

Glycospot ApS

Østmarken 9
2860 Søborg

CVR no. 36 48 79 76

Annual report for 2019

Adopted at the annual general
meeting on 3 June 2020

Ole Kring
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Glycospot ApS for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 3 June 2020

Executive board

Thomas Lacentra

Supervisory board

Ole Kring
chairman

Frank Hansen

Mads Hartvig Clausen

Thomas Lacentra

Independent auditor's report

To the shareholders of Glycospot ApS

Opinion

We have audited the financial statements of Glycospot ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, notes and summary of significant accounting policies. 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 company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without modifying our conclusion, we draw attention to the information given in note 8 and 9 about uncertainties regarding recognition and measurement of grants and going concern assumptions to understand under which circumstances the financial statements have been presented.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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.

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.

Independent auditor's report

- 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.

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.

Independent auditor's report

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 Act. We did not identify any material misstatement of management's review.

Copenhagen, 3 June 2020

Rödl & Partner Danmark

Godkendt Revisionsaktieselskab

CVR no. 39 18 86 78

Gitte Henckel

state authorised public accountant

MNE no. mne32734

Company details

The company

Glycospot ApS
Østmarken 9
2860 Søborg

CVR no.: 36 48 79 76

Reporting period: 1 January - 31 December 2019

Incorporated: 31. December 2014

Domicile: Søborg

Supervisory board

Ole Kring, chairman
Frank Hansen
Mads Hartvig Clausen
Thomas Lacentra

Executive board

Thomas Lacentra

Auditors

Rödl & Partner Danmark
Godkendt Revisionsaktieselskab
Winghouse Ørestads Boulevard 73
2300 København S

General meeting

The annual general meeting is held at the company's address on 3 June 2020.

Management's review

Business review

The company's objective is to develop, produce and market assay kits to specific industrial segments.

Financial review

The company's income statement for the year ended 31 December 2019 shows a loss of DKK 2,950,432, and the balance sheet at 31 December 2019 shows negative equity of DKK 2,499,628.

The result for the year is positively affected by recognised grants from three different projects in a total of DKK 1,965 thousand. (2018: DKK 2,445 thousand). Recognised grants, which are still subject to auditing amounts to DKK 7,067 thousand.

The Company has applied for tax credits for previous years, which is affecting the result with DKK 936 thousand and a further DKK 1,030 thousand has been recognised as tax credits for 2019 positively affecting the result of the year with a total of DKK 1,966 thousand.

The Company is still in the start-up phase and consequently, the sales activities are limited and the result for the year is affected by development expenses, field test expenses and administration costs, which have caused the loss for the year and as a consequence hereof, the Company has lost more than half of its share capital. The share capital has been reestablished post year-end by a cash capital injection from new and existing investors and conversion of debt.

The Company's capital resources for 2020 comprise expected grants of DKK 1.5 million, cash capital injection of DKK 3.3 million, cash at bank of DKK 1.2 million and receivable tax credits of DKK 1.0 million, which are expected to ensure the Company's capital resources and continued operation until the Company is self-financed. Further Management expect to apply for a COVID-19 loan from Vækstfonden.

The Company will in 2020 launch the first products to identified customers in the industrial detergent segment and expects an increase in sales towards the end of the year.

Based on this, the financial statements have been prepared on a going concern assumption.

Management's review

Significant events occurring after the end of the financial year

As described above, the share capital of the Company has been reestablished post year-end by a cash capital injection from new and existing investors and conversion of debt to share capital. This results in a total in a capital increase of nominal DKK 18 thousand and share premium of DKK 8,228 thousand, thus reestablishing the share capital of the company. Due to COVID-19 the round of investment has closed below expectations.

COVID-19 has delayed development projects and plans has been adjusted accordingly. Testpartner agreements are intact and the need for developed products remain unchanged. Activities with testpartners are planed to be resumed at the end of June 2020.

The company plan to apply for COVID-19 investment loan from Vækstfonden.

