Blue World Technologies Holding ApS

Langerak 15A
9220 Aalborg Øst
CVR No. 39931621

Annual report 2023

The Annual General Meeting adopted the annual report on 29.06.2024

Anders Risum Korsgaard
Chairman of the General Meeting

Contents

Entity details

Entity

Blue World Technologies Holding ApS
Langerak 15A
9220 Aalborg Øst

Business Registration No.: 39931621
Registered office: Aalborg
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

John Ndoke Butt
Anders Risum Korsgaard
Brian Lindgaard Jensen
FENG Wuu-Feng
Christian Winther
Dr. Markus Müller
Sameer Kalra
Allegra Kowalewski-Ferreira

Executive Board

Anders Risum Korsgaard
Mads Friis Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Blue World Technologies Holding ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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.

Aalborg, 29.06.2024

Executive Board

Anders Risum Korsgaard

Mads Friis Jensen

Board of Directors

John Ndoke Butt

Anders Risum Korsgaard

Brian Lindgaard Jensen

FENG Wuu-Feng

Christian Winther

Dr. Markus Müller

Sameer Kalra

Allegra Kowalewski-Ferreira

Independent auditor's report

To the shareholders of Blue World Technologies Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Blue World Technologies Holding ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group 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.

Material uncertainty related to going concern

Without this having affected our opinion, we draw attention to the disclosures in note 1 where Management accounts for the raising of the necessary liquidity to secure continued operations. It is thus a key precondition for Management’s decision to present the annual report on a going concern basis that the financing process is carried out and thus ensures liquidity for the coming year.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aalborg, 29.06.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen
State Authorised Public Accountant
Identification No (MNE) mne34173

Sami Nikolai El-Galaly
State Authorised Public Accountant
Identification No (MNE) mne42793

Management commentary

Financial highlights

	2023 EUR'000	2022 EUR'000	2021 EUR'000	2020 EUR'000	2018/19 EUR'000
Key figures					
Gross profit/loss	(6,943)	(3,406)	786	81	(11)
Operating profit/loss	(12,086)	(9,205)	(3,034)	(1,539)	(2,314)
Net financials	(1,402)	(681)	(145)	(67)	(23)
Profit/loss for the year	(12,748)	(8,729)	(2,501)	(1,206)	(1,880)
Balance sheet total	55,654	55,551	28,487	16,252	6,415
Investments in property, plant and equipment	1,924	13,932	3,765	10	290
Equity	25,373	38,120	22,781	12,659	4,192
Cash flows from operating activities	(7,984)	(6,012)	(9,090)	(5)	(1,340)
Cash flows from investing activities	(8,786)	(13,709)	(6,149)	(4,032)	(4,324)
Cash flows from financing activities	12,684	29,157	13,520	8,919	6,413
Ratios					
Equity ratio (%)	45.59	68.62	79.97	77.89	65.35

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

$$\frac{\text{Equity * 100}}{\text{Balance sheet total}}$$

Primary activities

The main activity of the group is to become world leading in terms of producing and selling HT PEM fuel cell stacks and systems.

Development in activities and finances

The income statement shows a loss of EUR 12,748t compared to a loss of EUR 8,729t for 2022, and the balance sheet shows an equity of EUR 25,373t, compared to an equity of EUR 38,120t at the end of 2022.

The group closed a financing round in Q4 2023 consisting of convertible loans of 11 mEUR, in which amongst others, Maersk Growth was a participant. This financing should be seen as a bridge-financing leading up to a C-round in 2024.

The FTE number have increased from an average in 2022 on 94 to 116 in 2023.

The Group has increased its focus within the maritime segment, which has been supported with the first maritime pilot order being placed in 2023 by Maersk Group with delivery in early 2026.

This has had an impact on the Group's other activities, seen in the form of the delay in the start of production of the stationary product.

