

# SCAPE

THE BIN-PICKING COMPANY

## **Scape Technologies A/S**

Østerbro 5 C  
5000 Odense C  
CVR No. 27587887

## **Annual report 2019**

The Annual General Meeting adopted the  
annual report on 29.05.2020

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Chairman of the General Meeting

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# Entity details

## Entity

Scape Technologies A/S

Østerbro 5 C

5000 Odense C

CVR No.: 27587887

Registered office: Odense

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Jens Munch-Hansen, Chairman

Fu Yu Chen

Claus Risager

## Executive Board

Søren Henrik Bøving-Andersen, CEO

Rene Dencker Eriksen, CTO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Scape Technologies A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Odense, 07.05.2020

## Executive Board

**Søren Henrik Bøving-Andersen**  
CEO

**Rene Dencker Eriksen**  
CTO

## Board of Directors

**Jens Munch-Hansen**  
Chairman

**Fu Yu Chen**

**Claus Risager**

# Independent auditor's report

## To the shareholders of Scape Technologies A/S

### Opinion

We have audited the financial statements of Scape Technologies A/S for the financial year 01.01.2019 - 31.12.2019 which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

### Material uncertainty related to going concern

Without having impacted our conclusion, we will draw attention to information in notes 1 & 2, where Management explain their material preconditions which are the foundation for the presentation of the annual report on the assumption of going concern and uncertainty relating to recognition and measurement.

### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 07.05.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Peter Nørrevang**

State Authorised Public Accountant  
Identification No (MNE) mne11706

# Management commentary

## Primary activities

Scape Technologies A/S is a robotics company whose main activities are development and sale of standardised and modular bin-picking systems. These are based on 3D computer vision combined with gripper technology and advanced robot control complemented with a series of hardware modules, which are part of the overall solution.

SCAPE Bin-Picker systems realises efficient use of industrial robots for collection, controlling and placing of subcomponents and parts directly from an unstructured placement in bins to a precise delivery in a machine, a welding system or a fixture for further processing.

SCAPE Bin-Picker systems are sold in partnership with systems integrators who are responsible for building and run-in of systems into a customer's production machinery. In connection with the run-in of bin-picker systems the Company provides a number of paid services, which ensure the high quality and reliability of the SCAPE system.

## Description of material changes in activities and finances

Since the initial share offering at Nasdaq First North Denmark in November 2018, the Company's main focus has been on completing the ambitious development plans and solidifying the leading market position, which the Company has already achieved.

The ongoing development has already made the SCAPE Bin-Picker easier to sell, configure, install and use. During 2020 significant new functionality and improvements will be introduced as planned so that the Company will be able to fully exploit the market potential and scale sales through a broader distribution channel.

The total income in the Scape group is DKK 5,503k. The operating loss is DKK 20,044k before tax.

Development costs included amount to TDKK 3,128. Management expects the recovery value will exceed the cost price of the apportioned development costs.

The Company has deferred tax assets of DKK 13,815k not included in the balance sheet.

## Uncertainty relating to recognition and measurement

As the Company is a development company, there is a natural uncertainty associated with the measurement of the Company's development activities.

Deferred tax is recognized based on the assumptions made in the budget, where the deferred tax is used in the next 3-4 years.



## Outlook

As mentioned above, the primary goal of the Company is to exploit the market potential by making SCAPE Bin-Pickers easier to sell, install and use and scale the sale through a global distribution network of professional partners. This means that the Company will invest heavily in research, product development, building of sales and distribution channels, and in accordance with the previously published plans.

The current financial year ending December 31, 2020 is expected to be affected by the temporary lock-down of international customers' production plants such as the German automotive industry. The company is still seeing a positive development in new potential customer projects in the sales pipeline and the market interest for the company's bin-picking solutions remains high during the Covid-19 crisis.

As a result of the lock-down in the primary markets, Management does not consider it likely that the company will receive the same amount of orders in 2020 as previously estimated. For this reason the Company has suspended the previously announced expectations for a limited profit for 2020. Management has as a consequence executed the needed actions to secure the cash-flow and adjusted the cost base accordingly.

