

SCAPE

THE BIN-PICKING COMPANY

Scape Technologies A/S

Østerbro 5
5000 Odense C
CVR No. 27587887

Annual report 2020

The Annual General Meeting adopted the
annual report on 14.04.2021

Søren Bøving-Andersen

Chairman of the General Meeting

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Entity details

Entity

Scape Technologies A/S

Østerbro 5

5000 Odense C

CVR No.: 27587887

Registered office: Odense

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jens Munch-Hansen, Chairman

Leif Thomsen

Rune Klausen Ulv Larsen

Fu Yu Chen

Executive Board

Rene Dencker Eriksen, CTO

Søren Henrik Bøving-Andersen, CEO

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

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, 14.04.2021

Executive Board

Rene Dencker Eriksen
CTO

Søren Henrik Bøving-Andersen
CEO

Board of Directors

Jens Munch-Hansen
Chairman

Leif Thomsen

Rune Klausen Ulv Larsen

Fu Yu Chen

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 01.01.2020 - 31.12.2020 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 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 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 draw attention to note 1, where Management explain their basis, initiatives taken to ensure sufficient financing and related uncertainties for presenting the financial statements on the assumption of going concern

Emphasis of matter regarding circumstances in the financial statements

Without having impacted our conclusion, we will draw attention to information in note 2, where Management explain their material uncertainty relating to recognition and measurement of completed development projects.

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, 14.04.2021

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 implementing 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

In 2020 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.

During 2020 significant new functionality and improvements have been introduced as planned and made the SCAPE Bin-Picker easier to sell, configure, install and use.

In 2020 the company introduced new ease-of-use bin-picking solutions addressing small-medium sized companies and have thus entered a new market area as a supplement to the current primary customer segments in the Automotive industry.

In 1st quarter 2021 Scape Technologies introduced the company's first solution for the fast-growing logistic market segment for gripping and sorting packets and letters for distribution.

The Company is now in a strong position to fully exploit the market potential and scale sales through a broader distribution channel.

In 2020 the sales results were strongly and negatively affected by the Covid-19 pandemic as new and existing customers to a large extent postponed new automation projects including bin-picking, but the Company did in November 2020 complete a successful share offering at Nasdaq First North Denmark, which strengthened the company's capital structure with DKK 35.4 million.

The total income in the Scape group is DKK 1,724,315. The operating loss is DKK 21,185,277 before tax. Development costs included amount to DKK 4,125. Management expects the recovery value will exceed the cost price of the apportioned development costs.

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.

Therefore deferred tax of DKK 4.000k from last year's balance sheet have been written down from the balance sheet and affects the 2021 result after tax negatively by DKK 4.000k.

The Company has deferred tax assets of DKK 21.208k not recognised in the balance sheet. Management expect that the deferred tax will be used in the coming years.

Outlook

At the end of the first quarter of 2021, Scape Technologies has orders in the books for delivery in 2021 totaling more than DKK 5 million. This includes orders from European customers and agreements on software development for the Chinese joint-venture company.

The company expects greater group revenue in 2021 than in the two previous financial years combined. But since Scape Technologies is in a developing phase the Company is budgeting for a loss for a period going forward. For 2021 the loss is expected to be significantly smaller than for 2020 and in the area of DKK 8-10 million.

Management has initiated specific plans to secure additional financing for the desired development and growth in continuation of the capital increase of DKK 35.4 million in November 2020.

In case of these plans not being fulfilled within first half-year of 2021 the cost base and growth plans will as a consequence be adjusted accordingly.