All in all, the progress is still satisfactory, as the delay within the stationary product has been balanced out by the development within the maritime segment and the core fuel cell development. Blue World Technologies Group is putting significant effort into carbon capture, especially for the maritime sector, while also showing promising test results for future lifetime and efficiency improvement on cell level.

For both the maritime system, the stationary system, and fuel cell stack itself, Blue World Technologies Group also focuses on recycling and reusing of components, which can be a significant contribution to both reduction in costs and for the environment. Blue World Technologies Group is still on track to become world leading within producing and selling HT PEM fuel cell stacks and systems.

At year end 2023 the Group had a total cash deposit of more than EUR 9m. The Group has initiated talks with potential investors concerning a new investment round to be completed in 2024. Please refer to note 1 for elaboration of liquidity situation.

Profit/loss for the year in relation to expected developments

The result for 2023 shows a loss in alignment with the expectations anticipated by management in last year's annual report, which was set at a loss of EUR 12-16,000t.

Uncertainty relating to recognition and measurement

The management believes that the Group will succeed with the completion of the development projects. The value of the projects and the goodwill depend on the Group's ability to continue developing its core products, close commercial orders, and securing financing.

Outlook

The Management expects to further develop the technology and increase production capacity in 2024. The financial expectations for the annual result of 2024 are a loss in the range of EUR 9-13,000t.

Use of financial instruments

Financial risks

The Group is, due to its operations, investments and financials exposed to changes in currencies and interest levels. The parent company controls the financial risks in the Group and coordinates the Group's cashmanagement, including capital raises and handling of excess liquidity. The Group operates with a low risk profile, meaning currency and interest risks only occurs in connection with commercial operations.

Currency risks

Activities in the Group are influenced by currency fluctuations, although to a minor degree, as most of the companies' payments to suppliers and salary payments are realized in either DKK or in EUR with a minimum fluctuation between the two. Some suppliers are paid in USD, although the cash balance in USD is kept at a minimum.

Due to the minimum exposure to currency fluctuations, no hedging or other currency forward contracts are currently being realized.

No speculative currency transactions are realized by the Group.

Interest risks

The Company's net interest bearing debt contains a semi-variable interest rate that follows the general interest level. The net interest bearing debt contains of three loans from the same lender, and all three loans are in DKK.

Knowledge resources

To ensure continuing growth, it is important that the Group attracts and retains the best professionals on all levels and continues to have highly motivated employees. This is, amongst other things, supported via the employees contributing to building up processes and products etc. and are handed a high level of responsibility and trust. As a further motivational factor, several employees are part of either a share or warrant program that will give them a direct benefit based on the company's future successes.

Environmental performance

The HT PEM fuel cell system under development by the Group can be used in multiple applications, and is a green alternative to e.g., the regular combustion engines in maritime sector and for diesel generators in stationary systems, and therefore aims to live up to that in all aspects of its activity. The Group is not yet producing on a large scale, meaning the effect on the external environment is very limited currently. The Group's shareholders and lenders fully support the focus on the environment and CO2 emissions.

Research and development activities

It is a continuous effort to develop processes, methods and products which are of use to the Group. This is done both within the Group and in the future also expected to happen in cooperation with clients and advisors. The Group has a strong focus on securing relevant and important intellectual property rights via patents, where new patents are applied for to ensure protection of designs, recipes, and methods. Blue World Technologies participate in various development projects together with universities, technological institutes, and other companies within and related to the industry.

Events after the balance sheet date

Out of the 11,086 tEUR convertible loan at the balance sheet date in the Blue World Group, lenders representing 456 tEUR have chosen to convert the debt to equity in Q2 2024 based on the terms in the convertible loan agreement. Additional interests in 2024 has been added to the loan and was part of the conversion.

Other than the above, the remarks in the management report, and note 1 for going concern, no events of significant importance to the reader of this annual report has taken place after the balance sheet date.

