Blue World Technologies Holding ApS

Langerak 15A
9220 Aalborg Øst
CVR No. 39931621

Annual report 2022

The Annual General Meeting adopted the annual report on 18.04.2023

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: 01.01.2022 - 31.12.2022

Board of Directors

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

Executive Board

Anders Risum Korsgaard
Mads Bang
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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 24.03.2023

Executive Board

Anders Risum Korsgaard **Mads Bang** **Mads Friis Jensen**

Board of Directors

John Ndoke Butt **Anders Risum Korsgaard** **Brian Lindgaard Jensen**

Lykke Friis **FENG Wuu-Feng** **Christian Winther**

Allegra Morgane Kowalewski-Ferreira **Dr. Markus Müller**

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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.

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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 24.03.2023

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

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 8,729t compared to a loss of EUR 2,501t for 2021, and the balance sheet shows an equity of EUR 38,120, compared to an equity of EUR 22,781t at the end of 2021.

The COVID-19 pandemic has still had some, although minor, influence on the Group during 2022, mainly by complicating customer collaboration in Asia, where there have still been severe restrictions in 2022.

As mentioned in the report from 2021, The Group closed a second tranche with Deutz A/G and Denmark's Export and Investment Fund in addition to ensuring debt financing from Denmark's Export and Investment Fund. In mid -2022, a capital increase was closed with Breakthrough Energy Ventures.

The FTE number have increased from an average in 2021 on 48 to more than 90 in 2022 with the biggest increase of FTEs within Operations.

Even though the start of production has been delayed in 2022, it was realized for the fuel cell stack in December 2022, and Blue World Technologies expects to realize start of production on the stationary product in second half of 2023. A large focus area for 2023 is to establish a commercial revenue, with the purpose of increasing revenue significantly in the coming years.

All in all, the progress is still satisfactory despite some delays compared to the business plan, and the 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 2022 the Group had a total cash deposit of EUR 13m. The Group has initiated talks with potential investors concerning a new investment round to be completed in 2023. Please refer to note 1 for elaboration of liquidity situation.

Profit/loss for the year in relation to expected developments

The result for 2022 shows a loss slightly higher than anticipated by management compared to the expectations mentioned in last year's annual report, which was set at a loss of EUR 4-8,000t. This is mainly due to a delay in start of production, which has caused a significantly lower revenue than budgeted.

Outlook

The Management expects to take further steps forward in both developing the technology and especially withing production capacity and revenue during 2023. The financial expectations for the annual result of 2023 are a loss in the range of EUR 12-16,000t.

Knowledge resources

To ensure the continuing growth, it is important that the Company attracts and maintains the best professionals on all levels and continues to have highly motivated employees. This is, amongst other things, supported via the employees contribute 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 engine in vehicles or diesel generators for stationary systems, and therefore aims to live up to that in all aspects of its activity. The Group is not yet producing in large scale, meaning the effect on the external environment is very limited currently. The Group has continued the work of creating an internal ESG council (Environmental, Social, Governance), and has employed a Sustainability Manager in 2022.

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 operations within and related to the industry.

