

Global Scanning Denmark A/S

Svanevang 2, 3450 Allerød

CVR nr. 12 75 92 82

Annual Report

for the year ended 31 December 2021

35nd financial year

Adopted at the Annual General Meeting of shareholders

on 5 July 2022



Chairman

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Company details

Main office

Global Scanning Denmark A/S
Svanevang 2
3450 Allerød

Phone +45 48 14 11 22

Fax +45 48 14 01 22

Country of incorporation

Denmark

Board of Directors

Lars Peter Fredell (Chairman)

Aage Langkjær Snorgaard

Søren Thuun Jensen

Executive Board

Aage Langkjær Snorgaard (CEO)

Shareholders holding 5% or more of the share capital or the voting rights

Global Scanning A/S, Denmark, reg. no. 34 61 31 41

Percentage

100%

Parent

Global Scanning A/S, Allerød

Ultimative parent

Skandinaviska Kreditfonden AB, Sweden

Auditors

EY Godkendt Revisionspartnerselskab

Bankers

Nordea Bank Danmark A/S

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Global Scanning Denmark A/S for 2021.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in The Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the Company's financial position 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 includes a true and fair review of the development in the Company's operations and financial conditions, of the results for the year and of the financial position of the Company, as well as a description of the material risks and uncertainties facing the Company.

We recommend that the annual report be approved at the annual general meeting.

Allerød, 5 July 2022

Executive board:



.....
Aage Langkjær Snorgaard
CEO

Board of Directors:



.....
Lars Peter Fredell
(Chairman)



.....
Aage Langkjær
Snorgaard



.....
Søren Thuun
Jensen

Independent auditor's report

To the shareholders of Global Scanning Denmark A/S

Qualified opinion

We have audited the financial statements of Global Scanning Denmark A/S for the financial year 1 January – 31 December 2021, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, except for the effect of the matter described in the "Basis for qualified opinion" section, 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 International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for qualified opinion

The Company has in 2021 granted warrants to a number of employees. The value of the share-based payment has been recognised at an amount of USD'000 1,254, that has been presented in the income statement as "Special items" which is not in compliance with the International Financial Reporting Standards as adopted by the EU. In our opinion the share-based payment should have been presented as "administrative expenses" and thus part of operating income. Accordingly, operating income should have been reduced by USD'000 1,254.

Tax for the year, profit for the year and equity is not affected of the qualification above.

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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group 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.

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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 as to 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 high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 note 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 the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 misstatements of the Management's review.

Copenhagen, 5 July 2022
 EY
 Godkendt Revisionspartnerselskab
 CVR no. 30 70 02 28



Mogens Andreasen
 State Authorised Public Accountant
 mne28603

Financial highlights

In USD thousands, except ratios, USD rate and number of employees.

Key figures	2021	2020	2019	2018	2017
Profit & Loss					
Revenue	11.709	10.010	13.970	14.588	17.618
Operating result	(753)	4.915	(8.317)	(4.520)	(1.005)
Net financials	(308)	(1.364)	(884)	(810)	(1.847)
Net result for the year	(2.368)	4.376	(9.762)	(4.166)	(2.153)
Cash Flows					
Cash flows from operating activities	(65)	9.711	(12.248)	(2.157)	3.009
Cash flow to net investments	(827)	(985)	7.155	(3.552)	(2.611)
Hereoff investments in tangible assets	(23)	(44)	(127)	(60)	(343)
Net cash flow for the year	155	32	(58)	(431)	3.390
Cash at year-end	284	129	97	155	586
Balance sheet					
Equity	2.194	(6.692)	(11.068)	(1.306)	2.859
Total assets	8.349	8.323	14.853	17.559	17.154
Exchange rate per balance sheet date DKK/USD	6,56	6,06	6,65	6,52	6,21
Average number of employees	26	30	35	41	42

Key figures and ratio explanations and definitions:

Financial ratios are calculated in accordance with the terms and definitions as described in note 1 Accounting policies.

Comparatives for 2017 are not restated following the implementation of IFRS 9 and 15 and comparatives for 2017 - 2018 are not restated following the implementation of IFRS 16.

