MOORE STEPHENS

MOORE STEPHENS DANMARK
Statsautoriseret Revisionsaktieselskab
Ved Vesterport 6, 5
DK-1612 København V
CVR.nr. 13 86 45 78
T +45 33 93 22 33
E msbrandt@moorestephens.dk
www.moorestephens.dk

Tantaline CVD ApS

Nordborgvej 81, 6430 Nordborg

Company reg. no. 38 25 45 45

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the

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Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Tantaline CVD ApS for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are 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.

Nordborg, 28 May 2019

Managing Director

Leonard Alan Rosenbaum

Board of directors

Søren Skov | Leonard Alan Rosenbaum | Martin J. Teitelbaum

Independent auditor's report

To the shareholders of Tantaline CVD ApS

Opinion

We have audited the annual accounts of Tantaline CVD ApS for the financial year 1 January to 31 December 2018, 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 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 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.

Material uncertainties concerning the enterprise's ability to continue as a going concern

We note that there is significant uncertainty about the company's ability to continue its operations. We refer to note 1 in the financial statements, which show that it is a prerequisite that the company still has the necessary liquidity.

Management believes that these assumptions can be realized and, on the basis og this, make the annual report subject to continued operations.

Our conclusion is not modified as a result og this relationship.

Emphasis of matter

We note that the company capital is lost. We refer to note 1 in the financiel statements.

Our conclusion is not modified as a result og this relationship.

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.

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.

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 Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 28 May 2019

Moore Stephens Danmark

Company reg. no. 13 86 45 78

Carsten Pedersen
State Authorised Public Accountant
mne27866

Company data

The company	Tantaline CVD ApS Nordborgvej 81 6430 Nordborg	
	Company reg. no.	38 25 45 45
	Financial year:	1 January - 31 December
Board of directors	Søren Skov Leonard Alan Rosenbaum Martin J. Teitelbaum	
Managing Director	Leonard Alan Rosenbaum	
Auditors	Moore Stephens Danmark, Statsautoriseret Revisionsaktieselskab Lersø Parkallé 112 2100 København Ø	
Parent company	Tantaline CVD Holding ApS	

Management's review

The principal activities of the company

The principal activities are treatment of metal components.

Unusual matters

There has been no unusual matters, which have affected recognition and measurement.

Uncertainties as to recognition or measurement

In addition to what is stated in note 1, there are no significant uncertainties that have affected recognition or measurement.

Development in activities and financial matters

We have great challenges associated with creating profitable operations. It is our expectation that the business will eventually be profitable, but we are aware that this will extend over several years. This requires rising revenues and reduced costs, but it is still too early to assess the immediate consequence.

We are aware that the company is subject to the capital adequacy rules of the Companies Act and therefore intends to initiate measures for deposits of additional capital, which could be by conversion of debt.

Furthermore, it is of course a prerequisite that the company still has the necessary liquidity. Management believes that these assumptions can be realized and, on the basis of this, make the annual report subject to continued operation.

There are significant uncertainties associated with these assessments that are crucial for the company's continued operation.

If the conditions for continued operation are not met, this will lead to significant losses for the company and its creditors.

Events subsequent to the financial year

No event have occured subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Tantaline CVD 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 annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

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.

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.

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.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

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.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

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

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. Profit or loss is recognised in the profit and loss account under amortisation.

Tangible fixed assets

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset. The depreciation period is fixed at the acquisition date and re-evaluated annually. If the residual value exceeds the book value of the asset, the depreciation expires.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.

Other 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:

	Useful life	*Residual value*
Technical plants and machinery	*5 years*	*50 %*

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 loss is recognised in the profit and loss account under depreciation.

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

Inventories

Inventories are measured at cost. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

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.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Liabilities

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

Profit and loss account

All amounts in DKK.

