



Scape Technologies A/S

Østerbro 5 C
5000 Odense C
CVR No. 27587887

Annual report 2024

The Annual General Meeting adopted the
annual report on 15.07.2025

Søren Henrik Bøving-Andersen
Chairman of the General Meeting

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Entity details

Entity

Scape Technologies A/S

Østerbro 5 C

5000 Odense C

Business Registration No.: 27587887

Registered office: Odense

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Jesper Bach, Chairman

Rune Klausen Ulv Larsen

Fu Yu Chen

Yee Tai Simon Chung

Hans Jørgen Elkjær Halskov

Executive Board

Søren Henrik Bøving-Andersen

Rene Dencker Eriksen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Scape Technologies A/S for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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

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

Odense , 10.07.2025

Executive Board

Søren Henrik Bøving-Andersen

Rene Dencker Eriksen

Board of Directors

Jesper Bach
Chairman

Rune Klausen Ulv Larsen

Fu Yu Chen

Yee Tai Simon Chung

Hans Jørgen Elkjær Halskov

Independent auditor's report

To the shareholders of Scape Technologies A/S

Report on the audit of the financial statements **Qualified opinion**

We have audited the financial statements of Scape Technologies A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity 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, except for the possible effect of the matter described in the "Basis for qualified opinion" section, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

The development projects, which are recognized in the balance sheet at DKK 9.1 million, are, in our opinion, valued too high. Management's impairment test is based on expectations for future years' budgets. The company's budgets assume significant growth, which has not been realized so far.

The management has, for several years, presented too optimistic budgets with significant growth that has not been realised. The company's revenue has not exceeded DKK 8.3 million since 2021 and has generated significant losses during this period.

We refer to management's disclosure in note 6 & 7.

The tax effect of this amounts to 0 million DKK. Therefore, the equity and the current year's result are overvalued by a maximum of DKK 9.1 million.

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 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 qualified opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which discloses that the Company for 2024 has secured additional financing through loans during 2024 of approximately DKK 14.2 million from group enterprises, owners and management.

In 2025 the Company has entered into a license agreement with Shenzhen Scape Technologies Co., Ltd. of a total value of DKK 6 million to be delivered and paid from May to December 2025. In addition all repayment deadlines

regarding loans of DKK 12.6 million from group enterprises, owners and management have been extended to December 31, 2025.

The Company has in June 2025 adjusted its cost base in order to match the assumed order intake.

It is Management's expectation that the Company's main shareholder Scape China in 2025 will maintain to support the Company in terms of flexibility in regards to repayment of existing loans or other arrangements to support the continued operation and business development. However, no written agreement or letter of support have been entered into at the time of presentation of the annual report.

It is a crucial assumption for applying the going concern principle that the Company will receive the necessary liquidity/loans from group enterprises, owners and management. Based on license agreement entered into in 2025, extended repayment deadlines on loans to December 31, 2025 and the expected continued support from the main shareholder, Management considers the Company's cash resources, to be sufficient to ensure its future operations at least one year ahead from January 1, 2025 and to present the financial statements on a going concern basis.

This indicates that there is material uncertainty related to the Company's going concern. 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:

- 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.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Report on other legal and regulatory requirements and other reporting responsibilities

Violation of company law and similar legislation

Without affecting our conclusion, we must point out that the company has lost more than 50% of its share capital and is subject to the capital loss rules in §119 of the Companies Act. The company's management has, in violation of §119 of the Companies Act, not convened a general meeting and proposed the necessary actions to restore the company's capital situation.

In violation of the Companies Act, the board of directors meeting minutes are not signed by board members.

Odense, 10.07.2025

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Bo Damgaard Hansen

State Authorised Public Accountant

Identification No (MNE) mne34543

Management commentary

Primary activities

Scape Technologies A/S is a robotics company whose main activities for years have been 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 systems are generally 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.

