THE BIN-PICKING COMPANY

Scape Technologies A/S

Østerbro 5C, 5000 Odense C

Company reg. no. 27 58 78 87

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 11 May 2023.

Søren Henrik Bøving-Andersen
Chairman of the meeting

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Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of Scape Technologies A/S for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Odense C, 26 April 2023

Executive board

Søren Henrik Bøving-Andersen CEO	Rene Dencker Eriksen CTO

Board of directors

Jesper Bach Chairman	Fu Yu Chen	Rune Klausen Ulv Larsen
Leif Thomsen	Yee Tai Simon Chung	

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have ful?lled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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

We draw attention to note 1 to the financial statements, which discloses that the Company has entered into an agreement with its principal shareholder on additional funding through a capital increase of mDKK 12. The capital increase has been approved by the principal shareholder and awaits approval at the company's general meeting as well as approval by the Chinese authorities. The capital increase is planned to be carried out in June 2023 and not later than August 2023.

The company's main shareholder Scape China has expressed its willingness/intention to grant loans to the company if needed until the capital increase has been completed.

The company will furthermore be able to adjust its cost base accordingly if the realized order intake wouldn't match the assumed order intake.

Furthermore the Company will explore the opportunity from other existing and new investors to obtain a commitment to additionally up to mDKK 7 in capital increase on the same terms to secure the company new capital up to mDKK 15.

This indicate that there is material uncertainty related to the Company's going concern. Our opinion has not been modified with respect to this matter.

Independent auditor's report

Emphasis of Matter

We draw attention to note 2 to the financial statements, which discloses that there is material uncertainty related to the valuation of the Company's completed development projects and income tax receivables.

The Company has prepared an impairment test based on expected cash flows in the years ahead. The value of the development costs depends on the Company's earnings in the years ahead. These conditions, along with other matters as set forth in note 2, indicate that there is material uncertainty related to the valuation of the Company's capitalized development costs. Furthermore Corporation tax receivable recognized in the balance sheet relates to the use of the tax credit scheme under Ligningsloven § 8X, whereby the Company can be paid the tax value of fiscal deficits, which arise from costs for research and development. Based on the review of the criteria for application of the scheme, it is the management's opinion that the Company is entitled to use the scheme. Whether the criteria for applying the scheme are met is based on estimates.

As a result, there may be a risk that the tax authorities consider that the criteria are not met. If applicable, the receivable will have to be refunded in whole or in part via the income statement in subsequent financial years. Our opinion has not been modified with respect to this matter.

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:

Independent auditor's report

- 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 Management Commentary.

Our opinion on the financial statements does not cover 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 Management Commentary and, in doing so, consider whether the Management Commentary is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether 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 Statement Act. We did not identify any material misstatement of Management Commentary.

Odense C, 26 April 2023

Deloitte
State Authorised Public Accountants
Company reg. no. 33 96 35 56

Deloitte
State Authorised Public Accountants
Company reg. no. 33 96 35 56

Bo Damgaard Hansen
State Authorised Public Accountant
mne34543

Marco Mosegaard Brøndsted
State Authorised Public Accountant
mne49081

Company information

The company	Scape Technologies A/S Østerbro 5C 5000 Odense C	
	Company reg. no.	27 58 78 87
	Established:	1 February 2004
	Financial year:	1 January - 31 December
Board of directors	Jesper Bach, Chairman Fu Yu Chen Rune Klausen Ulv Larsen Leif Thomsen Yee Tai Simon Chung	
Executive board	Søren Henrik Bøving-Andersen, CEO Rene Dencker Eriksen, CTO	
Auditors	Deloitte, Statsautoriseret Revisionspartnerselskab Tværkajen 5 5100 Odense C	
Subsidiary	Scape Deutschland GmbH, Germany	

Management´s review

Description of key activities of the company

Scape Technologies A/S is a robotics company whose main activities are development and sale of standardized and modular 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 realizes 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.

In 2021 Scape Technologies introduced the company’s first version of a new solution for the fast-growing logistic market segment for gripping and singulating packets and letters for distribution - SCAPE Package Picker. The solution is undergoing customer tests in parallel with continued development of new features. The company intensified the marketing efforts for the SCAPE Package Picker to European logistic centers in 2022 and a number of European customer cases are now unfolding.

