



ANNUAL REPORT **2021**

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01 MANAGEMENT COMMENTARY



Vision

MASH Makes is guided by a vision of a future where **energy production has become a source of positive environmental, societal and humanitarian impact.**

In this vision, the MASH technology platform has become the gold standard for achieving energy solutions that **work with its surroundings creating jobs, biodiversity and a democratisation of energy.**



Mission

MASH Makes works to realise this vision by developing novel biomass waste to energy solutions, which can be **mass-produced and deployed on a global scale using our unique and highly scalable financing model.**

Each MASH site will feature a number of beneficial integrations with the local context and will - by design - create the basis for even more production sites by proactively **boosting the production of sustainable biomass** from locations that would have otherwise been arid.

Founded in 2015

MASH Makes was founded by **two PhDs from the Technical University of Denmark**.

At the same time, the company has been engaged in intensive efforts to ensure a **strong product/market fit** - in-depth analyses of markets on five continents and key market insights.

Since 2015

The company has relied on several rounds of **public and private funding** including from EUDP, Climate-KIC, Innovation Fund Denmark, the EU regional fund, the Danish Maritime Fund, Otto Bruuns Fond, Tranes Fond, Miljø og Energifonden.

The market for MASH Makes' energy and carbon removal solutions is in the **trillions of euros and it is growing**. To meet this market demand, the MASH Makes model is formulated in a manner where one operation paves the way for future operations.

2021

MASH Makes has focused its commercial efforts on the global markets, specifically, **the South Asian markets (India in particular) and several Sub-saharan** and southern African countries have been identified as particularly attractive.

As of early 2022

MASH Makes has started the process of establishing and commissioning its first full scale production site in the south of India.

First SPVs

These SPVs will be designed, established, operated and managed by MASH Makes on behalf of the investors. The first SPVs will focus on bio fuel production as well as production of CO2 credits by way of biochar production and sequestration.

This site and future sites like it are funded based on **MASH's innovative financing model**, where investors are invited to participate in special purpose vehicles (or "SPVs") established in attractive locations around the world.

MASH Makes model is **highly competitive** on several fronts: Superior technology, significantly lower CAPEX, platform flexibility and unique market insights.

Funding

We have secured all the funding for the first SPV by now.

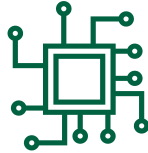
Team

The MASH international **team is counted around 32 persons**. The board of directors has focused on strengthening the management team, adding in 2022 a highly experienced CFO, deeply experienced development managers and several world class competencies within biomass supply chain and international finance.



DANISH

high-tech green power company
created for global growth



MASH MAKES TECHNOLOGY

means the oil fields of the
future are simply forests



WORLD'S FIRST

profitable CO₂ negative
bioenergy company



ACTIVE

test-production plant and is now starting
the commercial expansion of bioenergy
production



