martinsen
Rådgivning & Revision

xpuris ApS

Lautruphøj 5, 2., 2750 Ballerup

Annual report

2023

Company reg. no. 42 93 85 72

The annual report was submitted and approved by the general meeting on the 29 April 2024.

Morten Ghiladi
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Contents

Management's statement

Today, the Managing Director has approved the annual report of xpuris ApS for the financial year 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Ballerup, 29 April 2024

Managing Director

Morten Ghiladi

Independent auditor's report

To the Shareholder of xpuris ApS

Opinion

We have audited the financial statements of xpuris ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 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 financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs 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 on 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.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of Management's Review.

Esbjerg, 29 April 2024

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Lars Æbelø-Nielsen
State Authorised Public Accountant
mne33693

Company information

The company	xpuris ApS Lautruphøj 5, 2. 2750 Ballerup	
	Company reg. no.	42 93 85 72
	Established:	29 December 2021
	Domicile:	Ballerup
	Financial year:	1 January 2023 - 31 December 2023
Managing Director	Morten Ghiladi	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Edison Park 4 6715 Esbjerg N	
Parent company	ASK Chemicals GmbH	

Management´s review

The principal activities of the company

The company's activity consists in developing, manufacturing, marketing and selling systems, catalysts and absorbents for use in emission control, including sales and business within green hydrogen and power-to-x solutions, as well as all business which, at the management's discretion, is related to this.

Development in activities and financial matters

The gross loss for the year totals DKK -624.480 against DKK -364.064 last year. Income or loss from ordinary activities after tax totals DKK -4.812.302 against DKK -2.013.073 last year. Management considers the net profit or loss for the year as expected.

The company has lost the original capital contribution. The company's equity amounts to 31. December 2023 DKK -6.785 thousand. The company has restored the capital in april 2024 by intercompany payables to equity and the company is expected to be able to maintain the company's capital in the future positive operations.

As of April 19, Xpuris ApS has new owners, as the parent company ASK Chemicals has sold the company in a management buyout to Xpuris Holding ApS. The continued operation is secured for 2024, as a part of the management buyout agreement.

On this basis, the company's management assesses that the annual report can be presented with continued operations in mind.

Accounting policies

The annual report for xpuris ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Change of accounting policies for leases

The enterprise has chosen to apply IFRS 16 as the basis for interpretation in relation to the classification and recognition of leases.

The enterprise will be applying the standard retrospectively until the beginning of the current period with the accumulative effect of the initial application being recognised in equity opening balance, 2023 (modified retrospective application). Thus, the comparative figures for 2019 have not been adjusted and will, as previously, be presented according to IAS 17. The accounting policies for the current year and the comparative figures are presented in two separate sections.

IFRS 16 no longer differentiates between operating and finance leases. Unlike previously, all leases are, with a few exceptions, recognised in the statement of financial position. Thus, as from 1 January 2023, earlier operating leases are recognised in the opening balance.

Lease liabilities are recognised at a value corresponding to the present value of the remaining lease payments, discounted by the enterprise’s marginal borrowing rate for the relevant asset types at 1 January 2023. Right-of-use assets are recognised at a value corresponding to the imputed lease liability adjusted for prepayments.

On the date of transition, no updated assessment of leases entered into prior to 1 January 2023 has been made. Contracts satisfying the lease definition according to the old definition under IAS 17 are retained as leases according to IFRS 16.

On the application of IFRS 16 and the modified retrospective application, the enterprise will be using the following practical dispensation for rights-of-use assets formerly classified as operating leases:

- Applying a single discount rate to a group of leased assets with identical characteristics
- Omitting the recognition of a right-of-use asset for leases where the lease term expires within twelve months of the date of transition
- Omitting to recognise direct start-up costs when measuring the right-of-use asset at 1 January 2023

As the change in policies is implemented without any adjustment of comparative figures, the monetary effect of the changes in accounting policies for 2022 is unchanged.

Except from this, the accounting policies in the annual report for 2023 is unchanged compared to last year.

Accounting policies

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Gross loss

Gross loss comprises the revenue and external costs.

Accounting policies

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

Accounting policies

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	1-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Right-of-use assets

The enterprise will be applying IFRS 16 as its basis of interpretation for the recognition of classification and recognition of leases.

Leases pertaining to property, plant, and equipment for which the enterprise has the right-of-use are recognised in the statement of financial position as right-of-use assets. The assets are, at initial recognition, measured at imputed cost, consisting of:

- The imputed lease liability
- Any lease payments paid prior to – or on – the starting date, less any lease incentives received
- Any direct start-up costs
- Any restoring costs

Hereafter, recognised leased assets are treated like the enterprise’s remaining property, plant, and equipment.

