

SCAPE

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 2021

The annual report was submitted and approved by the general meeting on the 27 April 2022.

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 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021.

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, 20 April 2022

Executive board

Søren Henrik Bøving-Andersen
CEO

Rene Dencker Eriksen
CTO

Board of directors

Jens Munch-Hansen
Chairman

Fu Yu Chen

Rune Klausen Ulv Larsen

Leif Thomsen

Jesper Bach

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 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled 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 DKK 18.5m. 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 May 2022 and not later than September 2022. If the time of the capital increase is postponed and the Company should have any cash needs to be covered before final approvals of the capital increase are met, the major shareholder have indicated that Scape China can be pre-invoiced by the Company for development and/or licenses as the cash needs fall due. These conditions indicate that there is material uncertainty related to the Company's going concern. Our opinion has not been modified with respect to this matter.

Emphasis of Matter regarding circumstances in the financial statements

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. 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. Our opinion has not been modified with respect to this matter.

Independent auditor's report

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent auditor's report

Aalborg, 20 April 2022

Deloitte

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

Peter Nørrevang

State Authorised Public Accountant
mne11706

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

Jens Munch-Hansen, Chairman
Fu Yu Chen
Rune Klausen Ulv Larsen
Leif Thomsen
Jesper Bach

Executive board

Søren Henrik Bøving-Andersen, CEO
Rene Dencker Eriksen, CTO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Management's review

The principal activities of the company

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

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

By end of 1st quarter 2021 Scape Technologies introduced the company's first version of a new solution for the fast-growing logistic market segment for gripping and sorting packets and letters for distribution - SCAPE Package Picker. The solution is undergoing customer tests handled by Scape China in parallel with continued development of new features to be released in 2022. The company plan to intensify marketing efforts for the SCAPE Package Picker to European logistic centers in 2022.

Uncertainties about 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.

Management has made an impairment test for the completed development projects based on discounted cashflows. The expected cashflows generated are expected to be positive after 2024. The discount factor used for the impairment test is a market conform 10 % p.a.

The Company has deferred tax assets of DKK 23,6 mio. 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

During the first three quarters of 2021 new and existing customers in the European market to a large extent continued to postpone new automation projects due to the Covid-19 pandemic which affected sales results negatively.

However, the company still managed to reach a revenue for 2021 which exceeded the total revenue of the two previous financial years. An important contribution at DKK 3.5 mio to the 2021 license revenues came from the joint-venture company in Shenzhen, China.

Management's review

Building upon the significant new functionality and improvements introduced in 2020 which is making the SCAPE Bin-Picker easier to configure, install and use, the Company have in 2021 been focusing on increasing the pipeline of new potential customer projects and recruit new sales partners. Due to the Covid-19 restrictions significant marketing and sales efforts have been done by means of on-line webinars including the SCAPE Open Day webinar held together with local partners at the Company's premises in Odense.

These efforts have been successful with new sales- and integration partners signed up in Germany, Denmark, Austria, France and Estonia and an increased pipeline of potential customer projects.

The Company finalized the year with strong sales results in fourth quarter of 2021 which will have a positive effect on 2022 results as part of the projects will be implemented and invoiced in 2022.

As previously announced the Company in 2021 secured additional financing for the desired development and growth by a capital increase of DKK 5 mio. from the major shareholder.

The Company announced March 24, 2022 specific agreements with the major shareholder to secure additional financing through a capital increase at DKK 18,5 mio. to be approved at the ordinary general assembly and to be fully paid in the period from May-September 2022 to finance the desired development and continued growth.

The capital increase is already approved by the major shareholder and will take place immediately after the approvals are in place from the general assembly and from the relevant Chinese authorities. Expectedly in May 2022 but latest in September 2022. If the Company should have any cash needs to be covered before final approvals of the capital increase are met, the major shareholder have indicated that Scape China can be pre-invoiced by the Company for development and/or licenses as the cash needs fall due

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.