Consolidated income statement for 2023

	Notes	2023 EUR	2022 EUR
Gross profit/loss		**(6,943,065)**	**(3,405,789)**
Distribution costs		(1,084,902)	(1,227,894)
Administrative expenses		(4,057,640)	(4,571,420)
Operating profit/loss		**(12,085,607)**	**(9,205,103)**
Other financial income	6	1,054,722	543,079
Other financial expenses	7	(2,456,301)	(1,224,045)
Profit/loss before tax		**(13,487,186)**	**(9,886,069)**
Tax on profit/loss for the year	8	739,502	1,157,265
Profit/loss for the year	9	**(12,747,684)**	**(8,728,804)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 EUR	2022 EUR
Completed development projects	11	12,035,426	0
Acquired intangible assets		7,266	24,699
Acquired patents		403,085	189,816
Goodwill		2,036,111	2,334,670
Development projects in progress	11	7,976,038	14,885,121
Prepayments for intangible assets		322,650	334,169
Intangible assets	10	**22,780,576**	**17,768,475**
Land and buildings		8,538,556	8,135,391
Plant and machinery		4,080,348	3,235,482
Other fixtures and fittings, tools and equipment		946,025	580,752
Property, plant and equipment in progress		3,211,371	4,392,747
Property, plant and equipment	12	**16,776,300**	**16,344,372**
Deposits		430,315	222,494
Financial assets	13	**430,315**	**222,494**
Fixed assets		**39,987,191**	**34,335,341**

Raw materials and consumables		1,966,228	2,906,375
Work in progress		1,185,379	702,532
Manufactured goods and goods for resale		576,502	297,480
Prepayments for goods		353,535	168,303
Inventories		**4,081,644**	**4,074,690**
Trade receivables		221,451	321,198
Contract work in progress	14	84,395	0
Other receivables		1,197,322	2,732,469
Tax receivable		738,741	739,291
Prepayments	15	79,933	0
Receivables		**2,321,842**	**3,792,958**
Cash		**9,263,497**	**13,348,498**
Current assets		**15,666,983**	**21,216,146**
Assets		**55,654,174**	**55,551,487**

Equity and liabilities

	Notes	2023 EUR	2022 EUR
Contributed capital	16	31,472	31,472
Retained earnings		25,341,070	38,088,754
Equity		**25,372,542**	**38,120,226**
Lease liabilities		5,545,691	5,962,617
Debt to other credit institutions		8,492,340	7,352,975
Convertible and profit-sharing debt instruments	17	11,086,316	0
Other payables		294,275	317,475
Non-current liabilities other than provisions	18	**25,418,622**	**13,633,067**
Current portion of non-current liabilities other than provisions	18	1,681,756	511,829
Prepayments received from customers		404,997	617,666
Trade payables		1,205,532	2,289,590
Other payables		1,570,725	348,476
Deferred income	19	0	30,633
Current liabilities other than provisions		**4,863,010**	**3,798,194**
Liabilities other than provisions		**30,281,632**	**17,431,261**
Equity and liabilities		**55,654,174**	**55,551,487**
Going concern	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Staff costs	4		
Amortisation, depreciation and impairment losses	5		
Unrecognised rental and lease commitments	21		
Contingent assets	22		
Assets charged and collateral	23		
Non-arm’s length related party transactions	24		
Subsidiaries	25		

Consolidated statement of changes in equity for 2023

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	31,472	38,088,754	38,120,226
Profit/loss for the year	0	(12,747,684)	(12,747,684)
Equity end of year	**31,472**	**25,341,070**	**25,372,542**

