives				
Borrowings, current and non-current	285.945	929.322	-	1.215.267
Payables to credit institutions, current and non-curret	1.112.179	1.132.127	-	2.244.307
Trade payables	624.818	-	-	624.818
Lease liabilities	563.512	1.199.752	2.155.366	3.918.630
Total non-derivatives	**2.586.454**	**3.261.201**	**2.155.366**	**8.003.022**
Derivatives				
Exit payment	187.272	-	-	187.272
Total derivatives	**187.272**	**-**	**-**	**187.272**

The maturity analysis is based on the following assumptions:

- The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments). Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.
- The exit-payment derivatives are presented with their maximum amount payable and within the time-band the potential payments could earliest possibly occur.
- Payments for lease liabilities includes only lease agreements which have commenced before the end of the reporting period.

Contents of the notes to the consolidated financial statements

Note 16 Cash flow specifications

EUR	2021	2020
Adjustments		
Financial income	(629.324)	(12.048)
Financial expenses	510.678	566.714
Depreciation, amortisation and impairment charges	1.561.947	1.469.930
Income tax	-	-
Share-based payment	85.540	337
Other adjustments	-	-
	1.528.842	**2.024.933**
Changes in net working capital		
Change in inventories	(8.666)	487.965
Change in receivables	(708.383)	891.055
Change in other payables	1.103.820	(109.499)
Change in trade payables	395.679	(1.100.376)
	782.449	**169.145**

Note 17 Share capital

	2021		2020	
	Number of shares	Nominal value	Number of shares	Nominal value
The share capital comprise:				
Ordinary shares (fully paid) in DKK	156.863	156.863	156.863	156.863

In number of shares	**2021**	**2020**
Changes in share capital		
Opening balance	156.863	156.863
Total	**156.863**	**156.863**

No shares carry any special rights.

Note 18 Borrowings

EUR	2021	2020
Borrowings		
Borrowings (debt-host-contract)	840.499	1.028.994
Borrowings (exit-payment)	187.272	61.486
	1.027.771	**1.090.480**
Payables to credit institutions		
Payables to credit institutions, loans	1.409.299	2.003.662
Payables to credit institutions, overdraft	1.404.812	240.645
	2.814.110	**2.244.307**
Borrowings and payables to credit institutions		
Current	1.388.716	1.939.078
Non-current	2.453.166	1.395.708
Total borrowings and payables to credit institutions	**3.841.881**	**3.334.787**

Borrowings

The Group's borrowings include a loan from the Danish Green Investment Fund with a total nominal value of EUR 1.208 thousands, which were obtained in 2019. The loan carries a variable interest rate based on Cibor 3M plus a margin. The nominal interest rate is approximately 6,75%. The loan mature in March 2025, but includes an early-prepayment feature.

The loan include potential additional payments of a total amount up to EUR 240 thousands which are paybale to the Danish Green Investment Fund in certain exit scenarios subject to the equity value of the Company exceeds predefined targets or subject to the Group meeting certain performance targets. The potential exit payment and performance payment are mutually exclusive. The embedded derivative is separated from the debt-host contracts and is presented within borrowings. At the time of obtaining the loan in March 2019, the amount allocated to the embedded derivative was EUR 74 thousands. The remaining proceed of EUR 1.114 thousands was allocated to the debt-host contract (the loan). See note financial risk management for further information.

Payables to credit institutions

The Group's payables to credit institutions includes the following:

Nykredit

- Two separate loan agreements were entered into on 1 March 2019 with respective principals of DKK 8 million (EUR 1.076 thousands) and DKK 4 million (EUR 538 thousands). The loans are paid back on a quarterly basis consisting of DKK 400 thousand (EUR 54 thousands) and DKK 200 thousand (EUR 27 thousands) installements, respectively. The loans carries a variable interest based on 3M Cibor plus an interest margin. At the time of entering into the loans, the interest rates were 6,7% per annum.
- Credit facilities of up to DKK 10 million (EUR 1.345 thousands) was entered into on 1 March 2019. The credit facility carries an variable interest based on 3M Cibor plus an interest margin. At the time of entering into the credit facility, the interest was 2,5% per annum.

