Kvasir Technologies ApS

c/o Alfa Laval
Maskinvej 5
2860 Søborg
Denmark

CVR no. 39 87 83 48

Annual report for the period 1 April 2022 – 31 March 2023

The annual report was presented and approved at the Company's annual general meeting on

24 August 2023

Lars Mygind Bojsen
Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Kvasir Technologies ApS for the financial year 1 April 2022 – 31 March 2023.

The annual report has been 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 assets, liabilities and financial position at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 – 31 March 2023.

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.

Gladsaxe, 24 August 2023
Executive Board:

Joachim Bachmann Nielsen Managing director	Anders Bak Kristoffersen Director

Board of Directors:

Lars Erik Clausen Chairman	Lasse Truels Köhler	Mette Fløe Nielsen
Joachim Bachmann Nielsen	Anders Bak Kristoffersen	

Independent auditor's report

To the shareholders of Kvasir Technologies ApS

Opinion

We have audited the financial statements of Kvasir Technologies ApS for the financial year 1 April 2022 – 31 March 2023 comprising 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 Company's assets, liabilities and financial position at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 – 31 March 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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

Independent auditor's report

— identify and assess the risks of material misstatement of the company 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 August 2023
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Stine Nielsen
State Authorised
Public Accountant
mne47763

Management's review

Company details

Kvasir Technologies ApS
c/o Alfa Laval
Maskinvej 5
2860 Søborg
Denmark

CVR no.:	39 87 83 48
Established:	19 September 2018
Registered office:	Gladsaxe
Financial year:	1 April – 31 March

Board of Directors

Lars Erik Clausen, Chairman
Lasse Truels Köhler
Mette Fløe Nielsen
Joachim Bachmann Nielsen
Anders Bak Kristoffersen

Executive Board

Joachim Bachmann Nielsen, Managing director
Anders Bak Kristoffersen, Director

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

Kvasir Technologies focuses on sustainable solutions through advanced technology to create carbon-neutral biofuel from non-edible biowaste.

Development in activities and financial position

The Company's income statement for 2022/23 shows a loss of DKK 2,138,798 as against a profit of DKK 134,780 in 2021/22. Equity in the Company's balance sheet at 31 March 2023 stood at DKK 660,568 as against DKK 2,799,366 at 31 March 2022.

Events after the balance sheet date

In April 2023 Kvasir Technologies closed a Seed investment round totalling EUR 2.15 million. This adds to the total funding of almost EUR 7 million in the past year, including various research grants.

Financial statements 1 April – 31 March

Income statement

DKK	Note	2022/23	2021/22
Gross profit/loss		-2,552,864	79,289
Staff costs	2	-315,469	-92,848
Depreciation, amortisation and impairment losses		-14,842	-5,668
Loss before financial income and expenses		-2,883,175	-19,227
Other financial income		225	4,321
Other financial expenses		-209,799	-82,856
Loss before tax		-3,092,749	-97,762
Tax on loss for the year	3	953,951	232,542
Profit/loss for the year		-2,138,798	134,780

Proposed profit appropriation/distribution of loss

Reserves for development costs		4,549,473	1,567,822
Retained earnings		-6,688,271	-1,433,042
		-2,138,798	134,780

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	31/3 2023	31/3 2022
ASSETS			
Fixed assets			
Intangible assets	4		
Development projects in progress		10,457,666	4,623,372
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		225,247	11,062
Leasehold improvements		48,895	0
		274,142	11,062
Investments			
Other securities and equity investments		2,540	2,540
Total fixed assets		10,734,348	4,636,974
Current assets			
Receivables			
Other receivables		676,900	373,372
Corporation tax		1,283,545	442,206
		1,960,445	815,578
Cash at bank and in hand		1,353,190	319,904
Total current assets		3,313,635	1,135,482
TOTAL ASSETS		14,047,983	5,772,456

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	31/3 2023	31/3 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital		46,897	46,897
Reserve for development costs		8,198,627	3,606,231
Retained earnings		-7,584,956	-853,762
Total equity		660,568	2,799,366
Provisions			
Provisions for deferred tax		1,079,670	860,627
Total provisions		1,079,670	860,627
Liabilities other than provisions			
Non-current liabilities other than provisions			
Other credit institutions		3,067,646	1,861,632
Current liabilities other than provisions			
Other credit institutions, current liabilities		0	82,907
Trade payables		864,002	62,500
Other payables		289,759	105,424
Accruals		8,086,338	0
		9,240,099	250,831
Total liabilities other than provisions		12,307,745	2,112,463
TOTAL EQUITY AND LIABILITIES		14,047,983	5,772,456
Contractual obligations, contingencies, etc.	6		

Financial statements 1 April – 31 March

Statement of changes in equity

DKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 April 2022	46,897	3,606,231	-853,762	2,799,366
Transferred over the distribution of loss	0	4,592,396	-6,731,194	-2,138,798
Equity at 31 March 2023	46,897	8,198,627	-7,584,956	660,568

Financial statements 1 April – 31 March

Notes

1 Accounting policies

The annual report of Kvasir Technologies ApS for 2022/23 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

However, minor reclassifications have been made in the comparative figures.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Other operating income

Other operating income includes government grants received for costs incurred during the year.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The grant is recognised in the income statement on a systematic basis over the periods that the related costs for which it is intended to compensate are expensed. A grant that is a compensation for costs already incurred is recognised in profit or loss for the period in which it becomes receivable. Grants for the acquisition of assets, including costs that are capitalised as part of development projects, are recognised in the balance sheet as a deduction to the cost of the related development project.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

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

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs in progress comprise costs, wages, salaries and amortisation directly and 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 evidenced, 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 as well development costs. Other development costs are recognised in the income statement as incurred.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

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

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives.

Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

Investments

Other securities and equity investments are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as investments is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 April – 31 March

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1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Financial statements 1 April – 31 March

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1 Accounting policies (continued)

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at cost.

Financial statements 1 April – 31 March

Notes

DKK	2022/23	2021/22
2 Staff costs		
Wages and salaries	2,057,984	970,066
Pensions	51,000	0
Other social security costs	17,353	13,872
Capitalistion of staff costs	-1,810,868	-891,090
	315,469	92,848
Average number of full-time employees	4	2
3 Tax on loss for the year		
Tax credit (LL8x)	-1,283,545	-442,206
Deferred tax for the year	219,043	288,236
Adjustment of tax concerning previous years	110,551	-78,572
	-953,951	-232,542

4 Intangible assets

DKK	Development projects in progress
Cost at 1 April 2022	4,623,372
Additions for the year	5,834,294
Cost at 31 March 2023	10,457,666
Carrying amount at 31 March 2023	10,457,666

5 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 April 2022	17,176	0	17,176
Additions for the year	224,528	53,394	277,922
Cost at 31 March 2023	241,704	53,394	295,098
Depreciation and impairment losses at 1 April 2022	-6,114	0	-6,114
Depreciation for the year	-10,343	-4,499	-14,842
Depreciation and impairment losses at 31 March 2023	-16,457	-4,499	-20,956
Carrying amount at 31 March 2023	225,247	48,895	274,142

Financial statements 1 April – 31 March

Notes

6 Contractual obligations, contingencies, etc.

The Company has a rent obligation of 3 months. The total liability amounts to DKK 37 thousand.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax.