



RADISURF APS

STOKAGERVEJ 6L, 1. TV, 8240 RISSKOV

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 June 2022**

Mikkel Skorkjær Kongfelt

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COMPANY DETAILS

Company	Radisurf ApS Stokagervej 6L, 1. tv 8240 Risskov CVR No.: 37 03 94 03 Established: 29 August 2015 Registered Office: Aarhus Financial Year: 1 January - 31 December
Board of Directors	Nety Murali Krishna, chairman Mikkel Skorkjær Kongsfelt Naël Jérémie Richard Karim Kassar Ramakanth Alapati
Board of Executives	Mikkel Skorkjær Kongsfelt
Auditor	ERNST & YOUNG Godkendt Revisionspartnerselskab Vestre Havnepromenade 1 A 9000 Aalborg

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Radisurf ApS for the financial year 1 January - 31 December 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 Company's financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

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

Aarhus, 30 June 2022

Board of Executives

Mikkel Skorkjær Kongsfelt

Board of Directors

Nety Murali Krishna
Chairman

Mikkel Skorkjær Kongsfelt

Naël Jérémie Richard Karim
Kassar

Ramakanth Alapati

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Radisurf ApS

Opinion

We have audited the Financial Statements of Radisurf ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

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.

INDEPENDENT AUDITOR'S REPORT

- 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.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Aalborg, 30 June 2022

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30700228

Allan Terp
State Authorised Public Accountant
MNE no. mne33198

MANAGEMENT'S REVIEW

Principal activities

The company's main activity is to develop and sell a method of industrial adhesion of polymeric materials on metal surfaces and all corresponding activities as per the board estimates are related to this.

Development in activities and financial position

In May 2021 the company was acquired in full by KCK Venture. This has had a major impact on the numbers of employees and focusing on a smaller product range. KCK has increased the company's share capital and loans has also been converted to share capital, so as per December 31, 2021, the equity is positive with MDKK 21.2.

In 2021 we reached most of our planned milestones, even considering the difficult conditions related to Covid 19. We have performed a number of pilot test and the sales are as budgeted. The result for the year is, as expected, at net loss on MDKK 1.9, showing that the company is still to be considered as a being under development.

As mentioned in the management review for 2020, the company received a grant on MDKK 11 from EIC under the Horizon 2020 Programme, together with a commitment on equity. After KCK acquired the company, the grant and the commitment were withdrawn, and as per today, we are in negotiations with EIC about repaying part of the grant. The amount is not finally agreed with EIC, but a provision for the repayment has been accounted for as per December 31, 2021.

KCK has decided to invest heavily in the development of Radisurf and the budget for 2022, is showing a need of MDKK 37.0 million in liquidity.

KCK has in May 2022 injected MDKK 6.8 in new equity and provided a loan on MDKK 6.8. The management in Radisurf expect KCK to provide further finance (equity and loans) in 2022 according to the actual budget for the rest of 2022.

The management in Radisurf have not received a guarantee regarding the liquidity for the last months in 2022, but expect KCK to provide the finance for the rest of 2022.

Based on above, it is management's conclusion that the company has sufficient resources and liquidity to carry out the operations according to the actual budget for 2022.

Based on this it is management's conclusion that conditions for continued operations is met.

Significant events after the end of the financial year

The company moved to new premises, covering 2.300 m², as per 1 May, 2022.

Except for the above, no events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK
GROSS LOSS		-185,447	1,181,636
Staff costs.....	1	-1,683,615	-1,718,384
Depreciation, amortisation and impairment.....		-736,727	-725,472
OPERATING LOSS		-2,605,789	-1,262,220
Other financial expenses.....		-295,249	-255,112
LOSS BEFORE TAX		-2,901,038	-1,517,332
Tax on profit/loss for the year.....	2	946,204	493,174
LOSS FOR THE YEAR		-1,954,834	-1,024,158
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		-1,954,834	-1,024,158
TOTAL		-1,954,834	-1,024,158

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Development projects completed.....		3,928,987	4,099,590
Intangible fixed assets acquired.....		604,257	583,352
Development projects in progress and prepayments.....		8,069,573	3,639,345
Intangible fixed assets.....	3	12,602,817	8,322,287
Other plant, machinery, tools and equipment.....		157,682	80,359
Leasehold improvements.....		657,810	9,167
Tangible fixed assets.....	4	815,492	89,526
Rent deposit and other receivables.....		1,688,300	52,400
Fixed asset investments.....	5	1,688,300	52,400
FIXED ASSETS.....		15,106,609	8,464,213
Trade receivables.....		249,769	206,809
Other receivables.....		1,250,184	157,855
Corporation tax receivable.....		1,076,204	533,274
Prepayments and accrued income.....		348,652	30,000
Receivables.....		2,924,809	927,938
Cash and cash equivalents.....		17,702,146	5,890,264
CURRENT ASSETS.....		20,626,955	6,818,202
ASSETS.....		35,733,564	15,282,415

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....		732,375	419,769
Reserve for development costs.....		9,358,877	6,036,369
Retained profit.....		11,157,401	-6,278,298
EQUITY.....		21,248,653	177,840
Provision for deferred tax.....		704,000	574,000
PROVISION FOR LIABILITIES.....		704,000	574,000
Other liabilities.....		751,307	3,253,267
Long-term liabilities.....	6	751,307	3,253,267
Trade payables.....		1,641,574	85,366
Other liabilities.....		4,492,024	327,647
Accruals and deferred income.....		6,896,006	10,864,295
Current liabilities.....		13,029,604	11,277,308
LIABILITIES.....		13,780,911	14,530,575
EQUITY AND LIABILITIES.....		35,733,564	15,282,415
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EQUITY

