BEIERHOLM
VI SKABER BALANCE

Algiecel ApS

Oslo Plads 2, 2100 København Ø

CVR no. 42 39 44 16

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 02.05.23

Martin Lavesen
Dirigent

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Company information etc.

The company

Algiecel ApS
c/o DLA Piper Denmark
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 Tina Moe
Jeppe Høier
Martin Lavesen
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 01.01.22 - 31.12.22 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 31.12.22 and of the results of the company's activities for the financial year 01.01.22 - 31.12.22.

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, April 17, 2023

Executive Board

Henrik Busch-Larsen

Board of Directors

Tina Moe Chairman	Jeppe Høier
Martin Lavesen	Henrik Busch-Larsen

To the capital owner of Algiecel ApS

Opinion

We have audited the financial statements of Algiecel ApS for the financial year 01.01.22 - 31.12.22, 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 31.12.22 and of the results of the company's operations for the financial year 01.01.22 - 31.12.22 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.

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.

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.

Aalborg, April 17, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

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

Primary activities

ALGIECEL was founded to take part in solving the challenge of converting CO_2 emissions into feasible business opportunities. ALGIECEL uses natural microalgae organisms, a highly compact and high-yield photobioreactor technology fitted into standard containers and a revenue-sharing business model to offer carbon capture as a service to industrial clients. The CO_2 will be turned into highly valuable products such as omega-3 oils and protein and omega-3-rich biomass to be used in the feed, food and skincare industries.

ALGIECEL positions itself primarily as the provider of a novel carbon capture and utilization (CCU) photobioreactor technology easy to install, scale and operate. ALGIECEL has designed a business model that transforms the cost challenge of CO_2 removal and potential emission penalties into a profitable business opportunity across the entire value chain through revenue sharing from derivative biomass and bio oil product sales.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK -6,697,004 against DKK -1,282,614 for the period 17.05.21 - 31.12.21. The balance sheet shows equity of DKK -1,379,532.

In the beginning of 2022, ALGIECEL got accepted into the BioInnovation Institute's Venture Lab programme, which also included a convertible loan note of DKK 4,000,000. Important milestones were achieved during 2022 where ALGIECEL finalized the design and construction of its pilot photobioreactor plant, and a collaboration agreement with Danish Technical Institute (TI) was signed. The pilot photobioreactor plant is in operation at TI's premises in Taastrup, Denmark, where it has yielded strong initial results, seeing a major productivity increase from the initial test run in Q3 2022 to the start of 2023.

Additionally, during 2022 European Union React grant and Innobooster grant funding totalling approximately DKK 3,000,000 has been obtained for the basic design of the first full-scale demonstration unit and pilot lab-scale downstream processing and shelf-life testing, respectively. On the commercial side, interest in the technology and the opportunity has been positive, demonstrated by letters of interest signed by potential technology clients and by potential buyers of the algae-based derivative products.

Looking into 2023 ALGIECEL will work towards i) optimization of the algae-based carbon capture and utilization (CCU) technology; ii) initiating product application trials with potential clients and research institutes already identified to further the commercial interest in the high-value biomass products; iii) creating additional commercial interest from potential future clients in the CCU technology as well as iv) completing the design of the first full-scale demonstration unit. Moreover, ALGIECEL will work on securing additional funding for the upcoming demonstration full-scale project which will be key to the future development of ALGIECEL and the technology.

Subsequent events

After the balance sheet date, ALGIECEL has entered into a convertible loan note with Denmark's Export and Investment Fund. This in combination with funding from a UK-based family fund and private individuals secured in Q4 2022 concludes the seed funding round of in total DKK 10,000,000.

Further, after the balance sheet date, ALGIECEL has issued new shares thereby increasing the total equity. With the negative equity at year-end 2022 the issue of new shares has more than covered the negative equity. The proceed from the share issue was used to repay loans in ALGIECEL.