The total revenue in the Scape group is DKK 7,2 mio. The operating loss is DKK 9,1 mio. Development costs included amount to DKK 2,4 mio. Management expects the recovery value will exceed the cost price of the apportioned development costs.

Outlook

At the end of the first quarter of 2022, Scape Technologies has orders in the books for delivery in 2022 totaling more than DKK 6 mio. This includes orders from European customers and license sale to the Chinese joint-venture company.

The company expects a significant growth in group revenue for 2022.

Management's review

Since Scape Technologies is in a developing phase the Company is budgeting for a loss for 2022 and 2023.

Outlook for 2022

Revenue: DKK 9 - 11 mio.

Loss (EBT): DKK 12 - 14 mio.

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 presentation in the comparative figures. Profit/loss, assets and equity are unchanged.

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.

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. 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.

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.

Accounting policies

Income statement

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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).

Cost of sales

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

Work performed for own account and capitalised

Work performed for own account and capitalised includes staff cost incurred during the financial year and recognised in the cost of proprietary intangible 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.

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. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown 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.

Accounting policies

Results from investments in subsidiaries and participating interest

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' 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 writedowns 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 usually 5 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown 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.

Accounting policies

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

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	2-5 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.

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 subsidiaries 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. Writedown 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 20 years.

Investments

Investments in subsidiaries og associates/participating interest

Investments in subsidiaries and associates which are 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 subsidiaries 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 subsidiaries 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 an 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 subsidiaries og associates transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries 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 subsidiaries 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 market 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 face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

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.

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

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.

Accounting policies

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.

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.

Deferred income

Payments received concerning future income are recognised under deferred income.

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.

Accounting policies

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.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Revenue	7.092.638	419.902
Work performed for own account and capitalised	2.369.006	4.125.000
Other operating income	157.170	369.767
Costs of raw materials and consumables	-1.799.950	-524.325
Other external expenses	-4.607.426	-5.351.859
Gross profit	3.211.438	-961.515
4 Staff costs	-9.724.310	-12.303.847
Depreciation, amortisation, and impairment	-2.555.720	-1.980.064
Operating profit	-9.068.592	-15.245.426
Income from investments in subsidiaries	-3.236.523	-3.054.257
Income from investment in participating interest	-1.739.000	0
5 Other financial expenses	-664.778	-2.885.594
Pre-tax net profit or loss	-14.708.893	-21.185.277
6 Tax on net profit or loss for the year	521.181	-3.093.700
Net profit or loss for the year	-14.187.712	-24.278.977
Proposed appropriation of net profit:		
Allocated from retained earnings	-14.187.712	-24.278.977
Total allocations and transfers	-14.187.712	-24.278.977

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Assets		
Non-current assets		
7 Completed development projects, including patents and similar rights arising from development projects	8.584.644	8.542.162
Total intangible assets	<u>8.584.644</u>	<u>8.542.162</u>
8 Other fixtures and fittings, tools and equipment	467.486	642.180
9 Leasehold improvements	325.374	367.382
Total property, plant, and equipment	<u>792.860</u>	<u>1.009.562</u>
10 Investments in subsidiaries	0	0
11 Investment in participating interest	3.261.000	0
12 Deposits	400.787	400.787
Total investments	<u>3.661.787</u>	<u>400.787</u>
Total non-current assets	<u>13.039.291</u>	<u>9.952.511</u>
Current assets		
Raw materials and consumables	889.440	545.894
Total inventories	<u>889.440</u>	<u>545.894</u>
Trade receivables	1.146.094	1.507.906
13 Contract work in progress	826.740	0
Receivables from subsidiaries	0	523.416
Income tax receivables	521.181	907.500
Other receivables	1.889.889	305.325
Prepayments	76.655	54.331
Total receivables	<u>4.460.559</u>	<u>3.298.478</u>
Cash and cash equivalents	953.749	11.918.262
Total current assets	<u>6.303.748</u>	<u>15.762.634</u>
Total assets	<u>19.343.039</u>	<u>25.715.145</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Equity			
14	Contributed capital	21.529.197	20.230.496
	Reserve for development costs	6.696.022	6.651.186
	Retained earnings	-20.960.861	-10.416.614
	Total equity	<u>7.264.358</u>	<u>16.465.068</u>
Provisions			
	Provisions for investments in subsidiaries	<u>13.871</u>	<u>0</u>
	Total provisions	<u>13.871</u>	<u>0</u>
Long term liabilities other than provisions			
	Debt to other credit institutions (Vækstfonden)	2.911.312	4.042.123
	Other payables	1.001.908	991.072
	Payables to shareholders and management	<u>268.651</u>	<u>288.439</u>
15	Total long term liabilities other than provisions	<u>4.181.871</u>	<u>5.321.634</u>
15	Current portion of long term liabilities	1.182.702	1.042.389
	Bank loans	13.597	28.087
	Prepayments received from customers	29.037	0
13	Prepayments received from customers for contract work in progress	607.990	0
	Trade payables	993.657	1.250.712
	Payables to participating interest	2.500.000	0
	Other payables	2.555.956	1.592.255
16	Deferred income	<u>0</u>	<u>15.000</u>
	Total short term liabilities other than provisions	<u>7.882.939</u>	<u>3.928.443</u>
	Total liabilities other than provisions	<u>12.064.810</u>	<u>9.250.077</u>
	Total equity and liabilities	<u>19.343.039</u>	<u>25.715.145</u>