Description of material changes in activities and finances

In 2024 the Company secured additional financing through loans facilitated by Scape China at USD 1,92 mio. 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 February 27, 2024 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 DKK 15,000,000 in the period until February 26, 2029. These planned capital increases have not yet been completed.

In 2025 the Company will maintain to invest in future growth and new business areas. These investments are essential for fulfilling the growth plans for upcoming years, and based on Scape China's insight and detailed engagement and involvement in the planning process, it is the management's expectation that the main shareholder, if needed, will maintain to support the company in terms of flexibility in regards to repayment of existing loans, conversion of loans to shares or other arrangements to support the continued operation and business development.

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.

However, it should be noted that due to increased and tightened regulations for capital transactions out of China and due to more difficult market conditions in China the Company may face increased difficulties in having continued financial support from Scape China in the future.

As a consequence the Company and Scape China will be accepting relevant new investors that assists to secure the growth plan for the company.

Development in activities and finances

The company reached a revenue of DKK 4.5 million for 2024 and the operating loss for 2024 is DKK 11.5 million. By end of 2024 the company had contract work in progress of DKK 0.4 million to be implemented and booked as revenue in 2025.

Sales and revenue in 2024 was negatively impacted by prolonged and delayed investment decisions in the industrial market, primarily due to the German industry experiencing a decline in 2024, with a decline in

industrial production and exports, as well as a technical recession. At the same time the company did maintain a relatively high investment in development causing an operating loss.

Profit/loss for the year in relation to expected developments

In relation to expected developments in 2024 the industry market decline were deeper and longer than expected which impacted the company's sale of traditional SCAPE systems as well as new SCAPE products as the introduction of new products to the market took longer than anticipated by end of 2023.

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 planned to be positive in 2026. The discount factor used for the impairment test is a market conform 20 % p.a.

The Company has deferred tax assets of DKK 24 mio. not recognized in the balance sheet as of 1. january 2024. Management expect that the deferred tax will be used when the company realizes profits in the future.

Outlook

Based on the increased activity level in the company's traditional markets combined with the new product introductions such as SCAPE CoCreator, SCAPE Scanners and SCAPE Workcells, the company is expecting a significant growth in revenues in 2025 and going forward.

We expect revenue within the interval of DKK 10 -12 million, and the result in the interval of a loss of DKK 2-5 million in 2025.

Research and development activities

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. A solution where the first two robots are now in final testing for production at the first European customer with mutual expectations for more systems to be ordered after the final test.

In 2023 the Company unfolded a new strategy to strengthen the product offerings.

Building on 20 years of experience, Scape Technologies will make robotic automation with vision easy to imagine and attractive to build through combined offerings of price-competitive robotic equipment and easy-to-use software solutions based on the new software platform SCAPE CoCreator.

The 3D robot guidance platform, SCAPE CoCreator, introduced in April 2024 aspire to be a market leading platform by offering a variety of tools and solutions to easily solve widely known robotic automation challenges in manufacturing and distribution/logistics.

Additionally, Scape will strive to be a preferred supplier of advanced 3D scanners for robotic automation and machine vision purposes by offering high quality 3D scanners at price-attractive terms based on the strong partnership with Shenzhen Scape Technologies Co., Ltd., China. ("Scape China").

The combined offering of automation solutions and 3D scanners will be complemented by standardized equipment and components. Ultimately the building blocks for a number of complete and standardized SCAPE

