

Algiecel ApS

Oslo Plads 2, 2100 København Ø
CVR no. 42 39 44 16

Annual report for the financial year 17.05.21 - 31.12.21

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 30.05.22

Gry Husby Larsen
Dirigent

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The company

Algiecel ApS
Oslo Plads 2
2100 København Ø
Registered office: København
CVR no.: 42 39 44 16
Financial year: 01.01 - 31.12

Executive Board

Henrik Busch-Larsen

Board of Directors

Chairman Martin Lavesen
Jeppe Høier
Henrik Busch-Larsen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 17.05.21 - 31.12.21 for Algiecel ApS.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities for the financial year 17.05.21 - 31.12.21.

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

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

Copenhagen, May 30, 2022

Executive Board

Henrik Busch-Larsen

Board of Directors

Martin Lavesen
Chairman

Jeppe Høier

Henrik Busch-Larsen

To the capital owners of Algiecel ApS

Opinion

We have audited the financial statements of Algiecel ApS for the financial year 17.05.21 - 31.12.21, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.21 and of the results of the company's operations for the financial year 17.05.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Aalborg, May 30, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lars Leopold Larsen
State Authorized Public Accountant
MNE-no. mne33229

Primary activities

Algiecel was founded with the purpose of solving the environmental impacts and costs for industrial client's production methods and converting it into feasible new business opportunities. To develop Algiecel's technology and processes, to support its clients in doing this, it relies upon natural micro-algae organisms and a compact and high-yield photobioreactor technology. Algiecel will hence build and offer its technology and process in compact mobile microalgae photobioreactors and downstream units, fitting into standard 40 feet containers, thereby transforming industrial carbon dioxide point emissions into profitable derivative products on site. With its technology and processes Algiecel is developing and providing a business model where value from the derivative products will be shared with its clients.

The main derivative products, whether that being high-value algae oil for feed or human food products, biomass for feed or bio-fertilizer and oil for diesel, will be transforming the client's carbon emission into a cost-neutral or even profitable part of their business, with minimal administrative and logistic effort required from their side. The aim for Algiecel is to provide carbon capture as-a-service and make capturing the carbon dioxide and thus avoiding emissions at least cost neutral for its clients.

Development in activities and financial affairs

The income statement for the period 17.05.21 - 31.12.21 shows a profit/loss of DKK -1,282,614. The balance sheet shows equity of DKK 217,386.

Algiecel was incorporated in May 2021 and has since been through intensive development. This among others entail a) recruitment of a core team of highly skilled people, b) designing a pilot project in close collaboration with external suppliers and partners, c) entering a collaboration agreement with Danish Technological Institute, d) starting construction of the pilot photobioreactor unit and e) engaging in customer dialogues with clients applicable for both the upcoming demonstration phase as well as being future clients.

Furthermore, on the commercial side, the interest in Algiecel's technology and the application of the derivative products has been positive, demonstrated by letters of intent signed by potential clients and buyers of the derivative products.

Algiecel is looking into an eventful and exciting 2022, where a) the pilot unit will be installed at the Danish Technological Institute premises in Taastrup, b) efficiency and production data from the photobioreactor unit is expected, c) it will seek to further build its technical and commercial organisation as well as d) work towards finding ideal scaling partners for the upcoming demonstration scaling project.

Subsequent events

After the balance sheet date, the company has received a letter of support confirming that up until the end of the financial year on 31 December 2022 sufficient cash will be available to pay the company's debts at they fall due.

Income statement

		17.05.21
		31.12.21
Note		DKK
	Gross loss	-1,330,766
1	Staff costs	-391,824
	Loss before depreciation, amortisation, write-downs and impairment losses	-1,722,590
	Financial expenses	-3,444
	Loss before tax	-1,726,034
	Tax on loss for the year	443,420
	Loss for the year	-1,282,614
	Proposed appropriation account	
	Retained earnings	-1,282,614
	Total	-1,282,614

ASSETS	
	31.12.21
Note	DKK
Deposits	8,200
Total investments	8,200
Total non-current assets	8,200
Income tax receivable	443,420
Other receivables	257,496
Prepayments	464,883
Total receivables	1,165,799
Cash	310,461
Total current assets	1,476,260
Total assets	1,484,460

EQUITY AND LIABILITIES

	31.12.21
Note	DKK
Share capital	712,500
Retained earnings	-495,114
Total equity	217,386
Trade payables	523,785
Payables to group enterprises	669,389
Other payables	73,900
Total short-term payables	1,267,074
Total payables	1,267,074
Total equity and liabilities	1,484,460

2 Contingent liabilities

3 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 17.05.21 - 31.12.21			
Capital contributed on establishment	50,000	0	50,000
Capital increase	662,500	787,500	1,450,000
Net profit/loss for the year	0	-1,282,614	-1,282,614
Balance as at 31.12.21	712,500	-495,114	217,386

17.05.21
31.12.21
DKK

1. Staff costs

Wages and salaries	384,831
Other social security costs	1,609
Other staff costs	5,384
Total	391,824
Average number of employees during the year	1

2. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 3 months and average lease payments of DKK 4k, a total of DKK 12k.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

3. Charges and security

The company has not provided any security over assets.

4. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial

4. Accounting policies - continued -

Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

No comparative figures have been provided as this is the company's first financial year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross loss

Gross loss comprises cost of sales and other external expenses.

Cost of sales

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

4. Accounting policies - continued -

Other external expenses

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

Staff costs

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

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

Tax on profit/loss for the year

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

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Impairment losses on fixed assets

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

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

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

4. Accounting policies - continued -

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

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

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

Receivables

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

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

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

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

Current and deferred tax

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences

4. Accounting policies - continued -

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

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

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

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.