	Share capital	Share premium account	Reserve for development costs	Retained profit	Total
Equity at 1 January 2021.....	419,769	0	6,036,369	-6,278,298	177,840
Capital increase.....	312,606	22,713,041			23,025,647
Transfers to/from other items.....		-22,713,041		22,713,041	
Proposed distribution of profit.....				-1,954,834	-1,954,834
Transferred to reserve for development costs.....			3,322,508	-3,322,508	
Equity at 31 December 2021.....	732,375	0	9,358,877	11,157,401	21,248,653

NOTES

	2021 DKK	2020 DKK	Note
Staff costs			1
Average number of employees 10 (2020: 8)			
Wages and salaries.....	1,333,459	1,641,876	
Pensions.....	199,886	0	
Social security costs.....	67,132	42,318	
Other staff costs.....	83,138	34,190	
	1,683,615	1,718,384	
In the financial year, salary and personnel costs of DKK 3,918,068 were transferred to development costs (2020: DKK 1,766,241).			
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	-1,076,204	-533,274	
Adjustment of deferred tax.....	130,000	40,100	
	-946,204	-493,174	
Intangible fixed assets			3
	Development projects completed	Intangible fixed assets acquired	Development projects in progress and prepayments
Cost at 1 January 2021.....	4,555,100	636,384	3,639,345
Additions.....	376,551	73,937	4,515,286
Disposals.....	-67,486	0	-85,058
Cost at 31 December 2021.....	4,864,165	710,321	8,069,573
Amortisation at 1 January 2021.....	455,510	53,032	0
Reversal of amortisation of assets disposed of ..	-6,749	0	0
Amortisation for the year.....	486,417	53,032	0
Amortisation at 31 December 2021.....	935,178	106,064	0
Carrying amount at 31 December 2021.....	3,928,987	604,257	8,069,573
Interest expenses recognised as part of cost of assets.....	0	0	0

NOTES

Intangible fixed assets (continued) **Note**
3

Development projects include development of methods to industrial adhesion of polymeric materials on metal surfaces. The method is still in development.

A commercial production was initiated in 2020 and has continued in 2021 and therefore an amortization was started in 2020. The amortization period has been fixed at 10 years.

Each year management perform a review on the activated projects to validate, that the projects are commercially viable. If this is not the case the activated cost will be expensed.

In 2021 we have expensed TDKK 153.

As far as other projects concern, management is still confident that the projects are commercial viable.

Tangible fixed assets **4**

	Other plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2021.....	288,022	50,000
Additions.....	119,638	657,810
Cost at 31 December 2021.....	407,660	707,810
Depreciation and impairment losses at 1 January 2021.....	207,663	40,833
Depreciation for the year.....	42,315	9,167
Depreciation and impairment losses at 31 December 2021...	249,978	50,000
Carrying amount at 31 December 2021.....	157,682	657,810

Fixed asset investments **5**

	Rent deposit and other receivables
Cost at 1 January 2021.....	52,400
Additions.....	1,635,900
Cost at 31 December 2021.....	1,688,300
Carrying amount at 31 December 2021.....	1,688,300

NOTES

					Note
Long-term liabilities					6
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities	Current portion at the beginning of the year
Other liabilities.....	751,307	0	0	3,253,267	0
	751,307	0	0	3,253,267	0

Contingencies etc. 7
2 leases have been entered into. The first with an annual rent obligation of DKK 96,000, and can be terminated with 4 months notice. The second with an annual rent obligation of DKK 1,752,750. The contract is irrevocable until 1 may 2027, and can be therefrom terminated with 6 month notice.

Equity and liquidity 8
KCK has decided to invest heavily in the development of Radisurf and the budget for 2022, is showing a need of MDKK 37.0 million in liquidity.

KCK has in May 2022 injected MDKK 6.8 in new equity and provided a loan on MDKK 6.8. The management in Radisurf expect KCK to provide further finance (equity and loans) in 2022 according to the actual budget for the rest of 2022.

The management in Radisurf have not received a guarantee regarding the liquidity for the last months in 2022, but expect KCK to provide the finance for the rest of 2022.

Based on above, it is management´s conclusion that the company has sufficient resources and liquidity to carry out the operations according to the actual budget for 2022.

Based on this it is management´s conclusion that conditions for continued operations is met.

ACCOUNTING POLICIES

The Annual Report of Radisurf ApS for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for 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.

INCOME STATEMENT

Gross profit

The accounting items net sales, consumption of goods, other external costs and other operating income are included reference to section 32 of the Danish Financial Statements Act, summarized in an accounting item called gross profit or loss.

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement 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 portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

ACCOUNTING POLICIES

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 10-12 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	2-5 years	0 %
Leasehold improvements.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis 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 carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

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

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Equity

Reserve for development costs

Reserve for development costs comprises recognized development costs less deferred tax thereof. The reserve can not be used to pay dividends or cover deficits. The reserve is reduced or is dissolved if the recognized development costs are depreciated or discontinued from the company's operations. This takes place by transfer directly to the unrestricted reserves of equity.

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.

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 carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off 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 borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.