Management's Review

Overview

The Company develops, manufactures and markets large-format scanning solutions (2D) for the computer-aided design (CAD), geographic information systems (GIS), reprographic products, copy services and document archiving segments under the brand name of Contex. The scanners digitally capture documents, drawings and other 2D input in order to view, edit, archive, convert or print output data. These 2D products are sold across the world through a value-add distribution network and via OEM agreements with major multinational enterprises within the Large Format Printing industry.

The Company has further established itself into the market related to 3D object scanning. The first two products, enabling the scanning of small objects in 3D, are Sol, a commodity product aimed at the Hobbyist / MakerSpace market and Sol Pro aimed at the professional market.

The company is headquartered in Denmark with branches in Japan and the United States.

Result for the year

The Company revenue increased to USD 11.709 thousand from USD 10.010 thousand in 2020, equal to an increase of 17% compared to last year, which is in line with last years outlook of expected 18% growth. The increase in revenue is mainly due to lesser impact from COVID-19 pandemic than last year.

The Company operating profit of USD -753 thousand was significantly influenced by the global shortage on the component market, as well as logistic bottle necks and increase freight prices.

The warrants granted to employees in 2021 constitute an agreement solely between existing shareholders of the mother company Global Scanning A/S. No new shares will be issued by the company or the mother company Global Scanning A/S. There are no costs or liabilities for the company or the mother company Global Scanning A/S and management has recommended that the IFRS-calculated costs be shown under special items."

The company have in 2021 reestablished its equity through a group contribution of USD 10.000 from the parent company Global Scanning A/S.

Capital structure

The short term liabilities of Global Scanning Denmark A/S mainly covers debt to group enterprises of parent company Global Scanning A/S and sister company Global Scanning Suzhou Co., Ltd.

Global Scanning Denmark has after the year-end received a letter of support from the parent company Global Scanning A/S and sister company Global Scanning Suzhou Co., Ltd., which states that they intend to provide full financial support to Global Scanning Denmark A/S if needed.

The company is further dependent upon to maintain the credit facility in Denmark, USD 0.9m (DKK 6m), which is up for renewal in august 2022 and it is the assessment of management that the overdraft facilities will be renewed, as management has no indications otherwise. The proces and timing for renewal is similar to previous years.

Research and development

Research and development expenses in 2021 amounted to USD 1.536 thousand (2020: USD 1.488 thousand) equal to 13% of the revenue (2020: 15%). The Company has, during the year, developed new product platforms for both scanners within 2D and 3D. Of the costs incurred USD 748 thousand was capitalized (2020: USD 911 thousand).

In 2021, R&D has focused on (1) developing and introducing one new platform within 2D, covering the high segment productivity market, (2) enhancing the product offerings to OEM customers and (3) continuing development of 3D products with a particular focus on Scan Dimension - an easy-to-use, customer-operated, affordable system for 3D scanning of small objects.

The development will continue with a further strengthening of the product program.

Risk Management

At Global Scanning Denmark A/S risk management is an integrated part of the operational activities with a view to reducing the uncertainty of the Company's strategic objectives being met.

The key risks are summarized by the following main areas:

- Industry and market risks
- Financial risks (currency, interest rates, liquidity)
- Credit risks (financial institutions and commercial receivables)
- Environmental risks

A detailed description of the Company's risks is provided in note 22. Financial risk – management objectives and policies.

Industry and market risks:

Global Scanning Denmark A/S minimizes industry and market risks through (1) using numerous routes to market under a number of different brands which include two own brands in parallel with OEM contracts with major global suppliers; (2) continuing to invest in research and development to ensure the company's technology base and products are state-of-the-art; and (3) manufacturing in a low cost environment to ensure products carry a low cost and can be competitively priced.

Environmental risks:

Global Scanning Denmark A/S manages risks concerning the environment by (1) ensuring the company's manufacturing operations are fully compliant with relevant international standards and (2) ensuring that all of the company's products meet relevant international standards.

Outlook

Global Scanning Denmark A/S has a strong global market position, including opportunities for further profitable growth. A continued focus on R&D investments will enhance the competitive advantages.

Based on the assumptions of (1) stable market conditions on the 2D scanning market and (2) unchanged F/X correlation between USD/DKK/RMB, the Company's budget expects revenue to recover from the 2021 level and grow by approximately 10-15%, this growth is driven by a recovery from the 2020 Covid-19 pandemic. Further the company expects the result before tax of around zero USD.