Events after the balance sheet date

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

Consolidated income statement for 2022

	Notes	2022 EUR	2021 EUR
Gross profit/loss	2	**(3,405,789)**	**786,241**
Distribution costs		(1,227,894)	(620,861)
Administrative expenses		(4,571,420)	(3,199,740)
Operating profit/loss		**(9,205,103)**	**(3,034,360)**
Other financial income	5	543,079	88,700
Other financial expenses	6	(1,224,045)	(233,324)
Profit/loss before tax		**(9,886,069)**	**(3,178,984)**
Tax on profit/loss for the year	7	1,157,265	678,315
Profit/loss for the year		**(8,728,804)**	**(2,500,669)**
Proposed distribution of profit and loss			
Retained earnings		(8,728,804)	(2,500,669)
Proposed distribution of profit and loss		**(8,728,804)**	**(2,500,669)**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 EUR	2021 EUR
Acquired intangible assets		24,699	42,132
Acquired patents		189,816	91,578
Goodwill		2,334,670	2,633,229
Development projects in progress	9	14,885,121	9,478,879
Prepayments for intangible assets		334,169	180,088
Intangible assets	8	**17,768,475**	**12,425,906**
Land and buildings		8,135,391	830,064
Plant and machinery		3,235,482	0
Other fixtures and fittings, tools and equipment		580,752	33,040
Property, plant and equipment in progress		4,392,747	2,243,874
Property, plant and equipment	10	**16,344,372**	**3,106,978**
Deposits		222,494	127,820
Financial assets	11	**222,494**	**127,820**
Fixed assets		**34,335,341**	**15,660,704**
Raw materials and consumables		2,906,375	138,361
Work in progress		702,532	313,628
Manufactured goods and goods for resale		297,480	156,694
Prepayments for goods		168,303	0
Inventories		**4,074,690**	**608,683**

Trade receivables		321,198	117,409
Contract work in progress	12	0	12,700
Other receivables	13	2,732,469	7,471,193
Tax receivable		739,291	704,016
Receivables		**3,792,958**	**8,305,318**
Cash		**13,348,498**	**3,912,419**
Current assets		**21,216,146**	**12,826,420**
Assets		**55,551,487**	**28,487,124**

Equity and liabilities

	Notes	2022 EUR	2021 EUR
Contributed capital		31,472	22,058
Retained earnings		38,088,754	22,758,462
Equity		**38,120,226**	**22,780,520**
Deferred tax		0	424,424
Other provisions		0	38,752
Provisions		**0**	**463,176**
Lease liabilities		5,962,617	157,407
Debt to other credit institutions		7,352,975	2,156,151
Other payables		317,475	316,427
Non-current liabilities other than provisions	14	**13,633,067**	**2,629,985**
Current portion of non-current liabilities other than provisions	14	511,829	192,625
Prepayments received from customers		617,666	0
Contract work in progress	12	0	650,286
Trade payables		2,289,590	1,212,543
Other payables		348,476	304,139
Deferred income		30,633	253,850
Current liabilities other than provisions		**3,798,194**	**2,613,443**
Liabilities other than provisions		**17,431,261**	**5,243,428**
Equity and liabilities		**55,551,487**	**28,487,124**

Going concern	1
Staff costs	3
Amortisation, depreciation and impairment losses	4
Unrecognised rental and lease commitments	16
Contingent assets	17
Contingent liabilities	18
Assets charged and collateral	19
Subsidiaries	20

Consolidated statement of changes in equity for 2022

	Contributed capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
Equity beginning of year	22,058	0	22,758,462	22,780,520
Increase of capital	9,414	24,704,364	0	24,713,778
Costs related to equity transactions	0	(645,268)	0	(645,268)
Transfer to reserves	0	(24,059,096)	24,059,096	0
Profit/loss for the year	0	0	(8,728,804)	(8,728,804)
Equity end of year	**31,472**	**0**	**38,088,754**	**38,120,226**

Costs related to equity transactions consists of costs related to increase of capital.