Accounting policies

The annual report of Glycospot ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK

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 amortisation, depreciation and impairment losses, 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 the asset 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 the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Revenue

Income from the sale of finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including public grants and insurance payouts.

Other external costs

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised exchange gains and losses foreign currency transactions and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures, tools and equipment	3 years
Plant and machinery	3 years

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Equity

Recognition of treasury shares

Acquisition and sale of treasury shares are recognised directly in equity.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Income statement
1 January 2019 - 31 December 2019

	Note	2019 DKK	2018 DKK
Gross profit		537,621	912,108
Staff costs	1 2	<u>-4,626,789</u>	<u>-3,050,153</u>
Profit/loss before amortisation/depreciation and impairment losses		-4,089,168	-2,138,045
Depreciation, amortisation and impairment of plant and equipment	3	<u>-378,486</u>	<u>-155,451</u>
Profit/loss on ordinary activities before fair value adjustments		-4,467,654	-2,293,496
Financial costs	4	<u>-448,453</u>	<u>-315,349</u>
Profit/loss before tax		-4,916,107	-2,608,845
Tax on profit/loss for the year		<u>1,965,675</u>	<u>0</u>
Profit/loss for the year		<u>-2,950,432</u>	<u>-2,608,845</u>
Retained earnings		<u>-2,950,432</u>	<u>-2,608,845</u>
		<u>-2,950,432</u>	<u>-2,608,845</u>

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Assets			
Plant and machinery		129,159	260,851
Other fixtures and fittings, tools and equipment		19,014	209,329
Tangible assets	5	<u>148,173</u>	<u>470,180</u>
Total non-current assets		<u>148,173</u>	<u>470,180</u>
Raw materials and consumables		105,917	141,451
Stocks		<u>105,917</u>	<u>141,451</u>
Trade receivables		106,036	19,071
Other receivables		974,564	822,857
Corporation tax		1,029,789	0
Prepayments		9,870	27,719
Receivables		<u>2,120,259</u>	<u>869,647</u>
Cash at bank and in hand		<u>1,235,182</u>	<u>5,214,187</u>
Total current assets		<u>3,461,358</u>	<u>6,225,285</u>
Total assets		<u><u>3,609,531</u></u>	<u><u>6,695,465</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Equity and liabilities			
Share capital		63,953	63,953
Retained earnings		-2,563,581	386,852
Equity	6	<u>-2,499,628</u>	<u>450,805</u>
Other payables		81,056	0
Shareholders and management		4,951,521	4,510,610
Total non-current liabilities	7	<u>5,032,577</u>	<u>4,510,610</u>
Short-term part of lon-term debt	7	0	200,000
Trade payables		292,194	539,234
Other payables		784,388	994,816
Total current liabilities		<u>1,076,582</u>	<u>1,734,050</u>
Total liabilities		<u>6,109,159</u>	<u>6,244,660</u>
Total equity and liabilities		<u><u>3,609,531</u></u>	<u><u>6,695,465</u></u>
Uncertainty about the continued operation (going concern)	8		
Uncertainty in the recognition and measurement	9		
Contingent liabilities	10		
Related parties and ownership structure	11		

Notes

	<u>2019</u> DKK	<u>2018</u> DKK
1 Other operating income		
Insurance payout	79,900	0
Grants received	<u>1,964,935</u>	<u>2,445,408</u>
	<u>2,044,835</u>	<u>2,445,408</u>
2 Staff costs		
Wages and salaries	4,512,771	2,972,080
Other social security costs	<u>114,018</u>	<u>78,073</u>
	<u>4,626,789</u>	<u>3,050,153</u>
Average number of employees	<u>9</u>	<u>8</u>
3 Depreciation, amortisation and impairment of plant and equipment		
Depreciation tangible assets	<u>378,486</u>	<u>155,451</u>
	<u>378,486</u>	<u>155,451</u>
4 Financial costs		
Other financial costs	446,253	312,508
Exchange loss	<u>2,200</u>	<u>2,841</u>
	<u>448,453</u>	<u>315,349</u>