MASH MAKES TECHNOLOGY

MASH Makes technology uses only
biomass for the production of bioenergy

FASTCOMPANY



World
Changing
Ideas
2022

Finalist in the climate category

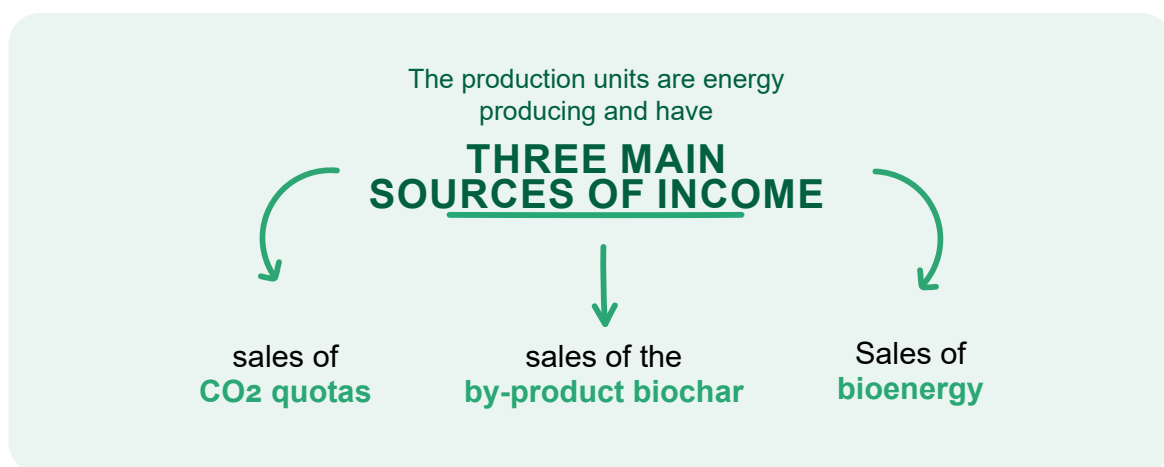
of 2022 World Changing
Ideas Awards



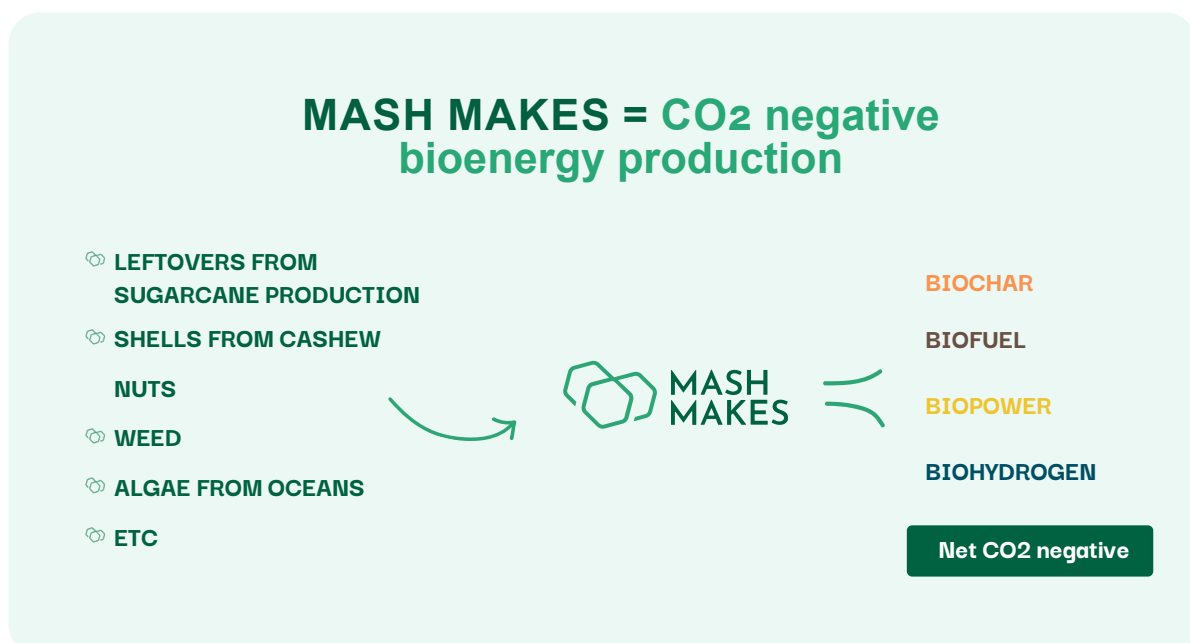
About the MASH platform and commercial strategy

The MASH Makes technology transforms biomass residues into valuable bio energy commodities and a carbon-rich substance called “biochar”, which can be added to soil resulting in sequestration of carbon.

As the energy- and biochar components are inextricably linked, the energy components are inherently carbon negative. A simple characteristic that has massive implications.