Consolidated cash flow statement for 2022

	Notes	2022 EUR	2021 EUR
Operating profit/loss		(9,205,103)	(3,034,360)
Amortisation, depreciation and impairment losses		1,025,382	552,385
Other provisions		(38,752)	38,752
Working capital changes	15	1,898,112	(7,093,706)
Other adjustments		0	(36,266)
Cash flow from ordinary operating activities		**(6,320,361)**	**(9,573,195)**
Financial income received		50,997	32,421
Financial expenses paid		(446,897)	(146,347)
Taxes refunded/(paid)		704,016	597,507
Cash flows from operating activities		**(6,012,245)**	**(9,089,614)**
Acquisition etc. of intangible assets		(5,673,329)	(3,284,566)
Acquisition etc. of property, plant and equipment		(7,940,986)	(2,774,596)
Acquisition of fixed asset investments		(94,674)	(153,037)
Sale of fixed asset investments		0	63,284
Loans to group enterprises		0	192
Cash flows from investing activities		**(13,708,989)**	**(6,148,723)**
Free cash flows generated from operations and investments before financing		**(19,721,234)**	**(15,238,337)**
Loans raised		5,331,358	1,387,361
Repayments of loans etc.		0	(471,182)
Repayment of lease liabilities		(242,555)	(104,807)
Cash capital increase		24,068,510	12,622,674
Other cash flows from financing activities		0	86,413
Cash flows from financing activities		**29,157,313**	**13,520,459**

Increase/decrease in cash and cash equivalents	**9,436,079**	**(1,717,878)**
Cash and cash equivalents beginning of year	3,912,419	5,630,297
Cash and cash equivalents end of year	**13,348,498**	**3,912,419**
Cash and cash equivalents at year-end are composed of:		
Cash	13,348,498	3,912,419
Cash and cash equivalents end of year	**13,348,498**	**3,912,419**

Notes to consolidated financial statements

1 Going concern

The Blue World Group completed the second tranche of the investment round with Denmark's Export and Investment Fund and Deutz AG in first half of 2022 of 7.5 mEUR. A continuation of the investment round was completed with Breakthrough Energy Ventures in second half of 2022 – taking the total Series B round up to 37 mEUR, stretching from mid-2021 to mid-2022. In addition to the capital increase, a debt financing with Denmark's Export and Investment Fund of 7.5 mEUR was closed in 2022, and most of this was utilized in 2022, with the last tranche paid in early-2023. The Group has a cash deposit of 13 mEUR at year-end, which will be increased to more than 15 mEUR, when the last loan tranche is paid.

The Group will be able to see out the remainder of 2023 with the afore-mentioned financing in a worst-case scenario, where the development pace is slowed down significantly. The Group is looking for further financing in 2023, which will secure liquidity for 2023 and beyond, and thereby eliminating any decrease in development pace. Talks are currently on-going with several potential investors and other financing sources. If any of the financing milestones fails, the Group has shown in recent history that the expenditure level can be slowed down and thereby extending the financial leeway to find other relevant financing.

2 Gross profit/loss

Gross profit/loss contains other income as a consequence of recieved public grants. The public grants amounts to EUR 1,786t for 2022 compared to EUR 1,784t for 2021.

3 Staff costs

	2022 **EUR**	**2021** **EUR**
Wages and salaries	6,566,651	3,808,148
Pension costs	550,966	301,581
Other social security costs	103,428	59,991
	7,221,045	**4,169,720**
Staff costs classified as assets	(3,116,800)	(1,915,838)
	4,104,245	**2,253,882**
Average number of full-time employees	**94**	**48**

Staff costs classified as assets contains cost transferred to development projects in progress and property, plant equipment in progress.

4 Depreciation, amortisation and impairment losses

	2022 EUR	2021 EUR
Amortisation of intangible assets	330,760	327,998
Depreciation on property, plant and equipment	694,622	224,387
	1,025,382	**552,385**

5 Other financial income

	2022 EUR	2021 EUR
Exchange rate adjustments	492,082	56,279
Other financial income	50,997	32,421
	543,079	**88,700**

6 Other financial expenses

	2022 EUR	2021 EUR
Exchange rate adjustments	529,017	65,432
Other financial expenses	695,028	167,892
	1,224,045	**233,324**

7 Tax on profit/loss for the year

	2022 EUR	2021 EUR
Current tax	(739,291)	(704,016)
Change in deferred tax	(424,421)	27,133
Adjustment concerning previous years	6,447	(1,432)
	(1,157,265)	**(678,315)**