Notes**5 Tangible assets**

	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost at 1 January 2019	294,263	332,890
Adjustment beginning balance	3,217	23,247
Additions for the year	16,000	14,015
Cost at 31 December 2019	<u>313,480</u>	<u>370,152</u>
Impairment losses and depreciation at 1 January 2019	33,412	123,561
Depreciation for the year	150,909	227,577
Impairment losses and depreciation at 31 December 2019	<u>184,321</u>	<u>351,138</u>
Carrying amount at 31 December 2019	<u>129,159</u>	<u>19,014</u>

6 Equity

	Share capital	Retained earnings	Total
Equity at 1 January 2019	63,953	386,851	450,804
Net profit/loss for the year	0	-2,950,432	-2,950,432
Equity at 31 December 2019	<u>63,953</u>	<u>-2,563,581</u>	<u>-2,499,628</u>

The shareholder Fonden Capnova Invest Zealand has veto rights regarding a number of administrative and financial decisions as long as the loan from the shareholder exists.

Notes**7 Long term debt**

	Debt at 1 January 2019	Debt at 31 December 2019	Instalment next year	Debt outstanding after 5 years
Shareholders and management	4,710,610	4,951,521	0	4,951,521
Other payables	0	81,056	0	0
	<u>4,710,610</u>	<u>5,032,577</u>	<u>0</u>	<u>4,951,521</u>

8 Uncertainty about the continued operation (going concern)

The Company's income statement for the year ended 31 December shows a loss of DKK 2,950,432 (2018: 2,608,845) and the balance sheet at 31 December 2019 shows equity of DKK -2,499,628 (2018: 450,805).

The Company is still in the start-up phase and consequently, the sales activities are limited and the result for the year is affected by development expenses, field test expenses and administration costs, which have caused the loss for the year and as a consequence hereof, the Company has lost more than half of its share capital. The share capital has been reestablished post year-end by a cash capital injection from new and existing investors and conversion of debt.

The Company's capital resources for 2020 comprise expected grants of DKK 1.5 million, cash capital injection of DKK 3.3 million, cash at bank of DKK 1.2 million and receivable tax credits of DKK 1.0 million, which are expected to ensure the Company's capital resources and continued operation until the Company is self-financed. Further Management expect to apply for a COVID-19 loan from Vækstfonden.

The Company will in 2020 launch the first products to identified customers in the industrial detergent segment and expects an increase in sales towards the end of the year.

Based on this, the financial statements have been prepared on a going concern assumption.

Notes

9 Uncertainty in the recognition and measurement

Public grants comprise grants of research and development projects. Public grants are granted on the basis of a number of assumptions, and the grantor is entitled to audit project accounts and granted costs up to 5 years after completion of projects. Recognised grants, which are still subject to auditing amounts to DKK 7,067 thousand (2018: DKK 5,102 thousand).

Public grants amounting to a total of DKK 1,965 thousand has been recognized as other operating income in the financial statements for 2019 (2018: DKK 2,445 thousand).

10 Contingent liabilities

Public grants are granted on the basis of a number of assumptions, and the grantor is entitled to audit project accounts and granted costs up to 5 years after completion of projects. Recognized grants, which are still subject to auditing amounts to DKK 7,067 thousand. (2018: DKK 5,102 thousand).

Notes

11 Related parties and ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Fonden Spring Nordic
Universitetsparken 7
Himmelev
4000 Roskilde

RTL Holding ApS
Højgaards Alle 75
2900 Hellerup

Styrelsen for Forskning og Uddannelse
Bredgade 40-42
1260 København K

2200 Holding ApS
c/o Mads Clausen
Thoravej 20 A
2400 København NV

SOMO Management ApS
P M Møllers Vej 9
3460 Birkerød

Glycospot Invest ApS
c/o Hansen Thomsen & Birkenfeldt Advokataktieselskab
Gothersgade 160, 1. th.
1123 København K