
ADDIFAB ApS

Mårkærvej 12A, DK-2630 Taastrup

Annual Report for 2020

CVR No. 36 45 64 69

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/5 2021

Lasse Guldborg Staal
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's statement	1
Independent Auditor's report	2
Management's Review	
Company information	4
Management's review	5
Financial Statements	
Income statement 1 January 2020 - 31 December 2020	6
Balance sheet 31 December 2020	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of ADDIFAB ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Taastrup, 17 May 2021

Executive Board

Lasse Guldborg Staal
CEO

Board of Directors

David Packness Meyer
Chairman

Søren Holmark
Vice chairman

Patrick Georges Suel

Peter Lund

Henrik Birger Rask

Finn Mogensen

Independent Auditor's report

To the shareholder of ADDIFAB ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ADDIFAB ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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.

Independent Auditor's report

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 Company'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 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.

Hellerup, 17 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Company information

The Company	ADDIFAB ApS Mårkærvej 12A DK-2630 Taastrup CVR No: 36 45 64 69 Financial period: 1 January - 31 December Incorporated: 5 December 2014 Financial year: 6th financial year Municipality of reg. office: Roskilde
Board of Directors	David Packness Meyer, Chairman Søren Holmark, vice Patrick Georges Suel Peter Lund Henrik Birger Rask Finn Mogensen
Executive board	Lasse Guldborg Staal
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

Key activities

The purpose of the company is to develop and commercialize the company's proprietary 3D printing technology as well as any related activities.

Development in the year

For 2020 the company has a negative result of DKK 13,028k, which is not in line with expectations and is seen as not satisfactory. Management attributes the under-performance to the negative influence of Covid-19 in the second half of 2020. Total assets amount to DKK 21,367k and a negative equity of DKK 26,418k.

The company is in the early stage of commercialization and is in the process of establishing an international presence. First half year of 2020 was in line with budget, with systems sold to customers in the EU, US and JPN. In the second half of 2020, the company experienced substantial headwind from the global Covid-19 slow-down, which resulted in a larger-than-projected loss.

The company is mostly financed by loans, hence the negative equity. In 2019, the company secured a convertible loan from Mitsubishi of mEUR 3. Based on the worsened market conditions in the second half of 2020, the company has decided to step up fund-raising efforts to support continued international scale-up, and to ensure that the company can meet the increased demand for its products.

For 2021, management expects an increase in global activity as the negative influence of Covid-19 recedes. Based on the projected increase in commercial activities, management has budgeted a loss for 2021. The management expects to be able to fully fund and execute projected 2021 activities without risk for negative liquidity.

Subsequent events

In February 2021, the company has successfully concluded fund-raising. Proceeds from the round - mGPB 4.5 – will be sufficient to fund activities throughout 2021.

Income statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		5,621,950	6,620,981
Staff expenses	2	-12,389,682	-9,700,550
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-3,636,943	-4,932,761
Profit/loss before financial income and expenses		-10,404,675	-8,012,330
Financial income		225,484	8,564
Financial expenses		-4,005,313	-3,180,350
Profit/loss before tax		-14,184,504	-11,184,116
Tax on profit/loss for the year	3	1,156,227	1,263,026
Net profit/loss for the year		-13,028,277	-9,921,090

Distribution of profit

	2020 DKK	2019 DKK
Proposed distribution of profit		
Retained earnings	-13,028,277	-9,921,090
	-13,028,277	-9,921,090

Balance sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Completed development projects		13,297,281	1,792,509
Acquired patents		0	0
Development projects in progress		1,217,778	10,074,973
Intangible assets	4	14,515,059	11,867,482
Plant and machinery		1,135,656	1,530,803
Other fixtures and fittings, tools and equipment		55,223	86,853
Leasehold improvements		98,883	327,147
Property, plant and equipment	5	1,289,762	1,944,803
Deposits	6	999,660	163,148
Fixed asset investments		999,660	163,148
Fixed assets		16,804,481	13,975,433
Raw materials and consumables		158,099	0
Work in progress		0	1,713,362
Finished goods and goods for resale		432,567	0
Inventories		590,666	1,713,362
Trade receivables		1,654,447	2,474,126
Receivables from group enterprises		0	896,893
Other receivables		559,963	245,484
Corporation tax		1,156,227	1,263,026
Prepayments		241,572	0
Receivables		3,612,209	4,879,529
Cash at bank and in hand		359,788	10,541,612
Current assets		4,562,663	17,134,503
Assets		21,367,144	31,109,936

Balance sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		56,922	53,506
Reserve for development costs		11,321,746	9,256,636
Retained earnings		-37,796,275	-27,802,042
Equity		-26,417,607	-18,491,900
Other payables		15,657,340	41,368,043
Long-term debt	7	15,657,340	41,368,043
Credit institutions		42,150	64,732
Prepayments received from customers		0	1,929,322
Trade payables		1,515,628	1,232,479
Payables to group enterprises		208,440	0
Other payables		30,176,271	2,928,604
Deferred income		184,922	2,078,656
Short-term debt		32,127,411	8,233,793
Debt		47,784,751	49,601,836
Liabilities and equity		21,367,144	31,109,936
Going concern	1		
Contingent assets, liabilities and other financial obligations	8		
Accounting Policies	9		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	53,506	9,256,636	-26,618,262	-17,308,120
Net effect of correction of material misstatements	0	0	-1,183,780	-1,183,780
Adjusted equity at 1 January	53,506	9,256,636	-27,802,042	-18,491,900
Capital increase	3,416	0	5,099,154	5,102,570
Development costs for the year	0	4,361,354	-4,361,354	0
Depreciation, amortisation and impairment for the year	0	-2,296,244	2,296,244	0
Net profit/loss for the year	0	0	-13,028,277	-13,028,277
Equity at 31 December	56,922	11,321,746	-37,796,275	-26,417,607

Notes to the Financial Statements

1. Going concern

The company is in the early stage of commercialization and is in the process of establishing an international presence .

