



RADISURF APS

STOKAGERVEJ 6L, 1. TV, 8240 RISSKOV

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 25 April 2024**

Mie Lillethorup

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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 |
| | Financial Year: 1 January - 31 December |
| Executive Board | Mie Lillethorup |
| Auditor | ERNST & YOUNG Godkendt Revisionspartnerselskab Østre Havnegade 65 9000 Aalborg |

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Radisurf 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.

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

Aarhus, 25 April 2024

Executive Board

Mie Lillethorup

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 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements 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.

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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Commentary.

Aalborg, 25 April 2024

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30700228

Allan Terp
State Authorised Public Accountant
MNE no. mne33198

MANAGEMENT COMMENTARY

Principal activities

The main activity is to provide research and development services relating to coating products for various applications to our parent company Radisurf Inc.

The recorded financial profit for 2023 is as expected, since RadiSurf ApS in 2023 sold all intangible assets to the parent company for MDKK 8,5. RadiSurf ApS has now completed the transition to a focused R&D company and our future business in the next 3-5 years is activities for RadiSurf Inc., based on a cost-plus agreement.

As our business model is now tied to R&D activities for RadiSurf Inc., management is expecting that sufficient liquidity will be generated to carry out operations according to the actual budget for 2024.

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

Significant events after the end of the financial year

No events has occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | 2023 DKK | 2022 DKK |
|--|------|-------------------|--------------------|
| GROSS PROFIT | 1 | 19.776.607 | 969.649 |
| Staff costs..... | 2 | -11.017.910 | -9.197.698 |
| Depreciation, amortisation and impairment..... | | -3.130.646 | -8.131.375 |
| OPERATING PROFIT | | 5.628.051 | -16.359.424 |
| Other financial income..... | | 85.775 | 0 |
| Other financial expenses..... | | -55.866 | -278.766 |
| PROFIT BEFORE TAX | | 5.657.960 | -16.638.190 |
| Tax on profit/loss for the year..... | 3 | -83.000 | 2.422.384 |
| PROFIT FOR THE YEAR | | 5.574.960 | -14.215.806 |
| PROPOSED DISTRIBUTION OF PROFIT | | | |
| Proposed dividend for the year..... | | 7.000.000 | 0 |
| Retained earnings..... | | -1.425.040 | -14.215.806 |
| TOTAL | | 5.574.960 | -14.215.806 |

BALANCE SHEET AT 31 DECEMBER

| ASSETS | Note | 2023 DKK | 2022 DKK |
|---|-------------|---------------------|---------------------|
| Development projects completed..... | | 0 | 2.162.112 |
| Intangible fixed assets acquired..... | | 0 | 842.465 |
| Development projects in progress and prepayments..... | | 0 | 393.166 |
| Intangible assets..... | 4 | 0 | 3.397.743 |
| Other plant, machinery, tools and equipment..... | | 882.827 | 1.094.181 |
| Leasehold improvements..... | | 10.055.257 | 11.442.058 |
| Property, plant and equipment..... | 5 | 10.938.084 | 12.536.239 |
| Rent deposit and other receivables..... | | 1.885.429 | 1.724.100 |
| Financial non-current assets..... | 6 | 1.885.429 | 1.724.100 |
| NON-CURRENT ASSETS..... | | 12.823.513 | 17.658.082 |
| Trade receivables..... | | 10.000 | 284.511 |
| Receivables from group enterprises..... | | 9.069.170 | 4.515.273 |
| Deferred tax assets..... | 7 | 1.237.000 | 1.320.000 |
| Other receivables..... | | 687.771 | 1.494.407 |
| Corporation tax receivable..... | | 0 | 398.384 |
| Prepayments and accrued income..... | | 77.290 | 306.028 |
| Receivables..... | | 11.081.231 | 8.318.603 |
| Cash and cash equivalents..... | | 1.416.884 | 6.974.865 |
| CURRENT ASSETS..... | | 12.498.115 | 15.293.468 |
| ASSETS..... | | 25.321.628 | 32.951.550 |

BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES | Note | 2023 DKK | 2022 DKK |
|-------------------------------------|-------------|--------------------|--------------------|
| Share capital..... | | 880.433 | 880.433 |
| Reserve for development costs..... | | 0 | 2.650.239 |
| Retained profit..... | | 16.245.143 | 15.019.944 |
| Proposed dividend..... | | 7.000.000 | 0 |
| EQUITY..... | | 24.125.576 | 18.550.616 |
| Other liabilities..... | | 0 | 233.415 |
| Non-current liabilities..... | 8 | 0 | 233.415 |
| Trade payables..... | | 112.463 | 615.680 |
| Payables to group enterprises..... | | 604.069 | 7.540.803 |
| Other liabilities..... | | 479.520 | 4.520.083 |
| Accruals and deferred income..... | | 0 | 1.490.953 |
| Current liabilities..... | | 1.196.052 | 14.167.519 |
| LIABILITIES..... | | 1.196.052 | 14.400.934 |
| EQUITY AND LIABILITIES..... | | 25.321.628 | 32.951.550 |
| Contingencies etc. | 9 | | |