Subsequent events

In January 2022 the company entered into a sale-lease-back agreement of the company's headquarter in Allerød. The conditions in the agreement was not entirely finalized at the time of signing this annual report, but management expect a successful finalization within a few months.

No other post balance sheet events have occurred in 2022 which could materially affect the assessment of the Company's financial position.

Income statement for the year ended 31 December

	Notes	2021 USD'000	2020 USD'000
Revenue		11.709	10.010
Production costs	4	<u>(9.414)</u>	<u>(8.733)</u>
Gross profit		2.295	1.277
Distribution costs	4	(1.320)	(3.085)
Administrative costs	4	(1.688)	(1.983)
Other operating income and expenses	5	<u>(40)</u>	<u>8.707</u>
Operating result		(753)	4.915
Special Items	4	(1.254)	0
Financial income	6	30	68
Financial expenses	7	<u>(338)</u>	<u>(1.432)</u>
Result before tax		(2.315)	3.551
Income taxes	8	<u>(53)</u>	<u>825</u>
Net result for the year		<u>(2.368)</u>	<u>4.376</u>

Statement of comprehensive Income

	Notes	2021 USD'000	2020 USD'000
Net profit for the year		(2.368)	4.376
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Valuation adjustments		0	0
Income tax effect		<u>0</u>	<u>0</u>
Total comprehensive income for the year, net of tax		<u>(2.368)</u>	<u>4.376</u>

Balance sheet
at 31 December

	Notes	2021 USD '000	2020 USD '000
Assets			
Non-current assets			
Development costs	9	2.095	2.682
License rights and patents	9	<u>732</u>	<u>743</u>
Total intangible assets		<u>2.827</u>	<u>3.425</u>
Property, plant and equipment			
Land and buildings	10	1.195	1.323
Right-of-use assets	11	113	203
Leasehold improvements	10	2	3
Plant and machinery	10	2	3
Other plant, operating equipment etc.	10	<u>39</u>	<u>78</u>
Total property, plant and equipment		<u>1.351</u>	<u>1.610</u>
Financial assets			
Investment in subsidiaries	12	0	0
Other long term assets		<u>64</u>	<u>98</u>
Total financial assets		<u>64</u>	<u>98</u>
Total non-current assets		<u>4.242</u>	<u>5.133</u>
Current assets			
Inventories			
Raw materials and consumables		0	0
Finished goods		<u>804</u>	<u>652</u>
Total inventories	13	<u>804</u>	<u>652</u>
Receivables			
Trade receivables	14	1.821	1.043
Receivable from group enterprises		1.011	1.004
Income tax receivable	17	0	13
Deferred tax assets	15	55	190
Prepayments		<u>132</u>	<u>159</u>
Total receivables		<u>3.019</u>	<u>2.409</u>
Cash and cash equivalents		<u>284</u>	<u>129</u>
Total current assets		<u>4.107</u>	<u>3.190</u>
Total assets		<u>8.349</u>	<u>8.323</u>

Balance sheet

at 31 December

	Notes	2021 USD'000	2020 USD'000
Equity and liabilities			
Shareholders' equity			
Share capital		3.401	3.401
Reserve for development costs		1.634	2.092
Retained earnings		(4.095)	(12.185)
Share based payment reserve		<u>1.254</u>	<u>0</u>
Total shareholders' equity		<u>2.194</u>	<u>(6.692)</u>
 Liabilities other than provisions			
Deferred tax liabilities	15	0	0
Lease liabilities	11	58	138
Other financial liabilities		270	335
Payables to group enterprises		<u>0</u>	<u>0</u>
Long-term liabilities other than provisions		<u>328</u>	<u>473</u>
Bank debt	16	888	885
Lease liabilities	11	57	105
Trade payables		462	196
Payables to group enterprises		3.853	12.634
Other liabilities		<u>567</u>	<u>722</u>
Short-term liabilities		<u>5.827</u>	<u>14.542</u>
 Total liabilities other than provisions		<u>6.155</u>	<u>15.015</u>
 Total equity and liabilities		<u>8.349</u>	<u>8.323</u>
Contingent assets and liabilities and other financial obligations	18		
Foreign currency in the balance sheet	19		
Financial assets and liabilities	20		
Share capital and reserves	21		
Financial risk - management objectives	22		
Related party transactions	23		