Consolidated cash flow statement for 2023

	Notes	2023 EUR	2022 EUR
Operating profit/loss		(12,085,607)	(9,205,103)
Amortisation, depreciation and impairment losses		3,178,641	1,025,382
Other provisions		0	(38,752)
Working capital changes	20	1,363,931	1,898,112
Cash flow from ordinary operating activities		**(7,543,035)**	**(6,320,361)**
Financial income received		132,221	50,997
Financial expenses paid		(1,312,016)	(446,897)
Taxes refunded/(paid)		739,291	704,016
Cash flows from operating activities		**(7,983,539)**	**(6,012,245)**
Acquisition etc. of intangible assets		(6,698,559)	(5,673,329)
Acquisition etc. of property, plant and equipment		(1,879,364)	(7,940,986)
Acquisition of fixed asset investments		(207,821)	(94,674)
Cash flows from investing activities		**(8,785,744)**	**(13,708,989)**
Free cash flows generated from operations and investments before financing		**(16,769,283)**	**(19,721,234)**
Loans raised		13,168,394	5,331,358
Repayment of lease liabilities		(484,112)	(242,555)
Cash capital increase		0	24,068,510
Cash flows from financing activities		**12,684,282**	**29,157,313**
Increase/decrease in cash and cash equivalents		**(4,085,001)**	**9,436,079**
Cash and cash equivalents beginning of year		13,348,498	3,912,419
Cash and cash equivalents end of year		**9,263,497**	**13,348,498**
Cash and cash equivalents at year-end are composed of:			
Cash		9,263,497	13,348,498
Cash and cash equivalents end of year		**9,263,497**	**13,348,498**

Notes to consolidated financial statements

1 Going concern

During the year, the Blue World Groups closed bridge financing in the form of a convertible loan worth 11 mEUR. Existing investors of the Group, incl. Denmark's Export and Investment Fund, and new lenders such as Maersk Growth A/S and AGCO joined the convertible round. The Group's cash balance at the end of the year shows 9.3 mEUR, which will be sufficient liquidity until the last half of Q3 2024 without any new financing closed.

As of publishing of this annual report, the Group has not closed a new financing round, but is in advanced discussions with several potential investors/lenders, with the most likely financing opportunity currently being to increase the convertible loan, which will make the Group able to see out the remainder of 2024 from a liquidity point of view. The convertible loan aims at prolonging the liquidity runway, with the target of closing a new capital increase, in form of a C-round, in the second half of 2024.

2 Events after the balance sheet date

Out of the 11,086 tEUR convertible loan at the balance sheet date in the Blue World Group, lenders representing 456 tEUR have chosen to convert the debt to equity in Q2 2024 based on the terms in the convertible loan agreement. Additional interests in 2024 has been added to the loan and was part of the conversion.

Other than the above, the remarks in the management report, and note 1 for going concern, no events of significant importance to the reader of this annual report has taken place after the balance sheet date.

3 Uncertainty relating to recognition and measurement

The management believes that the Group will succeed with the completion of the development projects. The value of the projects and the goodwill depend on the Group's ability to continue developing its core products, close commercial orders, and securing financing.

4 Staff costs

	2023 EUR	2022 EUR
Wages and salaries	8,503,836	6,566,651
Pension costs	777,029	550,966
Other social security costs	133,956	103,428
	9,414,821	**7,221,045**
Staff costs classified as assets	(3,133,822)	(3,116,800)
	6,280,999	**4,104,245**
Average number of full-time employees	**116**	**94**

	Remuneration of Management 2023 EUR	Remuneration of Management 2022 EUR
Executive Board	411,667	478,065
Board of Directors	40,266	0
	451,933	**478,065**

5 Depreciation, amortisation and impairment losses

	2023 EUR	2022 EUR
Amortisation of intangible assets	1,686,458	330,760
Depreciation on property, plant and equipment	1,492,183	694,622
	3,178,641	**1,025,382**

6 Other financial income

	2023 EUR	2022 EUR
Exchange rate adjustments	922,501	492,082
Other financial income	132,221	50,997
	1,054,722	**543,079**

7 Other financial expenses

	2023 EUR	2022 EUR
Exchange rate adjustments	938,724	529,017
Other financial expenses	1,517,577	695,028
	2,456,301	**1,224,045**

