

Landson Advanced Ceramics A/S

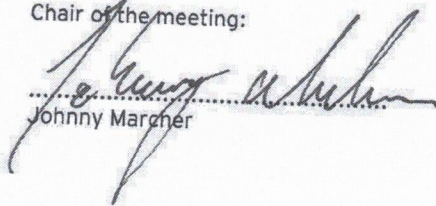
Kuopiovej 13, 5700 Svendborg

CVR no. 38 00 80 48

Annual report 2022

Approved at the Company's annual general meeting on 9 June 2023

Chair of the meeting:



.....
Johnny Margner

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

Statement by the Board of Directors and the Executive Board

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

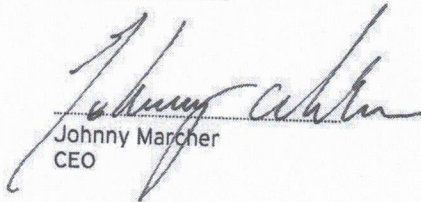
The annual report is prepared in accordance with the Danish Financial Statements Act.

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

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

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

Svendborg, 9 June 2023
Executive Board:

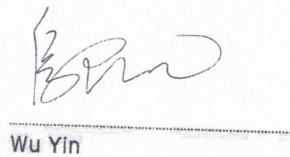


Johnny Marcher
CEO

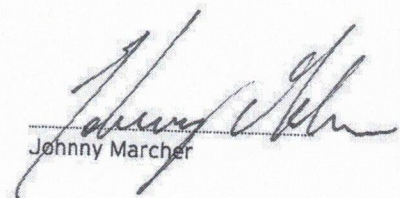
Board of Directors:



Guang Hu
Chairman



Wu Yin



Johnny Marcher

Independent auditor's report

To the shareholders of Landson Advanced Ceramics A/S

Opinion

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

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

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Odense, 9 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Torben Ahle Pedersen
State Authorised Public Accountant
mne16611

Management's review

Company details

Name	Landson Advanced Ceramics A/S
Address, Postal code, City	Kuopiovej 13, 5700 Svendborg
CVR no.	38 00 80 48
Established	14 September 2016
Registered office	Svendborg
Financial year	1 January - 31 December
Board of Directors	Guang Hu, Chairman Wu Yin Johnny Marcher
Executive Board	Johnny Marcher, CEO
Auditors	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3, 5230 Odense M, Denmark

Management's review

Business review

The object of the Company is research and development, manufacturing, and sales within cleantech and other business related hereto.

Unusual matters having affected the financial statements

Due to our decision to sell our manufacturing line of DPF to our Chinese group, we ceased all DPF sales activity in the second half of 2022, and finalised all existing DPF orders. This decision has had a substantial negative effect on the turnover for 2022, and presently there are no major orders in the books.

Following this decision, we have also made substantial impairment of our intangible assets accordingly. However, this was all in accordance with our expectations at the time we made the decision.

Please refer to Note 3 - Special Items - for a breakdown of the above broken down by accounting items.

Financial review

The income statement for 2022 shows a loss of DKK 48,603,543 against a profit of DKK 1,772,376 last year, and the balance sheet at 31 December 2022 shows equity of DKK 22,460,002.

The result includes a one-time occurrence of impairment and write off of DKK 32.5 million, cf. note 3.

During 2022 we finalised the development of a particulate filter intended for the Chinese Automotive OEM market. Increasing manufacturing cost as well as transport cost as an effect of the war in Ukraine following the Corona virus made it attractive to sell the DPF manufacturing line to our Chinese branch. Given the new product was developed and manufactured at our specific manufacturing line, we ceased all sales activities in the second half of 2022 and spent the last 6 month finalising existing orders and preparing for relocation of the actual equipment.

We expect to finalise the commissioning of the manufacturing line in in China, in 4th quarter of 2023.

The market for Flat Sheet Membranes is increasing continuously and in 2022 we secured an order of 5000m². Other membrane OEM sales are still negotiated currently.

In 2022 We have expanded our Research and Development activities to also include high density SiC products for the solar industry and other industries such as ceramic body armour. Our unique knowledge of SiC processing combined with our unique knowledge about high temperature sintering has resulted in SiC parts with unprecedented mechanical as well as thermal properties.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end. However, the effect of the war in Ukraine will inevitably continue to affect all markets in Europe. We do not have any direct business or trade with the Ukraine or Russia.

Outlook

2023 will be a year with focus on the commissioning of the DPF manufacturing and securing the right manufacturing quality.

We have acquired 10% ownership of the new manufacturing company in China. We will continue to develop new generations of existing DPF products as well as totally new designs per their requirements, and we expect the factory to be fully operational at the end of 2023. Landson will act as a sales centre of DPF for the European and American market for DPF likely from the start of 2024. We are still seeing a great interest in our Marine products, as well as DPF for the aftermarket. With our new cost effective supply from our Chinese activities, we expect to resume the market shares we had previous years.