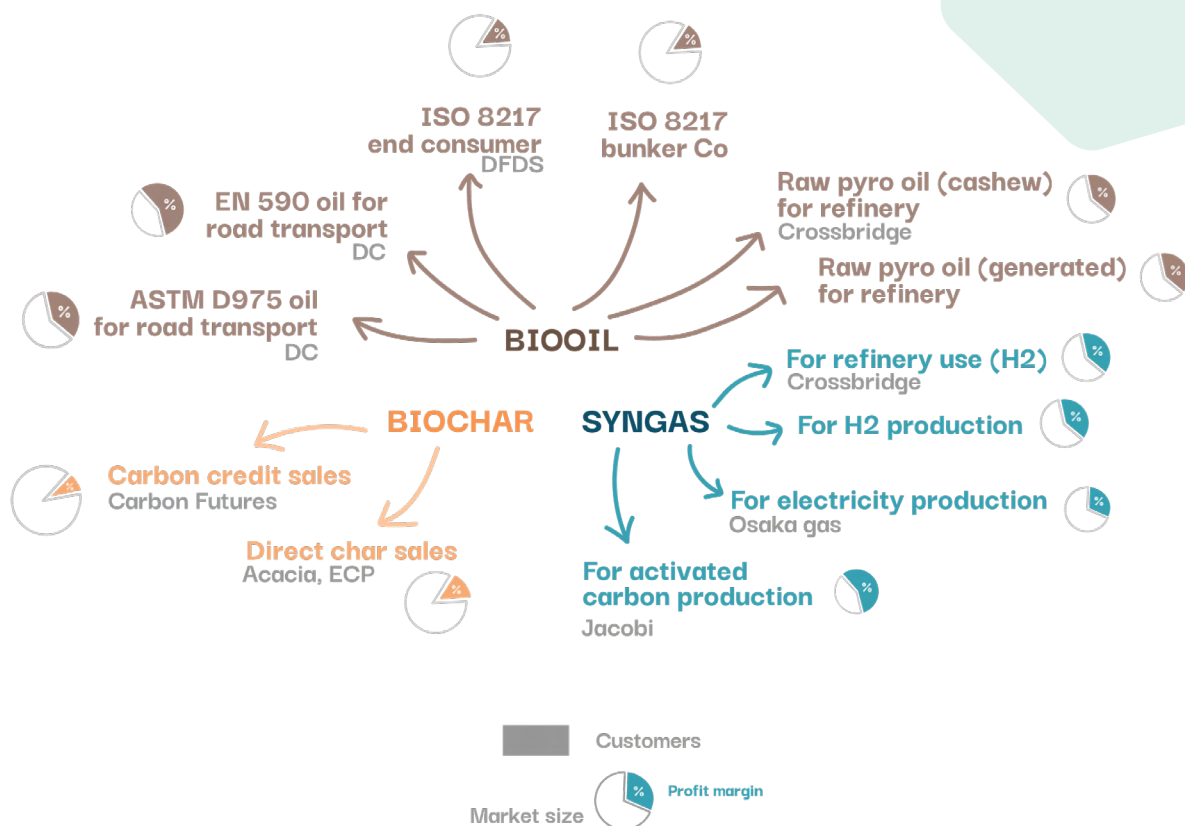


In addition to these, depending on site and biomass input used, there is the possibility of adding revenue from waste disposal (e.g. for sewage sludge) and outright sales of biochar.



In producing its carbon negative energy, sustainable biomass inputs need to be sourced. To achieve this, MASH Makes exclusively **uses biomass residues and invasive plant species, which do not have a sustainable, alternative use**. These residues include cashew shell press cake, saw dust, invasive species like Prosopis Juliflora, impregnated wood, sewage sludge and many other sources. The common denominator is that all of these materials are made of hydrocarbons like cellulose, lignin, proteins etc.

Such biomass residues are rarely found in large piles waiting to be utilised. Rather, **these resources are scattered across large areas, leading to an inherent optimisation problem of balancing cost of transport with the economies** of scale involved in running a large processing plant. However, MASH Makes has shown that small scale machines can be produced that achieve the efficiencies normally seen for large plants, while at the same time being deployable to decentralized locations. **In short, MASH puts the processing plant where the resource is and instead transports the far more valuable energy commodity (e.g. bio fuel) from there.**



UN Sustainable Development Goals

The MASH Makes business model directly supports no less than eleven of the UN Sustainable Development Goals



No poverty

by democratising the ownership of energy systems



Zero hunger

by creating arable land for food production



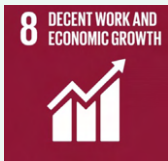
Clean water and Sanitation

by producing biochar / activated carbon for water cleaning



Affordable and Clean Energy

by producing GHG negative energy from decentralised locations



Decent Work and Economic Growth

by creating jobs in production of energy, biochar and farming



Industry Innovation and Infrastructure

by displacing fossil fuels and unsustainable chemicals



Sustainable Cities and Communities

by providing in-situ, scalable waste disposal



Responsible Consumption and Production

via energy provision for e.g. cold chains



Life on Land

by aggressively combating desertification and bolstering biodiversity



Climate Action

by providing cheap, scalable and direct GHG removal mechanisms



Partnership of the Goals

by partnering with NGOs to optimize impact

Special Purpose Vehicles (SPVs)

As mentioned earlier, MASH Makes intends to roll out its platform by way of a series of dedicated legal entities known as Special Purpose Vehicles (SPVs). **Each SPV will utilize MASH Makes' technology and will be tailored to the local supply chain of available biomass and energy needs.** This SPV model will be akin to a franchise concept, where MASH Makes will provide all technology, inputs, outputs, management and operations.

This SPV model has a built-in resilience that allows for operation at different levels of complexity, depending on what makes most sense for the site. MASH Makes will always initiate operations based on a simple model using off-the-shelf, proven technology. **By doing this, MASH Makes also gets the quickest possible validation of the all important biomass supply chain.** Then, depending on which technological and commercial milestones are reached, new processes can be deployed, adding revenue streams and improving margins. **The SPVs will be funded either by MASH Makes, external investors or a combination of both, this model for financing the SPVs will allow for fast growth without choking in lack of capital.**

MASH Makes will provide the SPV with a full functional production facility, and make revenues from selling and servicing the technology. Additional revenue will come from trading with the raw material and finished goods.

From Q3 2022.

MASH Makes could decide to sell individual MACHINES commercially to companies outside the SPV structure as a serial produced product.

Special Purpose Vehicles

The investors in the SPVs will make dividends from one of the four business opportunities under the SPV model



Chairman's statement

MASH Makes can use almost any kind of biomass to produce bioenergy virtually anywhere in the world – processing takes place onsite where the biomass is available, the containerised production equipment enables low risk deployment, fights climate change, and is scalable by design.