1 Uncertainties concerning the enterprise's ability to continue as a going concern

2 Uncertainty relating to recognition and measurement

17 Charges and security

18 Contingencies

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Share premium</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2020	13.457.865	0	4.575.816	-10.432.533	7.601.148
Cash capital increase	6.772.631	31.614.536	0	0	38.387.167
Retained earnings for the year	0	0	0	-24.278.977	-24.278.977
Transferred to/from retained earnings	0	-26.370.266	2.075.370	24.294.896	0
Costs related to equity transactions	0	-5.244.270	0	0	-5.244.270
Equity 1 January 2021	20.230.496	0	6.651.186	-10.416.614	16.465.068
Cash capital increase	1.298.701	3.701.301	0	0	5.000.002
Retained earnings for the year	0	0	0	-14.187.712	-14.187.712
Transferred to/from retained earnings	0	-3.688.301	44.836	3.643.465	0
Costs related to equity transactions	0	-13.000	0	0	-13.000
	<u>21.529.197</u>	<u>0</u>	<u>6.696.022</u>	<u>-20.960.861</u>	<u>7.264.358</u>

Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Net profit or loss for the year	-14.187.712	-24.278.977
19 Adjustments	7.674.841	10.710.816
20 Change in working capital	-1.285.923	-289.592
Cash flows from operating activities before net financials	-7.798.794	-13.857.753
Interest paid, etc.	-664.780	-2.885.595
Cash flows from ordinary activities	-8.463.574	-16.743.348
Income tax refunded	907.500	687.020
Cash flows from operating activities	-7.556.074	-16.056.328
Purchase of intangible assets	-2.369.006	-4.125.000
Purchase of property, plant, and equipment	-12.495	-254.008
Purchase of fixed asset investments	-5.000.000	0
Cash flows from investment activities	-7.381.501	-4.379.008
Long-term payables incurred	0	11.500.000
Repayments of long-term payables	-999.450	-12.800.001
Cash capital increase	4.987.002	38.387.167
Other cash flows from financing activities	0	-5.244.270
Cash flow from financing activities	3.987.552	31.842.896
Change in cash and cash equivalents	-10.950.023	11.407.560
Cash and cash equivalents at 1 January 2021	11.890.175	482.615
Cash and cash equivalents at 31 December 2021	940.152	11.890.175
Cash and cash equivalents		
Cash and cash equivalents	953.749	11.918.262
Short-term bank loans	-13.597	-28.087
Cash and cash equivalents at 31 December 2021	940.152	11.890.175

Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The Company has entered specific agreements with the major shareholder on additional financing through a capital increase on DKK 18,5 mio. to be approved at the Company's ordinary general assembly in May 2022.