We also intend to relocate the company to the Greater Copenhagen area to better attract qualified Research and development Engineers. This will enable us to increase the development of our high-tech products. We believe this new focus on R&D for high-tech products and membranes for liquid filtration combined with manufacturing of high value products will bring us into a new era, and we intend to take the market lead of these products over the next years.

Management's review

Especially the solar power industry has an increasing demand for high density SiC products, but ceramic body armour plates are also seeing an increased interest. We expect armour plate business to start small in Q4 2023, and grow through 2024.

Lastly SiC is becoming more and more recognised as one of the most attractive future membrane materials, and 2023/2024 will bring a lot more activity for us in this field. We are currently negotiating membrane sales with one of the leading irrigation technology suppliers.

Liquidity for working capital and investments is expected to be secured through financing from the parent company.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2022	2021
	Gross profit/loss	-7,155,845	21,110,783
4	Staff costs	-14,716,625	-13,715,701
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-24,298,455	-5,415,326
	Other operating expenses	-10,880,777	0
	Profit/loss before net financials	-57,051,702	1,979,756
	Financial income	710,779	8,557
	Financial expenses	-116,591	-137,953
	Profit/loss before tax	-56,457,514	1,850,360
5	Tax for the year	7,853,971	-77,984
	Profit/loss for the year	-48,603,543	1,772,376
	Recommended appropriation of profit/loss		
	Extraordinary dividend distributed in the year	400,000	0
	Reserve for development costs	-16,492,280	2,181,992
	Retained earnings/accumulated loss	-32,511,263	-409,616
		-48,603,543	1,772,376

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Completed development projects	14,625,742	15,201,915
	Acquired intangible assets	0	0
	Development projects in progress and prepayments for intangible assets	0	20,567,775
		<u>14,625,742</u>	<u>35,769,690</u>
7	Property, plant and equipment		
	Land and buildings	13,164,330	13,693,127
	Fixtures and fittings, other plant and equipment	2,958,277	26,413,281
	Prepayments for property, plant and equipment	0	976,350
		<u>16,122,607</u>	<u>41,082,758</u>
	Total fixed assets	<u>30,748,349</u>	<u>76,852,448</u>
	Non-fixed assets		
	Inventories		
	Raw materials, consumables and spare parts	3,820,427	3,340,855
	Work in progress	1,580,781	1,804,451
	Finished goods and goods for resale	1,040,405	3,644,024
		<u>6,441,613</u>	<u>8,789,330</u>
	Receivables		
	Trade receivables	901,924	3,402,913
	Receivables from group entities	16,094,454	0
9	Deferred tax assets	2,374,000	0
	Other receivables	1,824,417	666,272
	Prepayments	488,508	629,761
		<u>21,683,303</u>	<u>4,698,946</u>
	Cash	<u>14,250,121</u>	<u>3,859,014</u>
	Total non-fixed assets	<u>42,375,037</u>	<u>17,347,290</u>
	TOTAL ASSETS	<u>73,123,386</u>	<u>94,199,738</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	6,000,000	6,000,000
	Reserve for development costs	11,408,079	27,900,359
	Retained earnings	5,051,923	37,563,186
	Dividend proposed	0	0
	Total equity	<u>22,460,002</u>	<u>71,463,545</u>
	Provisions		
9	Deferred tax	0	4,380,350
	Total provisions	<u>0</u>	<u>4,380,350</u>
	Liabilities other than provisions		
10	Non-current liabilities other than provisions		
	Payables to group entities	38,420,212	11,668,679
	Other payables	465,537	455,962
		<u>38,885,749</u>	<u>12,124,641</u>
	Current liabilities other than provisions		
	Bank debt	17,426	2,565
	Prepayments received from customers	1,751,773	60,814
	Trade payables	9,781,284	2,880,253
	Other payables	227,152	3,287,570
		<u>11,777,635</u>	<u>6,231,202</u>
	Total liabilities other than provisions	<u>50,663,384</u>	<u>18,355,843</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>73,123,386</u></u>	<u><u>94,199,738</u></u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 3 Special items
- 11 Collateral
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Reserve for development costs	Retained earnings	Dividend proposed	Total
Equity at 1 January 2021	6,000,000	25,718,367	37,972,802	0	69,691,169
Transfer through appropriation of profit	0	2,181,992	-409,616	0	1,772,376
Equity at 1 January 2022	6,000,000	27,900,359	37,563,186	0	71,463,545
Transfer through appropriation of loss	0	-16,492,280	-32,511,263	400,000	-48,603,543
Dividend distributed	0	0	0	-400,000	-400,000
Equity at 31 December 2022	6,000,000	11,408,079	5,051,923	0	22,460,002

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

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

Reporting currency

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

Foreign currency translation

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

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

Income statement

Revenue

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

Income from the sale of finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

Gross profit/loss

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

Other operating income

Other operating expenses comprise items of a secondary nature relative to the Company's core activities.

Raw materials and consumables, etc.

Raw materials, spare parts and consumables include expenses relating to raw materials, spare parts and consumables used in generating the year's revenue.