Robotic Workcells.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Revenue		4,498,408	2,912,113
Own work capitalised		3,155,024	3,681,494
Other operating income		297,296	263,122
Cost of sales		(702,583)	(701,715)
Other external expenses		(4,923,111)	(6,248,181)
Gross profit/loss		2,325,034	(93,167)
Staff costs	3	(10,040,806)	(12,494,422)
Depreciation, amortisation and impairment losses		(3,780,567)	(3,503,003)
Operating profit/loss		(11,496,339)	(16,090,592)
Impairment losses on financial assets		(2,204,532)	(2,474,492)
Other financial expenses	4	(1,952,597)	(731,155)
Profit/loss before tax		(15,653,468)	(19,296,239)
Tax on profit/loss for the year	5	0	809,929
Profit/loss for the year		(15,653,468)	(18,486,310)
Proposed distribution of profit and loss:			
Retained earnings		(15,653,468)	(18,486,310)
Proposed distribution of profit and loss		(15,653,468)	(18,486,310)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	7	9,059,682	9,504,418
Intangible assets	6	9,059,682	9,504,418
Other fixtures and fittings, tools and equipment		357,809	492,099
Leasehold improvements		264,844	252,082
Property, plant and equipment	8	622,653	744,181
Investments in group enterprises		0	0
Deposits		400,787	400,787
Financial assets	9	400,787	400,787
Fixed assets		10,083,122	10,649,386
Raw materials and consumables		1,697,127	1,657,230
Inventories		1,697,127	1,657,230
Trade receivables		176,564	758,145
Contract work in progress	10	381,031	68,448
Receivables from group enterprises		0	167,535
Other receivables		66,592	61,499
Income tax receivable		0	809,929
Prepayments		1,788	47,926
Receivables		625,975	1,913,482
Cash		851,679	311,605
Current assets		3,174,781	3,882,317
Assets		13,257,903	14,531,703

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		19,379,983	38,759,966
Reserve for development expenditure		7,066,552	7,413,444
Retained earnings		(38,019,187)	(42,092,594)
Equity		(11,572,652)	4,080,816
Debt to other credit institutions		0	382,050
Payables to group enterprises		2,582,873	0
Payables to owners and management		828,762	224,045
Other payables		1,091,619	1,058,751
Non-current liabilities other than provisions	11	4,503,254	1,664,846
Current portion of non-current liabilities other than provisions	11	25,097	1,323,186
Bank loans		46,971	35,253
Contract work in progress	10	17,880	170,351
Trade payables		1,123,148	764,183
Payables to group enterprises		3,946,039	5,434,456
Payables to owners and management		13,106,880	0
Other payables		2,061,286	1,058,612
Current liabilities other than provisions		20,327,301	8,786,041
Liabilities other than provisions		24,830,555	10,450,887
Equity and liabilities		13,257,903	14,531,703
Material uncertainty related to going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	12		
Assets charged and collateral	13		

Statement of changes in equity for 2024

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	38,759,966	7,413,444	(42,092,594)	4,080,816
Decrease of capital	(19,379,983)	0	19,379,983	0
Dissolution of reserves	0	(346,892)	346,892	0
Profit/loss for the year	0	0	(15,653,468)	(15,653,468)
Equity end of year	19,379,983	7,066,552	(38,019,187)	(11,572,652)

Notes

1 Material uncertainty related to going concern

In 2024 the Company secured additional financing through loans of approximately DKK 14.2 million from group enterprises, owners and management. The loans were issued instead of the capital increase of DKK 15 million to be given in June 2024, provided approval was granted from the Chinese Authorities, as mentioned in the Annual Report 2023.

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

The Company has in 2025 entered into a license agreement with Shenzhen Scape Technologies Co., Ltd. of a total value of DKK 6 million to be delivered and paid from May to December 2025. From January 2025 until signing of the Annual Report the Company has received DKK 2.1 million from the license agreement.

In addition all repayment deadlines regarding loans of DKK 12.6 million from group enterprises, owners and management have been extended to December 31, 2025.

It is Managements expectation that the Company's main shareholder Scape China will maintain to support the Company in terms of flexibility in regards to repayment of existing loans or other arrangements to support the continued operation and business development. However, no letter of support have been entered into at the time of presentation of the annual report.

The company has in June 2025 adjusted its cost base in order to match the assumed order intake.

Based on the license agreement entered into in 2025, extended repayment deadlines on loans to December 31, 2025 and the expected continued support from the main shareholder, 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 & 7.

