



ANNUAL REPORT

23 OCTOBER 2018 - 31 DECEMBER 2019

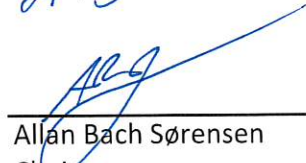
LABOGENE A/S

Bjarkesvej 5

3400 Allerød

CENTRAL BUSINESS REGISTRATION no. 39 96 92 38

Adopted at the Company's
Annual General Meeting,
on 27/3 2020



Allan Bach Sørensen
Chairman

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Company

Labogene A/S
Bjarkesvej 5
3400 Allerød

Central Business Registration no. 39 96 92 38

Registered in: Allerød

Board of Executives

Mikal Skat Nørrevig

Tove Madsen

Board of Directors

To Cheung

Hui Yuk Yu

Kar Chi Paul Chen

Kar Yee Chen

Mikal Skat Nørrevig

Company auditors

inforevision
statsautoriseret revisionsaktieselskab
Buddingevej 312
2860 Søborg
Central business registration no. 19263096

Vibeke Düring Reyes Jensen, State Authorized Public Accountant
Lasse Sværke, State Authorized Public Accountant

Primary activities

The company's main activity is sales of lab equipment to danish and international customers.

The company's business review

We are proud to present Labogene A/S first annual report. Labogene A/S was established in October 2018 by new owners and a new management team. The Company produce and sell equipment to the pharmaceutical industry, universities, research institutions, hospitals, etc. in more than 50 countries worldwide.

Our products are marketed and sold through our worldwide network of distributors with more than 85% of our turnover being generated through export. In specific market, Labogene A/S hold a market leading position, which we intend to strengthen further in the coming years, making sure that we are always ready to deliver unprecedented value propositions to our customers.

The products are marketed and sold under the trademarks: ScanLaf (laminar flow equipment), ScanVac (freeze drying equipment) and ScanSpeed (centrifuges).

Financial review

The realized result for our first financial year is very satisfying and meet the expectations, partly affected by inventory purchase price at takeover. The result provides a great steppingstone for the future growth of the company. The balance and liquidity of Labogene A/S has developed very positively and as expected with a significant reduction in debt obligations obtained during the start-up phase.

Competitiveness is key.

Constant trimming of our cost structure and adoption to market demands is essential in the current competitive landscape. To further strengthen our value proposition and competitive position, we are working on bringing new product developments to the market at the end of 2020. Additionally, new partnerships have been formed, contributing to a very satisfying first year and we look to expand our partnership focus in the years to come.

Outlook

Management expects Labogene A/S to further improve its turnover and profitability in 2020 through market expansion, product portfolio development and continued focus on cost structure optimization.

Recognition and measurement uncertainties

No special circumstances have affected recognition and measurement.

The Corona Pandemic has no negative effect on Labogene A/S. We expect a positive impact for Labogene A/S on the Pandemic.

Post balance sheet events

No significant events have occurred after the balance she

The Board of Directors and Board of Executives have today discussed and approved the annual report for the financial year 23 October 2018 - 31 December 2019 of Labogene A/S.

The annual report has been 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 result of the Company's operations for the financial year 23 October 2018 - 31 December 2019.

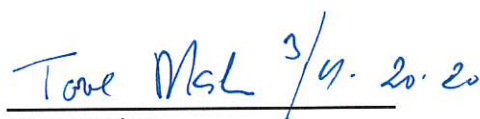
In our opinion the management's review includes a fair review about the matters the review deals with.

We recommend that the Annual Report be approved at the annual general meeting.