Changes in equity

USD'000	Share capital	Retained earnings	Reserve for development costs	Share based payment reserve	Total
Balance 1/1 2020	3.401	(17.152)	2.683	0	(11.068)
Group Contribution	0	0	0	0	0
Transactions with shareholders	0	0	0	0	0
Net profit for the year	0	4.376	0	0	4.376
Addition to reserve for development costs	0	591	(591)	0	0
Comprehensive income	0	4.967	(591)	0	4.376
Balance 1/1 2021	3.401	(12.185)	2.092	0	(6.692)
Group Contribution	0	10.000	0	1.254	11.254
Transactions with shareholders	0	10.000	0	1.254	11.254
Net profit for the year	0	(2.368)	0	0	(2.368)
Addition to reserve for development costs	0	458	(458)	0	0
Comprehensive income	0	(1.910)	(458)	0	(2.368)
Shareholders' equity at 31/12 2021	3.401	(4.095)	1.634	1.254	2.194

Cash flow statement

	2021	2020
	USD '000	USD '000
Operating profit/loss	(753)	4.915
Amortisation/Depreciation	1.684	2.273
Gain on sale of fixed assets	0	0
	<u>931</u>	<u>7.188</u>
Change in inventory and receivables	(869)	1.806
Change in trade payables	266	(641)
Change in other current liabilities	(155)	246
Other non-cash items	0	2.400
Interest received	0	68
Interest paid	(339)	(1.409)
Income taxes paid	101	53
Cash flow from operating activities	<u>(65)</u>	<u>9.711</u>
Additions of intangible assets	(805)	(941)
Disposals of intangible assets	0	0
Additions of tangible assets	(23)	(44)
Disposals of tangible assets	0	0
Other investing activities	0	0
Cash flow from investing activities	<u>(827)</u>	<u>(985)</u>
Proceeds from borrowings	(65)	244
Change in operating credits	3	(494)
Change in receivables from group enterprises	(7)	1.206
Change in payables to group enterprises	1.219	(9.518)
Repayment of lease liabilities and interest	(102)	(132)
Cash flow from financing activities	<u>1.048</u>	<u>(8.694)</u>
Net cash flow for the year	<u>155</u>	<u>32</u>
Cash and cash equivalents at 1/1 2021	129	97
Net cash flow for the year	<u>155</u>	<u>32</u>
Cash and cash equivalents at 31/12 2021	<u>284</u>	<u>129</u>
Cash and cash equivalents at 31/12 2021 according to balance sheet		
Cash	<u>284</u>	<u>129</u>
	<u>284</u>	<u>129</u>
Unutilised portion of credit facilities including cash and cash equivalents	<u>310</u>	<u>234</u>

Notes

Note 1 Accounting Policies

The Annual Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional disclosure requirements in the Danish Financial Statement Act for annual reports of medium sized reporting class C enterprises.

On 5 July 2022, the Board of Directors and the Executive Board have discussed and approved the annual report of Global Scanning Denmark A/S for 2021. The annual report will be presented to the shareholders of Global Scanning Denmark A/S for approval at the annual general meeting on 5 July 2022.

The financial statements of the Company are presented in US dollars, which is the company' functional and presentation currency.

New and amended standards and interpretations that have become operative:

All new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year beginning on 1 January 2021 have been adopted. The implementation of these new or amended standards and interpretations had no material impact on the financial statements. The accounting policies have been applied consistently during the financial year and for the comparative figures. For standards implemented prospectively the comparative figures are not restated.

New financial reporting standards not yet adopted

The IASB has issued a number of new or amended standards and interpretations with effective date after 31 December 2021. None of the standards are expected to have a significant effect for the Company.

Consolidation

During 2008 a company has been acquired in the USA, which is not consolidated in the accounts because the group consolidation is done in the ultimate parent company Global Scanning A/S.

Only one consolidated financial report including all the other group enterprises is prepared, as the 'subsidiaries' are considered solely as representation offices or branches.