3 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	8,980,807	11,303,652
Pension costs	912,741	1,003,952
Other social security costs	147,258	186,818
	10,040,806	12,494,422
Average number of full-time employees	16	21

4 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	901,767	186,462
Exchange rate adjustments	660,640	0
Other financial expenses	390,190	544,693
	1,952,597	731,155

5 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	0	(809,929)
	0	(809,929)

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	34,449,667
Additions	3,155,024
Disposals	(15,478,181)
Cost end of year	22,126,510
Amortisation and impairment losses beginning of year	(24,945,250)
Amortisation for the year	(3,599,759)
Reversal regarding disposals	15,478,181
Amortisation and impairment losses end of year	(13,066,828)
Carrying amount end of year	9,059,682

7 Development projects

Management has made an impairment test for the completed development projects based on the discounted cashflows over a 4-year period including a terminal value. The expected cashflows generated are expected to grow significantly with a year over year growth as shown in the table below and a terminal value. The impairment test is made on budgeted sales forecasts and is therefor imbedded with uncertainty.

The discount factor used for the impairment test is a market conform 20 % p.a. Year growth in cashflow from operation and investments:

2025: Revenue; 11 mDKK, Cashflow; -3 mDKK
 2026: Revenue; 30 mDKK, Cashflow; -7.7 mDKK
 2027: Revenue; 79 mDKK, Cashflow; 10.1 mDKK
 2028: Revenue; 132 mDKK, Cashflow; 22.0 mDKK

Completed development projects include the development of standardized bin-picking systems based on 3D computer vision systems, the SCAPE Package-Picker and the first version of the

SCAPE CoCreator platform. 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 2024. Based on the impairment test management has concluded that there is no impairment as of 31 December 2024.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	2,039,911	428,734
Additions	0	59,280
Disposals	(810,620)	0
Cost end of year	1,229,291	488,014
Depreciation and impairment losses beginning of year	(1,547,812)	(176,652)
Depreciation for the year	(134,290)	(46,518)
Reversal regarding disposals	810,620	0
Depreciation and impairment losses end of year	(871,482)	(223,170)
Carrying amount end of year	357,809	264,844

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	709,380	400,787
Cost end of year	709,380	400,787
Impairment losses beginning of year	(709,380)	0
Impairment losses end of year	(709,380)	0
Carrying amount end of year	0	400,787

Investments in subsidiaries	Registered in	Equity interest %
Scape Deutschland GmbH	Germany	100.00

10 Contract work in progress

	2024 DKK	2023 DKK
Contract work in progress	1,065,987	1,641,212
Progress billings regarding contract work in progress	(702,836)	(1,743,115)
Transferred to liabilities other than provisions	17,880	170,351
	381,031	68,448

11 Non-current liabilities other than provisions

	Due within 12 months	Due within 12 months	Due after more than 12 months
	2024	2023	2024
	DKK	DKK	DKK
Debt to other credit institutions	0	1,300,000	0
Payables to group enterprises	0	0	2,582,873
Payables to owners and management	25,097	23,186	828,762
Other payables	0	0	1,091,619
	25,097	1,323,186	4,503,254

12 Contingent liabilities

Lease liabilities

The company has entered into rent contracts with a yearly rent of tDKK 954, and a remaining lease obligation of tDKK 5.081, which will expire in 2029.

13 Assets charged and collateral

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

	<u>DKK in thousands</u>
Intangible assets	9.060
Property, plant, and equipment	623
Inventories	1.697
Trade receivables	177

Accounting policies

Reporting class

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

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

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

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

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

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Financial expenses

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

Tax on profit/loss for the year

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

Balance sheet**Development projects**

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

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives

which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation period is 5 years.

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

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

	Useful life
Other fixtures and fittings, tools and equipment	2 - 12 years
Leasehold improvements	10 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

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

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

Inventories

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Receivables

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

Contract work in progress

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

The selling price is measured based on the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

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

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

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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