The item includes research and development costs that do not qualify for capitalisation.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating 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 pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

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

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

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

Buildings	10-25 years
Fixtures and fittings, other plant and equipment	3-20 years
Installations	10-25 years
Acquired intangible assets	3 years
Development projects	5-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Land is not depreciated.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

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

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

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

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period cannot exceed 10 years.

Property, plant and equipment

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

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

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

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

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials, spare parts and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production overheads. Indirect production overheads and borrowing costs are not included in the cost.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

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

Receivables are measured at amortised cost.

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

Prepayments

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

Cash

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are subject to only minor risks of changes in value.

Equity

Reserve for development costs

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

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Other liabilities are measured at net realisable value.

Prepayments received from customers

Prepayments comprise received cash concerning not-delivered services and goods regarding the subsequent financial year.

2 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end. However, the effect of the war in Ukraine will inevitably continue to affect all markets in Europe. We do not have any direct business or trade with the Ukraine or Russia.

Financial statements 1 January - 31 December

Notes to the financial statements

3 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities. Special items may comprise expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's primary operating activities and that are deemed not to be recurring.

As mentioned in the management's report, the result for the year was affected by extraordinary impairment charges on intangible fixed assets and losses on the sale of fixed assets. This ratio differs from what management assesses as part of its primary operations and is therefore included in this note.

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

DKK	2022	2021
Expenses		
Impairment loss of development projects	-18,943,099	0
Net loss on sales of fixtures and fittings, other plan and equipment	-10,880,777	0
Extraordinary write-downs of inventories and provision for losses on receivables;	-2,694,737	0
	<u>-32,518,613</u>	<u>0</u>
Special items are recognised in the below items of the financial statements		
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-18,943,099	0
Other operating expenses	-10,880,777	0
Gross profit/loss	-2,694,737	0
Net profit/loss on special items	<u>-32,518,613</u>	<u>0</u>
4 Staff costs		
Wages/salaries	12,354,088	16,733,162
Pensions	1,620,022	2,019,964
Other social security costs	420,275	470,404
Other staff costs	322,240	455,882
Staff costs transferred to inventory and development projects	0	-5,963,711
	<u>14,716,625</u>	<u>13,715,701</u>
Average number of full-time employees	<u>34</u>	<u>46</u>
DKK	2022	2021
5 Tax for the year		
Deferred tax adjustments in the year	-7,853,971	77,984
	<u>-7,853,971</u>	<u>77,984</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Intangible assets

DKK	Completed development projects	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	22,008,500	110,000	20,567,775	42,686,275
Transferred	20,567,775	0	-20,567,775	0
Cost at 31 December 2022	42,576,275	110,000	0	42,686,275
Impairment losses and amortisation at 1 January 2022	6,806,585	110,000	0	6,916,585
Impairment loss of development projects	18,943,098	0	0	18,943,098
Amortisation for the year	2,200,850	0	0	2,200,850
Impairment losses and amortisation at 31 December 2022	27,950,533	110,000	0	28,060,533
Carrying amount at 31 December 2022	14,625,742	0	0	14,625,742
Amortised over	5-10 years	3 years		

Completed development projects and development projects in progress

Based on the current development projects the company expects a significant increase in activities and profits during the coming years.

Following the write-down on development projects, management has not identified any additional impairment requirements.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK	Land and buildings	Fixtures and fittings, other plant and equipment	Prepayments for property, plant and equipment	Total
Cost at 1 January 2022	17,076,147	35,233,920	976,350	53,286,417
Additions	248,296	3,210,233	0	3,458,529
Disposals	0	-34,446,058	0	-34,446,058
Transferred	0	976,350	-976,350	0
Cost at 31 December 2022	17,324,443	4,974,445	0	22,298,888
Impairment losses and depreciation at 1 January 2022	3,383,020	8,820,639	0	12,203,659
Depreciation	777,093	2,377,414	0	3,154,507
Depreciation and impairment of disposals	0	-9,181,885	0	-9,181,885
Impairment losses and depreciation at 31 December 2022	4,160,113	2,016,168	0	6,176,281
Carrying amount at 31 December 2022	13,164,330	2,958,277	0	16,122,607
Depreciated over	10-25 years	3-20 years		

Note 11 provides more details on security for loans, etc. as regards property, plant and equipment.

8 Share capital

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

DKK	2022	2021	2020	2019	2018
Opening balance	6,000,000	6,000,000	6,000,000	5,000,000	5,000,000
Capital increase	0	0	0	1,000,000	0
	6,000,000	6,000,000	6,000,000	6,000,000	5,000,000

9 Deferred tax

The Company has tax loss and carry-forwards at a carrying tax amount of DKK 6.9 million. As it is uncertain if the full amount of the tax losses can be utilised within a foreseeable future, a carrying amount of DKK 2.4 million have been recognised in the financial statements.

10 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

Financial statements 1 January - 31 December

Notes to the financial statements

11 Collateral

As security for the Company's debt to banks, the Company has provided security in its property for at total amount of TDKK 2,500. The total carrying amount of these assets is TDKK 13,164.

12 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Cleantech International Co., Ltd.	Hong Kong
Johnny Marcher	Denmark