Note 18 Borrowings

Payables to credit institutions, continued

BNP Paribas

- Credit facilities of up to EUR 200 thousands were entered into on 21 February 2018. The credit facility has a commitment fee of 0,125% per quarter based on the unused credit. It has a variable interest rate based on Euribor plus 1,25%.

Apple Bank

- A loan agreement was entered into on 29 February 2016 with a principal of USD 1.980 thousands (EUR 1.748 thousdands) with the first two years being installment free. The loan carries a 3,43% interest. The loan is paid every six months consisting of USD 171 thousands (EUR 151 thousands) installments. The first installment was paid in Q1 2018.

Note 19 Changes in liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in each of the periods presented.

EUR	1 January 2021	Cash flows	Non-cash changes: New leases *	Non-cash changes: Changes in fair value **	Non-cash changes: Other changes ***	31 December 2021
Borrowings, current and non-current	1.090.480	(286.032)	-	125.763	97.560	1.027.771
Payables to credit institutions, current and non-current	2.244.307	367.869	-	-	201.934	2.814.110
Lease liabilities, current and non-current	3.006.633	(512.594)	91.387	-	306.189	2.891.615
Total liabilities from financing activities	6.341.420	(430.757)	91.387	125.763	605.683	6.733.496

EUR	1 January 2020	Cash flows	Non-cash changes: New leases *	Non-cash changes: Changes in fair value **	Non-cash changes: Other changes ***	31 December 2020
Borrowings, current and non-current	1.221.031	(233.907)	-	5.319	98.037	1.090.480
Payables to credit institutions, current and non-current	4.594.954	(2.559.172)	-	-	208.525	2.244.307
Lease liabilities, current and non-current	-	(548.749)	3.713.089	-	(157.707)	3.006.633
Total liabilities from financing activities	5.815.985	(3.341.828)	3.713.089	5.319	148.855	6.341.420

** Including remeasurements.*

*** The exit-payment derivative is presented as borrowings in the balance sheet, and is included in the proceeds from borrowings in the cash flow statement.*

**** Other changes include non-cash movements, e.g. accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.*

Note 20 Capital management

The Group's objectives when managing capital are to:
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Shark Solutions has over the years been building the market for sustainable binders based on recycled post-consumer PVB. This task has required much investment in equipment, manpower, R&D and not the least awareness. The activities have been funded by the current investors and by the use of bank loans. Cash availability has played and is playing an important role in the maturing of the markets and the progress of the Group. Capital management to secure financing for realization of the growth strategy of the Group has been performed in close collaboration with the funding partners, that is investors and banks.

As the market has matured and R&D has succeeded in major breakthroughs over the latest 2 years, financing from the business itself has played an increasing part in funding of daily operations.

Shark Solutions is about to initiate the next phase of its growth strategy which involves major CAPEX. Consequently, a funding process was initiated late 2021 to onboard new investors in the first half of 2022.

Contents of the notes to the consolidated financial statements

Note 21 Contingent liabilities, commitments and contingencies

Contingent liabilities

The Group had contingent liabilities at year end in respect of:

Charges and security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

EUR	2021	2020
Floating charge		
Non-current assets		
Intangible assets	1.312	-
Property, plant and equipment	5.735.159	6.124.581
Right-of-use assets	2.765.536	2.940.201
Deposits	65.342	51.607
Total non-current assets	**8.567.349**	**9.116.389**
Current assets		
Inventory	847.480	838.814
Trade receivables	974.689	523.082
Income tax receivables	67.537	18.593
Prepayments	57.148	33.772
Other receivables	235.833	88.518
Cash and cash equivalents	167.012	555.600
Total non-current assets	**2.349.699**	**2.058.379**
Total assets pledged as security	**10.917.048**	**11.174.768**

The pledges comprise a floating charge provided as security for borrowings from the Danish Green Investment Fund up to a value of EUR 1.028 thousands (31 December 2020: EUR 1.090 thousands). The terms restrict the Group for using the assets for other securities.