SCAPE 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 the systems the Company provides a well-defined range of paid services, which ensure the high quality and reliability of the SCAPE system.

Uncertainties connected with recognition or measurement

As the Company is a development company, there is a natural uncertainty associated with the measurement of the Company’s completed development projects and receivable corporate tax as described in Note 2.

The Company has deferred tax assets of mDKK 25,7 not recognized in the balance sheet. Management expect that the deferred tax will be used in the coming years.

Development in activities and financial matters

To a large extent European customers continued to postpone new automation projects in 2022 in the aftermath of the Covid-19 pandemic followed by war in Ukraine, rising inflation and delivery problems which affected sales results negatively.

The company reached a revenue of mDKK 6,1 for 2022. The operating loss for 2022 is mDKK 12,8.

However, it has been established that in the financial year 2021, one of the company's licenses has not been accrued correctly. As a result, management has recognized the accumulated error of mDKK 1,25 on the equity at the beginning of the year. Comparative figures for revenue, trade receivables and retained earnings has been restated.

Thus revenue will increase in 2021 from mDKK 7,1 to mDKK 8,3. The net profit or loss for the year 2021 thus improves from mDKK -14,2 to mDKK -12,9.

Management´s review

In the guidance for 2022, the management did estimate mDKK 3 in licenses fees from a specific agreement. In continuation of the adjusted recognition of the license mentioned above, this regulation has a negative effect to the guidance totaling mDKK 1,25 in 2022.

Development of activities, strengthening of the share capital and financial affairs
In 2022 The Company secured additional financing through a capital increase at mDKK 18,5. from Shenzhen Scape Technologies Co., Ltd., Shenzhen, China ("Scape China").

The Company needs further supply of capital for the continued operation and execution of the company's growth and development strategy.

In order to ensure flexibility in the capitalization of the company, it was approved on the extraordinary general assembly March 22, 2023 to renew the board's existing authorizations in the articles of association, so that the Board of Directors can carry out capital increases with up to nominal mDKK 15 in the period until March 22, 2028.

The company has received commitment from the main shareholder Scape China of a capital increase from mDKK 8-12. in a directed issue through the issuance of new shares under market price against cash payment.

The company will explore the opportunity from other existing and new investors to obtain a commitment to additionally up to mDKK 7 in capital increase on the same terms to secure the company new capital totaling mDKK 12-15. MDKK 12 is guaranteed from Scape China if no co-investor is found.

The capital increase is expected to be completed by the end of June 2023 and no later than August 2023.

The company's main shareholder Scape China has expressed its willingness/intention to grant loans to the company if needed until the capital increase has been completed.

Based on this, Management considers the Company's cash resources, to be sufficient to ensure its future operations at least one year ahead and to present the financial statements on a going concern basis.

Background for extension of existing authorizations to capital increases
As previously announced, the company's management has adjusted the company's product and market strategy during the Covid-19 crisis, so that the company in the future is secured access to more markets, than the Automotive industry.

For that reason the company has in 2022 invested heavily in additional development resources and wants to maintain and, if necessary, strengthen the current capacity of development resources, so that the company can get faster to market with new solutions.

Focus areas for the company's growth oriented product development to generate new business areas and sales into new industries are primarily as follows:

Management´s review

Scape Bin-Picker

Scape Technologies' pipeline of potential bin-picking projects continues to grow through the company's sales and implementation partners, and with the continued product development, the company will be able to strengthen the positioning and optimize resources, so that more resources within development and sales can be dedicated to the new business areas.

Scape Package-Picker

Establishing a new global market area within the rapidly growing e-commerce industry by introducing solutions for distribution centers. The company's first product launch in this area, Scape Package-Picker, has resulted in a new pipeline of potential projects within the business of distribution of packages in Europe and China.

Scape 3D Vision Guidance Platform

Scape Technologies‘ deep experience with using 3D vision for robotic solutions has provided the basis for an upcoming introduction of an effective and user friendly SCAPE development platform for developing a variety of applications for the wide and rapidly growing robotic automation market using 3D vision.

