



Domisphere ApS

Ole Maaløes Vej 5
2200 Copenhagen N
CVR No. 39274655

Annual report 2020

The Annual General Meeting adopted the
annual report on 28.07.2021

Lars Nannerup

Chairman of the General Meeting

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Entity details

Entity

Domisphere ApS
Ole Maaløes Vej 5
2200 Copenhagen N

CVR No.: 39274655
Registered office: Copenhagen
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Lars Nannerup
Lars Nygaard Jepsen
Fan Gao

Executive Board

Lars Nygaard Jepsen, direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Domisphere ApS for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.07.2021

Executive Board

Lars Nygaard Jepsen
direktør

Board of Directors

Lars Nannerup

Lars Nygaard Jepsen

Fan Gao

Independent auditor's report

To the shareholders of Domisphere ApS

Adverse opinion

We have audited the financial statements of Domisphere ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, due to the significance of the matter discussed in the "Basis for adverse opinion" section, the financial statements do not give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for adverse opinion

The financial statements are prepared in accordance with the going concern assumption. In Management's opinion there is significant uncertainty related to going concern as described in note 1 to the financial statements, however Management is confident that the necessary financing will be obtained.

Further, Management has highlighted the uncertainty related to recognition and measurement of development projects in progress, acquired patents and receivables from group enterprises in note 2.

In our opinion, finalisation of an agreement covering the necessary financing of the Infuser Group's activities, is not likely and we therefore qualify our opinion in relation to the use of the going concern assumption.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

With reference to the section "Basis for adverse opinion", we provide an adverse opinion due to the application of the going concern assumption, which in our opinion is not the relevant assumption. It is our conclusion that the management commentary due to the same matter, contains material misstatement, as the management commentary in our opinion should reflect the matter.

Copenhagen, 28.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Henrik Wolff Mikkelsen

State Authorised Public Accountant

Identification No (MNE) mne33747

Management commentary

Primary activities

The company's main activities are to develop, promote and sell environmental friendly air purification technologies.

Development in activities and finances

The loss of the year amounts DKK (3,403)k. The total assets are DKK 34,679k and the equity is DKK 22,034k.

Events after the balance sheet date

Although the outbreak of coronavirus has impacted the company's supply-chain processes due to travel restrictions, the pandemic has conversely led to an increased interested in the company's product from different market and client segments. The management expects that the crisis will be instrumental in generating a positive effect on the launch of the company's new product solution towards the end of 2021.

The management is in dialogue with investors and expects injection of new capital before the end of 2021. This capital injection will ensure both the capital structure of the company and secure cash flow needs to roll out the company's business plan.

No events other than above have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		(859,584)	(775,471)
Staff costs	3	(3,066,334)	(2,842,133)
Depreciation, amortisation and impairment losses	4	(217,717)	(171,806)
Operating profit/loss		(4,143,635)	(3,789,410)
Other financial income	5	1,007	227,296
Financial expenses from group enterprises		(232,116)	0
Other financial expenses	6	(26,887)	(36,759)
Profit/loss before tax		(4,401,631)	(3,598,873)
Tax on profit/loss for the year	7	999,050	639,481
Profit/loss for the year		(3,402,581)	(2,959,392)
Proposed distribution of profit and loss			
Retained earnings		(3,402,581)	(2,959,392)
Proposed distribution of profit and loss		(3,402,581)	(2,959,392)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired patents		308,336	117,631
Development projects in progress	9	27,170,785	18,388,742
Intangible assets	8	27,479,121	18,506,373
Other fixtures and fittings, tools and equipment		455,716	605,317
Property, plant and equipment	10	455,716	605,317
Deposits		0	75,000
Financial assets		0	75,000
Fixed assets		27,934,837	19,186,690
Raw materials and consumables		964,327	0
Inventories		964,327	0
Receivables from group enterprises		1,425,625	4,841,347
Other receivables		1,118,303	1,303,090
Income tax receivable		1,689,172	2,627,416
Prepayments		1,341,195	1,340,604
Receivables		5,574,295	10,112,457
Cash		205,563	920,781
Current assets		6,744,185	11,033,238
Assets		34,679,022	30,219,928

