



Tel.: +45 39 15 52 00
koebenhavn@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
CVR no. 20 22 26 70

AIRLICH HOLDING APS
STRANDVEJEN 265, 2920 CHARLOTTENLUND
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 24 June 2024**

Peter Aue Elbek

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COMPANY DETAILS**Company**

Airlich Holding ApS
Strandvejen 265
2920 Charlottenlund

CVR No.: 43 12 50 52
Established: 9 March 2022
Municipality: Gentofte
Financial Year: 1 January - 31 December

Executive Board

Peter Aue Elbek

Auditor

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
1561 Copenhagen V

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Airlich Holding ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in my opinion a fair presentation of the matters dealt with in the Commentary.

The Executive Board remain of the opinion that the conditions for opting out of audit have been fulfilled.

I recommend the Annual Report be approved at the Annual General Meeting.

Charlottenlund, 24 June 2024

Executive Board

Peter Aue Elbek

AUDITOR'S REPORT ON COMPILATION OF FINANCIAL INFORMATION

To the shareholders of Airlich Holding ApS

We have compiled these Financial Statements of Airlich Holding ApS for the financial year 1 January - 31 December 2023 based on the Company's accounting records and other information provided by Management.

These Financial Statements comprise income statement, balance sheet, statement of changes in equity, notes and accounting policies.

We performed this compilation engagement in accordance with the International Standard, Compilation Engagements.

We have applied our professional expertise to assist Management in the preparation and presentation of these Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant statutory provisions of the Danish Audit Act and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), including principles of integrity, objectivity, professional behaviour, and due care.

These Financial Statements and the accuracy and completeness of the information used to compile these Financial Statements are Management's responsibility.

Since an engagement to compile financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by Management to us to compile these Financial Statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 24 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Kim Mücke
State Authorised Public Accountant
MNE no. mne10944

MANAGEMENT COMMENTARY

Principal activities

The principal activities comprise majority ownership of Airlich ApS, a company engaged in developing a retrofit air cleaning system, and Airlich IP ApS, a company that acquires and maintains patents associated with indoor air cleaning and purification.

Development in activities and financial and economic position

In 2023, the Company has provided financing to fund Airlich ApS's development activities and Airlich IP ApS's acquisition and maintenance of patents associated with indoor air cleaning and purification. Considering that Airlich ApS is a development-stage company which has not yet generated revenue and earnings, the valuation of the loans provided to Airlich ApS is subject to significant uncertainty. Airlich ApS's development activities are progressing as planned, and Management is comfortable that Airlich will begin to generate revenue in the foreseeable future, and that Airlich ApS in the mid- to long-term also will become profitable.

Airlich Holding ApS has generated an after tax loss in 2023, but is expected to generate after tax profits in future periods.

Due to the expected future profitability of Airlich ApS and Airlich IP ApS, it is expected that the loan amounts owed by Airlich ApS and Airlich IP ApS will be fully recovered over time.

In 2023, there was a group restructure which resulted in loans from its then majority shareholder and a third party being repaid and new loans being issued by its new holding company, Airlich Topco ApS. The loan from Airlich Topco ApS is payable no later than May 2028.

On this basis, Management has determined that it is reasonable and appropriate to present the annual report for 2023 assuming that the Company is a going concern for a period at least until 31 December 2024.

Significant events after the end of the financial year

After the balance sheet date, the Company has provided Airlich ApS with additional loans amounting to DKK 4,640k. The terms for the loans are identical with loans provided in 2023. Payment of the loans including accrued interest is payable no later than 1 January 2025.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS LOSS		-30.500	-10.000
Other financial income.....	2	1.515.617	338.164
Other financial expenses.....	3	-1.543.252	-484.428
LOSS BEFORE TAX		-58.135	-156.264
Tax on profit/loss for the year.....	4	21.005	0
LOSS FOR THE YEAR		-37.130	-156.264
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		-37.130	-156.264
TOTAL		-37.130	-156.264

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Investments in subsidiaries.....		80.000	35.000
Receivables from group enterprises.....		19.471.391	8.489.767
Financial non-current assets.....	5	19.551.391	8.524.767
NON-CURRENT ASSETS.....		19.551.391	8.524.767
Receivables from group enterprises.....		0	5.200
Other receivables.....		6.900	0
Corporation tax receivable.....		224.797	0
Receivables.....		231.697	5.200
Cash and cash equivalents.....		16.380	2.891.269
CURRENT ASSETS.....		248.077	2.896.469
ASSETS.....		19.799.468	11.421.236