Since Scape Technologies is in a developing phase the Company is budgeting for a loss for a period going forward. Management is working on specific plans to obtain sufficient funding of the Company's development, growth and operations, including the execution of conversion of debt or a capital increase that is to help ensure that the Company will be able to realise its plans for the financial year ahead. Based on this, Management considers the Company's cash resources, if the planned initiatives to provide capital are implemented, to be sufficient to ensure its future operations at least one year ahead so as to present the financial statements on a going concern basis.

Scape Technologies continues to execute on developing the planned product improvements and expects to be able to launch new hardware components as well as a new version of the Company's bin-picking software during Q2 2020. The new version will to a significant degree increase ease-of-use and simplify configuration, sales, installation and support of the Company's solutions and is thus expected to strengthen the demand in a market which is expected to have a huge demand for quality solutions which are bringing down the cost level by streamlining and automating production.

# Income statement for 2019

	Notes	2019 DKK	2018 DKK
Revenue	3	2,280,698	6,899,608
Own work capitalised		3,128,268	1,853,726
Other operating income		302,800	302,800
Cost of sales		(1,943,235)	(6,047,878)
Other external expenses		(6,838,626)	(6,264,899)
<b>Gross profit/loss</b>		<b>(3,070,095)</b>	<b>(3,256,643)</b>
Staff costs	4	(11,095,373)	(12,035,061)
Depreciation, amortisation and impairment losses		(1,374,010)	(1,201,984)
<b>Operating profit/loss</b>		<b>(15,539,478)</b>	<b>(16,493,688)</b>
Income from investments in group enterprises		(3,756,370)	0
Income from investments in associates		0	(300,000)
Other financial income		0	5,313
Other financial expenses		(748,742)	(1,259,832)
<b>Profit/loss before tax</b>		<b>(20,044,590)</b>	<b>(18,048,207)</b>
Tax on profit/loss for the year	5	(3,885,167)	4,611,921
<b>Profit/loss for the year</b>		<b>(23,929,757)</b>	<b>(13,436,286)</b>
<b>Proposed distribution of profit and loss:</b>			
Retained earnings		(23,929,757)	(13,436,286)
<b>Proposed distribution of profit and loss</b>		<b>(23,929,757)</b>	<b>(13,436,286)</b>
<b>Average shares per year</b>		<b>13.457.856</b>	<b>8.789.488</b>
<b>Earnings per share</b>		<b>(1,78)</b>	<b>(1,53)</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	7	6,184,231	4,294,440
<b>Intangible assets</b>	6	<b>6,184,231</b>	<b>4,294,440</b>
Other fixtures and fittings, tools and equipment		615,591	309,115
Leasehold improvements		352,959	0
<b>Property, plant and equipment</b>	8	<b>968,550</b>	<b>309,115</b>
Investments in group enterprises		7,267	0
Investments in associates		0	0
Deposits		400,787	0
<b>Other financial assets</b>	9	<b>408,054</b>	<b>0</b>
<b>Fixed assets</b>		<b>7,560,835</b>	<b>4,603,555</b>
Raw materials and consumables		421,470	643,118
<b>Inventories</b>		<b>421,470</b>	<b>643,118</b>
Trade receivables		2,001,871	3,082,762
Contract work in progress	10	506,810	1,708,618
Receivables from group enterprises		670,989	0
Deferred tax	11	4,000,000	8,573,386
Other receivables		529,080	1,803,891
Income tax receivable		688,219	418,753
Prepayments		32,827	12,266
<b>Receivables</b>		<b>8,429,796</b>	<b>15,599,676</b>
<b>Cash</b>		<b>543,724</b>	<b>20,773,163</b>
<b>Current assets</b>		<b>9,394,990</b>	<b>37,015,957</b>
<b>Assets</b>		<b>16,955,825</b>	<b>41,619,512</b>

## Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		13,457,865	13,457,865
Reserve for development expenditure		4,575,816	2,859,704
Retained earnings		(10,432,533)	15,213,336
<b>Equity</b>		<b>7,601,148</b>	<b>31,530,905</b>
Debt to other credit institutions (Vækstfonden)		3,764,519	4,832,077
Payables to shareholders and management		306,722	323,611
Other payables		405,412	0
<b>Non-current liabilities other than provisions</b>	12	<b>4,476,653</b>	<b>5,155,688</b>
Current portion of non-current liabilities other than provisions	12	2,601,711	1,183,526
Bank loans		61,109	0
Trade payables		966,518	1,701,640
Other payables		930,886	1,427,153
Deferred income	13	317,800	620,600
<b>Current liabilities other than provisions</b>		<b>4,878,024</b>	<b>4,932,919</b>
<b>Liabilities other than provisions</b>		<b>9,354,677</b>	<b>10,088,607</b>
<b>Equity and liabilities</b>		<b>16,955,825</b>	<b>41,619,512</b>
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		

# Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	13,457,865	2,859,704	15,213,336	31,530,905
Transfer to reserves	0	1,716,112	(1,716,112)	0
Profit/loss for the year	0	0	(23,929,757)	(23,929,757)
<b>Equity end of year</b>	<b>13,457,865</b>	<b>4,575,816</b>	<b>(10,432,533)</b>	<b>7,601,148</b>

# Cash flow statement for 2019

	Notes	2019 DKK	2018 DKK
Operating profit/loss		(15,539,478)	(16,493,688)
Amortisation, depreciation and impairment losses		1,374,010	1,201,984
Working capital changes	14	1,860,844	(4,076,846)
Amortisation of grants received		(302,800)	(302,800)
<b>Cash flow from ordinary operating activities</b>		<b>(12,607,424)</b>	<b>(19,671,350)</b>
Financial income received		0	5,313
Financial expenses paid		(748,742)	(1,259,832)
Income taxes refunded/(paid)		418,753	305,038
<b>Cash flows from operating activities</b>		<b>(12,937,413)</b>	<b>(20,620,831)</b>
Acquisition etc of intangible assets		(3,128,268)	(1,903,429)
Acquisition etc of property, plant and equipment		(794,968)	(330,412)
Acquisition of enterprises		(3,763,637)	(300,000)
<b>Cash flows from investing activities</b>		<b>(7,686,873)</b>	<b>(2,533,841)</b>
Loans raised		1,500,000	3,000,000
Repayments of loans etc		(1,166,262)	(2,595,948)
Cash increase of capital		0	45,321,203
<b>Cash flows from financing activities</b>		<b>333,738</b>	<b>45,725,255</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(20,290,548)</b>	<b>22,570,583</b>
Cash and cash equivalents beginning of year		20,773,163	(1,797,420)
<b>Cash and cash equivalents end of year</b>		<b>482,615</b>	<b>20,773,163</b>
Cash and cash equivalents at year-end are composed of:			
Cash		543,724	20,773,163
Short-term debt to banks		(61,109)	0
<b>Cash and cash equivalents end of year</b>		<b>482,615</b>	<b>20,773,163</b>

# Notes

## 1 Going concern

Since Scape Technologies is in a developing phase the Company is budgeting for a loss for a period going forward. Management is working on specific plans to obtain sufficient funding of the Company's development, growth and operations, including the execution of conversion of debt or a capital increase that is to help ensure that the Company will be able to realise its plans for the financial year ahead.

Based on this, Management considers the Company's cash resources, if the planned initiatives to provide capital are implemented, to be sufficient to ensure its future operations at least one year ahead so as to present the financial statements on a going concern basis.

## 2 Uncertainty relating to recognition and measurement

As the Company is a development company, there is a natural uncertainty associated with the measurement of the Company's development activities.

Deferred tax is recognized based on the assumptions made in the budget, where the deferred tax is used in the next 3-4 years.

## 3 Revenue

Following the establishment of a German subsidiary, a revenue was realised in 2019 which was recognised in the Danish company's financial statements in 2018.

