

ACT.Global R&D ApS

Kajakvej 2, 2770 Kastrup

Company reg. no. 38 10 21 25

Annual report

1 July 2018 - 30 June 2019

The annual report has been submitted and approved by the general meeting on the 29 January 2020.

Simon Hove
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The managing director has today presented the annual report of ACT.Global R&D ApS for the financial year 1 July 2018 to 30 June 2019.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 30 June 2019 and of the company's results of its activities in the financial year 1 July 2018 to 30 June 2019.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Kastrup, 28 January 2020

Managing Director

Christopher James Lüscher

Independent auditor's report

To the shareholders of ACT.Global R&D ApS

Opinion

We have audited the annual accounts of ACT.Global R&D ApS for the financial year 1 July 2018 to 30 June 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 June 2019 and of the results of the company's operations for the financial year 1 July 2018 to 30 June 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1 to the financial statements which describes the contemplated merger between the company and its parent company, which will lead to the company's liquidation. If the contemplated merger is not completed the company's continued operations require that sufficient funds can be provided by the Parent company, ACT.Global A/S, which may be associated with significant uncertainty. Our opinion is not qualified in respect of this matter.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Independent auditor's report

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Copenhagen, 28 January 2020

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Martin Bomholtz

State Authorised Public Accountant
mne34117

Company data

The company

ACT.Global R&D ApS
Kajakvej 2
2770 Kastrup

E mail PRIM

Company reg. no. 38 10 21 25
Established: 1 October 2016
Domicile: Tårnby
Financial year: 1 July - 30 June

Managing Director

Christopher James Lüscher

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

ACT.Global A/S

Associated enterprise

ACD ApS, København

Management's review

The principal activities of the company

The company's purpose is research, development and production of biological and technical surface treatment products and solutions, and other related activities.

Development in activities and financial matters

The gross profit for the year is T.DKK 2.073 against T.DKK 1.813 last year. The results from ordinary activities after tax are T.DKK -642 against T.DKK -262 last year. The management consider the results unsatisfactory.

The management contemplate to merge the company with the parent company, ACT.Global A/S during the financial year 2019/2020. Consequently the company will be liquidated by the completion of the merger. All operations, assets, creditors and other liabilities of the company will by the merger be transferred to the parent company and continue as a part of the operations of the parent company. Therefore the annual accounts for the financial year 2018/2019 have been prepared on going concern basis.

In the case of the merger is not complete the continued operation of the company is dependent on the loan with the parent company, ACT.Global A/S is being maintained, and that additional funds are provided in order for the company to continue its operation throughout the financial year 2019/2020.

The Parent Company has provided the company with a letter of support valid until 30 June 2020, which obliges the parent company to maintain the current loan with the company, and to provide the company with the necessary funds as may be required to ensure that the company maintains capital and liquidity levels to enable the company at all times to meet its obligations in conformity with standards of prudence generally accepted for the company's field of business.

The company's contributed capital is lost. Management expects the capital to be re-established within the next couple of financial years or by conversion of debt to the parent company.

Profit and loss account 1 July - 30 June

DKK in thousands.

<u>Note</u>	<u>2018/19</u>	<u>2017/18</u>
Gross profit	2.073	1.813
2 Staff costs	-2.326	-1.866
Depreciation and writedown relating to fixed assets	-179	-51
Operating profit	-432	-104
3 Other financial costs	-394	-227
Results before tax	-826	-331
Tax on ordinary results	184	69
Results for the year	-642	-262
 Proposed distribution of the results:		
Allocated from results brought forward	-642	-262
Distribution in total	-642	-262

Balance sheet 30 June

DKK in thousands.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Fixed assets		
4 Acquired concessions, patents, licenses, trademarks and similar rights	47	0
Intangible fixed assets in total	47	0
5 Other plants, operating assets, and fixtures and furniture	298	102
Tangible fixed assets in total	298	102
6 Equity investments in associated enterprises	20	0
7 Other securities and equity investments	550	0
Other debtors	56	91
Financial fixed assets in total	626	91
Fixed assets in total	971	193
Current assets		
Amounts owed by group enterprises	826	268
8 Deferred tax assets	739	555
Other debtors	271	109
Deferred expenses	6	7
Debtors in total	1.842	939
Available funds	4	18
Current assets in total	1.846	957
Assets in total	2.817	1.150

Balance sheet 30 June

DKK in thousands.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
9	Contributed capital	50	50
10	Results brought forward	-2.628	-1.987
	Equity in total	-2.578	-1.937
Liabilities			
	Trade creditors	48	202
	Debt to group enterprises	4.148	2.592
	Other debts	1.199	293
	Short-term liabilities in total	5.395	3.087
	Liabilities in total	5.395	3.087
	Equity and liabilities in total	2.817	1.150

1 Information regarding the financing of the continued operations of the company**11 Contingencies**

Notes

DKK in thousands.