Contents of the notes to the consolidated financial statements

Note 22 Related party transactions

The Group is controlled by the following entities:

Name of entity	Type	Place of business	Ownership interests		
			2021	**2020**	**At 1 January 2020**
CH AF 1/5 - 1989 ApS	Ultimate parent	Denmark	49,25%	49,25%	60,00%
BE Shark Holding ApS	Immediate parent	Denmark	100,00%	100,00%	100,00%

Transactions with related parties

EUR	**2021**	**2020**

The following transactions occurred with related parties:

Information about remuneration to key management personnel has been disclosed in note 6.

Interests in subsidiaries are set out in note 24.

In 2020, the Group received a cash capital contribution from BE Shark Holding ApS of EUR 5.363.408.

Payables to group enterprises - BE Shark Holding ApS		
End of year	642.540	1.218
	642.540	**1.218**

Payables to group enterprises consist of outstandings to the immediate parent company, BE Shark Holding ApS. The payables are a result of ongoing cash inflows to maintain the Group's operations. The balance bears interest of 3%. The balance is expected to be paid back on an ongoing basis within 12 months.

Note 23 Interests in other entities

The group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

		Ownership interests held by the group		
Name of entity	Place of business	**2021**	**2020**	**At 1 January 2020**
Shark Solutions BV	Belgium	100%	100%	100%
Shark Solutions Inc.	USA	100%	100%	100%
Shark Solutions PVB, Processing LLC	USA	100%	100%	100%
Shark Glass Recycling NA LLC	USA	100%	100%	100%
Shark Glass Recycling SE LLC	USA	100%	100%	100%
Shark Glass Recycling WEST LLC	USA	100%	100%	100%

Note 24 Subsequent events

No subsequent events have occured after the balance sheet date that required adjustment to or disclosure in the financial statements of the Group.

Note 25 First time adoption of IFRS

The consolidated financial statements for the year ended 31 December 2021 are the first that the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020 the Group prepared its consolidated financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP')

The Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period information for the year ended 31 December 2020.

In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020 (date of transition to IFRS).

The disclosures required by IFRS 1 *First-time Adoption of IFRS* explaining the principal adjustments made by the Group in restating Danish GAAP financial statements are provided below.

Except in respect of leases, as described below, there was no material impact on the cash flow statement in the adoption of IFRS.

Notes to the reconciliation from Danish GAAP to IFRS

Leases

In accordance with the provisions in IFRS 1, the group has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. Leases which unde Danish GAAP were classified as finance leases for which a lease liability were recognised have been remeasured in accordance with the provisions of IFRS 16 in connection with the Group's transition to IFRS. As at the date of transition the carrying amount of the finance lease liability amounted to EUR 203,120. At the transition to IFRS, all lease liabilities have been measured at the present value of the remaining lease payments as at the transition date using the incremental borrowing rates of 1 January 2020. The incremental borrowing rate applied was either 2,5% or 3,4% for buildings (depending on the length and economic environment of the lease) and 6% for trucks, machinery and other equipment at the date of transition. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

By 31 December 2020, a lease liability of EUR 2.878 thousands and a right-of-use asset of EUR 2.718 thousands was recognised, in addition to the former finance leases presented as property, plant and equipment, bringing the total lease liability to EUR 2.940 thousands and right-of-use asset to EUR 3.007 thousands as of 31 December 2020. In the cash flow statement, lease payments were under presented in cash flow from operating activities Danish GAAP. Under IFRS, the principal element of lease payments are presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The company has applied the following exemptions:

- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2020. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2020. The group assessed all contracts existing at 1 January 2020 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2020.

- Exchange differences on translation of foreign operations are assessed to be zero as at 1 January 2020.

Contents of the notes to the consolidated financial statements

Note 25 First time adoption of IFRS

Borrowings

In connection with the transition to IFRS, the Group has in accordance with IFRS 9 Financial Instruments separated the embedded exit-payment derivative from the debt-host contract related to the Group's loan from the Danish Green Investment Fund. IFRS 9 requires the loan proceeds to be allocated to the embedded derivative and the debt-host contract. The debt-host contract is recognised as a financial liability which is subsequently measured at amortised cost, whereas the embedded derivative is measured at fair value through profit or loss. For further information about the loan, reference is made to note 18. Under Danish GAAP, the exit payment was not separated from debt-host contract, thus the entire loan was recognised as a financial liability which was measured at amortised cost.

Intangible assets

In connection with the transition to IFRS, the Group has corrected an error related to capitalized development costs, which were not meeting the criteria for capitalization.