Lease liabilities are recognised in the statement of financial position as liabilities other than provision and are measured, at initial recognition, at the present value of lease payments payable over the lease term. This includes a purchase option in the event that the enterprise expects to purchase the right-of-use asset. When determining the present value, the internal rate of return or, alternatively, the enterprise’s borrowing rate is applied as discount rate.

Hereafter, the lease liability is treated like the remaining financial liabilities, i.e. at amortised cost.

Accounting policies

The interest element of the lease payments is recognised in the income statement over the contractual term.

The following leases are not recognised as assets and liabilities in the statement of financial position:
- Leases with a duration of twelve months or less (short leases)
- Leases where the replacement value of the asset is less than DKK 30,000. (low-value assets)

For such leases, the lease payment is recognised in the income statement as an expense on a linear basis over the lease term.

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement

All amounts in DKK.

Note		1/1 2023 - 31/12 2023	29/12 2021 - 31/12 2022
	Gross profit	**-624.480**	**-364.064**
2	Staff costs	-3.115.236	-2.100.379
	Depreciation and impairment of property, land, and equipment	-79.920	0
	Operating profit	**-3.819.636**	**-2.464.443**
	Other financial income	141	0
3	Other financial expenses	-439.807	-99.630
	Pre-tax net profit or loss	**-4.259.302**	**-2.564.073**
4	Tax on net profit or loss for the year	-553.000	551.000
	Net profit or loss for the year	**-4.812.302**	**-2.013.073**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-4.812.302	-2.013.073
	Total allocations and transfers	**-4.812.302**	**-2.013.073**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
	Other fixtures, fittings, tools and equipment	99.905	0
	Total property, plant, and equipment	99.905	0
	Total non-current assets	**99.905**	**0**
	Current assets		
	Receivables from group enterprises	145.402	0
	Deferred tax assets	0	551.000
	Other receivables	92.492	135.505
	Prepayments	40.905	79.617
	Total receivables	278.799	766.122
	Cash and cash equivalents	401.651	87.082
	Total current assets	**680.450**	**853.204**
	Total assets	**780.355**	**853.204**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
5	Contributed capital	40.000	40.000
6	Retained earnings	-6.825.375	-2.013.073
	Total equity	**-6.785.375**	**-1.973.073**
	Provisions		
	Provisions for deferred tax	2.000	0
	Total provisions	**2.000**	**0**
	Liabilities other than provisions		
7	Lease liabilities	21.352	0
	Total long term liabilities other than provisions	21.352	0
	Current portion of long term liabilities	82.216	0
	Bank loans	0	6.100
	Trade payables	43.014	5.526
	Payables to group enterprises	6.793.404	2.695.841
	Payables to shareholders and management	1.351	2.089
	Other payables	622.393	116.721
	Total short term liabilities other than provisions	7.542.378	2.826.277
	Total liabilities other than provisions	**7.563.730**	**2.826.277**
	Total equity and liabilities	**780.355**	**853.204**

1 Financing conditions for continued operation

8 Contingencies

Notes

All amounts in DKK.

1. Financing conditions for continued operation

As of April 19, Xpuris ApS has new owners, as the parent company ASK Chemicals has sold the company in a management buyout to Xpuris Holding ApS. The continued operation is secured for 2024, as a part of the management buyout agreement.

2. Staff costs

Salaries and wages	2.704.854	1.814.620
Pension costs	394.163	275.696
Other costs for social security	16.219	10.063
	3.115.236	**2.100.379**
Average number of employees	2	2

3. Other financial expenses

Financial costs, group enterprises	422.284	72.803
Other financial costs	17.523	26.827
	439.807	**99.630**

4. Tax on net profit or loss for the year

Adjustment for the year of deferred tax	553.000	-551.000
	553.000	**-551.000**

5. Contributed capital

Contributed capital 1 January 2023	40.000	40.000
	40.000	**40.000**

6. Retained earnings

Retained earnings 1 January 2023	-2.013.073	0
Profit or loss for the year brought forward	-4.812.302	-2.013.073
	-6.825.375	**-2.013.073**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
7.	**Lease liabilities**		
	Total lease liabilities	103.568	0
	Share of amount due within 1 year	-82.216	0
		21.352	**0**
	Share of liabilities due after 5 years	0	0

8. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	135
Rental liabilities	29
Total contingent liabilities	**164**

In addition to finance leases, the company has entered into operational leases with an average annual lease payment of DKK 108 thousand. The leases have 15 months to maturity and total outstanding lease payments total DKK 135 thousand.

Moreover, the company has entered into operational leases with an annual rent payment of DKK 116 thousand. The total rent obligation amounts to DKK 29 thousand, as the contract can be terminated with 3 months' notice.