Based on this, Management considers the Company's cash resources, 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.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue	3	419,902	2,280,698
Own work capitalised		4,125,000	3,128,267
Other operating income		369,767	302,800
Cost of sales		(524,325)	(1,943,235)
Other external expenses		(5,351,859)	(6,838,625)
Gross profit/loss		(961,515)	(3,070,095)
Staff costs	4	(12,303,847)	(11,095,373)
Depreciation, amortisation and impairment losses		(1,980,064)	(1,374,010)
Operating profit/loss		(15,245,426)	(15,539,478)
Income from investments in group enterprises		(3,054,257)	(3,756,370)
Other financial expenses		(2,885,594)	(748,742)
Profit/loss before tax		(21,185,277)	(20,044,590)
Tax on profit/loss for the year	5	(3,093,700)	(3,885,167)
Profit/loss for the year		(24,278,977)	(23,929,757)
Proposed distribution of profit and loss:			
Retained earnings		(24,278,977)	(23,929,757)
Proposed distribution of profit and loss		(24,278,977)	(23,929,757)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	7	8,542,162	6,184,231
Intangible assets	6	8,542,162	6,184,231
Other fixtures and fittings, tools and equipment		642,180	615,591
Leasehold improvements		367,382	352,959
Property, plant and equipment	8	1,009,562	968,550
Investments in group enterprises		0	7,267
Investments in associates		0	0
Deposits		400,787	400,787
Financial assets	9	400,787	408,054
Fixed assets		9,952,511	7,560,835
Raw materials and consumables		545,894	421,470
Inventories		545,894	421,470
Trade receivables		1,507,906	2,001,871
Contract work in progress	10	0	506,810
Receivables from group enterprises		523,416	670,989
Deferred tax		0	4,000,000
Other receivables		305,325	529,080
Income tax receivable		907,500	688,219
Prepayments		54,331	32,827
Receivables		3,298,478	8,429,796
Cash		11,918,262	543,724
Current assets		15,762,634	9,394,990
Assets		25,715,145	16,955,825

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		20,230,496	13,457,865
Reserve for development expenditure		6,651,186	4,575,816
Retained earnings		(10,416,614)	(10,432,533)
Equity		16,465,068	7,601,148
Debt to other credit institutions (Væsktfonden)		4,042,123	3,764,519
Payables to shareholders and management		288,439	306,722
Other payables		991,072	405,412
Non-current liabilities other than provisions	11	5,321,634	4,476,653
Current portion of non-current liabilities other than provisions	11	1,042,389	2,601,711
Bank loans		28,087	61,109
Trade payables		1,250,712	966,518
Other payables		1,592,255	930,886
Deferred income	12	15,000	317,800
Current liabilities other than provisions		3,928,443	4,878,024
Liabilities other than provisions		9,250,077	9,354,677
Equity and liabilities		25,715,145	16,955,825
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	14		
Contingent assets	15		
Assets charged and collateral	16		

Statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	13,457,865	0	4,575,816	(10,432,533)	7,601,148
Increase of capital	6,772,631	31,614,536	0	0	38,387,167
Transferred from share premium	0	(26,370,266)	0	26,370,266	0
Costs related to equity transactions	0	(5,244,270)	0	0	(5,244,270)
Transfer to reserves	0	0	2,075,370	(2,075,370)	0
Profit/loss for the year	0	0	0	(24,278,977)	(24,278,977)
Equity end of year	20,230,496	0	6,651,186	(10,416,614)	16,465,068

	2020	2019
Average shares per year	14,231,345	13,457,856
Earnings per share	(1.71)	(1.78)

Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		(15,245,426)	(15,539,478)
Amortisation, depreciation and impairment losses		1,980,064	1,374,010
Working capital changes	13	(289,592)	1,860,844
Amortisation of grants received		(302,800)	(302,800)
Cash flow from ordinary operating activities		(13,857,754)	(12,607,424)
Financial expenses paid		(2,885,594)	(748,742)
Taxes refunded/(paid)		687,020	418,753
Cash flows from operating activities		(16,056,328)	(12,937,413)
Acquisition etc of intangible assets		(4,125,000)	(3,128,268)
Acquisition etc of property, plant and equipment		(254,008)	(794,968)
Acquisition of enterprises		0	(3,763,637)
Cash flows from investing activities		(4,379,008)	(7,686,873)
Free cash flows generated from operations and investments before financing		(20,435,336)	(20,624,286)
Loans raised		11,500,000	1,500,000
Repayments of loans etc		(12,800,001)	(1,166,262)
Cash increase of capital		38,387,167	0
Costs incurred during change of contributed capital		(5,244,270)	0
Cash flows from financing activities		31,842,896	333,738
Increase/decrease in cash and cash equivalents		11,407,560	(20,290,548)
Cash and cash equivalents beginning of year		482,615	20,773,163
Cash and cash equivalents end of year		11,890,175	482,615
Cash and cash equivalents at year-end are composed of:			
Cash		11,918,262	543,724
Short-term debt to banks		(28,087)	(61,109)
Cash and cash equivalents end of year		11,890,175	482,615

Notes

1 Going concern

Scape Technologies has by end of 1st quarter 2021 secured bin-picking orders and software development agreements exceeding an expected revenue of DKK 5 mio for 2021. The company is thus expecting a significant growth over 2019 and 2020. However, Scape Technologies is still in a developing phase and the Company is budgeting for a loss for a period going forward.