In several aspects 2021 has been a historic year for MASH Makes having achieved several strategic milestones:



Our **pyrolysis technology** demonstrates high yield of biofuel and biochar, something we've been researching for years making biofuel production truly CO₂ negative.



We are pleased by having operated our gasifier with an attractive hydrogen-rich syngas fitting well the **increased interest of hydrogen in the energy transition away from fossil fuels.**



Noting the early stage of the company life cycle, we are satisfied with the company's financial results. To fund company growth, we have had strong support and Interest from new investors and **increased the equity by DKK 5.2 million more than 300%.** Further equity investments are planned to enable growing the organisation to execute on the bold strategic targets.



The first orders for MASH Makes to deliver carbon removal credits signed with Carbon Future GmbH for **6.000 tonnes of CO₂ over three years.**

As we release this report, the first commercial production facility for biooil and biochar, **the first SPV, has been funded, and orders have been placed** for matured pyrolysis machines based on our technology. Expected production start is in Q1 2023, as this production site materializes in India, we expect our business to transition from a start-up to a scale-up.

With these achievements, we are confident to have built a solid foundation for our future growth.

Peter Lindholst
Chairman of the board



Business highlights

Technological progress

2021 has been a year of **significant technological milestones**, leading to a shift from the pilot demonstration phase to a phase of commercial plant operations and mass production of the company's modular, containerised production plants. Below, the highlights of this technological development are given.



Pyrolysis platform - an overachiever

Last year we announced that we commissioned our full scale pyrolysis reactor for production of bioenergy and sequestration of CO₂. **In starting to run the machine in Ahmedabad, India, the plant has continuously surprised even its designers in terms of its efficiency, capacity, flexibility and quality of output.**

As such, we have now demonstrated our technology to be significantly more advanced than our competitors / peers. **At a scale of 2.2 MWth, our pyrolysis based fuel production setup** now has an overall yield surpassing that of even research based efforts. In doing so, we are reaching what is perceived to be the theoretical maximum for energy yield in the liquid fraction.

This fuel has been tested with great success in a marine boiler in Denmark where it was shown to work without any significant issues. There are now plans to test the pure fuel in a marine four stroke engine before **Summer of 2022.**

The machine has run at capacities of as much as 3.5 MWth, meaning that we have greatly exceeded the processing capacity originally devised. Indeed, the production line machine is expected to have a nominal capacity making it the largest capacity of its kind fitting a 40 foot container. **This boost in capacity is associated with a minor increase in CAPEX, leading to a significant improvement in the overall machine bankability.**

By running this technology with biomass residues, substantial carbon removal can be achieved. For instance, even a relatively small resource like cashew shell press cake could be processed to achieve carbon removal levels of around **1.6 million metric tonnes CO₂eq**. This means that the associated production of biofuel is CO₂ negative. This could be a key step in reaching the Paris Agreement for many nations around the world.

In early 2022, specifications for the pyrolysis machine have been completed allowing the sourcing of up to 5 by the end of the year.

MASH makes Pyrolysis benchmark

	MWth	CO ₂ (ton)*	Avoided emissions**	Modular	CAPEX (DKK/MWth)***	Foot print (m ² /MWth)****
MASH MAKES	3,5	0.86	0.65	Yes	700	91
Competitor 1	4	0.84	0.48	No	1400	155
Competitor 2	18	0.6	Nil	No	700	215

- * Sequestered tons of CO₂ per ton of dry matter feedstock
- ** Avoided emissions (from biooil)
- *** CAPEX per processing capacity (DKK/MWth)
- **** Foot print per processing capacity (m²/MWth)



Gasifier - revolutionary potential


Supplementing the pyrolysis technology, this year we successfully commissioned a **2-Stage gasifier** for hydrogen-rich syngas production. Our research suggests that this is the most efficient gasifier ever produced and as a platform it has revolutionary potential for the sustainable energy systems of the future.

With our gasifier which leverages decades of research from the Technical University of Denmark could pave the way **for cheaper electricity, hydrogen, methanol, fertilisers in many regions** while at the same time dramatically reducing the GHG footprint of these well-known commodities, potentially reaching the carbon negative domain.

The results of the pilot operations convinced us to immediately commence the process of manufacturing the commercial version of the machine.

This gasifier is now ready for commercial production and the first mass produced unit is slated to roll off the assembly line **late in the Summer 2022**.

MASH makes gasifier benchmark - production of hydrogen



	H ₂ %	Efficiency (cold gas)	Size (kW)
MASH MAKES	36	0.93	100
Competitor 1	19	0.8	70
Competitor 2	16.5	0.75	80
Competitor 3	17	0.8	70
Competitor 4	18	0.85	1500
Competitor 5	19	0.92	1500

Value of IP – patents applied for

MASH Makes derives its technological prowess directly from the Technical University of Denmark (DTU). Much of this knowledge has been published and is therefore not patentable. However, there is a **significant amount of trade secrets associated with the operation of the thermo-chemical technologies developed at DTU**. To ensure privileged access to these technologies, MASH Makes has entered into an exclusive agreement with the technology inventors, prohibiting any sharing of process specific IP with 3rd parties within the technological bounds of the MASH Makes platform.