8 Tax on profit/loss for the year

	2023 EUR	2022 EUR
Current tax	(738,741)	(739,291)
Change in deferred tax	614	(424,421)
Adjustment concerning previous years	(1,375)	6,447
	(739,502)	**(1,157,265)**

9 Proposed distribution of profit/loss

	2023 EUR	2022 EUR
Retained earnings	(12,747,684)	(8,728,804)
	(12,747,684)	**(8,728,804)**

10 Intangible assets

	Completed development projects EUR	Acquired intangible assets EUR	Acquired patents EUR	Goodwill EUR	Development projects in progress EUR
Cost beginning of year	0	87,167	215,787	2,985,592	14,885,121
Transfers	13,372,692	0	168,552	0	(13,372,692)
Additions	0	0	77,917	0	6,463,609
Cost end of year	**13,372,692**	**87,167**	**462,256**	**2,985,592**	**7,976,038**
Amortisation and impairment losses beginning of year	0	(62,468)	(25,971)	(650,922)	0
Amortisation for the year	(1,337,266)	(17,433)	(33,200)	(298,559)	0
Amortisation and impairment losses end of year	**(1,337,266)**	**(79,901)**	**(59,171)**	**(949,481)**	**0**
Carrying amount end of year	**12,035,426**	**7,266**	**403,085**	**2,036,111**	**7,976,038**

	Prepayments for intangible assets EUR
Cost beginning of year	334,169
Transfers	(168,552)
Additions	157,033
Cost end of year	**322,650**
Amortisation and impairment losses beginning of year	0
Amortisation for the year	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**322,650**

11 Development projects

Development projects in progress include development and test of methanol fuel cells and systems considered a green alternative to the internal combustion engine. The purpose of the project is to establish commercial production of methanol fuel cells for global distribution.

The first version of the fuel stack was in series production at the beginning of 2023, while development of the stationary system was postponed during 2023.

In the area for development of maritime systems, the progress has followed the business plan and is expected to do so also in 2024. It is important to notice that the development period for the maritime system will be significant with the first pilot order to be delivered late-2025 and commercialization of revenue not expected before post-2026.

Taking everything into consideration, including the yearly update of the business plan, the development of the fuel cell and the company in general is still satisfactory compared to the Management's expectations. The Management has not found that the development projects in progress show sign on impairment.

Some development projects have initiated amortizations in 2023 in connection with the first version of the fuel stack to reach series production. The remaining on-going development projects in progress are estimated to be completed within 5 years, and amortizations will be initiated in that period as the different projects will materialize.

The company has not held research costs.

12 Property, plant and equipment

	Land and buildings EUR	Plant and machinery EUR	Other fixtures and fittings, tools and equipment EUR	Property, plant and equipment in progress EUR
Cost beginning of year	8,969,980	3,235,482	598,064	4,392,747
Transfers	865,486	849,022	69,600	(1,784,108)
Additions	518,292	346,944	456,142	602,732
Cost end of year	**10,353,758**	**4,431,448**	**1,123,806**	**3,211,371**
Depreciation and impairment losses beginning of year	(834,588)	0	(17,312)	0
Depreciation for the year	(980,614)	(351,100)	(160,469)	0
Depreciation and impairment losses end of year	**(1,815,202)**	**(351,100)**	**(177,781)**	**0**
Carrying amount end of year	**8,538,556**	**4,080,348**	**946,025**	**3,211,371**
Recognised assets not owned by Entity	5,230,446	-	-	-

13 Financial assets

	Deposits EUR
Cost beginning of year	222,494
Additions	207,821
Cost end of year	**430,315**
Carrying amount end of year	**430,315**

14 Contract work in progress

	2023 EUR	2022 EUR
Contract work in progress	177,864	0
Progress billings	(93,469)	0
	84,395	**0**

15 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

16 Contributed capital

	Number	Nominal value EUR
A-shares	59,365	7,973
B-shares	174,967	23,499
	234,332	**31,472**