8 Intangible assets

	Acquired intangible assets EUR	Acquired patents EUR	Goodwill EUR	Development projects in progress EUR	Prepayments for intangible assets EUR
Cost beginning of year	87,167	102,781	2,985,592	9,478,879	180,088
Transfers	0	106,847	0	0	(106,847)
Additions	0	6,159	0	5,406,242	260,928
Cost end of year	**87,167**	**215,787**	**2,985,592**	**14,885,121**	**334,169**
Amortisation and impairment losses beginning of year	(45,035)	(11,203)	(352,363)	0	0
Amortisation for the year	(17,433)	(14,768)	(298,559)	0	0
Amortisation and impairment losses end of year	**(62,468)**	**(25,971)**	**(650,922)**	**0**	**0**
Carrying amount end of year	**24,699**	**189,816**	**2,334,670**	**14,885,121**	**334,169**

9 Development projects

Development projects in progress include development and test of methanol fuel cells considered a realistic 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 development process was temporarily delayed during 2022, compared to the business plan, because of internal delays and because of external factors such as change in material recipes from suppliers. In some areas the progress has exceeded the business plan though, due to narrowing down focus on specific areas/products in 2022.

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

Development projects in progress are estimated to be completed within 5 years, and amortizations on initial projects will begin in early 2023.

The company has not held research costs.

10 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	981,355	0	39,027	2,243,874
Transfers	0	1,446,249	140,398	(1,586,647)
Additions	7,988,624	1,789,233	418,639	3,735,520
Cost end of year	**8,969,979**	**3,235,482**	**598,064**	**4,392,747**
Depreciation and impairment losses beginning of year	(151,291)	0	(5,987)	0
Depreciation for the year	(683,297)	0	(11,325)	0
Depreciation and impairment losses end of year	**(834,588)**	**0**	**(17,312)**	**0**
Carrying amount end of year	**8,135,391**	**3,235,482**	**580,752**	**4,392,747**
Recognised assets not owned by Entity	5,738,538	-	-	-

11 Financial assets

	Deposits EUR
Cost beginning of year	127,820
Additions	94,674
Cost end of year	**222,494**
Carrying amount end of year	**222,494**

12 Contract work in progress

	2022 EUR	2021 EUR
Contract work in progress	0	289,429
Progress billings	0	(927,014)
Transferred to liabilities other than provisions	0	650,285
	0	**12,700**

13 Other receivables

For 2021 Other receivables consists primarily of deposit on the Group's tax account amounting EUR 6,051t. Deposit on the Group's tax account at the balancesheet date 2022 amounts to EUR 0.

14 Non-current liabilities other than provisions

	Due within 12 months 2022 EUR	Due within 12 months 2021 EUR	Due after more than 12 months 2022 EUR	Outstanding after 5 years 2022 EUR
Lease liabilities	378,343	192,625	5,962,617	3,754,578
Debt to other credit institutions	133,486	0	7,352,975	1,479,190
Other payables	0	0	317,475	317,475
	511,829	**192,625**	**13,633,067**	**5,551,243**

Other payable comprises holiday pay obligation.

15 Changes in working capital

	2022 EUR	2021 EUR
Increase/decrease in inventories	(3,466,007)	(608,683)
Increase/decrease in receivables	4,547,823	(7,252,036)
Increase/decrease in trade payables etc.	816,296	785,403
Other changes	0	(18,390)
	1,898,112	**(7,093,706)**

16 Unrecognised rental and lease commitments

	2022 EUR	2021 EUR
Total liabilities under rental or lease agreements until maturity	109,637	105,520

17 Contingent assets

The Group has an entity-specific pre-joint taxation loss to be carried forward amounting to EUR 7,499t, equivalent to a tax asset of EUR 1,650t, which can be set off against future tax profits. EUR 227t of this loss has been recognised. The residual 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.