The development of this new solution for the market is well underway and will partly make the company's own development of new products simpler and more efficient, including using AI and secondly as a next step the development platform will be offered to end-customers and system integrators who themselves want to develop a robotc 3D vison solutions based on the SCAPE platform.

These plans are in line with previously announced plans for continued execution of the company's growth and internationalization strategy demanding increased investment in research, product development and development of distribution channels as well as expansion of the product portfolio.

Outlook

The company expects a significant growth in group revenue for 2023, and have orders from 2022 to be delivered in 2023 for mDKK 2,1.

Since Scape Technologies is in a developing phase the Company is budgeting for a loss for 2023.

Outlook for 2023

Revenue: mDKK 6 - 9
Loss (EBT): mDKK 14 - 16

Accounting policies

The annual report for Scape Technologies A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

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

Prior period errors

The management has established that in the financial year 2021, one of the company's licenses has not been accrued correctly. As a result, management has made consequential corrections to revenue, trade receivables and retained earnings.

Based on the materiality of this, management has chosen to process the matter in accordance with section 52 subsection 2 of the Danish Financial Statements Act.

Revenue will increase in 2021 from tDKK 7.093 to tDKK 8.343. The net profit or loss for the year thus improves from tDKK -14.188 to tDKK -12.938

Trade receivables will increase in 2021 from tDKK 1.146 to tDKK 2.396.

Total equity will increase in 2021 as a consequence of the changes from tDKK 7.264 to tDKK 8.514.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

The licenses are recognised on a straight line basis over the duration of the contract period.

Contract work in progress comprises the sale of goods where the conditions for the sale of goods are considered met on a continuous basis and the hand-over of control to the buyer occurs in tandem with the work being carried out. Contract work in progress is recognised in the revenue in tandem with the work being carried out whereby the revenue will correspond to the selling price of the work carried out for the year (percentage of completion method). The revenue is recognised when the total income and costs and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

Accounting policies

Cost of sales
Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Own work capitalised
Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income
Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Government 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.

Other external expenses
Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs
Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment
Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial expenses
Financial expenses are recognised in the income statement with the amounts concerning the financial year. Financial expenses comprise interest expenses, realised and unrealised capital losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises and participating interest
After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual group entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Accounting policies

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the investment in the participating interest is recognised in the income statement as a proportional share of the participating interests' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly or indirectly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is 5 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Accounting policies

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	2-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

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

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises og participating interest 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. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Accounting policies

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 10 years.

Investments

Investments in group enterprises og associates/participating interest

Investments in group enterprises and associates which ar presented in the balance sheet as participating interest are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises og associates are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in group enterprises og associates with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises og associates transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises og associates.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Accounting policies

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress.