	2019 DKK	2018 DKK
Revenue Scape Technologies A/S	2,280,700	6,899,608
Revenue Scape Deutschland GmbH	2,919,610	0
	<b>5,200,310</b>	<b>6,899,608</b>
Other operating income	302,800	302,800
<b>Total Revenue and other income</b>	<b>5,503,110</b>	<b>7,202,408</b>

## 4 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	10,244,767	11,960,093
Pension costs	850,362	74,968
Other staff costs	244	0
	<b>11,095,373</b>	<b>12,035,061</b>
Number of employees at balance sheet date	<b>26</b>	<b>19</b>
Average number of full-time employees	<b>17</b>	<b>15</b>

## 5 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	(688,219)	(418,753)
Change in deferred tax	4,573,386	(4,193,168)
	<b>3,885,167</b>	<b>(4,611,921)</b>

## 6 Intangible assets

	Completed development projects DKK
Cost beginning of year	18,028,382
Additions	3,128,268
<b>Cost end of year</b>	<b>21,156,650</b>
Amortisation and impairment losses beginning of year	(13,733,942)
Amortisation for the year	(1,238,477)
<b>Amortisation and impairment losses end of year</b>	<b>(14,972,419)</b>
<b>Carrying amount end of year</b>	<b>6,184,231</b>

## 7 Development projects

Completed development include the development of standardized bin-picking systems based on 3D computer vision systems.

Management has high expectations for future sales of the systems and has not found Indication of impairment requirement in relation to the carrying amount.

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,042,563	0
Additions	434,600	360,368
<b>Cost end of year</b>	<b>1,477,163</b>	<b>360,368</b>
Depreciation and impairment losses beginning of year	(733,448)	0
Depreciation for the year	(128,124)	(7,409)
<b>Depreciation and impairment losses end of year</b>	<b>(861,572)</b>	<b>(7,409)</b>
<b>Carrying amount end of year</b>	<b>615,591</b>	<b>352,959</b>



## 9 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Deposits DKK
Cost beginning of year	0	800,000	0
Additions	3,763,637	0	400,787
<b>Cost end of year</b>	<b>3,763,637</b>	<b>800,000</b>	<b>400,787</b>
Impairment losses beginning of year	0	(800,000)	0
Share of profit/loss for the year	(3,756,370)	0	0
<b>Impairment losses end of year</b>	<b>(3,756,370)</b>	<b>(800,000)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>7,267</b>	<b>0</b>	<b>400,787</b>

## 10 Contract work in progress

	2019 DKK	2018 DKK
Contract work in progress	1,469,150	3,231,299
Progress billings regarding contract work in progress	(962,340)	(1,522,681)
	<b>506,810</b>	<b>1,708,618</b>

## 11 Deferred tax

Deferred tax is recognised based on the assumptions made in the budget, where the deferred tax is used in the next 3-4 years.

## 12 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK	Outstanding after 5 years 2019 DKK
Debt to other credit institutions	1,084,822	1,167,923	3,764,519	0
Payables to shareholders and management	16,889	15,603	306,722	224,045
Other payables	1,500,000	0	405,412	0
	<b>2,601,711</b>	<b>1,183,526</b>	<b>4,476,653</b>	<b>224,045</b>

## 13 Deferred income

Prepayments consist of grants received for development projects. The item is recognized as income as the development projects are amortised.

#### 14 Changes in working capital

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in inventories	221,648	(247,160)
Increase/decrease in receivables	1,263,365	(1,994,204)
Increase/decrease in trade payables etc	(825,977)	208,372
Other changes	1,201,808	(2,043,854)
	<b>1,860,844</b>	<b>(4,076,846)</b>

#### 15 Unrecognised rental and lease commitments

The company has entered into a rent contract with a yearly rent of DKK 801k, and a remaining lease obligation of DKK 7,147k, which will expire in 2028.

The company has entered into a rent contract with a yearly lease of DKK 69K, and a remaining lease obligation of DKK 58k, which expires in 2020.

#### 16 Assets charged and collateral

The Company's bank debt is secured on a company charge of a nominal amount of DKK 3.5m.

Other debt raised by the issuance of bonds is secured on a company charge of a nominal amount of DKK 6m.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

In the current year changes have been made to the presentation in the comparative figures. Profit/loss, assets and equity are unchanged.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### Own work capitalised

Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Income from investments in associates**

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated

depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	20 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Investments in associates**

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

**Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Income tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises bank deposits.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

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

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.