17 Convertible and profit-sharing debt instruments

The outstanding amount for the convertible loan is 11,086 tEUR on the balance date. The convertible loan carries an interest rate of 8% and contains several conversion options for the lenders to convert the loan to equity, with the first one being at the end of February 2024 (see specific numbers in note 2) and containing a discount element compared to the latest share price. Furthermore, the lender can choose to convert to equity after 12 months from closing of the loan or in connection with closing of a capital increase (with a discount element included) – whichever happens first. If the lender chooses not to convert, the loan are to be repaid in late 2026.

18 Non-current liabilities other than provisions

	Due within 12 months 2023 EUR	Due within 12 months 2022 EUR	Due after more than 12 months 2023 EUR	Outstanding after 5 years 2023 EUR
Lease liabilities	582,357	378,343	5,545,691	3,217,067
Debt to other credit institutions	1,099,399	133,486	8,492,340	749,708
Convertible and profit-sharing debt instruments	0	0	11,086,316	0
Other payables	0	0	294,275	294,275
	1,681,756	**511,829**	**25,418,622**	**4,261,050**

19 Deferred income

Deferred income comprises income received for recognition in subsequent financial years.

20 Changes in working capital

	2023 EUR	2022 EUR
Increase/decrease in inventories	(6,954)	(3,466,007)
Increase/decrease in receivables	1,645,336	4,547,823
Increase/decrease in trade payables etc.	(274,451)	816,296
	1,363,931	**1,898,112**

21 Unrecognised rental and lease commitments

	2023 EUR	2022 EUR
Total liabilities under rental or lease agreements until maturity	**56,003**	**109,637**

22 Contingent assets

The Group has an entity-specific pre-joint taxation loss to be carried forward amounting to EUR 16,426t, equivalent to a tax asset of EUR 3,614t, which can be set off against future tax profits. The loss has not been recognised, as Management considers it unlikely that the Group will be able to use this in full within a period of 3-5 years.

23 Assets charged and collateral

The Group's lender Denmark's Export and Investment Fund has granted a loan of EUR 8,856t with a floating charge on the Company of EUR 3,086t. The charge comprises inventories, trade receivables and other fixtures and fittings, tools and equipment. The booked value of these assets are EUR 5,249t at the balance sheet date.

The Group's has guaranteed its debt with Denmark's Export and Investment Fund. The maximum limit of the guarantee is EUR 798t. Loan to Denmark's Export and Investment Fund amounts to EUR 942t. The floating charge of Denmark's Export and Investment Fund on the Group comprises inventories, trade receivables and other fixtures and fittings, tools and equipment. The booked value of these assets are EUR 5,249t at the balance sheet date.

24 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

25 Subsidiaries

	Registered in	Corporate form	Ownership %
Blue World Technologies ApS	Aalborg	ApS	100.00

Parent income statement for 2023

	Notes	2023 EUR	2022 EUR
Gross profit/loss		**(11,396,361)**	**(8,723,560)**
Administrative expenses		(739,667)	(494,656)
Operating profit/loss		**(12,136,028)**	**(9,218,216)**
Income from investments in group enterprises		(1,431,216)	(202,757)
Other financial income	6	1,076,250	279,067
Other financial expenses	7	(482,318)	(237,349)
Profit/loss before tax		**(12,973,312)**	**(9,379,255)**
Tax on profit/loss for the year	8	225,628	650,451
Profit/loss for the year	9	**(12,747,684)**	**(8,728,804)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 EUR	2022 EUR
Acquired patents		403,085	189,816
Goodwill		2,036,111	2,334,670
Prepayments for intangible assets		322,650	334,169
Intangible assets	10	**2,761,846**	**2,858,655**
Investments in group enterprises		15,039,623	16,470,839
Financial assets	11	**15,039,623**	**16,470,839**
Fixed assets		**17,801,469**	**19,329,494**
Receivables from group enterprises		11,782,938	6,837,254
Deferred tax	12	0	239,362
Other receivables		423,361	1,330,161
Tax receivable		738,741	739,291
Prepayments	13	1,939	0
Receivables		**12,946,979**	**9,146,068**
Cash		**7,053,924**	**11,173,568**
Current assets		**20,000,903**	**20,319,636**
Assets		**37,802,372**	**39,649,130**