However, the MASH Makes IP strategy goes beyond the protection of trade secrets; in the in-house R&D efforts, several patentable inventions have been made, as confirmed by subsequent novelty searches. Presently, one of these **inventions has been filed as a patent application and two other inventions are being evaluated** - one in collaboration with DTU.

The MASH Makes specific patent application is targeted at providing exclusive rights for applying the MASH platform to certain existing value chains such as refineries and hydrogen supply chains.

The yet-to-be-applied-for patents feature inventions specific to the MASH process and cost savings and/or efficiency gains there. Such patents on efficiency gains or cost savings will only be pursued if a significant business potential is determined. Indeed, that is the case for all of the inventions currently being considered.

It should be noted that we have not previously capitalized development costs - but the technologies have now reached a maturity level where this becomes more relevant.



Revenue development

We have received grants **totaling DKK 2.0 million vs DKK 2.8 million** the previous year. The drop in fund sourcing is a deliberate choice as the company is now moving into a new maturity stage where the operations will be commercial and funding will come from operations or other sources.

Funding

As announced in last year's annual report, new investors joined in March 2021 as the capital was increased by DKK 6,903 to DKK 74,667. The support from new investors is clearly demonstrated by **equity growing by 304% from DKK 1.8 million last year to DKK 6.8 million in 2021**, driven by retained earnings that include DKK 5.2 million from the share premium account.

Following the end of the financial year the company has received commitment from the joint **Nordic Environment Finance Corporation (NEFCO) to finance** half of the first commercial production facilities (the first SPV). The remaining half has been committed from external investors.

Management believes that the company has the necessary liquidity to continue the company's development, but is also aware that it will require additional liquidity to continue the development at the planned speed. Therefore, management is in constant dialogue with investors about funding the SPVs as well as the possibilities for additional capital for MASH Makes.

Management's review

Business review

The purpose of the company is to conduct business within renewable energy, renewable fuels, fertilizers and any related business.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31. december 2021 shows a loss of DKK 95.016, and the balance sheet at 31 December 2021 shows equity of DKK 6.769.361.

With effect from 1 January 2021, MASH Makes ApS has been merged with the parent company MASH Energy Holding ApS, with MASH Makes ApS as the continuing company. In the merger, the Book Value method has been used, which is why comparative figures have not been adjusted.



First substantial order for carbon removal credits signed with Carbon Future GmbH.



Our technologies have proven themselves and the company is **ramping up to mass production**.



The first commercial production facility (**SPV**) is **fully funded**.



Orders are placed for the **MASH Makes machinery at strategic suppliers**.



First commercial (serial production) gasifier and **pyrolysis units to be delivered in 2022**.

Significant events after the end of financial year

Apr 2022

MASH Makes ApS was converted to an A/S by a capital increase, reflecting the company's desire to professionalize operations and adhere to higher standards of compliance. After the conversion, the share capital is nominal 448.002.

During 2022

The company shares have been traded on several occasions, leading to new minority owners and an expansion of the shareholding of existing shareholders. Also, new-issue shares have been sold.

During these transactions, the company share price has seen a significant increase and is now trading at values that are approximately 10 times higher than the value in the beginning of 2021. This confirms the commercial value of the milestones achieved over the past period.

Beside the above mentioned no events have occurred after the balance sheet date which could significantly affect the company's financial position.

Outlook for 2022

In general, the management views the company's continued development very positively. Not least due to the market for our energy related products, where we are seeing a steady increase in demand following tighter regulation and greater environmental awareness everywhere in the global communities.

In 2022 MASH makes will initiate the first two full scale bio-fuel production sites and will receive the first technology fee in the level of EUR 1-2 million, on top of this we will see cash flowing in from the sale of carbon credits in the level of EUR 1-2 million.

As we continue our commitment to research and development the EBIT result for 2022 is expected to be insignificant.

Based on the before mentioned funding and operations activities the net cash flow is expected to be positive.

Particular risks



Organizational risk

MASH Makes expects to grow strongly in the coming years and is dependent on being able to attract and retain the necessary competencies in Denmark, as well as India and new markets as they are added. MASH Makes strives to be an **attractive workplace** that offers employees at all levels good conditions. Especially at the **production facilities, safety will be a focus area across all geographies.**



Technological risk

As evidenced by the section on IP above and the capitalisation of development efforts in 2021, **the MASH Makes technology platform has matured significantly over the past years.** This is of course further evidenced by the decision to proceed with commercial production of the gasifier and the pyrolysis machine (after the end of the fiscal year).