Income statement

Note		2022 DKK	17.05.21 31.12.21 DKK
	Gross loss	**-6,188,973**	**-1,330,766**
2	Staff costs	-2,797,802	-391,824
	Loss before depreciation, amortisation, write-downs and impairment losses	**-8,986,775**	**-1,722,590**
	Financial income	320	0
	Financial expenses	-179,092	-3,444
	Loss before tax	**-9,165,547**	**-1,726,034**
	Tax on loss for the year	2,468,543	443,420
	Loss for the year	**-6,697,004**	**-1,282,614**

Proposed appropriation account

Retained earnings	-6,697,004	-1,282,614
Total	**-6,697,004**	**-1,282,614**

Balance sheet

ASSETS

Note		31.12.22 DKK	31.12.21 DKK
	Deposits	8,200	8,200
	Total investments	**8,200**	**8,200**
	Total non-current assets	**8,200**	**8,200**
	Deferred tax asset	1,072,356	0
	Income tax receivable	1,520,993	443,420
	Other receivables	182,528	257,496
	Prepayments	7,083	464,883
	Total receivables	**2,782,960**	**1,165,799**
	Cash	**2,853,866**	**310,461**
	Total current assets	**5,636,826**	**1,476,260**
	Total assets	**5,645,026**	**1,484,460**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.22 DKK	31.12.21 DKK
	Share capital	845,484	712,500
	Retained earnings	-2,225,016	-495,114
	Total equity	**-1,379,532**	**217,386**
3	Convertible and profit-sharing debt instruments	4,100,603	0
	Total long-term payables	**4,100,603**	**0**
	Trade payables	332,459	523,785
	Payables to group enterprises	2,128,293	669,389
	Other payables	463,203	73,900
	Total short-term payables	**2,923,955**	**1,267,074**
	Total payables	**7,024,558**	**1,267,074**
	Total equity and liabilities	**5,645,026**	**1,484,460**

4 Contingent liabilities
5 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22			
Balance as at 01.01.22	712,500	-495,114	217,386
Capital increase	132,984	4,967,102	5,100,086
Net profit/loss for the year	0	-6,697,004	-6,697,004
Balance as at 31.12.22	845,484	-2,225,016	-1,379,532

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2022 DKK	17.05.21 31.12.21 DKK
Grants	Other operating income	400,000	0

2. Staff costs

	2022	17.05.21 - 31.12.21
Wages and salaries	2,692,054	384,831
Other social security costs	13,822	1,609
Other staff costs	91,926	5,384
Total	2,797,802	391,824
Average number of employees during the year	4	1

3. Long-term payables

Figures in DKK	Total payables at 31.12.22
Convertible and profit-sharing debt instruments	4,100,603
Total	4,100,603

The company has raised loans of DKK 4.000.000 in return for the issue of convertible debt instruments which entitle the lender to convert the loan into shares in the company in certain circumstances at a non fixed conversion price per share equal to the price per share paid by bona fide third parties less a discount of 0-30%. The maximum number of shares into which the debt can be converted is not fixed. The right of conversion expires when the loan is repaid. The loan falls due for payment in 2025.

4. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 2-3 months and average lease payments of DKK 4k-15k, total lease payments of DKK 42k.

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.

5. Charges and security

The company has not provided any security over assets.

6. Accounting policies

GENERAL

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

The accounting policies have been applied consistently with previous years. However, comparative figures are not fully comparative with 2022, because they only cover the period from 17 May to 31 December.

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.

6. Accounting policies - continued -

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.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

INCOME STATEMENT

Gross loss

Gross loss comprises other operating income and cost of sales and other external expenses.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise’s activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Cost of sales

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

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and

6. Accounting policies - continued -

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.

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

6. Accounting policies - continued -

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 account.

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 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

6. Accounting policies - continued -

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

Convertible debt instruments are issued on terms that entitle the lender to convert the loan into equity interests in the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

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