Currency translation

Transactions in foreign currency are translated into USD at the exchange rate at the date of the transaction.

Monetary items denominated in foreign currency are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

On initial recognition, all forward exchange contracts are measured at cost and subsequently re-measured at their fair value at the balance sheet date. The value adjustments on forward contracts designated as hedges are taken directly to equity, given hedge effectiveness. The value adjustments on those forward contracts that do not meet the requirements of IAS 39 for hedge accounting are recognized directly in the income statement under financial income/expenses.

Revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from the sale of goods is recognized at the point when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from service contracts is allocated over the service period.

Production costs

Production costs comprise the direct production costs and production overheads relation to revenue and direct costs and costs of labor for product development, which have not been capitalized according to IAS 38.

Distribution costs

Distribution costs comprise the expenses relation to distribution and sale of products, salaries to the sales staff, advertising and exhibition expenses etc.

Administrative expenses

Administrative expenses comprise expenses for the administrative staff and management including office expenses, salaries etc.

Other operating income

Other operating income comprises income of secondary nature in relation to the company's activities, including sale of scrap and gain or loss on sale of fixed assets.

Special items

The use of special items entails management judgement in the separation from ordinary items. Special items include income and expenses of a special nature in terms of the Company's revenue generating operating activities that cannot be attributed directly to the Company's ordinary operating activities. Such income and expenses include the cost of extensive restructuring of processes and fundamental structural adjustments.

Special items are shown separately from the Company's ordinary operations to facilitate a better understanding of the Company's financial performance.

Notes

Note 1 Accounting Policies, continued

Amortization/depreciation and write-downs

Depreciation and write-downs include depreciation and write-downs of intangible assets and tangible assets.

Intangible assets include development costs, customer relations and license rights and patents.

Tangible assets include land and building, plant and machinery, other fixture and fittings, tools and equipment and leasehold improvement.

Land is recorded at cost and is not depreciated.

Intangible and tangible assets are amortized/depreciated on a straight-line basis on the basis of the cost, measured by reference to the following assessment of the useful life of the assets:

	Years
Development costs	3
Customer relations	3
License rights and patents	5-10
Land and buildings	30
Leasehold improvements	3
Plant and equipment	4-8
Other plant, operating equipment etc.	2-6

Net financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realized and unrealized capital and exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment -of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

The parent company and all Danish group enterprises are jointly taxed. The Danish corporation tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation).

Shared based payment

The Company's employees and management receive consideration in the form of share-based payments. The share-based consideration is an equity-settled program under which employees and management deliver services in return for share options. The share options are measured at fair value at the time of granting. The fair value of share options is determined using the Black-Scholes option-pricing model.

Costs relating to equity-settled share-based payments are recognised in the income statement under administrative expenses and in equity over the vesting period. The total expense recognised for equity-settled share-based payments at the reporting date reflects the share of the vesting period that has lapsed and management's best estimate of the number of equity instruments that will ultimately vest.

If the terms for equity-settled programs change, the minimum expense is the expense that would have been recognised had the terms not been changed, provided that the employee's or management's right had vested. In addition, an expense is recognised corresponding to the increase in the fair value of the share-based payment at the time at which the terms are changed.

Intangible assets

Development projects

Development project that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future marked or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product or the process, are recognized as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the aggregate development costs. Other development costs are expensed in the income statement as incurred.

Development costs are measured at direct costs.

Customer relations and license rights and patents are measured at cost less accumulated amortization and write-downs.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment test is made at yearend for intangible assets that are not ready for use.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, production equipment, machinery and other fixtures, fittings, tools and equipment and leasehold improvements. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Notes

Note 1 Accounting Policies, continued

Leases

A right-of-use asset and a lease obligation are recognized in the balance sheet when the specifically identifiable asset is made available under the lease agreement during the lease term, and when the Company gains the right to virtually all the economic benefits from the use of the identified asset and the right to control the use of the identified asset.