Equity and liabilities

	Notes	2023 EUR	2022 EUR
Contributed capital		31,472	31,472
Retained earnings		25,341,070	38,088,754
Equity		**25,372,542**	**38,120,226**
Debt to other credit institutions		750,187	822,072
Convertible and profit-sharing debt instruments	14	11,086,316	0
Non-current liabilities other than provisions	15	**11,836,503**	**822,072**
Current portion of non-current liabilities other than provisions	15	191,837	66,250
Trade payables		127,475	320,042
Joint taxation contribution payable		274,015	320,540
Current liabilities other than provisions		**593,327**	**706,832**
Liabilities other than provisions		**12,429,830**	**1,528,904**
Equity and liabilities		**37,802,372**	**39,649,130**
Going concern	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Staff costs	4		
Amortisation, depreciation and impairment losses	5		
Contingent assets	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Non-arm’s length related party transactions	19		

Parent statement of changes in equity for 2023

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	31,472	38,088,754	38,120,226
Profit/loss for the year	0	(12,747,684)	(12,747,684)
Equity end of year	**31,472**	**25,341,070**	**25,372,542**

Notes to parent financial statements

1 Going concern

During the year, the Blue World Groups closed bridge financing in the form of a convertible loan worth 11 mEUR. Existing investors of the Group, incl. Denmark's Export and Investment Fund, and new lenders such as Maersk Growth A/S and AGCO joined the convertible round. The Group's cash balance at the end of the year shows 9.3 mEUR, which will be sufficient liquidity until the last half of Q3 2024 without any new financing closed.

As of publishing of this annual report, the Group has not closed a new financing round, but is in advanced discussions with several potential investors/lenders, with the most likely financing opportunity currently being to increase the convertible loan, which will make the Group able to see out the remainder of 2024 at least from a liquidity point of view. The convertible loan aims at prolonging the liquidity runway, with the target of closing a new capital increase, in form of a C-round, in the second half of 2024.

2 Events after the balance sheet date

Out of the 11,086 tEUR convertible loan at the balance sheet date in the Blue World Group, lenders representing 456 tEUR have chosen to convert the debt to equity in Q2 2024 based on the terms in the convertible loan agreement. Additional interests in 2024 has been added to the loan and was part of the conversion.

Other than the above, the remarks in the management report, and note 1 for going concern, no events of significant importance to the reader of this annual report has taken place after the balance sheet date.

3 Uncertainty relating to recognition and measurement

The value of the recognized investments in group enterprises and goodwill depend on the subsidiary's development projects and the Company's ability to continue developing its core products, close commercial orders, and securing financing.

4 Staff costs

	2023 EUR	2022 EUR
Wages and salaries	40,266	0
	40,266	**0**

Average number of full-time employees	**0**	**0**

	Remuneration of Manage-ment 2023 EUR
Board of Directors	40,266
	40,266

Apart from the day-to-day mangement and those charged with governance the Parent company does not have employees.