Having said this, these machines are instances of an advanced technology area, which has previously troubled very competent organisations. The current level of operational validation and the strong collaboration with DTU mean that we consider the major hurdles to be passed and that we are strongly positioned to deal with any issues that might arise going forward. However, it is important to note that operating machines over months and years will reveal very different issues as compared to operations on a trial basis. To deal with issues that are likely to arise in the continued operations, **MASH has recruited several experienced engineers with strong backgrounds in plant operations and - monitoring.**

It is the company's expectation that even the commercial units - once deployed - will see increased down time in the first year of operation, which is why this is always taken into account in our financial modelling.



Country risk

By design, the MASH Makes technologies **will be deployed where the biomass is located, which in many cases means third world countries**. MASH Makes does not act politically but deals with conditions in the individual markets including the social, political and economic uncertainties, and more specifically the extent to which this uncertainty can pose a threat to employees or potential losses for either MASH Makes or the investors in the production facilities. At present, MASH Makes is primarily engaged in India and we see no significant risks associated with this.



Supply chain risk

Any business engaged in biomass supply chains will be subject to risks associated with **variations in outputs (e.g. due to droughts), competition for the resource (if commoditised), bureaucracy, corruption etc.** To abate these risks, MASH Makes designs its plants to be easy to deploy and extract. Also, plants are designed based on contingent biomass supplies, which can be mobilised if the main source of input is somehow compromised.



Currency risk

As present state, the **currency risk is not significant, equipment are traded in euros**. A significant part of MASH Makes' organization is hired and paid locally in India, but since this is also where the first SPV is rolled out, there are good opportunities to make local hedges on rupees.



“Oil” risk

The prices MASH Makes can obtain for its technologies and related depend on the profitability of the plants. **The production units are energy producing and have three main sources of income; sales of CO₂ quotas, sales of bioenergy and, to a lesser extent, sale of the by-product biochar.** In addition to this, there might be cases where disposing of a certain biomass residue in itself can form the basis for a revenue stream.

The costs can be divided into two main categories, where the purchase of biomass for bioenergy production is one of the two. **The price of biomass does not fluctuate in line with the market price of energy, e.g. crude oil, as no correlation has yet emerged between biomass and energy prices. The second major category of costs is ordinary operating costs (steel, electricity, wages).** These are expected to rise with inflation, where a significant component is increases in energy prices.

Since the plants themselves are energy-producing, there is a natural hedge to the oil risk.



02 CORPORATE GOVERNANCE

Company information

Company	MASH Makes A/S Fruebjergvej 3 2100 København Ø	CVR-nr: 37 10 20 59
Bi names	Innovation Architects ApS MASH Biotech ApS MASH Energy ApS	
Reporting period	1. January - 31. December 2021	
Incorporated	17 September 2015	
Financial year	6. financial year	
Domicile	Copenhagen	

Board of directors

Peter Lindholst (Chairman)
Morten Lindblad
Tom Elert Christensen
Mogens Slot Knudsen
Thomas James Howard
Krishna Hara Chakravarty

Auditors

Boreco
Statsautoriseret
Revisionspartnerselskab
Vindingevej 10
4000 Roskilde

Managing director

Jakob Axel Bejbro Andersen

Key employees



JAKOB BEJBRO ANDERSEN, PHD

Founder, CEO, Engineer

Coming from an engineering background, but having worked with technology commercialisation for a decade and an half, Jakob holds a wide range of competencies within business strategy, management and R&D.



KRISHNA HARA CHAKRAVARTY, PHD

Co-founder, Head of R&D, Process Engineer

Krishna is MASH Makes' chemical encyclopedia and he holds a deep and practical knowledge of the processes dealt with in our technology platform.



ROHIT NAGARGOJE

CCO, MD MASH Makes India, Engineer

Rohit excels in straddling complex business processes within strategy, management, sales and administration. He is holding together and aligning the many organisational activities across the continents, always insisting on commercial relevance.

Board of Directors



PETER LINDHOLST

Chairman of the board

Coming from a long and eventful career, Peter has the finger on the pulse in terms of where sustainable solutions are headed and what it takes to commercialise advanced technology.



MOGENS KNUDSEN

Active Board Member

The difficult and risky part of any biomass residue based energy system is ensuring stable supply at the right price. With his decades of experience in biomass, Mogens is the in house specialist in taking a business case from Excel to reality.



THOMAS HOWARD

Board Member and co-founder

Thomas holds a deep understanding of the commercial, technical and strategic efforts needed in achieving success for advanced technology businesses.



MORTEN LINDBLAD

Active Board Member

As a trained economist with a successful career behind him in building and listing companies, Morten is responsible for the financial structuring of both MASH and the operational, legal entities established whenever we set up a new plant.