Lease liabilities are initially measured at the present value of future lease payments discounted at an alternative loan rate. The following lease payments are recognized as part of the lease obligation:

- Fixed payments;
- Variable payments that change as a change in an index or interest rate, based on that index or interest rate;
- Payments owed under a residual value guarantee;
- The exercise price for call options that management expects to utilize in a high probability;
- Payments covered by an extension option that the Company is likely to utilize;
- Penalties related to a termination option, unless the Company is very likely not to exercise the option

The lease liability is measured at amortized cost using the effective interest rate method. The lease liability is recalculated when there are changes in the underlying contractual cash flows from the changes in an index or interest rate if there are changes in the Company's estimate of a residual value guarantee, or if the Company changes the assessment of whether a purchase, extension or termination option with reasonable probability is expected to be exploited.

In assessing the expected lease term for property leases, the Group estimates for strategic reasons that the expected rental period is between 3-5 years. The Group has chosen not to recognize payments related to service components as part of the lease obligation and further not to include leases with a maturity of fewer than 12 months or with a low value.

On initial recognition, the lease asset is measured at cost, which corresponds to the value of the lease liability adjusted for prepaid lease payments plus direct related costs and estimated costs for demolition, refurbishment or similar and less any rebates or other types of incentive payments received from the lessor. Subsequently, the asset is measured at cost less accumulated amortization and impairment losses. The lease asset is depreciated over the shortest of the lease term and the useful life of the lease asset. Depreciation is recognized on a straight-line basis in the income statement.

The right-of-use asset is adjusted for changes in the lease liability as a result of changes in the terms of the lease or changes in the cash flows of the contract in line with changes in an index or interest rate.

Leasing assets are amortized on a straight-line basis over the expected lease period, which is:

Properties 3-5 years

Other plant, operating equipment etc. 2-4 years

The Company presents the right-of-use asset and the lease liability separately in the balance sheet. The Company has chosen not to recognize payments related to service-components of lease agreements as part of the lease obligation in the balance sheet.

When discounting the lease payments at present value, the Group has used its alternative loan rate, which is the cost of raising external financing for a corresponding asset with a financing period corresponding to the term of the lease in the currency in which the lease payments are settled. The Group has documented the alternative loan rate for each portfolio of leases that have similar characteristics.

In assessing the Group's alternative interest rates, the Group has calculated its alternative interest rates based on an interest rate from a mortgage bond. The portion for which a mortgage cannot be used is estimated based on a reference rate plus a credit margin, derived from the Group's existing credit facilities.

Investments

The value of investments in subsidiaries is stated in the parent company's financial statement according to the cost method.

Investments are tested for impairment if there is any indication of decreases in value.

Inventories

Inventories are measured at the lower cost (FIFO basis) and net realizable value.

Raw materials and consumables are measured at cost.

Finished goods are measured at manufacturing cost, which includes the cost of materials and direct payroll costs plus production overheads.

Receivables

Trade receivables are measured at the lower of amortized cost, which essentially corresponds to the nominal account receivable, and net realizable value.

Write-downs on trade receivables are based on the simplified expected credit loss model.

Credit loss allowances on individual receivables are provided for when objective indications of credit losses occurs such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

Prepayments

Prepayments recognized under assets comprise prepaid expenses.

Notes

Note 1 Accounting Policies, continued

Shareholders' equity

Dividends proposed for the reporting period are presented as a separate item under Shareholders' equity. Purchase and sales amounts for treasury shares are recognized directly on equity.

Reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations.

The value of share options granted is recognised in equity under share-based payment reserve over the vesting period as the employees deliver the relevant services. The reserve reflects the total value of share options granted based on the share of the vesting period that has lapsed and the group's best estimate of the number of equity instruments that will ultimately vest. The reserve is part of the distributable reserves.

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations for the taxable income.

Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Liabilities

Financial liabilities are recognized at the inception of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method at the time of the inception.

Other non-financial liabilities are measured at net realizable value.

Cash flow

The cash flow statement shows the enterprise's net cash flows, the year's changes in cash and cash equivalents and the enterprise's cash and cash equivalents at the beginning and at the end of the year.

Cash flow from operation activities are presented using the indirect method and are made up as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial and extraordinary expenses and paid income taxes.

Cash flow from investing activities comprises payments related to additions and disposals of fixed assets, securities related to investing activities.

Cash flow from financing activities comprises dividends paid to shareholders, capital increases and reductions and the raising of loans and repayments of interest-bearing debt, and payments regarding lease agreements including interests and instalments.