18 Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which AMM Holding Af 2018 ApS serves as the administration company until 31.05.2021 after which Blue Founders ApS services as the administration company until 14.12.2021. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19 Assets charged and collateral

The Group's debt with Vækstfonden is secured. The maximum limit of the collateral is EUR 800,108. Debt to Vækstfonden is EUR 888,322. Vækstfonden has floating charge on the Group's and the floating charge consists of other fixture and fittings, tools and equipment, trade receivables, inventories, goodwill and acquired patents. Amounting EUR 7,501,126 at the balance sheet date.

The Group's lender Danmarks Grønne Investeringsfond has granted a loan of DKK 50.0m with a floating charge on the Group of DKK 22.7m. After the balancesheet date the floating charge on the Group will be increased to the full loan amount. The charge comprises inventories, trade receivables and other fixture and fittings, tools and equipment. Amounting EUR 4,976,640 at the balance sheet date.

20 Subsidiaries

	Registered in	Corporate form	Ownership %
Blue World Technologies ApS	Aalborg	ApS	100

Parent income statement for 2022

	Notes	2022 EUR	2021 EUR
Gross profit/loss		**(8,723,560)**	**201,110**
Administrative expenses		(494,656)	(899,859)
Operating profit/loss		**(9,218,216)**	**(698,749)**
Income from investments in group enterprises		(202,757)	(1,732,220)
Other financial income	2	279,067	46,481
Other financial expenses	3	(237,349)	(96,294)
Profit/loss before tax		**(9,379,255)**	**(2,480,782)**
Tax on profit/loss for the year	4	650,451	(19,887)
Profit/loss for the year		**(8,728,804)**	**(2,500,669)**
Proposed distribution of profit and loss			
Retained earnings		(8,728,804)	(2,500,669)
Proposed distribution of profit and loss		**(8,728,804)**	**(2,500,669)**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 EUR	2021 EUR
Acquired patents		189,816	91,578
Goodwill		2,334,670	2,633,229
Prepayments for intangible assets		334,169	180,088
Intangible assets	5	**2,858,655**	**2,904,895**
Investments in group enterprises		16,470,839	12,655,816
Financial assets	6	**16,470,839**	**12,655,816**
Fixed assets		**19,329,494**	**15,560,711**
Receivables from group enterprises		6,837,254	0
Deferred tax		239,362	7,663
Other receivables	7	1,330,161	6,117,450
Tax receivable		739,291	704,016
Receivables		**9,146,068**	**6,829,129**
Cash		**11,173,568**	**2,404,766**
Current assets		**20,319,636**	**9,233,895**
Assets		**39,649,130**	**24,794,606**

Equity and liabilities

	Notes	2022 EUR	2021 EUR
Contributed capital		31,472	22,058
Retained earnings		38,088,754	22,758,462
Equity		**38,120,226**	**22,780,520**
Debt to other credit institutions		822,072	842,439
Non-current liabilities other than provisions	8	**822,072**	**842,439**
Current portion of non-current liabilities other than provisions	8	66,250	0
Trade payables		320,042	466,233
Joint taxation contribution payable		320,540	704,016
Other payables		0	1,398
Current liabilities other than provisions		**706,832**	**1,171,647**
Liabilities other than provisions		**1,528,904**	**2,014,086**
Equity and liabilities		**39,649,130**	**24,794,606**

Amortisation, depreciation and impairment losses	1
Employees	9
Contingent assets	10
Contingent liabilities	11
Assets charged and collateral	12
Transactions with related parties	13

Parent statement of changes in equity for 2022

	Contributed capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
Equity beginning of year	22,058	0	22,758,462	22,780,520
Increase of capital	9,414	24,704,364	0	24,713,778
Costs related to equity transactions	0	(645,268)	0	(645,268)
Transfer to reserves	0	(24,059,096)	24,059,096	0
Profit/loss for the year	0	0	(8,728,804)	(8,728,804)
Equity end of year	**31,472**	**0**	**38,088,754**	**38,120,226**

Costs related to equity transactions consists of costs related to increase of capital.