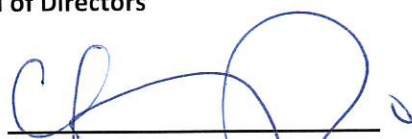
Allerød, 27th March 2020


Board of Executives


Mikal Skat Nørrevig
CEO

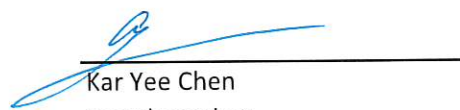

Tove Madsen
COO

Board of Directors


To Cheung
Chairman


Hui Yuk Yu
Boardmember


Kar Chi Paul Chen
Boardmember


Kar Yee Chen
Boardmember


Mikal Skat Nørrevig
Boardmember

To the shareholders of Labogene A/S

Opinion

We have audited the Financial Statements of Labogene A/S for the financial year 23 October 2018 to 31 December 2019, which comprise the accounting policies applied, the income statement, the balance sheet, statement of changes in equity and notes. The Financial Statements are prepared under 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 23 October 2018 to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 and 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.
- * 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 the Management's review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

Søborg, 27th March 2020

inforevision

statsautoriseret revisionsaktieselskab
(CVR-nr. 19263096)



Vibeke Düring Reyes Jensen
State Authorized Public Accountant
mne11673



Lasse Sværke
State Authorized Public Accountant
mne34318

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class B and elective choice of certain provisions applying to reporting class C entities.

RECOGNITION AND MEASUREMENT

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Furthermore, all costs incurred to earn the profit or loss for year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into 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 out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost, by which a constant redemption yield is recognised over the term. Amortised cost is calculated as original cost less instalments and addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

The functional currency is Danish kroner, DKK. All other currencies are considered foreign currencies.

FOREIGN CURRENCY TRANSLATION

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

INCOME STATEMENT

The income statement has been classified by nature.

Gross profit/loss

The Company has aggregated the items "revenue", "other operating income", "change in inventories of finished goods/goods for resale and work in progress" as well as external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms®2010. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

External expenses

External expenses comprise cost of raw materials and consumables/goods for resale as well as selling costs, facility costs, administrative expenses and development costs.

Staff costs

Staff costs include wages and salaries including holiday pay and pensions and other social security costs etc. to the Company's employees. Staff costs are reduced with payments received from public authorities.

Other operating expenses

Other operating expenses include financial statement items of a secondary nature in relation to the primary activity of the enterprise, including profit from sale of fixed assets.

Other financial income and other financial expenses

Financial income and expenses are recognised with amounts concerning the financial year. Financial items comprise interest, realised and unrealised exchange gains and losses as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

Tax on profit or loss for the year income taxes

Tax on profit or loss for the year represents 22% of the booked profit or loss adjusted for non-taxable and non-deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to adjustments of tax rates are recognised in the income statement.

The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

BALANCE SHEET

The balance sheet has been presented in account form.

ASSETS**Intangible assets**

Intangible assets are measured at cost less accumulate amortisation.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

Assets are amortised on a straight-line basis over their estimated useful lives:

	<u>Useful life</u>	<u>Residual value</u>
Acquired rights	3 years	0%

As the intangible assets are not being traded in an active and effective market, no residual values after end of use are included when determining the depreciation period.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated amortisation and depreciation. The basis of amortisation and depreciations is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation. The cost price for an asset is divided into separate components, that are depreciated separately, if the useful life of the individual components is significantly different.

Depreciations are initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives with following residual values:

	<u>Useful life</u>	<u>Residual value</u>
Other fixtures and fittings, tools and equipment	3 years	0%

Minor purchases with useful lives below one year have been recognised as expenses in the income statement in external expenses.

Profit/loss on sale or retirement has been included in the income statement under gross profit and other operating expenses.

Writedown of fixed assets

The carrying amount of both intangible and tangible fixed assets 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.

Other receivables (fixed assets)

Other receivables recognised under fixed assets comprise rental deposits measured at amortised cost. In events when the carrying amount exceeds the recoverable amount, impairment for loss is made to such lower value. Impairment for loss for the year is recognised in the income statement as impairment for loss of financial assets.

Inventories

Inventories are measured at cost according to the FIFO method. In the event of cost exceeding net realisable value, write-down is made to this lower value.

Cost of goods for resale as well as raw materials and consumables comprises purchase price plus landing costs.

Cost of own-produced finished goods as well as work in progress comprises cost of raw materials, consumables and direct wages applied for the production.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in in expected sales sum.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment.

EQUITY AND LIABILITIES**Equity**

Management's proposed dividends for the financial year is disclosed as a separate item in equity.