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		69,444	69,444
Reserve for development expenditure		21,193,212	14,343,219
Retained earnings		771,125	11,023,699
Equity		22,033,781	25,436,362
Deferred tax		3,035,000	2,102,000
Provisions		3,035,000	2,102,000
Other payables		394,118	131,426
Non-current liabilities other than provisions	11	394,118	131,426
Trade payables		664,997	2,108,248
Payables to group enterprises		7,917,527	0
Other payables		633,599	441,892
Current liabilities other than provisions		9,216,123	2,550,140
Liabilities other than provisions		9,610,241	2,681,566
Equity and liabilities		34,679,022	30,219,928
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	69,444	14,343,219	11,023,699	25,436,362
Transfer to reserves	0	6,849,993	(6,849,993)	0
Profit/loss for the year	0	0	(3,402,581)	(3,402,581)
Equity end of year	69,444	21,193,212	771,125	22,033,781

Notes

1 Going concern

The Management is aware of the company's capital resources. Management is close to finalizing an agreement with potential new investors securing a significant capital injection, that will ensure both the capital structure as well as the cash flow needs for 2021.

As no final agreement has currently been signed, there is material uncertainty related to the company's ability to continue as a going concern. Management is confident that the necessary financing will be obtained and has therefore prepared the Annual report in accordance with the going concern assumption.

2 Uncertainty relating to recognition and measurement

Completed development projects and acquired patents totals DKK 27.479 k. The assets are measured at cost after depreciation and amortization. Since there has been no significant income related the mentioned projects and patents, the measurement is subject to significant uncertainty. Management is confident that income and cash flow related to projects and patents will be significant and that the significant uncertainty primarily relates to the timing of income and cash flow. It is the opinion of Management that the net booked value of development projects and the related patents is not subject to impairment.

The repayment of the Company's receivables from group enterprises depends on these group enterprises' ability to continue as going concerns. As material uncertainty is related to this fact, the valuation of the receivables from group enterprises is affected by the same uncertainty. Management expects that the receivables will be settled at the value recognised in the financial statements.

3 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	2,805,948	2,707,799
Pension costs	225,549	111,456
Other social security costs	14,497	19,714
Other staff costs	20,340	3,164
	3,066,334	2,842,133
Average number of full-time employees	4	4

4 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	68,116	39,970
Depreciation of property, plant and equipment	149,601	131,836
	217,717	171,806

5 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	0	226,848
Exchange rate adjustments	1,007	448
	1,007	227,296

6 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	26,887	36,759
	26,887	36,759

7 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(1,932,050)	(2,741,481)
Change in deferred tax	933,000	2,102,000
	(999,050)	(639,481)

8 Intangible assets

	Acquired patents DKK	Development projects in progress DKK
Cost beginning of year	157,601	18,388,742
Additions	258,821	9,260,750
Disposals	0	(478,707)
Cost end of year	416,422	27,170,785
Amortisation and impairment losses beginning of year	(39,970)	0
Amortisation for the year	(68,116)	0
Amortisation and impairment losses end of year	(108,086)	0
Carrying amount end of year	308,336	27,170,785

9 Development projects

Development projects in progress consist of project relating to new products that the company is developing within the air pollution industry. The capitalized development costs consists of material costs and direct staff costs etc., which is handled and recorded in the company's internal project module.

The value of development projects in progress at 31 December 2020 amounts to 27,171t.DKK. The development projects are expected to be finished during 2021

The development projects is by Management expected to grant competitive advantages when they are finished.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	748,005
Cost end of year	748,005
Depreciation and impairment losses beginning of year	(142,688)
Depreciation for the year	(149,601)
Depreciation and impairment losses end of year	(292,289)
Carrying amount end of year	455,716

11 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Other payables	394,118	394,118
	394,118	394,118

12 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Of this, liabilities under rental or lease agreements with group enterprises	109,248	60,764

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Infuser Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, etc.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, and tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise

can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.