Cash and cash equivalents comprise cash and near money securities in respect of which the rest of changes in value are insignificant.

Note 2 Significant accounting judgments, estimates and assumptions

In the process of applying the Company's accounting policies, management has made the following judgments and estimates, which have a significant effect on the amounts recognized in the financial statements.

Capitalized Development Costs

Development costs are capitalized based on ongoing assessments when they meet the criteria as described in note 1.

Capitalized Development Costs are annually reviewed for impairment indicators. If there is evidence of impairment, an impairment test is carried out for the project concerned. The impairment test is prepared on the basis of factors such as the future use of the project, the present value of expected future income, interest and risk.

Recognition of deferred taxes

Deferred tax assets are recognized for tax losses carried forward to the extent that the losses expected to be utilized in the foreseeable future jointly with profitable group companies. The carrying amount of the Company's deferred tax assets were at 31 December 2021 USD 55 thousand (USD 190 thousand at 31 December 2020).

Recognition of share-based payment expense

The share-based consideration is an equity-settled program under which employees and management deliver services in return for share options. The share options are measured at fair value at the time of granting. The fair value of share options is determined using the Black-Scholes option-pricing model. The Black-Scholes option pricing model is prepared on the basis of Share price, volatility, risk-free interest rate, exercise price, expected life of grant, number of options.

Note 3 Financing

According to the regulations for preparation of financial statements, Management is required to determine whether the financial statements can be presented on a 'going concern' basis. The assessment is based on estimated future prospects, expectations of future cash flow, availability of credit facilities, etc.

The short term liabilities of Global Scanning Denmark A/S mainly covers debt to group enterprises of parent company Global Scanning A/S and sister company Global Scanning Suzhou Co., Ltd.

Global Scanning Denmark has after the year-end received a letter of support from the parent company Global Scanning A/S and sister company Global Scanning Suzhou Co., Ltd., which states that they intend to provide full financial support to Global Scanning Denmark A/S if needed.

The company is further dependent upon to maintain the credit facility in Denmark, USD 0.9m (DKK 6m), which is up for renewal in august 2022 and it is the assessment of management that the overdraft facilities will be renewed, as management has no indications otherwise. The proces and timing for renewal is similar to previous years.

Based on the budget for 2022 including the assumption for expected renewal of credit facility agreement and support letter from parent company Global Scanning A/S and sister company Global Scanning Suzhou Co., Ltd., the management has assessed that the necessary financing and cash are available for the company's ability to continue as a going concern.

Notes

Note 4. Expenses

4.1 Amortisation/depreciation and writedowns

	2021	2020
	USD '000	USD '000
Analysis of amortisation/depreciation and writedowns for the year:		
Land and buildings	128	128
Leasehold improvements	1	1
Plant and machinery	1	1
Other plant, operating equipment etc.	61	98
Development costs	1.335	1.659
Customer relations	0	0
License rights and patents	68	270
Right-of-use assets	90	116
	<u>1.684</u>	<u>2.273</u>

4.2 Staff costs

Fee to the Board of Directors	0	0
Remuneration and salaries to the Executive Management	384	361
Defined contribution plans to the Executive Management	3	0
Remuneration and salaries to other key management personnel	680	415
Defined contribution plans to other key management personnel	22	20
Wages and salaries	2.368	2.831
Bonuses	-13	51
Defined contribution plans	398	345
Other social security costs	110	85
	<u>3.952</u>	<u>4.108</u>

The average number of staff during the year was 26 employees (2020: 30 employees).

4.3 Research and development

Research and development expenses in total	1.536	1.488
Hereof capitalised as addition on development costs	(748)	(911)
Amortisation and impairment of development costs	1.335	1.659
Net development expense presented in Production Costs	<u>2.123</u>	<u>2.236</u>

4.4 Special items

Shared based payment expense (note 4.5)	1.254	0
	<u>1.254</u>	<u>0</u>

If not recognized as special items the expense would have been recognized and expensed in administrative expenses 1.254 USD'000.

4.5 Shared-based payments

Employees and members of the management in both the parent company Global Scanning A/S and subsidiaries are eligible for share option schemes. They are granted a certain number of share options in the parent company Global Scanning A/S in return for the services they provide to the Group. Share options under these schemes are granted at fixed exercise prices. The right to share options can only be vested as long as the holder is an employee of the Group. All granted share options are equity-based.