The company is mostly financed by loans, hence the negative equity. In 2019, the Company secured a convertible loan from Mitsubishi of DKK 24.4 million. Based on the worsened market conditions in the second half of 2020, the company has decided to step up fund-raising efforts to support continued international scale-up, and to ensure that the company can meet the increased demand for its products.

In the subsequent period, the Company has successfully concluded fund-raising from which the Company received a total capital increase of DKK 56.1 million. The capital increases have been made by a cash injection of DKK 30.2 million and conversion of loan notes of DKK 25.9 million.

Furthermore, Management has prepared a risk adjusted budget for financial year 2021, which shows that proceeds from the fund-raising round will be sufficient to fund activities throughout 2021.

Based on this, Management has prepared the financial statements in accordance with the going concern assumption.

2. Staff Expenses

	2020	2019
	DKK	DKK
Wages and salaries	11,443,527	9,073,701
Pensions	555,957	325,916
Other social security expenses	281,096	159,082
Other staff expenses	109,102	141,851
	<u>12,389,682</u>	<u>9,700,550</u>
Average number of employees	<u>25</u>	<u>20</u>

3. Income tax expense

	2020	2019
	DKK	DKK
Current tax for the year	-1,156,227	-1,263,026
	<u>-1,156,227</u>	<u>-1,263,026</u>

Notes to the Financial Statements

4. Intangible fixed assets

	Completed development projects	Acquired patents	Develop- ment projects in progress
	DKK	DKK	DKK
Cost at 1 January	4,853,641	263,912	10,074,973
Additions for the year	14,448,674	0	5,591,479
Transfers for the year	0	0	-14,448,674
Cost at 31 December	<u>19,302,315</u>	<u>263,912</u>	<u>1,217,778</u>
Impairment losses and amortisation at 1 January	3,061,132	263,912	0
Amortisation for the year	2,943,902	0	0
Impairment losses and amortisation at 31 December	<u>6,005,034</u>	<u>263,912</u>	<u>0</u>
Carrying amount at 31 December	<u>13,297,281</u>	<u>0</u>	<u>1,217,778</u>

Development projects

The company's development projects comprise adaptation, improvement and development of the items, which the company expects to market in the coming years. At present, the Company has closed deals regarding the capitalized development projects, and it is Management's expectation, that the ongoing projects will incur significant revenues in the coming years.

5. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	2,004,638	291,219	1,141,317
Additions for the year	0	38,000	0
Cost at 31 December	<u>2,004,638</u>	<u>329,219</u>	<u>1,141,317</u>
Impairment losses and depreciation at 1 January	473,835	204,366	814,170
Depreciation for the year	395,147	69,630	228,264
Impairment losses and depreciation at 31 December	<u>868,982</u>	<u>273,996</u>	<u>1,042,434</u>
Carrying amount at 31 December	<u>1,135,656</u>	<u>55,223</u>	<u>98,883</u>

Notes to the Financial Statements

6. Other fixed asset investments

	Deposits DKK
Cost at 1 January	163,148
Additions for the year	885,012
Disposals for the year	-48,500
Cost at 31 December	<u>999,660</u>
Carrying amount at 31 December	<u>999,660</u>

7. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020 DKK	2019 DKK
Other payables		
After 5 years	5,567,778	4,314,217
Between 1 and 5 years	10,089,562	37,053,826
Long-term part	<u>15,657,340</u>	<u>41,368,043</u>
Within 1 year	28,517,558	2,152,000
Other short-term payables	1,658,713	776,604
Short-term part	<u>30,176,271</u>	<u>2,928,604</u>
	<u>45,833,611</u>	<u>44,296,647</u>
	2020 DKK	2019 DKK

8. Contingent assets, liabilities and other financial obligations

Contingent assets

The Company has an unrecognized tax asset with a book value of mDKK 4.8. The decision to activate the tax asset will be taken on an ongoing basis, taking into account the operations of the company.

Rental and lease obligations

Liabilities under rental or lease agreements until maturity in total	12,798,446	240,900
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Notes to the Financial Statements

Other contingent liabilities

Recourse and non-recourse guarantee commitments	107,207	107,413
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The Entity participates in a Danish joint taxation arrangement where JLP Fællesholding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Assets charged and collateral

Loans from Vækstfonden are secured by a corporate mortgage of nominal DKK 9 million in the following assets; Intangible assets, tangible assets, inventories and trade receivables.

Advanced payment guarantees provided by Danske Bank are secured by a corporate mortgage of nominal DKK 500k in the following assets; Intangible assets, tangible assets, inventories and trade receivables

Notes to the Financial Statements

9. Accounting policies

The Annual Report of ADDIFAB ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2020 are presented in DKK.

With reference to the true and fair view, certain reclassifications have been made in the income statement, balance sheet and notes for the company. Comparative figures have been adjusted accordingly.

Correction of material misstatements

In connection with the preparation of the annual report, material misstatements have been identified in the accounts for 2019. The identified misstatements consist of errors in recognition of interests on debt and depreciations of tangible assets.

The misstatements have been corrected in the comparative figures, consequently, increasing financial expenses by TDKK 943 and depreciation by TDKK 241 affecting the net result and equity for the year 2019 by TDKK 1.184.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and as well as office expenses, etc.

Notes to the Financial Statements

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with . The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 year.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower recoverable amount.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 3-5 years. Software licences are amortised over the period of the agreement, which is 3-5 years.

Property, plant and equipment

Fair value is the amount for which [the asset] could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The fair value of [assets] has not been assessed by an independent assessor firm at 31 December 2020.

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.