1. Information regarding the financing of the continued operations of the company

The management contemplate to merge the company with the parent company, ACT.Global A/S during the financial year 2019/2020. Consequently the company will be liquidated by the completion of the merger. All operations, assets, creditors and other liabilities of the company will by the merger be transferred to the parent company and continue as a part of the operations of the parent company. Therefore the annual accounts for the financial year 2018/2019 have been prepared on going concern basis.

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The Parent Company has provided the company with a letter of support valid until 30 June 2020, which obliges the parent company to maintain the current loan with the company, and to provide the company with the necessary funds as may be required to ensure that the company maintains capital and liquidity levels to enable the company at all times to meet its obligations in conformity with standards of prudence generally accepted for the company's field of business.

The company's contributed capital is lost. Management expects the capital to be re-established within the next couple of financial years or by conversion of debt to the parent company.

	<u>2018/19</u>	<u>2017/18</u>
2. Staff costs		
Salaries and wages	2.210	1.753
Pension costs	77	66
Other costs for social security	39	47
	<u>2.326</u>	<u>1.866</u>
Average number of employees	<u>5</u>	<u>4</u>
3. Other financial costs		
Financial costs, group enterprises	392	221
Other financial costs	2	6
	<u>394</u>	<u>227</u>

Notes

DKK in thousands.

	<u>30/6 2019</u>	<u>30/6 2018</u>
4. Acquired concessions, patents, licenses, trademarks and similar rights		
Cost 1 July 2018	0	0
Additions during the year	<u>52</u>	<u>0</u>
Cost 30 June 2019	<u>52</u>	<u>0</u>
Amortisation and writedown 1 July 2018	0	0
Amortisation for the year	<u>-5</u>	<u>0</u>
Amortisation and writedown 30 June 2019	<u>-5</u>	<u>0</u>
Book value 30 June 2019	<u>47</u>	<u>0</u>
	<u>30/6 2019</u>	<u>30/6 2018</u>
5. Other plants, operating assets, and fixtures and furniture		
Cost 1 July 2018	153	0
Additions during the year	<u>370</u>	<u>153</u>
Cost 30 June 2019	<u>523</u>	<u>153</u>
Amortisation and writedown 1 July 2018	-51	0
Depreciation for the year	<u>-174</u>	<u>-51</u>
Amortisation and writedown 30 June 2019	<u>-225</u>	<u>-51</u>
Book value 30 June 2019	<u>298</u>	<u>102</u>

Notes

DKK in thousands.

	30/6 2019	30/6 2018	
6. Equity investments in associated enterprises			
Additions during the year	20	0	
Cost 30 June 2019	20	0	
Book value 30 June 2019	20	0	
The financial highlights for the enterprises according to the latest approved annual reports			
DKK in thousands	Share of ownership	Equity	Results for the year
ACD ApS, København	20 %	Undisclosed	0
		0	0
7. Other securities and equity investments			
Additions during the year	550	0	
Cost 30 June 2019	550	0	
Book value 30 June 2019	550	0	
8. Deferred tax assets			
The management expect the deferred tax asset to be utilized within the joint taxation.			
9. Contributed capital			
Contributed capital 1 July 2018	50	50	
	50	50	
10. Results brought forward			
Results brought forward 1 July 2018	-1.986	-1.725	
Profit or loss for the year brought forward	-642	-262	
	-2.628	-1.987	

Notes

DKK in thousands.

11. Contingencies

Contingent liabilities

Recourse guarantee commitments

The company has a lease with an annual lease obligation of TDKK. 139.

The lease is time-limited and expires without notice on 1 May 2020.

The lease can be terminated with 4 months' notice.

Joint taxation

ACT.Global A/S, company reg. no 35035044 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Accounting policies used

The annual report for ACT.Global R&D ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs including research and development costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Accounting policies used

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Research and development costs

Research and development costs comprise costs, salaries and wages and depreciation directly or indirectly attributable to the consolidated research and development activities.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Accounting policies used

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Leases

At the first recognition in the balance sheet, leases concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the internal interest rate of the lease or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, assets held under a finance lease are treated in the same way as other similar tangible assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest part of the lease is recognised in the profit and loss account over the term of the contract.

Accounting policies used

Leases are regarded as operating leases. Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in associated enterprises

Equity investments in associated enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Deferred expenses

Deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Accounting policies used

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, ACT.Global R&D ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Christopher James Lüscher

Adm. direktør

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