The capital increase is already approved by the major shareholder and will take place immediately after the approvals are in place from the general assembly and from the relevant Chinese authorities. Expectedly in May 2022 but latest in September 2022. If the Company should have any cash needs to be covered before final approvals of the capital increase are met, the major shareholder have indicated that Scape China can be pre-invoiced by the Company for development and/or licenses as the cash needs fall due.

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.

Management has made an impairment test for the completed development projects based on discounted cashflows. The expected cashflows generated are expected to be positive after 2024. The discount factor used for the impairment test is a market conform 10 % p.a.

3. Revenue

	<u>2021</u>	<u>2020</u>
Revenue Scape Technologies A/S	7.092.638	419.902
Revenue Scape Deutschland GmbH	<u>96.607</u>	<u>934.646</u>
	<u>7.189.245</u>	<u>1.354.548</u>

Revenue from Scape Technologies A/S is recognised in the income statement for 2021. Revenue from Scape Deutschland GmbH is recognised in the subsidiary's annual report.

Notes

All amounts in DKK.

	<u>2021</u>	<u>2020</u>
4. Staff costs		
Salaries and wages	8.811.713	11.254.605
Pension costs	754.863	899.076
Other costs for social security	59.737	73.085
Other staff costs	97.997	77.081
	<u>9.724.310</u>	<u>12.303.847</u>
Executive board and board of directors	<u>250.000</u>	<u>250.000</u>
Average number of employees	<u>18</u>	<u>21</u>
5. Other financial expenses		
Other financial costs	<u>664.778</u>	<u>2.885.594</u>
	<u>664.778</u>	<u>2.885.594</u>
6. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	-521.181	-907.500
Adjustment of deferred tax for the year	0	4.000.000
Adjustment of tax for previous years	0	1.200
	<u>-521.181</u>	<u>3.093.700</u>

Notes

All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
7. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 January 2021	25.281.650	21.156.650
Additions during the year	<u>2.369.006</u>	<u>4.125.000</u>
Cost 31 December 2021	<u>27.650.656</u>	<u>25.281.650</u>
Amortisation and writedown 1 January 2021	-16.739.488	-14.972.419
Amortisation and depreciation for the year	<u>-2.326.524</u>	<u>-1.767.069</u>
Amortisation and writedown 31 December 2021	<u>-19.066.012</u>	<u>-16.739.488</u>
Carrying amount, 31 December 2021	<u>8.584.644</u>	<u>8.542.162</u>

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 as described in note 2 performed an impairment test of the value of the systems as of 31 December 2021. Based on the impairment test management has concluded that there is no impairment as of 31 December 2021.

We draw attention to note 2, where the uncertainty related to the valuation of development projects as of 31 December 2021 is further described.

8. Other fixtures and fittings, tools and equipment		
Cost 1 January 2021	1.675.285	1.477.163
Additions during the year	<u>12.495</u>	<u>198.122</u>
Cost 31 December 2021	<u>1.687.780</u>	<u>1.675.285</u>
Amortisation and writedown 1 January 2021	-1.033.105	-861.572
Amortisation and depreciation for the year	<u>-187.189</u>	<u>-171.533</u>
Amortisation and writedown 31 December 2021	<u>-1.220.294</u>	<u>-1.033.105</u>
Carrying amount, 31 December 2021	<u>467.486</u>	<u>642.180</u>

