

Climate Solutions ApS

Bernstorffsvej 193 B, 2920 Charlottenlund
CVR no. 39 29 71 16

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 04.07.24

Erik Christian Løvbjerg Trampe
Dirigent



STATSAUTORISERET
REVISIONSPARTNERSELSKAB

Vi er et uafhængigt medlem af
det globale rådgivnings- og revisionsnetværk

København
Knud Højgaards Vej 9
2860 Søborg

Tel. 39 16 76 00
www.beierholm.dk
CVR-nr. 32 89 54 68

Company information etc.	3
Statement by the Executive Board on the annual report	4
Practitioner's compilation report	5
Management's review	6 - 7
Income statement	8
Balance sheet	9 - 10
Statement of changes in equity	11
Notes	12 - 17

The company

Climate Solutions ApS
c/o Erik Trampe
Bernstorffsvej 193 B
2920 Charlottenlund
Registered office: Charlottenlund
CVR no.: 39 29 71 16
Financial year: 01.01 - 31.12

Executive Board

Erik Christian Løvbjerg Trampe

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Climate Solutions ApS.

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

The financial statements have not been audited, and I declare that the relevant conditions have been met.

In my opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Charlottenlund, July 4, 2024

Executive Board

Erik Christian Løvbjerg Trampe

To the management of Climate Solutions ApS

Based on the company's accounting material and other information provided by management, we have compiled the financial statements of Climate Solutions ApS for the financial year 01.01.23 - 31.12.23.

The financial statements comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies.

We performed this compilation engagement in accordance with ISRS 4410, Engagements to Compile Financial Statements.

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

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

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

Soeborg, Copenhagen, July 4, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Ole Skou

State Authorized Public Accountant
MNE-no. mne15007

Primary activities

The company's activities is research and development of climate and environment improving and related solutions, technologies and knowledge, as well as services and consulting tasks within these areas.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK -928,561 against DKK -540,613 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 366,589.

In 2023, Climate Solutions ApS focused on two main objectives:

1. Continuing the ongoing patent applications, which is reflected in the relatively large expenses for patent attorneys.
2. Securing investment in the company to enable the continued operation of the first demonstration plant, where the method has been tested and significantly optimized.

Throughout 2023, we have secured additional partnerships with investors. We have conducted research and development of the method at our established demonstration/research facility.

The operation of the plant has proven all prerequisites for positive forward-looking operations, the efficiency of the method, and the potential for scaling. The plant has enabled further research and optimization of the method, and with very positive research results, the method has been significantly optimized. Prospects for the construction and profitability of future industrial-scale plants have thus been further substantiated, and necessary preliminary work towards applications for funding and investments for the realization of a larger plant in an industrial setup has begun.

In 2023, the demonstration plant has been operational, producing the first material for laboratory experiments, and further tests and optimizations have been carried out. Agreements with potential buyers of the final product have been made. Continued funding will be required for the operation of the demonstration plant and ongoing patent applications, as well as maintenance expenses related to the expected issued patents through a minor investment round. The initial project planning for a large-scale demonstration plant will be initiated. Many initial assumptions for use in our ongoing development of a techno-economic analysis model for the basic planning of a large-scale plant, profitability assessments, and valuation have been achieved. Further validation of these assumptions will be sought through the next industrially set up plant in 2024-27. In 2024, there will be additional focus on applying for grants and obtaining funds from investors.

The patent applications continue to progress very promisingly, with a large number of the countries where patents have been applied for approving and issuing patents during 2023. It is expected that the remaining patents will be approved in 2024/25, with no rejections so far.

Income statement

Note		2023 DKK	2022 DKK
	Gross loss	-518,159	-67,616
1	Staff costs	-552,083	-602,142
	Loss before depreciation, amortisation, write-downs and impairment losses	-1,070,242	-669,758
	Depreciation, amortisation and impairments losses of intan- gible assets and property, plant and equipment	-63,728	-31,864
	Operating loss	-1,133,970	-701,622
	Financial income	85,619	0
	Financial expenses	-95	-2,992
	Loss before tax	-1,048,446	-704,614
2	Tax on loss for the year	119,885	164,001
	Loss for the year	-928,561	-540,613
	Proposed appropriation account		
	Retained earnings	-928,561	-540,613
	Total	-928,561	-540,613

ASSETS		31.12.23	31.12.22
		DKK	DKK
Note			
	Acquired rights	420,039	447,139
	Total intangible assets	420,039	447,139
	Other fixtures and fittings, tools and equipment	201,457	238,085
	Total property, plant and equipment	201,457	238,085
	Total non-current assets	621,496	685,224
	Receivables from group enterprises	119,885	0
	Deferred tax asset	164,001	164,001
	Income tax receivable	10,219	0
	Other receivables	212,376	166,101
	Total receivables	506,481	330,102
	Cash	14,334	150,092
	Total current assets	520,815	480,194
	Total assets	1,142,311	1,165,418

EQUITY AND LIABILITIES		31.12.23	31.12.22
		DKK	DKK
Note			
	Share capital	50,000	44,444
	Share premium	994,444	0
	Retained earnings	-677,855	250,706
	Total equity	366,589	295,150
	Trade payables	14,609	219,456
	Other payables	761,113	650,812
	Total short-term payables	775,722	870,268
	Total payables	775,722	870,268
	Total equity and liabilities	1,142,311	1,165,418

3 Contingent liabilities

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	44,444	0	250,706	295,150
Capital increase	3,889	696,111	0	700,000
Debt conversion	1,667	298,333	0	300,000
Net profit/loss for the year	0	0	-928,561	-928,561
Balance as at 31.12.23	50,000	994,444	-677,855	366,589

	2023	2022
	DKK	DKK
1. Staff costs		
Wages and salaries	550,000	600,000
Other social security costs	2,083	2,083
Other staff costs	0	59
Total	552,083	602,142
Average number of employees during the year	1	1

2. Tax on loss for the year

Adjustment of deferred tax for the year	0	-164,001
Adjustment of tax in respect of previous years	-119,885	0
Total	-119,885	-164,001

3. Contingent liabilities

The company has no contingent liabilities as at 31.12.23.

4. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

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 depreciation, amortisation, impairment losses and write-downs, 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 such assets 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 such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

4. Accounting policies - continued -

INCOME STATEMENT

Gross loss

Gross loss comprises cost of sales and other external expenses.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Acquired rights	18	0
Other plant, fixtures and fittings, tools and equipment	7	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

4. Accounting policies - continued -

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Intangible assets

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

4. Accounting policies - continued -

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Cash

Cash includes deposits in bank accounts as well as operating cash.

4. Accounting policies - continued -

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.