Group reconciliation

	As at 1 January 2020			For the year ended 1 January 2020	As at 31 December 2020		
	Assets	Liabilities	Equity	Profit for the year	Assets	Liabilities	Equity
According to the Danish Financial Statements Act	**9.886.765**	**8.839.106**	**1.047.659**	**(2.646.425)**	**8.495.257**	**5.069.246**	**3.426.011**
IFRS adjustments							
Leases	3.410.129	3.509.969	(99.840)	(59.440)	2.718.237	2.877.516	(159.279)
Intangible assets	(26.733)		(26.733)	(17.039)	(38.727)	-	(38.727)
Share-based payments	-	-	-	(337)	-	-	-
Borrowings	-	16.168	(16.168)	(12.238)	-	28.408	(28.408)
	3.383.396	3.526.137	(142.741)	(89.054)	2.679.510	2.905.924	(226.414)
According to IFRS	**13.270.161**	**12.365.243**	**904.918**	**(2.735.479)**	**11.174.767**	**7.975.170**	**3.199.597**

Parent Financial Statements
Income statement
for the year ended 31 December 2021

EUR	Notes	2021	2020
Gross profit		**(8.275.732)**	**1.140.972**
Staff costs	2	(774.329)	(587.643)
Operating profit before amortisation, depreciation and impairment (EBITDA)		**(9.050.060)**	**553.329**
Depreciation, amortisation and impairment		(33.727)	(24.772)
Operating profit before financial income and expenses		**(9.083.787)**	**528.557**
Financial income	3	1.111.236	346.274
Financial expenses	3	(174.934)	(1.119.144)
Profit (loss) before tax		**(8.147.485)**	**(244.313)**
Tax on profit/loss for the year		(363.353)	58.339
Net profit (loss) for the year		**(8.510.838)**	**(185.974)**

Balance sheet

as at 31 December 2021

EUR	Notes	2021	2020
Assets			
Non-current assets			
Intangible assets		1.312	35.709
Property, plant and equiptment		11.781	24.987
Equity investments in group companies	4	-	-
Deposits		12.533	2.870
Total non-current assets		**25.627**	**63.566**
Current assets			
Receivables from group enterprises		6.022.906	12.689.781
Deferred tax assets		5.259	-
Prepayments		7.446	15.443
Other receivables		45.886	38.837
Cash and cash equivalents		308	316.332
Total current assets		**6.081.805**	**13.060.393**
Total assets		**6.107.431**	**13.123.959**

Balance sheet
as at 31 December 2021

EUR	Notes	2021	2020
Equity			
Share capital		21.073	21.073
Foreign currency translation reserve		20.954	17.189
Retained earnings		1.031.683	9.542.521
Total equity		**1.073.710**	**9.580.783**
Liabilities			
Non-current liabilities			
Borrowings		616.745	840.040
Payables to credit institutions		484.099	806.521
Other liabilities		51.389	33.096
Total non-current liabilities		**1.152.234**	**1.679.657**
Current liabilities			
Borrowings		237.116	222.033
Payables to credit institutions		1.658.674	563.225
Payables to group enterprises		642.540	1.358
Trade payables		205.596	34.563
Income tax liabilities		976.327	605.146
Deferred tax liabilites		-	4.657
Other liabilities		161.236	432.537
Total current liabilities		**3.881.489**	**1.863.519**
Total liabilities		**5.033.722**	**3.543.176**
Total liabilities and equity		**6.107.432**	**13.123.959**

Statement of changes in equity
for the year ended 31 December 2021

EUR	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
As at 1 January 2021	**21.073**	**17.189**	**9.542.521**	**9.580.783**
Foreign currency translation adjustment of foreign enterprises	-	3.765	-	3.765
Profit/loss for the period	-	-	(8.510.838)	(8.510.838)
As at 31 December 2021	**21.073**	**20.954**	**1.031.683**	**1.073.710**

Statement of changes in equity

for the year ended 31 December 2020

EUR	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
As at 1 January 2020	**21.073**	**-**	**4.365.087**	**4.386.160**
Foreign currency translation adjustment of foreign enterprises	-	17.189	-	17.189
Cash contribution	-	-	5.363.408	5.363.408
Profit/loss for the period	-	-	(185.974)	(185.974)
As at 31 December 2020	**21.073**	**17.189**	**9.542.521**	**9.580.783**

Contents of the notes to the financial statements

Contents of the notes to the financial statements

Note 1 Accounting policies

The Annual Report of Shark Solutions ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting Class C.