Notes

All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
9. Leasehold improvements		
Cost 1 January 2021	416.254	360.368
Additions during the year	<u>0</u>	<u>55.886</u>
Cost 31 December 2021	<u>416.254</u>	<u>416.254</u>
Depreciation and writedown 1 January 2021	-48.872	-7.409
Amortisation and depreciation for the year	<u>-42.008</u>	<u>-41.463</u>
Depreciation and writedown 31 December 2021	<u>-90.880</u>	<u>-48.872</u>
Carrying amount, 31 December 2021	<u>325.374</u>	<u>367.382</u>
10. Investments in subsidiaries		
Cost 1 January 2021	709.380	3.763.637
Disposals during the year	<u>0</u>	<u>-3.054.257</u>
Cost 31 December 2021	<u>709.380</u>	<u>709.380</u>
Revaluations, opening balance 1 January 2021	-3.756.370	-3.756.370
Net profit or loss for the year before amortisation of goodwill	<u>-3.236.523</u>	<u>0</u>
Revaluation 31 December 2021	<u>-6.992.893</u>	<u>-3.756.370</u>
Offset against receiveables	<u>6.283.513</u>	<u>3.046.990</u>
Set off against debtors and provisions for liabilities	<u>6.283.513</u>	<u>3.046.990</u>
Carrying amount, 31 December 2021	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
11. Investment in participating interest		
Cost 1 January 2021	800.000	800.000
Additions during the year	<u>5.000.000</u>	<u>0</u>
Cost 31 December 2021	<u>5.800.000</u>	<u>800.000</u>
Revaluations, opening balance 1 January 2021	-800.000	-800.000
Reversal of prior revaluations	<u>-1.739.000</u>	<u>0</u>
Revaluation 31 December 2021	<u>-2.539.000</u>	<u>-800.000</u>
Carrying amount, 31 December 2021	<u>3.261.000</u>	<u>0</u>
12. Deposits		
Cost 1 January 2021	<u>400.787</u>	<u>400.787</u>
Cost 31 December 2021	<u>400.787</u>	<u>400.787</u>
Carrying amount, 31 December 2021	<u>400.787</u>	<u>400.787</u>

Notes

All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
13. Contract work in progress		
Selling price of the production for the period	826.740	0
Payments received on account	<u>-607.990</u>	<u>0</u>
Contract work in progress, net	<u>218.750</u>	<u>0</u>
The following is recognised:		
Contract work in progress (current assets)	826.740	0
Contract work in progress (prepayments received on account)	<u>-607.990</u>	<u>0</u>
	<u>218.750</u>	<u>0</u>

14. Contributed capital

Average shares per year	20.671.699	14.231.345
Earnings per share	(0,69)	(1,71)

15. Long term liabilities other than provisions

	<u>Total payables 31 Dec 2021</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2021</u>	<u>Outstanding payables after 5 years</u>
Debt to other credit institutions (Vækstfonden)	4.074.225	1.162.913	2.911.312	0
Other payables	1.001.908	0	1.001.908	0
Payables to shareholders and management	<u>288.440</u>	<u>19.789</u>	<u>268.651</u>	<u>174.979</u>
	<u>5.364.573</u>	<u>1.182.702</u>	<u>4.181.871</u>	<u>174.979</u>

16. Deferred income

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

17. Charges and security

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

Notes

All amounts in DKK.

17. Charges and security (continued)

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

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

	DKK in thousands
Intangible assets	8.585
Property, plant, and equipment	793
Inventories	889
Trade receivables	1.146

18. Contingencies

Contingent assets

The company has an unrecognized asset for deferred tax amounting to tDKK 23.572.

Contingent liabilities

Lease liabilities

The company has entered into a rent contract with a yearly rent of tDKK 801, and a remaining lease obligation of tDKK 5.545, which will expire in 2028.

19. Adjustments

	2021	2020
Depreciation, amortisation, and impairment	2.555.721	1.980.065
Impairment of current assets	0	-302.800
Income from investments in subsidiaries	3.236.523	3.054.257
Income from investment in participating interest	1.739.000	0
Other financial expenses	664.778	2.885.594
Tax on net profit or loss for the year	-521.181	3.093.700
	<u>7.674.841</u>	<u>10.710.816</u>

Notes

All amounts in DKK.

	<u>2021</u>	<u>2020</u>
20. Change in working capital		
Change in inventories	-343.546	-124.424
Change in receivables	-4.771.050	-2.203.201
Change in trade payables and other payables	3.828.673	1.531.223
Other changes in working capital	0	506.810
	<u>-1.285.923</u>	<u>-289.592</u>