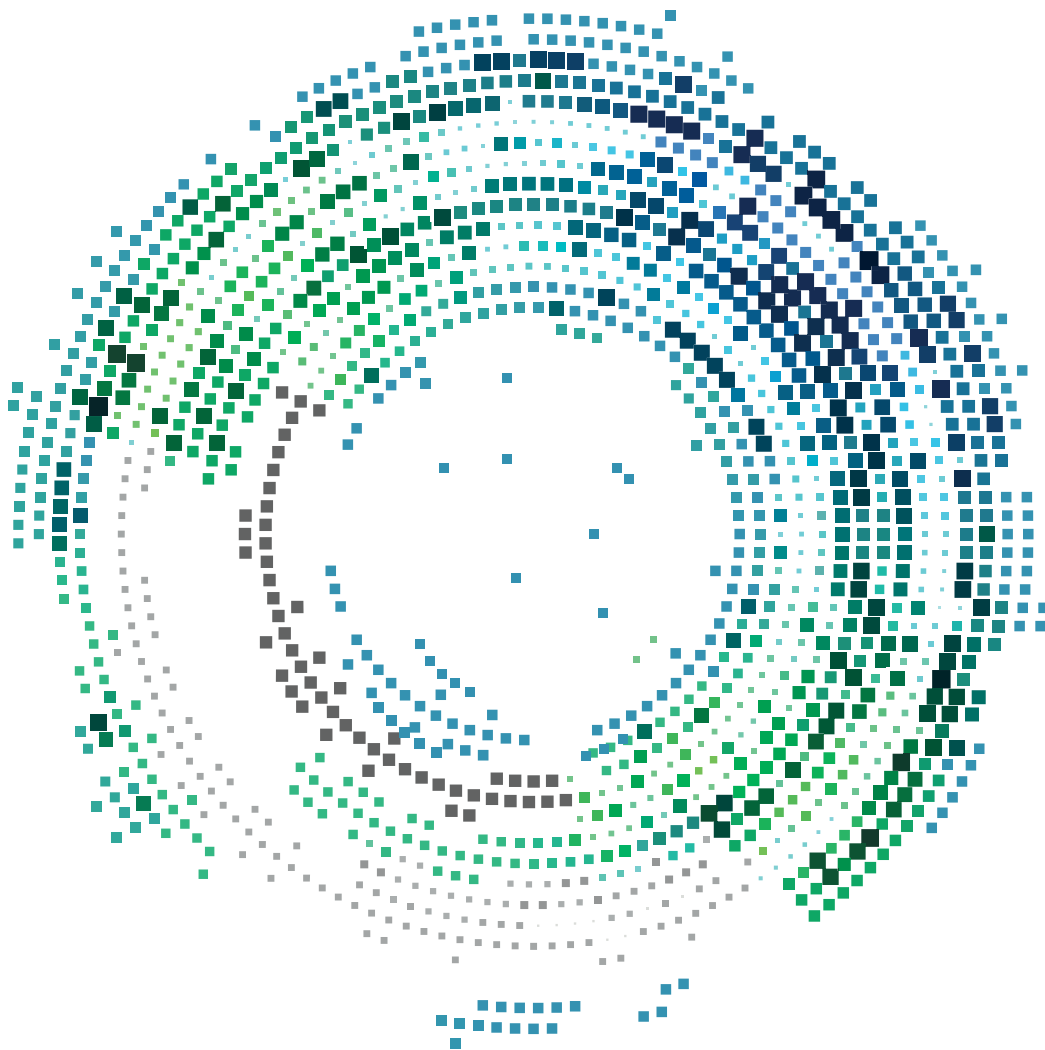




Alpha Aqua A/S

Læssevejen 2
6700 Esbjerg
CVR No. 38935593

Annual report 2021

The Annual General Meeting adopted the
annual report on 29.04.2022

Kristian Bech Andersen

Chairman of the General Meeting

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Entity details

Entity

Alpha Aqua A/S

Læssevejen 2

6700 Esbjerg

Business Registration No.: 38935593

Registered office: Esbjerg

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Kristian Bech Andersen, chairman

Johan Herold Højgaard, board member

Klaus Westergaard Sørensen, vice chairman

Executive Board

Johan Herold Højgaard, managing director

Christoffer Møller Kristensen, finance director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Alpha Aqua A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Esbjerg, 22.04.2022

Executive Board

Johan Herold Højgaard
managing director

Christoffer Møller Kristensen
finance director

Board of Directors

Kristian Bech Andersen
chairman

Johan Herold Højgaard
board member

Klaus Westergaard Sørensen
vice chairman

Independent auditor's extended review report

To the shareholders of Alpha Aqua A/S

Conclusion

We have performed an extended review of the financial statements of Alpha Aqua A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

We draw attention to note 1, which shows that there is uncertainty regarding the recognition and measurement of trade receivables in connection with the fact that the company is part of an arbitration case. Our conclusion has not been modified on this issue.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and

perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review 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 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.