TOM ELERT

Investor, strategic director, branding/marketing expert and Chairman of Kleangroup.dk

Tom has a background as strategic planner. For 25+ years he has been a business owner, trusted management and marketing advisor for bold entrepreneurs and leading corporates.



KRISHNA HARA CHAKRAVARTY, PHD

Co-founder, Head of R&D, Process Engineer

Krishna spearheads all research-related activities in Denmark in India and as such is in charge of the constant maturation of MASH's technology pipeline, within bio fuels, hydrogen, electricity and biochar.

ESG

MASH Makes is at its very core a company built on the ideals set forth in the **UN Sustainable Development Goals** - this was covered in some detail in a previous section and will therefore not be re-visited here.

Instead, this section will be spent on describing some of the **efforts undertaken to ensure that the desired standards for quality of work and transparent business dealings are met.**

Today, the bulk of MASH Makes' employees are located at sites in India - **a market with very different labor laws and health and safety regulations than Denmark.** As such, a continuous effort has been undertaken to ensure that employees in India are given safe, healthy and fair working conditions.

When looking at the operations of MASH Makes, one area is particularly difficult to manage - the application of biochar and the subsequent afforestation / farming efforts. As this is seen as going beyond the scope of MASH Makes' organisational reach we have instead tried to rely on partnerships with respected NGOs to ensure that these downstream activities are executed safely and fairly.

Lastly, as is obvious from the present document, MASH Makes owes a large part of its achievements to the collaboration with the Technical University of Denmark (DTU). MASH Makes intends to return dividends on this Danish public sector contribution not just in form of tax proceeds, but also via a sustained collaboration, which hopefully will strengthen the research outputs of DTU.



Statement by management on the Annual Report

The supervisory board and executive board have today discussed and approved the annual report of MASH Makes A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen May 18th, 2021

Executive board

Jakob Axel Bejbro Andersen
CEO

Supervisory board

Peter Lindholst

Morten Lindblad

Tom Elert Christensen

Mogens Slot
Knudsen

Thomas James
Howard

Krishna Hara
Chakravarty

Independent auditor's report

To the shareholder of MASH Makes A/S

Opinion

We have audited the financial statements of MASH Makes A/S for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

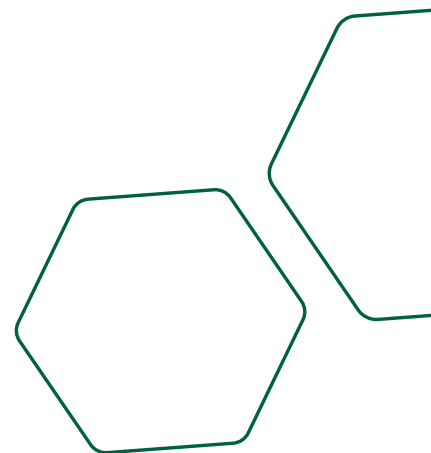
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
underlying transactions and events in a manner that gives a true and fair view.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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



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 Financial Statements Act.

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

Roskilde, 18 May 2022

Boreco
Statsautoriseret
revisionspartnerselskab
CVR no. 36 07 49 81

Simon Daniel Jensen
statsautoriseret revisor
MNE no. mne45890

03 FINANCIAL STATEMENTS

Income statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Gross profit		1.141.390	1.890.876
Staff costs	1	<u>-1.126.645</u>	<u>-1.379.485</u>
Profit/loss before amortisation depreciation and impairment losses		14.745	511.391
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1.116</u>	<u>0</u>
Profit/loss before net financials		13.629	511.391
Financial income		0	20.217
Financial costs		<u>-108.645</u>	<u>-3.364</u>
Profit/loss for the year		<u>-95.016</u>	<u>528.244</u>
Recommended appropriation of profit / loss			
Retained earnings		<u>-95.016</u>	<u>528.244</u>
		<u>-95.016</u>	<u>528.244</u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Assets			
Other fixtures and fittings, tools and equipment		11.752	0
Property, plant and equipment in progress		<u>3.646.801</u>	<u>0</u>
Tangible assets	2	<u>3.658.553</u>	<u>0</u>
Investments in subsidiaries	3	1.172.653	1.165.179
Receivables from subsidiaries	4	<u>2.594.315</u>	<u>1.443.811</u>
Fixed asset investments		<u>3.766.968</u>	<u>2.608.990</u>
Total non current assets		<u>7.425.521</u>	<u>2.608.990</u>
Contract work in progress		198.929	1.141.992
Receivables from subsidiaries		0	39.710
Other receivables		<u>911.765</u>	<u>99.155</u>
Receivables		<u>1.110.694</u>	<u>1.280.857</u>
Cash at bank and in hand		<u>2.114.861</u>	<u>969.210</u>
Total current assets		<u>3.225.555</u>	<u>2.250.067</u>
Total assets		<u>10.651.076</u>	<u>4.859.057</u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		DKK	DKK
Equity and liabilities			
Share capital		74.667	66.300
Retained earnings		6.694.694	1.740.713
Equity		<u>6.769.361</u>	<u>1.807.013</u>
Other payables		3.138.793	2.262.521
Total non current liabilities	5	<u>3.138.793</u>	<u>2.262.521</u>
Prepayments received from customers		17.880	0
Trade payables		436.823	539.698
Payables to subsidiaries		58.510	58.510
Other payables		229.709	191.315
Total current liabilities		<u>742.922</u>	<u>789.523</u>
Total liabilities		<u>3.881.715</u>	<u>3.052.044</u>
Total equity and liabilities		<u>10.651.076</u>	<u>4.859.057</u>