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....		100.000	40.000
Retained earnings.....		12.583	-156.264
EQUITY.....		112.583	-116.264
Payables to group enterprises.....		19.458.806	3.457.886
Other non-current liabilities.....		0	8.069.614
Non-current liabilities.....	6	19.458.806	11.527.500
Trade payables.....		8.000	10.000
Corporation tax payable.....		220.079	0
Current liabilities.....		228.079	10.000
LIABILITIES.....		19.686.885	11.537.500
EQUITY AND LIABILITIES.....		19.799.468	11.421.236
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EQUITY

	Share Capital	Share Premium	Retained earnings	Total
Equity at 1 January 2023.....	40.000	0	-156.264	-116.264
Proposed loss allocation.....			-37.130	-37.130
Transactions with owners				
Capital increase.....	60.000	205.977		265.977
Transfers				
Share premium.....		-205.977	205.977	0
Equity at 31 December 2023.....	100.000	0	12.583	112.583

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	1	1	
Other financial income			2
Group enterprises.....	1.515.617	338.164	
	1.515.617	338.164	
Other financial expenses			3
Group enterprises.....	1.542.242	474.717	
Other interest expenses.....	1.010	9.711	
	1.543.252	484.428	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	-4.718	0	
Adjustment of tax in previous years.....	-16.287	0	
	-21.005	0	
Financial non-current assets			5
	Investments in subsidiaries	Receivables from Group companies	
Cost at 1 January 2023.....	35.000	8.489.767	
Additions.....	45.000	10.981.624	
Cost at 31 December 2023.....	80.000	19.471.391	
Carrying amount at 31 December 2023.....	80.000	19.471.391	

The Company has declared to Airlich ApS and Airlich IP ApS that the loans provided including accrued interest will not be demanded repaid until 1 January 2025.

Both being development-stage companies without having yet realised any revenue, the recoverable value of the receivables is inherently subject to uncertainty. At this stage, Management is confident that it is both realistic and achievable to commercialise the air cleaning system and securing positive cash-flow generation in the long-term. Therefore, Management has recognised all receivables without provision for write-down.

NOTES

				Note
Long-term liabilities				6
	31/12 2023	Repayment	Debt	
	total liabilities	next year	outstanding	31/12 2022
			after 5 years	total liabilities
Payables to group enterprises.....	19.458.806	0	0	3.457.886
Other non-current liabilities.....	0	0	0	8.069.614
	19.458.806	0	0	11.527.500

The Parent Company, Airlich Topco ApS, has confirmed that it will not demand repayment of the outstanding loan balance, including interest accrued, at 31 December 2023 of DKK 19.458.806 before 1 January 2025.

Contingencies etc. **7**

Joint liabilities

The Company is participating in a joint taxation, whereby the Company is jointly and severally liable together with the other group companies which participate in the joint taxation group for tax on the Group’s joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group’s joint taxable income is stated in the annual report of Nelbek Ventures 2 ApS, which serves as management Company for the joint taxation.

Information on uncertainty with respect to going concern **8**

In 2023, the Company has provided financing to fund Airlich ApS's development activities and Airlich IP ApS's acquisition and maintenance of patents associated with indoor air cleaning and purification. Considering that Airlich ApS is a development-stage company which has not yet generated revenue and earnings, the valuation of the loans provided to Airlich ApS is subject to significant uncertainty. Airlich ApS's development activities are progressing as planned, and Management is comfortable that Airlich will begin to generate revenue in the foreseeable future, and that Airlich ApS in the mid- to long-term also will become profitable.

The Company has provided financing to Airlich ApS and Airlich IP ApS in 2023, which in turn has been funded by loans received from the Company's parent company. The parent company has confirmed that it will not demand repayment in 2024.

Based on this, Management assesses that it is reasonable and appropriate to present the annual report for 2023 assuming that the Company is a going concern for a period at least until 31 December 2024.

ACCOUNTING POLICIES

The Annual Report of Airlich Holding ApS for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danish enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

Consolidated Financial Statements are not prepared because the Group fulfils the requirements for exemption in section 110 of the Danish Financial Statements Act.

INCOME STATEMENT

Other external expenses

Other external expenses include corporate costs, etc

Financial income and expenses

Financial income and expenses include interest income and expenses recognised by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Financial non-current assets

Investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Impairment of fixed assets

The carrying amount of fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

ACCOUNTING POLICIES

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.