

CarbonClear ApS

Esromgade 15, 2. 1205

2200 København N

CVR no. 39 13 95 02

**Annual report for the period
1 January to 31 December 2023**

Adopted at the annual general meeting on
2 July 2024

Karim Jabbar
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	2
Auditor's report on compilation of the financial statements	3
Management's review	
Company details	4
Management's review	5
Financial statements	
Income statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Accounting policies	10
Notes	10

Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of CarbonClear ApS for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

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

The financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

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

Copenhagen, 2 July 2024

Executive board

Karim Jabbar
CEO

Rachid Jabbar
director

Supervisory board

Thomas Becker
chairman

Rachid Jabbar

Corrado Christian Lillelund

Reto Norbert Wey

Auditor's report on compilation of the financial statements

To the management of CarbonClear ApS

We have compiled the financial statements of CarbonClear ApS for the financial year 1 January - 31 December 2023 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies,

We performed the engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist the enterprise in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with the relevant provisions of the Danish Act on Approved Auditors and with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), including principles relating to integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are the enterprise's responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by enterprise for our compilation of the financial statements. Accordingly, we do not express an audit or a review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Frederiksberg, 2 July 2024

Revisionsfirmaet Albrechtsen
Statsautoriseret Revisionsaktieselskab
CVR no. 77 92 64 10

Søren Albrechtsen
state-authorised public accountant
mne46583

Company details

The company

CarbonClear ApS
Esromgade 15, 2. 1205
2200 København N

CVR no.: 39 13 95 02

Reporting period: 1 January - 31 December 2023

Incorporated: 6 December 2017

Financial year: 6th financial year

Domicile: Copenhagen

Supervisory board

Thomas Becker, chairman
Rachid Jabbar
Corrado Christian Lillelund
Reto Norbert Wey

Executive board

Karim Jabbar
Rachid Jabbar

Auditors

Revisionsfirmaet Albrechtsen
Statsautoriseret Revisionsaktieselskab
Lindevangs Allé 4
2000 Frederiksberg

Management's review

Business review

The Company's principal activities consist of developing software (CarbonClear) for use in data-driven issuing and trading of carbon dioxide (CO₂) credits. The software aims to make it simpler to trade the credits of smaller projects by leveraging clear and transparent data points in the CO₂ projects that it funds, and enables fast, reliable, and cost-effective generation of verified carbon credits for the Voluntary Carbon Market in a globally accessible and inclusive value chain.

Financial review

The company's income statement for the year ended 31 December 2023 shows a loss of DKK 138.032, and the balance sheet at 31 December 2023 shows negative equity of DKK 2.437.499.

Due to the negative result of the financial year and previous years, the company has lost all share capital.

While these investments have resulted in a short-term financial loss, they are expected to yield a positive return on investment in the long run. The management expects that the company's capital base will be reestablished over the next 2-3 financial years through earnings from regular operations. Further information is available in note 5.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Gross profit		1.013.577	-90.287
Staff costs	2	<u>-1.015.749</u>	<u>-1.910.814</u>
Resultat af primær drift		-2.172	-2.001.101
Financial income		8	0
Financial costs		<u>-172.001</u>	<u>-112.206</u>
Profit/loss before tax		-174.165	-2.113.307
Tax on profit/loss for the year	3	<u>36.133</u>	<u>463.182</u>
Profit/loss for the year		<u>-138.032</u>	<u>-1.650.125</u>
Recommended appropriation of profit/loss			
Retained earnings		<u>-138.032</u>	<u>-1.650.125</u>
		<u>-138.032</u>	<u>-1.650.125</u>

Balance sheet 31 December

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Assets			
Trade receivables		23.945	0
Other receivables		7.803	78.737
Deferred tax asset		687.357	651.224
Corporation tax		2.000	2.000
Receivables		<u>721.105</u>	<u>731.961</u>
Cash at bank and in hand		<u>516.302</u>	<u>164.303</u>
Total current assets		<u>1.237.407</u>	<u>896.264</u>
Total assets		<u><u>1.237.407</u></u>	<u><u>896.264</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Equity and liabilities			
Share capital		40.000	40.000
Retained earnings		<u>-2.477.499</u>	<u>-2.339.467</u>
Equity		<u>-2.437.499</u>	<u>-2.299.467</u>
Other credit institutions		<u>324.161</u>	<u>422.344</u>
Total non-current liabilities	4	<u>324.161</u>	<u>422.344</u>
Short-term part of lon-term debt	4	131.636	0
Convertible instruments of debt		3.073.819	2.390.162
Trade payables		58.926	15.385
Payables to shareholders and management		0	294.000
Other payables		<u>86.364</u>	<u>73.840</u>
Total current liabilities		<u>3.350.745</u>	<u>2.773.387</u>
Total liabilities		<u>3.674.906</u>	<u>3.195.731</u>
Total equity and liabilities		<u>1.237.407</u>	<u>896.264</u>
Uncertainty about the continued operation (going concern)	5		

Statement of changes in equity

	Share capital	Retained ear- nings	Total
Equity at 1 January 2023	40.000	-2.339.467	-2.299.467
Net profit/loss for the year	0	-138.032	-138.032
Equity at 31 December 2023	40.000	-2.477.499	-2.437.499
Equity at 1 January 2022	40.000	-689.342	-649.342
Net profit/loss for the year	0	-1.650.125	-1.650.125
Equity at 31 December 2022	40.000	-2.339.467	-2.299.467

Notes

1 Accounting policies

The annual report of CarbonClear ApS for 2023 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.

The annual report for 2023 is presented in DKK

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.

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, and other operating income less costs of goods and other external expenses.

Revenue

Income from the sale of 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.

Income from services is recognised on a straight-line basis as the services are provided.

Notes

1 Accounting policies

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 goods

Costs of goods include the trade goods used in generating the year's revenue.

Other operating income

The item Other operating income includes items of a secondary nature relative to the company's activities, including operating and public subsidies. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

Other external costs

Other external costs include expenses related to 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.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of 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, realised and unrealised capital/exchange gains and losses on foreign currency transactions, and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

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

Receivables

Receivables are measured at amortised cost.

Notes

1 Accounting policies

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

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 is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Notes

	<u>2023</u>	<u>2022</u>	
	DKK	DKK	
2 Staff costs			
Wages and salaries	1.002.554	1.889.166	
Other social security costs	<u>13.195</u>	<u>21.648</u>	
	<u>1.015.749</u>	<u>1.910.814</u>	
Number of fulltime employees on average	<u>2</u>	<u>3</u>	
3 Tax on profit/loss for the year			
Deferred tax for the year	<u>-36.133</u>	<u>-463.182</u>	
	<u>-36.133</u>	<u>-463.182</u>	
4 Long term debt			
	Debt	Debt	Debt outstan-
	at 1 January	at 31 December	ding after 5
	2023	2023	years
	<u>422.344</u>	<u>455.797</u>	<u>131.636</u>
Other credit institutions	<u>422.344</u>	<u>455.797</u>	<u>131.636</u>
	<u>422.344</u>	<u>455.797</u>	<u>131.636</u>
			<u>0</u>
			<u>0</u>

5 Uncertainty about the continued operation (going concern)

The company has negative equity and the current liabilities exceed the current assets.

The company's continued operation is thus dependent on financing both from external parties and from related companies. It is management's expectation that this financing can be obtained. The annual accounts are therefore presented as going concern.