Accounting policies

When the selling price cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

Each individual item of contract work in progress is recognised in the statement of financial position under ‘accounts receivable’ or ‘liabilities other than provision’, depending on the net value of the selling price less invoicing on account and prepayments.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Revenue	6.126.315	8.342.637
	Own work capitalised	3.117.518	2.369.006
	Other operating income	9.011	229.733
	Costs of raw materials and consumables	-1.355.505	-1.799.950
	Other external expenses	-6.299.828	-4.626.981
	Gross profit	**1.597.511**	**4.514.445**
3	Staff costs	-11.593.669	-9.777.317
	Depreciation, amortisation, and impairment	-2.789.525	-2.555.720
	Operating profit	**-12.785.683**	**-7.818.592**
	Income from investment in participating interest	-120.349	-1.739.000
	Impairment of financial assets	-3.717.375	-3.236.523
4	Other financial expenses	-569.919	-664.778
	Pre-tax net profit or loss	**-17.193.326**	**-13.458.893**
5	Tax on net profit or loss for the year	685.854	521.181
	Net profit or loss for the year	**-16.507.472**	**-12.937.712**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-16.507.472	-12.937.712
	Total allocations and transfers	**-16.507.472**	**-12.937.712**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
6	Completed development projects, including patents and similar rights arising from development projects	9.119.716	8.584.644
	Total intangible assets	9.119.716	8.584.644
7	Other fixtures, fittings, tools and equipment	655.858	467.486
8	Leasehold improvements	294.533	325.374
	Total property, plant, and equipment	950.391	792.860
9	Investments in group enterprises	0	0
10	Investment in participating interest	0	3.261.000
11	Deposits	400.787	400.787
	Total investments	400.787	3.661.787
	Total non-current assets	**10.470.894**	**13.039.291**
	Current assets		
	Raw materials and consumables	1.520.270	889.440
	Total inventories	1.520.270	889.440
	Trade receivables	1.284.930	2.396.094
12	Contract work in progress	600.322	826.740
	Receivables from group enterprises	273.864	0
13	Income tax receivables	685.854	521.181
	Other receivables	64.379	1.889.889
	Prepayments	76.554	76.655
	Total receivables	2.985.903	5.710.559
	Cash and cash equivalents	2.249.521	953.749
	Total current assets	**6.755.694**	**7.553.748**
	Total assets	**17.226.588**	**20.593.039**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
14	Contributed capital	29.529.197	21.529.197
	Reserve for development costs	7.113.378	6.696.022
	Retained earnings	-26.139.449	-19.710.861
	Total equity	**10.503.126**	**8.514.358**
	Provisions		
	Provisions for investments in group enterprises	0	13.871
	Total provisions	**0**	**13.871**
	Long term labilities other than provisions		
	Other mortgage debt	1.606.088	2.911.312
	Other payables	1.022.948	1.001.908
	Payables to shareholders and management	247.231	268.651
15	Total long term liabilities other than provisions	2.876.267	4.181.871
15	Current portion of long term liabilities	1.330.883	1.182.702
	Bank loans	40.037	13.597
	Prepayments received from customers	29.037	29.037
12	Prepayments received from customers for contract work in progress	158.892	607.990
	Trade payables	880.801	993.657
	Payables to group enterprises	162.531	0
	Payables to participating interest	0	2.500.000
	Other payables	1.245.014	2.555.956
	Total short term liabilities other than provisions	3.847.195	7.882.939
	Total liabilities other than provisions	**6.723.462**	**12.064.810**
	Total equity and liabilities	**17.226.588**	**20.593.039**

1 Uncertainties relating to going concern

2 Uncertainty relating to recognition and measurement

16 Charges and security

17 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	21.529.197	0	6.696.022	-20.960.861	7.264.358
Correction prior period errors	0	0	0	1.250.000	1.250.000
Adjusted equity 1 January 2022	21.529.197	0	6.696.022	-19.710.861	8.514.358
Cash capital increase	8.000.000	10.560.000	0	0	18.560.000
Retained earnings for the year	0	0	0	-16.507.472	-16.507.472
Transferred to/from retained earnings	0	-10.496.240	417.356	10.078.884	0
Costs related to equity transactions	0	-63.760	0	0	-63.760
	29.529.197	**0**	**7.113.378**	**-26.139.449**	**10.503.126**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Net profit or loss for the year	-16.507.472	-12.937.712
18	Adjustments	2.780.069	4.452.187
19	Change in working capital	-1.951.866	686.728
	Cash flows from operating activities before net financials	-15.679.269	-7.798.797
	Interest paid, etc.	-569.919	-664.777
	Cash flows from ordinary activities	-16.249.188	-8.463.574
	Income tax paid	521.181	907.500
	Cash flows from operating activities	**-15.728.007**	**-7.556.074**
	Purchase of intangible assets	-3.117.518	-2.369.006
	Purchase of property, plant, and equipment	-364.611	-12.495
	Purchase of fixed asset investments	0	-5.000.000
	Sale of fixed asset investments	3.140.651	0
	Cash flows from investment activities	**-341.478**	**-7.381.501**
	Repayments of long-term payables	-1.157.423	-999.450
	Cash capital increase	18.496.240	4.987.002
	Cash flows from financing activities	**17.338.817**	**3.987.552**
	Change in cash and cash equivalents	**1.269.332**	**-10.950.023**
	Cash and cash equivalents at 1 January 2022	940.152	11.890.175
	Cash and cash equivalents at 31 December 2022	**2.209.484**	**940.152**

	2022	2021
Cash and cash equivalents		
Cash and cash equivalents	2.249.521	953.749
Short-term bank loans	-40.037	-13.597
Cash and cash equivalents at 31 December 2022	**2.209.484**	**940.152**

Notes

All amounts in DKK.