Management has initiated specific plans to obtain sufficient funding of the Company's planned development and growth. The growth and development strategy includes a planned investment in the Chinese joint-venture company in the size of DKK 5 mio of which DKK 2.5 mio have already been paid.

In 2020 the company executed a public emission for rising a capital increase of DKK 35-50 mio.

The gross result were DKK 35.4 mio and the current company funding plans now includes already initiated actions to secure up to additional DKK 15 mio by a capital increase from new strategic investors before end of 1st half year.

Based on the outcome of the capital increase before end of 1st half year the company may adjust the sales and cost budget up or down. Reductions may include reducing the growth plans, reducing the cost base and postpone the planned investment of additionally DKK 2.5 mio in the Chinese joint-venture company.

Additionally the company is investigating to establish a cash credit or other means of financing based on incoming customer orders or negotiate a credit line with the major shareholder.

Based on this, Management considers the Company's cash resources 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 completed development projects.

3 Revenue

Revenue from Scape Technologies A/S is recognised in the income statement for 2020. Revenue from Scape Deutschland GmbH is recognised in the subsidiary's annual report.

	2020	2019
	DKK	DKK
Revenue Scape Technologies A/S	419,902	2,280,700
Revenue Scape Deutschland GmbH	934.646	2,919,610
	1,354,548	5,200,310

4 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	11,254,605	10,244,767
Pension costs	1,049,242	850,362
Other staff costs	0	244
	12,303,847	11,095,373
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Number of employees at balance sheet date	23	26
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Average number of full-time employees	21	17

Remuneration of the executive board for 2020 amounts to DKK 250,000.

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(907,500)	(688,219)
Change in deferred tax	4,000,000	4,573,386
Adjustment concerning previous years	1,200	0
	3,093,700	3,885,167

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	21,156,650
Additions	4,125,000
Cost end of year	25,281,650
Amortisation and impairment losses beginning of year	(14,972,419)
Amortisation for the year	(1,767,069)
Amortisation and impairment losses end of year	(16,739,488)
Carrying amount end of year	8,542,162

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	1,477,163	360,368
Additions	198,122	55,886
Cost end of year	1,675,285	416,254
Depreciation and impairment losses beginning of year	(861,572)	(7,409)
Depreciation for the year	(171,533)	(41,463)
Depreciation and impairment losses end of year	(1,033,105)	(48,872)
Carrying amount end of year	642,180	367,382

9 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Deposits DKK
Cost beginning of year	3,763,637	800,000	400,787
Additions	(3,054,257)	0	0
Cost end of year	709,380	800,000	400,787
Impairment losses beginning of year	(3,756,370)	(800,000)	0
Investments with negative equity value depreciated over receivables	3,046,990	0	0
Impairment losses end of year	(709,380)	(800,000)	0
Carrying amount end of year	0	0	400,787

10 Contract work in progress

	2020 DKK	2019 DKK
Contract work in progress	0	1,469,150
Progress billings regarding contract work in progress	0	(962,340)
	0	506,810

11 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Debt to other credit institutions	1,024,107	1,084,822	4,042,123	0
Payables to shareholders and management	18,282	16,889	288,439	198,948
Other payables	0	1,500,000	991,072	991,072
	1,042,389	2,601,711	5,321,634	1,190,020

12 Deferred income

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

13 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in inventories	(124,424)	221,648
Increase/decrease in receivables	(2,203,201)	1,263,365
Increase/decrease in trade payables etc	1,531,223	(825,977)
Other changes	506,810	1,201,808
	(289,592)	1,860,844

14 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 6.346k, which wil expire in 2028.

15 Contingent assets

The company has an unrecognized asset for deferred tax amounting to DKK 21.168k.

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.

Changes in accounting estimates

Management have in the financial year reevaluated the following accounting estimates:

Deferred tax is measured at 0 DKK for 2020 against DKK 4,000k in 2019. This is based on the management assumptions and budgets for the following years.

Current assets have been written down with DKK 1,037k for 2020.

The total effect on profit after taxes is DKK 4,809k.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

Grants

Grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

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.

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.

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.