The accounting accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in EUR.

Because a statement of cash flows is prepared for the group in the consolidated financial statements, no separate statement of cash flows has been prepared for the parent, as permitted under the Danish Financial Statements Act. Please refer to the consolidated statement of cash flows for the group.

The accounting policies for the parent are the same as for the consolidated financial statements with the adjustments described below. For a description of the accounting policies of the group, please refer to the consolidated financial statements.

Going concern assumptions
With reference to note 2 of the consolidated financial statements, it is Management's assessment that the uncertainty of the Company's ability to continue its operations is not material.

Equity investments in group enterprises
Equity investments in group enterprises are measured at cost less any impairment losses in the balance sheet of the parent. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments in the balance sheet of the parent, while transactions costs are recognised in the income statement in the financial statements.

Gains or losses on disposal of equity investments in group enterprises are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Receivables from group enterprises
Receivables from group enterprises are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts. Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Leases
Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

Payables to group enterprises
Payables to group enterprises are measured at amortised cost, normally corresponding to the nominal value of such payables.

Contents of the notes to the financial statements

Note 1 Accounting policies

Share-based payment

The company has chosen not to adopt IFRS 2 regarding share-based payment, and continues to follow the guidelines in accordance with the Danish Financial Statements Act, which does not require recognition of share-based payment.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit is calculated as a summary of revenue and other external expenses.

Note 2 Staff costs

EUR	2021	2020
Wages and salaries	720.603	581.412
Defined contribution plans	40.095	4.936
Other social security costs	13.217	858
Other staff costs	414	437
	774.329	**587.643**
Average number of employees	6	5

Contents of the notes to the financial statements

Note 3 Financial income and expenses

EUR	2021	2020
Financial income		
Interest group companies	410.225	335.609
Exchange rate gains	697.474	-
Other financial income	3.537	10.665
Total financial income	**1.111.236**	**335.609**
Financial expenses		
Interest paid to group enterprises	-	106.833
Exchange rate loss	-	814.196
Other financial expenses	174.934	198.115
Total financial expenses	**174.934**	**1.119.144**

Contents of the notes to the financial statements

Note 4 Equity investments in group enterprises

EUR	Equity investments in group enterprises
Cost:	
At 1 January 2021	3.875.639
At 31 December 2021	**3.875.639**
Value adjustments:	
At 1 January 2021	(3.875.639)
At 31 December 2021	**(3.875.639)**
Carrying amount 31 December 2021	**-**

Name and registrered office	Ownership interest
Subsidiaries:	
Shark Solutions BV, Belgium	100%
Shark Solutions Inc., USA	100%
Shark Solutions PVB Processing LLC, USA	100%
Shark Glass Recycling NA LLC, USA	100%
Shark Glass Recycling SE LLC, USA	100%
Shark Glass Recycling West, LLC, USA	100%

Contents of the notes to the financial statements

Note 5 Contingent liabilities, commitments and contingencies

Contingent liabilities

The Company had contingent liabilities at year end in respect of:

Guarantee commitments
The company has provided a payment guarantee of EUR 743 thousands to one of its subsidiaries bank connection.

Other contingent liabilities
The company is taxed jointly with the other companies in the group and has joint several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed companies has not yet been determined. For further information, please see the financial statements for CH af 1/5 - 1989 ApS.

Charges and security

As security for debt to credit institutions of EUR 854 thousands, a company charge of EUR 437 thousands has been provided comprising all assets. The total carrying amount of the comprised assets is EUR 6.082 thousands.

A transpart declaration has been given to the Companys bank for all receivables from subsidiaries. The total carrying amount of the comprised receivables is EUR 6.023 thousands.

A share pledge agreement regarding the Companys shares in Shark Solutions BV has been agreed with the company's bank connections.

Contents of the notes to the financial statements

Note 6 Related party transactions

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital.

BE Shark Holding ApS