1. Uncertainties relating to going concern

In 2022 The Company secured additional financing through a capital increase at mDKK 18,5 from Shenzhen Scape Technologies Co., Ltd., Shenzhen, China ("Scape China").

The Company needs further supply of capital for the continued operation and execution of the company's growth and development strategy.

In order to ensure flexibility in the capitalization of the company, it was approved on the extraordinary general assembly March 22, 2023 to renew the board's existing authorizations in the articles of association, so that the Board of Directors can carry out capital increases with up to nominal mDKK 15 in the period until March 22, 2028.

The company has received commitment from the main shareholder Scape China of a capital increase from mDKK 8-12 in a directed issue through the issuance of new shares under market price against cash payment.

The company will explore the opportunity from other existing and new investors to obtain a commitment to additionally up to mDKK 7 in capital increase on the same terms to secure the company new capital totaling mDKK 12-15 where mDKK 12 is guaranteed from Scape China if no co-investor is found.

The capital increase is expected to be completed by the end of June 2023 and no later than August 2023.

The company's main shareholder Scape China has expressed its willingness/intention to grant loans to the company if needed until the capital increase has been completed.

The company will furthermore be able to adjust its cost base accordingly if the realized order intake wouldn't match the assumed order intake.

Based on this, Management considers the Company's cash resources, to be sufficient to ensure its future operations at least one year ahead and 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 as described in Note 6. There is further uncertainty associated with corporate tax receivables as described in note 13.

Notes

All amounts in DKK.

		2022	2021
3.	**Staff costs**		
	Salaries and wages	10.597.413	8.864.720
	Pension costs	847.943	754.863
	Other costs for social security	63.902	59.737
	Other staff costs	84.411	97.997
		11.593.669	**9.777.317**
	Average number of employees	19	18
4.	**Other financial expenses**		
	Other financial costs	569.919	664.778
		569.919	**664.778**
5.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	-685.854	-521.181
		-685.854	**-521.181**

Notes

All amounts in DKK.

	31/12 2022	31/12 2021
6. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 January 2022	27.650.656	25.281.650
Additions during the year	3.117.518	2.369.006
Cost 31 December 2022	**30.768.174**	**27.650.656**
Amortisation and write-down 1 January 2022	-19.066.012	-16.739.488
Amortisation and depreciation for the year	-2.582.446	-2.326.524
Amortisation and write-down 31 December 2022	**-21.648.458**	**-19.066.012**
Carrying amount, 31 December 2022	**9.119.716**	**8.584.644**

Management has made an impairment test for the completed development projects based on discounted cashflows over a 5-year period including an terminal value. The expected cashflows generated are expected to grow significant with a year over year growth as shown in the table below and a terminal value based on average cashflows in the last 3 years of forecast period. The impairment test is made on budgeted sales forecast and have therefor an embedded uncertainty. The discount factor used for the impairment test is a market conform 15 % p.a.

Year growth in cashflow from Operation and Investments:
- 2023 - 33 %
- 2024 - 87 %
- 2025 - 334 %
- 2026 - 239 %
- 2027 - 87 %

Completed development projects 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, performed an impairment test of the value of the systems as of 31 December 2022. Based on the impairment test management has concluded that there is no impairment as of 31 December 2022.

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
7.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2022	1.687.780	1.675.285
	Additions during the year	352.131	12.495
	Cost 31 December 2022	**2.039.911**	**1.687.780**
	Amortisation and write-down 1 January 2022	-1.220.294	-1.033.105
	Amortisation and depreciation for the year	-163.759	-187.189
	Amortisation and write-down 31 December 2022	**-1.384.053**	**-1.220.294**
	Carrying amount, 31 December 2022	**655.858**	**467.486**
8.	**Leasehold improvements**		
	Cost 1 January 2022	416.254	416.254
	Additions during the year	12.480	0
	Cost 31 December 2022	**428.734**	**416.254**
	Depreciation and write-down 1 January 2022	-90.880	-48.872
	Amortisation and depreciation for the year	-43.321	-42.008
	Depreciation and write-down 31 December 2022	**-134.201**	**-90.880**
	Carrying amount, 31 December 2022	**294.533**	**325.374**
9.	**Investments in group enterprises**		
	Cost 1 January 2022	709.380	709.380
	Cost 31 December 2022	**709.380**	**709.380**
	Revaluations, opening balance 1 January 2022	-709.380	-709.380
	Revaluation 31 December 2022	**-709.380**	**-709.380**
	Carrying amount, 31 December 2022	**0**	**0**