Notes to parent financial statements

1 Depreciation, amortisation and impairment losses

	2022 EUR	2021 EUR
Amortisation of intangible assets	313,327	310,565
	313,327	**310,565**

2 Other financial income

	2022 EUR	2021 EUR
Financial income from group enterprises	106,577	0
Exchange rate adjustments	131,355	18,304
Other financial income	41,135	28,177
	279,067	**46,481**

3 Other financial expenses

	2022 EUR	2021 EUR
Exchange rate adjustments	177,386	13,806
Other financial expenses	59,963	82,488
	237,349	**96,294**

4 Tax on profit/loss for the year

	2022 EUR	2021 EUR
Current tax	(418,751)	0
Change in deferred tax	(231,700)	19,887
	(650,451)	**19,887**

5 Intangible assets

	Acquired patents EUR	Goodwill EUR	Prepayments for intangible assets EUR
Cost beginning of year	102,781	2,985,592	180,088
Transfers	106,847	0	(106,847)
Additions	6,159	0	260,928
Cost end of year	**215,787**	**2,985,592**	**334,169**
Amortisation and impairment losses beginning of year	(11,203)	(352,363)	0
Amortisation for the year	(14,768)	(298,559)	0
Amortisation and impairment losses end of year	**(25,971)**	**(650,922)**	**0**
Carrying amount end of year	**189,816**	**2,334,670**	**334,169**

Goodwill amounting EUR 2,334,670 comprises added value compared to the equity method in connection with acquisition of Danish Power Systems ApS at the end of December 2020.

6 Financial assets

	Investments in group enterprises EUR
Cost beginning of year	16,982,878
Additions	4,017,780
Cost end of year	**21,000,658**
Impairment losses beginning of year	(4,327,062)
Share of profit/loss for the year	(202,757)
Impairment losses end of year	**(4,529,819)**
Carrying amount end of year	**16,470,839**

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

7 Other receivables

For 2021 Other receivables consists primarily of deposit on the Group's tax account amounting EUR 6,051t. Deposit on the Group's tax account at the balancesheet date 2022 amounts to EUR 0.

8 Non-current liabilities other than provisions

	Due within 12 months 2022 EUR	Due after more than 12 months 2022 EUR
Debt to other credit institutions	66,250	822,072
	66,250	**822,072**

No expected outstanding after 5 years.

9 Employees

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

10 Contingent assets

The Company has an entity-specific pre-joint taxation loss to be carried forward amounting to EUR 7,499t, equivalent to a tax asset of EUR 1,650t, which can be set off against future tax profits. EUR 227t 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 within a period of 3-5 years.

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which AMM Holding Af 2018 ApS serves as the administration company until 31.05.2021, after which Blue Founders ApS services as the administration company until 14.12.2021. 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The Entity serves as the administration company in a Danish joint taxation arrangement from 15.12.2021. 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.

12 Assets charged and collateral

The Parent Company's debt with Vækstfonden is secured. The maximum limit of the collateral is EUR 800,108. Debt to Vækstfonden is EUR 888,322 at the balance sheet date.

Vækstfonden has floating charge on the Company's goodwill and acquired patents, which amounting EUR 2,524,486 at the balance sheet date.

13 Non-arm’s length related party transactions

The company has contributed EUR 4,018t to the subsidairy Blue World Technologies ApS for the financial year 2022. Apart from the group contributions there has not been transactions with related parties on non-arm's length.

Accounting policies

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

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.

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 takeover 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 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. In addition, the item includes ordinary writedown of inventories.

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 under reserve for development costs that is reduced as the development projects are amortised and written down.

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

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

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	2-12 years
Plant and machinery	2-20 years
Other fixtures and fittings, tools and equipment	5 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 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 and consumables.

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.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of loss oncontract work in progress.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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 taxes 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, including acquisition of assets held under finance leases.

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

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.