EQUITY

| | Share capital | Reserve for development costs | Retained profit | Proposed dividend | Total |
|--|----------------|-------------------------------------|--------------------|----------------------|-------------------|
| Equity at 1 January 2023..... | 880.433 | 2.650.239 | 15.019.944 | 0 | 18.550.616 |
| Proposed profit allocation..... | | | -1.425.040 | 7.000.000 | 5.574.960 |
| Transferred to reserve for development costs..... | | -3.397.742 | 3.397.742 | | 0 |
| Tax on changes in equity..... | | 747.503 | -747.503 | | 0 |
| Equity at 31 December 2023 | 880.433 | 0 | 16.245.143 | 7.000.000 | 24.125.576 |

NOTES

| | Note |
|---------------------|----------|
| Gross profit | 1 |

Special items

Special items for the year include the sale of intangible assets. Accounting profit amounts to MDKK 5.1 and is recognized in the income statement under gross profit.

| | 2023 DKK | 2022 DKK | |
|-----------------------------|-------------------|------------------|----------|
| Staff costs | | | 2 |
| Average number of employees | 16 | 14 | |
| Wages and salaries..... | 9.823.921 | 7.887.183 | |
| Pensions..... | 746.322 | 590.932 | |
| Social security costs..... | 114.953 | 94.509 | |
| Other staff costs..... | 332.714 | 625.074 | |
| | 11.017.910 | 9.197.698 | |

In the financial year, salary and personnel costs of DKK 0 were transferred to development costs (2022: DKK 1.810,836).

| | 2023 DKK | 2022 DKK | |
|---|---------------|-------------------|----------|
| Tax on profit/loss for the year | | | 3 |
| Calculated tax on taxable income of the year..... | 0 | -398.384 | |
| Adjustment of deferred tax..... | 83.000 | -2.024.000 | |
| | 83.000 | -2.422.384 | |

NOTES

| | | | | Note |
|---|--------------------------------|----------------------------------|--|----------|
| | | | | Note |
| Intangible assets | | | | 4 |
| | Development projects completed | Intangible fixed assets acquired | Development projects in progress and prepayments | |
| Cost at 1 January 2023..... | 12.933.740 | 1.007.722 | 1.810.836 | |
| Transfer..... | 393.166 | 0 | -393.166 | |
| Disposals..... | -13.326.906 | -1.007.722 | -1.417.670 | |
| Cost at 31 December 2023..... | 0 | 0 | 0 | |
| Amortisation at 1 January 2023..... | 10.771.627 | 165.257 | 1.417.670 | |
| Amortisation and impairment losses of disposals for the year..... | -10.771.627 | -165.257 | -1.417.670 | |
| Amortisation at 31 December 2023..... | 0 | 0 | 0 | |
| Carrying amount at 31 December 2023..... | 0 | 0 | 0 | |
| Interest expenses recognised as part of cost of assets..... | 0 | 0 | 0 | |

In 2022 the management reviewed the portfolio of projects and decided to write off a significant number of projects, due to a strategic change on projects and customers. Following this decision, it was agreed that RadiSurf in 2023 sold all intangible assets to the parent company, RadiSurf Inc. The net profit on this transaction was MDKK 5,1. As the company now is a dedicated R&D provider to the RadiSurf Inc., the company will no longer capitalize development cost.

| | | | Note |
|---|---|------------------------|----------|
| | | | |
| Property, plant and equipment | | | 5 |
| | Other plant, machinery, tools and equipment | Leasehold improvements | |
| Cost at 1 January 2023..... | 1.644.560 | 13.003.273 | |
| Additions..... | 308.234 | 1.224.258 | |
| Cost at 31 December 2023..... | 1.952.794 | 14.227.531 | |
| Depreciation and impairment losses at 1 January 2023..... | 1.069.967 | 1.561.215 | |
| Depreciation for the year..... | 0 | 2.611.059 | |
| Depreciation and impairment losses at 31 December 2023.... | 1.069.967 | 4.172.274 | |
| Carrying amount at 31 December 2023..... | 882.827 | 10.055.257 | |

NOTES

| | | Note |
|---|------------------------------------|----------|
| Financial non-current assets | | 6 |
| | Rent deposit and other receivables | |
| Cost at 1 January 2023..... | 1.724.100 | |
| Additions..... | 161.329 | |
| Cost at 31 December 2023..... | 1.885.429 | |
| Carrying amount at 31 December 2023..... | 1.885.429 | |

Deferred tax assets 7
It is expected that deferred tax of DKK 1.237.000 recognised at 31 December 2023 will be realised as current tax within the coming 3-4 years.

| | 2023 DKK | 2022 DKK |
|---|------------------|------------------|
| Deferred tax of the year, income statement..... | 1.237.000 | 1.320.000 |
| Provision for deferred tax 31 December 2023..... | 1.237.000 | 1.320.000 |

| | 31/12 2023 total liabilities | Repayment next year | Debt outstanding after 5 years | 31/12 2022 total liabilities | Note |
|------------------------------|---------------------------------|------------------------|--------------------------------------|---------------------------------|----------|
| Long-term liabilities | | | | | 8 |
| Other liabilities..... | 0 | 0 | 0 | 233.415 | |
| | 0 | 0 | 0 | 233.415 | |

Contingencies etc. 9

Contingent liabilities
The company has entered into a lease with an annual rent obligation of TDKK 1,987. The contract is irrevocable until 1 February 2027, and can therefrom be terminated with 6 month notice.

ACCOUNTING POLICIES

The Annual Report of Radisurf ApS for 2023 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 operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

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.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement.

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.

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.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

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.

ACCOUNTING POLICIES

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.

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.