5 Depreciation, amortisation and impairment losses

	2023 EUR	2022 EUR
Amortisation of intangible assets	331,759	313,327
	331,759	**313,327**

6 Other financial income

	2023 EUR	2022 EUR
Financial income from group enterprises	717,554	106,577
Exchange rate adjustments	261,898	131,355
Other financial income	96,798	41,135
	1,076,250	**279,067**

7 Other financial expenses

	2023 EUR	2022 EUR
Exchange rate adjustments	312,107	177,386
Other financial expenses	170,211	59,963
	482,318	**237,349**

8 Tax on profit/loss for the year

	2023 EUR	2022 EUR
Current tax	(464,726)	(418,751)
Change in deferred tax	239,362	(231,700)
Adjustment concerning previous years	(264)	0
	(225,628)	**(650,451)**

9 Proposed distribution of profit and loss

	2023 EUR	2022 EUR
Retained earnings	(12,747,684)	(8,728,804)
	(12,747,684)	**(8,728,804)**

10 Intangible assets

	Acquired patents EUR	Goodwill EUR	Prepayments for intangible assets EUR
Cost beginning of year	215,787	2,985,592	334,169
Transfers	168,552	0	(168,552)
Additions	77,917	0	157,033
Cost end of year	**462,256**	**2,985,592**	**322,650**
Amortisation and impairment losses beginning of year	(25,971)	(650,922)	0
Amortisation for the year	(33,200)	(298,559)	0
Amortisation and impairment losses end of year	**(59,171)**	**(949,481)**	**0**
Carrying amount end of year	**403,085**	**2,036,111**	**322,650**

11 Financial assets

	Investments in group enterprises EUR
Cost beginning of year	21,000,658
Cost end of year	**21,000,658**
Impairment losses beginning of year	(4,529,819)
Share of profit/loss for the year	(1,431,216)
Impairment losses end of year	**(5,961,035)**
Carrying amount end of year	**15,039,623**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

12 Deferred tax

Changes during the year	2023 EUR	2022 EUR
Beginning of year	239,362	471,062
Recognised in the income statement	(239,362)	(231,700)
End of year	**0**	**239,362**

Deferred tax relates to intangible assets and tax loss carried forward.

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

14 Convertible and profit-sharing debt instruments

The outstanding amount for the convertible loan is 11,086 tEUR on the balance date. The convertible loan carries an interest rate of 8% and contains several conversion options for the lenders to convert the loan to equity, with the first one being at the end of February 2024 (see specific numbers in note 2) and containing a discount element compared to the latest share price. Furthermore, the lender can choose to convert to equity after 12 months from closing of the loan or in connection with closing of a capital increase (with a discount element included) – whichever happens first. If the lender chooses not to convert, the loan are to be repaid in late 2026.

15 Non-current liabilities other than provisions

	Due within 12 months 2023 EUR	Due within 12 months 2022 EUR	Due after more than 12 months 2023 EUR
Debt to other credit institutions	191,837	66,250	750,187
Convertible and profit-sharing debt instruments	0	0	11,086,316
	191,837	**66,250**	**11,836,503**

No expected outstanding after 5 years.

16 Contingent assets

The Company has an entity-specific pre-joint taxation loss to be carried forward amounting to EUR 16,277t, equivalent to a tax asset of EUR 3,599t, which can be set off against future tax profits. EUR 0t of this loss has been recognised. The residual loss has not been recognised, as Management considers it unlikely that the Company will be able to use this in full or a part hereof within a period of 3-5 years.

17 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

18 Assets charged and collateral

The Parent Company's debt with Denmark's Export and Investment Fund is secured. The maximum limit of the collateral is EUR 876t. Debt to Denmark's Export and Investment Fund is EUR 958t at the balance sheet date.

Denmark's Export and Investment Fund has floating charge on the Company's goodwill and acquired patents, which amounting EUR 2,439t at the balance sheet date.

19 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

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.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs

Production: Production costs comprise expenses incurred to earn revenue for the financial year.
Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, 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 Parent is jointly taxed with all of its 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

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and 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 in the 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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used for Acquired intangible assets are 5 years.

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 on a straight-line basis 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
Buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

	Useful life
Buildings	1 - 20 years
Plant and machinery	1 - 20 years
Other fixtures and fittings, tools and equipment	3 - 20 years

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.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises 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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and costs of factory administration and management. Finance costs are not included in cost.

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.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.