Group enterprises:

	Domicile	Equity interest
Scape Deutschland GmbH	Germany	100 %

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
10.	**Investment in participating interest**		
	Cost 1 January 2022	5.800.000	800.000
	Additions during the year	0	5.000.000
	Disposals during the year	-5.800.000	0
	Cost 31 December 2022	**0**	**5.800.000**
	Revaluations, opening balance 1 January 2022	-2.539.000	-800.000
	Net profit or loss for the year before amortisation of goodwill	-120.349	-1.739.000
	Reversals for the year concerning disposals	2.659.349	0
	Revaluation 31 December 2022	**0**	**-2.539.000**
	Carrying amount, 31 December 2022	**0**	**3.261.000**
11.	**Deposits**		
	Cost 1 January 2022	400.787	400.787
	Cost 31 December 2022	**400.787**	**400.787**
	Carrying amount, 31 December 2022	**400.787**	**400.787**
12.	**Contract work in progress**		
	Selling price of the production for the period	600.322	826.740
	Progress billings	-158.892	-607.990
	Contract work in progress, net	**441.430**	**218.750**
	The following is recognised:		
	Contract work in progress (current assets)	600.322	826.740
	Contract work in progress (prepayments received on account)	-158.892	-607.990
		441.430	**218.750**

Notes

All amounts in DKK.

13. Income tax receivables

Corporation tax receivable recognized in the balance sheet relates to the use of the tax credit scheme under Ligningsloven § 8X whereby the company can be paid the tax value of fiscal deficits which arise from costs for research and development. Based on the review of the criteria for application of the scheme, it is the management's opinion that the company is entitled to use the scheme.Whether the criteria for applying the scheme are met is, however, based on an assessment. As a result, there may be a risk that the tax authorities consider that the criteria are not met. If applicable, the receivable will have to be refunded in whole or in part via the income statement in subsequent financial years.

	31/12 2022	31/12 2021
14. Contributed capital		
Average shares per year	24.707.279	20.671.699
Earnings per share	(0,67)	(0,63)

15. Long term labilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Other mortgage debt	2.915.551	1.309.463	1.606.088	0
Other payables	1.022.948	0	1.022.948	0
Payables to shareholders and management	268.651	21.420	247.231	145.574
	4.207.150	**1.330.883**	**2.876.267**	**145.574**

16. Charges and security

The Company's bank debt is secured on a company charge of a nominal amount of DKK 3,5 mio.

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

Notes

All amounts in DKK.

16. Charges and security (continued)

These securities comprises the assets below, stating the carrying amounts:

	DKK in thousands
Intangible assets	9.120
Property, plant, and equipment	950
Inventories	1.520
Trade receivables	1.285

17. Contingencies

Contingent assets

The company has an unrecognized asset for deferred tax amounting to tDKK 25.652.

Contingent liabilities

Lease liabilities

The company has entered into rent contracts with a yearly rent of tDKK 898, and a remaining lease obligation of tDKK 5.345, which will expire in 2023 and 2029.

	2022	2021
18. Adjustments		
Depreciation, amortisation, and impairment	2.789.526	2.555.721
Income from investment in participating interest	120.349	1.739.000
Other financial expenses	569.919	664.778
Tax on net profit or loss for the year	-685.854	-521.181
Other adjustments	-13.871	13.869
	2.780.069	**4.452.187**

	2022	2021
19. Change in working capital		
Change in inventories	-630.830	-343.546
Change in receivables	2.889.329	-2.798.399
Change in trade payables and other payables	-4.210.365	3.828.673
	-1.951.866	**686.728**