Esbjerg, 22.04.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen

State Authorised Public Accountant
Identification No (MNE) mne24824

Torben Nielsen

State Authorised Public Accountant
Identification No (MNE) mne26808

Management commentary

Primary activities

Alpha Aqua A/S develops and sells products and EPC-M projects based on RAS technology (Recirculating Aquaculture Systems) to aquaculture companies in the global market. Based on many years of experience in the aquaculture sector, Alpha Aqua develops "state of the art" module-based flexible RAS solutions for land-based fish production facilities globally.

Description of material changes in activities and finances

Alpha Aqua A/S is based on a philosophy that aquaculture is both environmentally and economically best handled on land. As an aquaculture producer, by producing in environmentally friendly composites on land, you will be able to achieve even very large economic and ecological benefits, both from the modular approach to the construction of the facilities and the resulting flexibility in production. The market for RAS technology for the aquaculture sector is developing explosively globally. With its innovative technologies, Alpha Aqua A/S is helping to disrupt and set new standards in a market that has traditionally not focused on circular economy and total optimization of production facilities. With a relatively small organization, complemented by strong sourcing channels and attractive financing agreements for our customers, the business is expected to develop extremely positively. Alpha Aqua A/S is thus expected to realize strong growth rates in the coming years.

2021 – get ready for further growth

The focus in 2021 has been on building the internal structures in Alpha Aqua to be ready to leverage the company for the growth to come. Alpha Aqua has invested in resources, processes and systems to handle larger and more complex projects in the future.

In 2021, we have completed several medium projects in Spain and Scandinavia which include both NanoRAS® and Alpha Line® based systems.

In late 2021 and beginning of 2022 Alpha Aqua has initiated several projects predominantly in Scandinavia which combined has a total project value above DKK 100 million.

Despite the Covid situation in 2021 with longer lead times and travel restrictions Alpha Aqua show a profit of DKK 526 thousand. and an equity of DKK 779 thousand. Expectations for 2022 & 2023 is to continue the growth.

Uncertainty relating to recognition and measurement

The company is involved in an arbitration case in Spain in relation to a completed project.

In the arbitration case cited, the company has a claim of approximately mio.DKK 5.6.

The management has made an assessment of the individual circumstances and on this basis made reservations to deal with them. Regardless of the fact that management believes that all significant risks are assessed, there is a risk that deviations may occur.

Events after the balance sheet date

The aftermath of the COVID-19 shutdown is still present globally as of this writing. We have not lost orders due to COVID-19 but finds that both the sales and delivery process takes significantly longer.

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

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		15,075,979	8,284,114
Staff costs	2	(11,932,745)	(4,998,359)
Depreciation, amortisation and impairment losses	3	(1,133,837)	(708,017)
Operating profit/loss		2,009,397	2,577,738
Other financial income		110,291	59,989
Other financial expenses		(1,488,470)	(460,909)
Profit/loss before tax		631,218	2,176,818
Tax on profit/loss for the year	4	(105,000)	(421,000)
Profit/loss for the year		526,218	1,755,818
Proposed distribution of profit and loss			
Retained earnings		526,218	1,755,818
Proposed distribution of profit and loss		526,218	1,755,818

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	6	2,553,179	1,588,488
Development projects in progress	6	0	1,120,464
Intangible assets	5	2,553,179	2,708,952
Other fixtures and fittings, tools and equipment		309,160	280,703
Leasehold improvements		1,097,423	634,168
Property, plant and equipment in progress		17,860,161	10,201,425
Property, plant and equipment	7	19,266,744	11,116,296
Fixed assets		21,819,923	13,825,248
Raw materials and consumables		487,154	149,007
Inventories		487,154	149,007
Trade receivables		6,251,365	9,553,162
Contract work in progress	8	2,179,311	0
Other receivables		920,000	2,271,225
Receivables from owners and management		0	5,000
Prepayments		317,946	300,621
Receivables		9,668,622	12,130,008
Cash		3,850,555	1,349,656
Current assets		14,006,331	13,628,671
Assets		35,826,254	27,453,919