Note		1/1 2018 - 31/12 2018	14/12 2016 - 31/12 2017
	Gross profit	**1.177.667**	**676.961**
2	Staff costs	-5.030.089	-4.952.535
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-331.859	-320.295
	Operating profit	**-4.184.281**	**-4.595.869**
	Other financial income	88.022	5.360
3	Other financial costs	-3.470	-6.649
	Results before tax	**-4.099.729**	**-4.597.158**
	Tax on ordinary results	0	0
	Results for the year	**-4.099.729**	**-4.597.158**
	Proposed distribution of the results:		
	Allocated from results brought forward	-4.099.729	-4.597.158
	Distribution in total	**-4.099.729**	**-4.597.158**

Balance sheet 31 December

All amounts in DKK.

Assets

Note		2018	2017
	Fixed assets		
	Acquired concessions, patents, licenses, trademarks and similar rights	564.000	595.646
	Intangible fixed assets in total	564.000	595.646
	Production plant and machinery	2.195.984	2.363.763
	Tangible fixed assets in total	2.195.984	2.363.763
	Fixed assets in total	**2.759.984**	**2.959.409**
	Current assets		
	Raw materials and consumables	457.891	364.131
	Inventories in total	457.891	364.131
	Trade debtors	526.350	47.876
	Other debtors	225.364	88.265
	Accrued income and deferred expenses	238.915	154.422
	Debtors in total	990.629	290.563
	Available funds	259.224	387.624
	Current assets in total	**1.707.744**	**1.042.318**
	Assets in total	**4.467.728**	**4.001.727**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2018	2017
	Equity		
4	Contributed capital	50.000	50.000
5	Results brought forward	-8.696.887	-4.597.158
	Equity in total	**-8.646.887**	**-4.547.158**
	Liabilities		
	Debt to group enterprises	12.699.902	8.349.826
	Long-term liabilities in total	12.699.902	8.349.826
	Trade creditors	352.571	115.776
	Other debts	62.142	83.283
	Short-term liabilities in total	414.713	199.059
	Liabilities in total	**13.114.615**	**8.548.885**
	Equity and liabilities in total	**4.467.728**	**4.001.727**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

6 Mortgage and securities

7 Contingencies

Notes

All amounts in DKK.

	1/1 2018 - 31/12 2018	14/12 2016 - 31/12 2017

1. Uncertainties concerning the enterprise's ability to continue as a going concern

We have great challenges associated with creating profitable operations. It is our expectation that the business will eventually be profitable, but we are aware that this will extend over several years. This requires rising revenues and reduced costs, but it is still too early to assess the immediate consequence.

We are aware that the company is subject to the capital adequacy rules of the Companies Act and therefore intends to initiate measures for deposits of additional capital, which could be by conversion of debt.

Furthermore, it is of course a prerequisite that the company still has the necessary liquidity. Management believes that these assumptions can be realized and, on the basis of this, make the annual report subject to continued operation.

There are significant uncertainties associated with these assessments that are crucial for the company's continued operation.

If the conditions for continued operation are not met, this will lead to significant losses for the company and its creditors.

2. Staff costs

	1/1 2018 - 31/12 2018	14/12 2016 - 31/12 2017
Salaries and wages	4.671.575	4.613.203
Pension costs	303.900	273.872
Other costs for social security	44.814	65.460
Other staff costs	9.800	0
	5.030.089	**4.952.535**
Average number of employees	6	7

3. Other financial costs

	1/1 2018 - 31/12 2018	14/12 2016 - 31/12 2017
Other financial costs	3.470	6.649
	3.470	**6.649**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
4.	**Contributed capital**		
	Contributed capital 1 January 2018	50.000	50.000
		50.000	**50.000**

5.	**Results brought forward**		
	Results brought forward 1 January 2018	-4.597.158	0
	Profit or loss for the year brought forward	-4.099.729	-4.597.158
		-8.696.887	**-4.597.158**

6. Mortgage and securities

None.

7. Contingencies

Joint taxation

Tantaline CVD Holding ApS 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.