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Sundew ApS

Annual report for 2018/19

(1st Financial year)

Fruebjergvej 3
2100 København Ø
CVR no. 39 82 17 02

Adopted at the annual general meeting on 27
April 2020

Neil Goldsmith
chairman



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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Sundew ApS for the financial year 1 September 2018 - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 September 2018 - 31 December 2019.

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

Management recommends to the company in general meeting that the financial statements for 2019/20 are not to be audited. Management considers the criteria for not auditing the financial statements to be met.

The financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

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

Copenhagen, 27 April 2020

Executive board

Andrew David Gardiner
director

Jørgen Hansen
director

Neil Goldsmith
director

The company in general meeting has resolved that the financial statements for the coming financial year are not to be audited.



Auditor's report on compilation of the financial statements

To the shareholder of Sundew ApS

We have compiled the financial statements of Sundew ApS for the financial year 1 September 2018 - 31 December 2019 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises a statement by management, managements review, summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes.

We performed the engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist the enterprise in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with the relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR - Danish Auditors' Code of Ethics for Professional Accountants, including principles relating to integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are the enterprise's responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by enterprise for our compilation of the financial statements. Accordingly, we do not express an audit or a review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 27 April 2020

Ri Statsautoriseret Revisionsaktieselskab
CVR no. 53 37 19 14

Joachim Munch
statsautoriseret revisor
MNE no. mne42244



Company details

The company

Sundew ApS
Fruebjergvej 3
2100 København Ø

E-mail: info@sundew.bio
Website: www.sundew.bio
CVR no.: 39 82 17 02
Reporting period: 1 September 2018 - 31 December 2019
Incorporated: 1. September 2018
Domicile: Copenhagen

Executive board

Andrew David Gardiner, director
Jørgen Hansen, director
Neil Goldsmith, director

Auditors

Ri Statsautoriseret Revisionsaktieselskab
Skagensgade 1
2630 Taastrup



Management's review

Business review

Sundew is developing biological solutions for water-borne pests and diseases.

Financial review

The company's income statement for the year ended 31 December 2019 shows a loss of DKK 367.383, and the balance sheet at 31 December 2019 shows negative equity of DKK 317.383.

Management considers the Company's financial performance in the year satisfactory and in line with the strategic directions.

Statutory corporate governance report

The Company's ability to finance its operating activities in 2020 is ensured by a grant awarded to the Company in February 2020 from the Danish funding body GUDP (Grønt Udviklings- og Demonstrationsprogram under Miljø- og Fødevareministeriet – The Green Development and Demonstration Program of the Danish Ministry of Environment and Food). The grant covers a three-year project focused on developing Sundew's first product, BOKOS, a biological treatment for the important fish disease known as ICH or white spot.

Reference is made to note 1 for further details.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.



Accounting policies

The annual report of Sundew ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises as well as selected provisions as regards larger entities.

The annual report for 2018/19 is presented in DKK

The Company was founded on 1 September 2018, and the financial year is therefore extended so it covers the period 1 September 2018 - 31 December 2019. No comparatives have been presented.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

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

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

Public grants

Grants for research and development costs which are recognised directly in the income statement are recognised as other operating income in step with the costs to which the grants relate being incurred.

Income statement

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Research and development costs

Research costs comprises costs not satisfying the criteria for capitalisation. Research costs comprise salaries, patent costs, consultancy fees, clinical trial costs etc.



Accounting policies

Development costs comprise costs relating to development projects that do not qualify for recognition in the balance sheet and amortisation of recognised development projects.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions etc.

Tax on profit/loss for the year

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

Tax of the year includes tax credit for costs incurred in connection with research and development activities under the Danish Tax Credit Regime.

Balance sheet

Tangible assets

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

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

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

Other fixtures and fittings, tools and equipment	3	years
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Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of fixed assets

The carrying amount of equipment is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.



Accounting policies

The recoverable amount is the higher of the net selling price and the value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Income tax and deferred tax

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

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

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

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

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



Income statement 1 September 2018 - 31 December 2019

	Note	2018/19 DKK
Gross profit		0
Research and development costs		<u>-368.390</u>
Operating profit/loss		-368.390
Profit/loss before financial income and expenses		-368.390
Financial costs	2	<u>-7.218</u>
Profit/loss from ordinary activities before tax		-375.608
Profit/loss before tax		-375.608
Tax on profit/loss for the year		<u>8.225</u>
Net profit/loss for the year		<u><u>-367.383</u></u>
Proposed distribution of profit		
Retained earnings		<u>-367.383</u>
		<u><u>-367.383</u></u>



Balance sheet at 31 December 2019

	Note	2018/19 DKK
Assets		
Other receivables		42.804
Corporation tax		8.225
Receivables		51.029
Cash at bank and in hand		60.484
Total current assets		111.513
Total assets		111.513
Equity and liabilities		
Share capital		50.000
Retained earnings		-367.383
Equity		-317.383
Payables to associates		302.632
Shareholders and management		95.783
Total non-current liabilities		398.415
Trade payables		30.481
Total current liabilities		30.481
Total liabilities		428.896
Total equity and liabilities		111.513
Uncertainty about the continued operation (going concern)	1	
Contingent liabilities	3	



Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 September 2018	50.000	0	50.000
Net profit/loss for the year	0	-367.383	-367.383
Equity at 31 December 2019	<u>50.000</u>	<u>-367.383</u>	<u>-317.383</u>



Notes

1 Uncertainty about the continued operation (going concern)

The Company commenced its operating activities in 2018 and, in that connection, incurred start-up costs and research and development costs which exceed the income of the Company. Consequently, equity at December 31, 2019 was lossed.

The Company's ability to finance its operating activities in 2020 is ensured by a grant awarded to the Company in February 2020 from the Danish funding body GUDP (Grønt Udviklings- og Demonstrationsprogram under Miljø- og Fødevarerministeriet – The Green Development and Demonstration Program of the Danish Ministry of Environment and Food). The grant covers a three-year project focused on developing Sundew's first product, BLOKOS, a biological treatment for the important fish disease known as ICH or white spot.

2 Financial costs

	2018/19 DKK
Interest paid to associates	1.833
Other financial costs	<u>5.385</u>
	<u><u>7.218</u></u>

3 Contingent liabilities

The company has no contingent liabilities.