Provision for deferred tax

Deferred tax is measured according to the liability method. Provision has been made for deferred tax by 22 % on all temporary differences between carrying amount and tax-based value of assets and liabilities.

Deferred tax is also measured with respect of the planned use of the asset and the settlement of the liability. The tax value of the tax losses to be carried forward are included in the calculation of deferred taxes if it is probable that the losses can be used.

The tax-based values of tax losses carried forward are included in the statement of deferred tax if it is probable that the losses can be utilised.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

Other provisions

Other provisions include warranty costs. Other provisions are recognized when there is a legal or actual obligation arising from an event that occurred before the balance sheet date and it is probable that a settlement of the obligation will result in an outflow of resources. Provisions are measured at net present value.

Warranty obligations comprise repair of work within the warranty period. Provisions are measured on the basis of past experience.

Deferred income

Deferred income comprises income received relating to subsequent years.

Financial liabilities

Financial liabilities are recognised when raising the loan at the proceeds received after deduction of borrowing costs, directly addressed by the loan. In subsequent periods, financial liabilities are measured at amortized cost equal to the capitalized value using the effective interest rate, so the difference between the proceeds and the nominal value is recognized in the income statement over the loan period.

Other liabilities other than provisions have been measured at amortised cost which corresponds to nominal value.

<u>Note</u>	<u>2018/19</u>
GROSS PROFIT	19.682.118
1 Staff costs	<u>-13.988.253</u>
PROFIT BEFORE DEPRECIATION, INTEREST AND TAX	5.693.865
4,5 Amortisation, depreciation and impairment losses	<u>-195.125</u>
OPERATING PROFIT	5.498.740
Other financial income	13.953
2 Other financial expenses	<u>-39.191</u>
PROFIT BEFORE TAX	5.473.502
3 Tax on profit for the year	<u>-1.231.328</u>
PROFIT FOR THE YEAR	<u><u>4.242.174</u></u>
Profit for the year is proposed distributed as follows:	
Retained earnings	4.242.174
Proposed dividends for the financial year	<u>0</u>
PROFIT FOR THE YEAR	<u><u>4.242.174</u></u>

ASSETS

<u>Note</u>	<u>31/12 2019</u>
4 Acquired rights	<u>61.108</u>
INTANGIBLE ASSETS	<u>61.108</u>
5 Other fixtures and fittings, tools and equipment	<u>268.667</u>
PROPERTY, PLANT AND EQUIPMENT	<u>268.667</u>
Deposits	1.157.900
3 Deferred tax assets	<u>16.415</u>
FIXED ASSET INVESTMENTS	<u>1.174.315</u>
FIXED ASSETS	<u>1.504.090</u>
Raw materials and consumables	2.979.778
Work in progress	1.517.248
Finished goods and goods for resale	<u>1.280.362</u>
INVENTORIES IN TOTAL	<u>5.777.388</u>
Trade receivables	5.483.608
Receivables from group enterprises	485.354
Other receivables	397.624
Prepayments	<u>384.327</u>
RECEIVABLES	<u>6.750.913</u>
CASH	<u>2.722.227</u>
CURRENT ASSETS	<u>15.250.528</u>
TOTAL ASSETS	<u><u>16.754.618</u></u>

<u>Note</u>	<u>31/12 2019</u>
Share capital	500.000
Retained earnings	4.242.174
Proposed dividends for the financial year	<u>0</u>
EQUITY	<u>4.742.174</u>
Other provisions	<u>400.000</u>
PROVISIONS	<u>400.000</u>
Other payables	313.509
Deferred income	<u>853.334</u>
6 LONG-TERM LIABILITIES OTHER THAN PROVISIONS	<u>1.166.843</u>
6 Current portion of long-term liabilities other than provisions	0
Trade payables	1.675.594
Payables to group enterprises	6.166.028
3 Corporate tax	1.247.743
Other payables	<u>1.356.236</u>
SHORT-TERM LIABILITIES OTHER THAN PROVISIONS	<u>10.445.601</u>
LIABILITIES OTHER THAN PROVISIONS	<u>11.612.444</u>
TOTAL EQUITY AND LIABILITIES	<u><u>16.754.618</u></u>
7 Assets charged and security	
8 Contractual obligations	