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		500,000	500,000
Reserve for development expenditure		1,991,480	2,112,983
Retained earnings		(1,712,425)	(2,360,146)
Equity		779,055	252,837
Deferred tax		436,000	331,000
Provisions		436,000	331,000
Subordinate loan capital	9	4,668,030	4,319,650
Lease liabilities		2,500,000	0
Debt to other credit institutions		1,955,010	2,382,850
Other payables	10	692,867	210,085
Deferred income	11	10,640,321	6,062,551
Non-current liabilities other than provisions	12	20,456,228	12,975,136
Current portion of non-current liabilities other than provisions	12	448,000	0
Bank loans		1,934,805	1,741,946
Contract work in progress	8	0	7,434,106
Trade payables		3,894,643	3,348,380
Other payables		7,877,523	1,370,514
Current liabilities other than provisions		14,154,971	13,894,946
Liabilities other than provisions		34,611,199	26,870,082
Equity and liabilities		35,826,254	27,453,919
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	2,112,983	(2,360,146)	252,837
Transfer to reserves	0	(121,503)	121,503	0
Profit/loss for the year	0	0	526,218	526,218
Equity end of year	500,000	1,991,480	(1,712,425)	779,055

Notes

1 Uncertainty relating to recognition and measurement

As stated in note 14, there is uncertainty in measuring trade receivables. The company is part of an arbitration case in Spain. For further details, see note 14.

2 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	10,132,035	4,305,189
Pension costs	1,496,822	454,009
Other social security costs	119,785	57,310
Other staff costs	184,103	181,851
	11,932,745	4,998,359
Average number of full-time employees	18	9

3 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	747,969	427,634
Depreciation of property, plant and equipment	385,868	280,383
	1,133,837	708,017

4 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Change in deferred tax	105,000	421,000
	105,000	421,000

5 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	2,138,162	1,120,464
Transfers	1,120,464	(1,120,464)
Additions	592,196	0
Cost end of year	3,850,822	0
Amortisation and impairment losses beginning of year	(549,674)	0
Amortisation for the year	(747,969)	0
Amortisation and impairment losses end of year	(1,297,643)	0
Carrying amount end of year	2,553,179	0

6 Development projects

Alpha Aqua A/S has in 2021, as in 2019/2020, invested in development of products, including development in software and design concept. These products are expected in the future to contribute positively to the earnings/cash flows of the company.

The investment in development projects earlier years has been significantly for the earnings in 2021.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	396,956	798,298	10,201,425
Additions	179,318	698,262	7,658,736
Cost end of year	576,274	1,496,560	17,860,161
Depreciation and impairment losses beginning of year	(116,253)	(164,130)	0
Depreciation for the year	(150,861)	(235,007)	0
Depreciation and impairment losses end of year	(267,114)	(399,137)	0
Carrying amount end of year	309,160	1,097,423	17,860,161
Recognised assets not owned by entity	0	0	5,000,000

8 Contract work in progress

	2021 DKK	2020 DKK
Contract work in progress	26,420,625	5,634,099
Progress billings regarding contract work in progress	(24,241,314)	(13,068,205)
Transferred to liabilities other than provisions	0	7,434,106
	2,179,311	0

9 Subordinate loan capital

Subordinated loan capital of DKK 1,930,480 bears interest at 2-6%. No specific agreements have been entered into regarding repayment processes.

Subordinated loan capital of DKK 2,737,550 bears interest at 12%. The loan will be repaid in the period 2024-2029.

10 Other payables

	2021 DKK	2020 DKK
Holiday pay obligation	212,448	210,085
Other costs payable	480,419	0
	692,867	210,085

11 Deferred income

Deferred income relate to pre-received grants for projects.

12 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Subordinate loan capital	0	4,668,030	3,609,440
Lease liabilities	0	2,500,000	0
Debt to other credit institutions	448,000	1,955,010	1,005,594
Other payables	0	692,867	212,448
Deferred income	0	10,640,321	0
	448,000	20,456,228	4,827,482

13 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	1,484,585	1,851,604

14 Contingent liabilities

	2021 DKK	2020 DKK
Recourse and non-recourse guarantee commitments	900,000	900,000
Contingent liabilities	900,000	900,000

Guarantee obligations of DKK 900,000 include a guarantee provided in connection with a rental contract provided through a bank.

The company is involved in an arbitration case in Spain in relation to a completed project. The management has made an assessment of the individual circumstances and on this basis made reservations to deal with them. Regardless of the fact that management believes that all significant risks are assessed, there is a risk that deviations may occur.

In the arbitration case cited, the company has a claim of approximately DKK 5.6 million. A counterclaim of approximately DKK 10 million has been made by the counterpart in the arbitration case. As stated in the management's commentary, the necessary reservations have been made and the risk of significant deviations is estimated to be low.

15 Assets charged and collateral

Cash and cash equivalents of DKK 2,828,000 are outstanding in security and deposit accounts, which are pledged as security for bank.

A corporate mortgage of DKK 4,500,000 has been issued as security for creditors with security in receivables from sales and services, inventories, operating equipment and consumables, motor vehicles that are not or have not been previously registered, work in progress and goodwill, etc. The book value of pledged assets amounts to DKK 30,738,000.

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.

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

The accounting policies applied to these 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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).

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income, 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, 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.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights.

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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 5 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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:

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	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.

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.

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 project 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 under 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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

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.

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.