Statement of change in equity

	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2021	66.300	0	1.740.713	1.807.013
Net effect from merger and acquisition under the uniting of interests method	<u>1.464</u>	<u>0</u>	<u>-133.636</u>	<u>-132.172</u>
Adjusted equity at 1 January 2021	67.764	0	1.607.077	1.674.841
Cash capital increase	6.903	5.182.633	0	5.189.536
Net profit / loss for the year	0	0	-95.016	-95.016
Transfer from share premium account	<u>0</u>	<u>-5.182.633</u>	<u>5.182.633</u>	<u>0</u>
Equity at 31 December 2021	<u>74.667</u>	<u>0</u>	<u>6.694.694</u>	<u>6.769.361</u>

Notes

	<u>2021</u>	<u>2020</u>
	DKK	DKK
01 STAFF COSTS		
Wages and salaries	1.068.901	1.345.970
Other social security costs	37.343	23.229
Other staff costs	20.401	10.286
	<u>1.126.645</u>	<u>1.379.485</u>
Average number of employees	<u>6</u>	<u>4</u>
02 TANGIBLE ASSETS		
	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 January 2021	0	1.268.880
Additions for the year	<u>12.868</u>	<u>2.504.809</u>
Cost at 31 December 2021	<u>12.868</u>	<u>3.773.689</u>
Impairment losses and depreciation at 1. January 2021	0	126.888
Depreciation for the year	<u>1.116</u>	<u>0</u>
Impairment losses and depreciation at 31 December 2021	<u>1.116</u>	<u>126.888</u>
Carrying amount at 31 December 2021	<u>11.752</u>	<u>3.646.801</u>
03 INVESTMENTS IN SUBSIDIARIES		
Cost at 1 January 2021	1.165.179	1.165.179
Net effect from merger and acquisition	<u>7.474</u>	<u>0</u>
Cost at 31 December 2021	<u>1.172.653</u>	<u>1.165.179</u>
Carrying amount at 31 December 2021	<u>1.172.653</u>	<u>1.165.179</u>

Investments in subsidiaries are specified as follows

	registered office	ownership interest
Mash Energy India private ltd. (INR)	Mumbai	99%
MASH ENERGY TANZANIA ltd. (TZS)	Dar Es Salaam	99%

04 FIXED ASSET INVESTMENTS

	Receivable from subsidiaries
Cost at 1 January 2021	1.443.811
Additions for the year	<u>1.150.504</u>
Cost at 31 December 2021	<u>2.594.315</u>
Carrying amount at 31 December 2021	<u>2.594.315</u>

05 LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
	DKK	DKK
Other payables		
Between 1 and 5 years	<u>3.138.793</u>	<u>2.262.521</u>
Non-current portion	<u>3.138.793</u>	<u>2.262.521</u>
Other short-term other debt	<u>229.709</u>	<u>191.315</u>
Current portion	<u>229.709</u>	<u>191.315</u>
	<u>3.368.502</u>	<u>2.453.836</u>

06 CONTINGENT LIABILITIES

As security for the company's loan from Vækstfonden. The company has pledged a corporate mortgage of DKK 2.0 million in the company's receivables from sales and services, inventories and fixed assets with a total value of DKK 3.7 million.

In their rental agreement the company has committed to a one month termination period. The contingent liability amounts to DKK 6 thousand.

07 ACCOUNTING POLICIES

The annual report of MASH Makes A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

With effect from 1 January 2021, MASH Makes ApS has been merged with the parent company MASH Energy Holding ApS, with MASH Makes ApS as the continuing company. In the merger, the Book Value method has been used, which is why comparative figures have not been adjusted.

The annual report for 2021 is presented in DKK.

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Income from investments in subsidiaries, associates and participating interests

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Tax on profit/loss for the year

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self constructed assets comprises direct and indirect costs of materials, components, sub suppliers and wages.

Straight line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3 years	0 %

Assets costing less than DKK 30.700 are expensed in the year of acquisition.

Investments in subsidiaries

Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write down is made to this lower value.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Special items

Special items include significant income and expenses that differ from what management considers part of the company's primary activity.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set off against tax on future income or as a set off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.



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