STATEMENT OF CHANGES IN EQUITY

16

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>TOTAL</u>
Equity at 23/10 2018	500.000	0	0	500.000
Dividends paid	0	0	0	0
Transferred from distribution of profit	0	4.242.174	0	4.242.174
Equity at 31/12 2019	<u>500.000</u>	<u>4.242.174</u>	<u>0</u>	<u>4.742.174</u>

1	Staff costs	2018/19
	Wages and salaries	12.424.656
	Pensions	1.183.687
	Other social security costs	87.570
	Other staff costs	292.340
	TOTAL	13.988.253

The average number of full-time employees has represented 26 in this financial year.

2	Other financial expenses	2018/19
	Interest expenses to group enterprises	0
	Other financial expenses	39.191
	TOTAL	39.191

3	Corporation tax and deferred tax		Acc. to the inc. statement
		<u>Income taxes</u>	<u>Deferred tax</u>
	Payable at 23/10 2018	0	0
	Tax for the year	1.247.743	-16.415
	PAYABLE AT 31/12 2019	1.247.743	-16.415
	TAX ON PROFIT/LOSS FOR THE YEAR		1.231.328

4 List of fixed assets, amortisation and impairment,
intangible assets

	<u>Acquired rights</u>	<u>TOTAL</u>
Cost at 23/10 2018	0	0
Additions for the year	100.000	100.000
Disposals for the year	<u>0</u>	<u>0</u>
 COST AT 31/12 2019	 <u>100.000</u>	 <u>100.000</u>
 Amortisation and impairment at 23/10 2018	 0	 0
Impairment for the year	0	0
Amortisation for the year	38.892	38.892
Amortisation and impairment, disposals for the year	<u>0</u>	<u>0</u>
 AMORTISATION, DEPRECIATION AND IMPAIRMENT AT 31/12 2019	 <u>38.892</u>	 <u>38.892</u>
 CARRYING AMOUNT AT 31/12 2019	 <u><u>61.108</u></u>	 <u><u>61.108</u></u>

5 List of fixed assets, amortisation and depreciation,
property, plant and equipment

	Other fixtures, etc.	TOTAL
	<u> </u>	<u> </u>
Cost at 23/10 2018	0	0
Additions for the year	424.900	424.900
Disposals for the year	<u>0</u>	<u>0</u>
 COST AT 31/12 2019	 <u>424.900</u>	 <u>424.900</u>
 Amortisation and impairment at 23/10 2018	 0	 0
Impairment for the year	0	0
Amortisation for the year	156.233	156.233
Amortisation and impairment, disposals for the year	<u>0</u>	<u>0</u>
 AMORTISATION, DEPRECIATION AND IMPAIRMENT AT 31/12 2019	 <u>156.233</u>	 <u>156.233</u>
 CARRYING AMOUNT AT 31/12 2019	 <u><u>268.667</u></u>	 <u><u>268.667</u></u>

6 Long-term liabilities other than provisions

	<u>31/12 2019</u>
<u>Total debt:</u>	
Other payables	313.509
Deferred income and discounts	<u>853.334</u>
TOTAL	<u><u>1.166.843</u></u>
<u>Instalments next financial year:</u>	
Other payables	0
Deferred income and discounts	<u>0</u>
TOTAL	<u><u>0</u></u>
<u>Debt outstanding after 5 years:</u>	
Other payables	0
Deferred income and discounts	<u>440.000</u>
TOTAL	<u><u>440.000</u></u>

7 Assets charged and security

The company has provided 50.000 EUR in a guarantee account against third party.

8 Contractual obligations

The Company has entered into operating lease for lease of car and other operating equipment. The leases will be terminated within 2020-2023. The total lease commitment amounts to TDKK 362.

The Company has entered into rental agreements regarding the office premises. The contract is interminable until 2025 with a one-year termination period. Total minimum obligation amounts to TDKK 10.097.