The share-based payment expense is measured at fair value at the grant date using the Black-Scholes model. The expense is recognised in the income statement with the counter item in the other reserves under the equity, and it is recognised over (a) the period during share option holder has met the vesting conditions, or (b) the period in which an exercising event is likely to occur if this period is shorter.

Based on the same decision made by General Assembly in October 2021 to issue 537,242 share options, the Board of Directors issued 537,242 share options in October 2021, which vest in either of two models:

- Model 1: Tranche 1 of 268,621 share options of nominal value of DKK 1 at an exercise price of USD 2,55 and tranche 2 of 268,621 share options of nominal value of DKK 1 at an exercise price of USD 5,11. The share options vest with 1/8 in each of the quarter beginning for 1 January 2021 to 31 December 2022. The share options' lifetime is 5 years.

- Model 2: 537,242 share options of nominal value of DKK 1 at an exercise price of USD 0,10. The share options vest when the B-share of Global Scanning A/S is fully redeemed. The share options' lifetime is 5 years.

Model 1 is considered for recognition of the share option program and related disclosure.

	Executive Management		Other key management personnel		Total	
	Number	Avg.ex. Price	Number	Avg.ex. Price	Number	Avg.ex. Price
At 1 Januar 2021	0	0	0	0	0	0
Granted during the year	268.622	3,83	107.448	3,83	376.070	3,83
Exercised/lapsed during the year	0	0	0	0	0	0
At 31 December 2021	<u>268.622</u>	<u>3,83</u>	<u>107.448</u>	<u>3,83</u>	<u>376.070</u>	<u>3,83</u>
Exercisable at 31 December 2021	<u>134.311</u>	<u>3,83</u>	<u>53.724</u>	<u>3,83</u>	<u>188.035</u>	<u>3,83</u>

Notes

4.5 Shared-based payments (continued)

In 2021, 0 options were exercised and 0 lapsed. The following shows the exercise price of the outstanding share options and warrants:

	2021	2020
Exercise price USD 2,55	94.018	0
Exercise price USD 5,11	<u>94.018</u>	<u>0</u>
	<u>188.035</u>	<u>0</u>

The weighted average of the remaining contractual period of the outstanding share options from the 2021 share options program on 31 December 2021 is 1 years and 0 months.

Assumptions for the calculation of the fair value of share options and warrants

The fair value of share options and warrants granted during 2021 was estimated on the date of grant using the following assumptions:

	October 2021 Tranche 1	October 2021 Tranche 2
Share price (USD)	7,35	7,35
Volatility	42,50%	42,50%
Risk-free interest rate	-0,30%	-0,30%
Exercise price (USD)	2,55	5,11
Expected life of grant (years)	4	4
Number of options	188.035	188.035
Grant date fair value for each option (USD)	4,90	3,25

The volatility is calculated based on a peer group of 7 similar companies. The fair value of the share options is determined using the Black-Scholes option-pricing model. For 2021, the Company has recognised a share-based payment expense of USD 1,254 thousand in the income statement (2020: USD 0 thousand). USD 896 thousand was recognised in relation to Executive Management (2020: USD 0 thousand) and USD 358 thousand in relation to other key management personnel (2020: USD 0 thousand).

	2021 USD '000	2020 USD '000
Note 5. Other operating income and expenses		
Other	(40)	0
Write down of intercompany loans	0	(2.400)
Reversal of write down of intercompany loans	<u>0</u>	<u>11.107</u>
	<u>(40)</u>	<u>8.707</u>

Note 6. Financial income

Foreign currency exchange gain	30	0
Interest income from group enterprises	<u>0</u>	<u>68</u>
	<u>30</u>	<u>68</u>

Note 7. Financial expenses

Foreign currency exchange loss	0	1123
Interest expenses	36	60
Interest on leasing liabilities	7	13
Interest expenses to group enterprises	286	216
Other	<u>9</u>	<u>20</u>
	<u>338</u>	<u>1.432</u>

Note 8. Income taxes in the Statement of income

Estimated tax on the taxable income for the year	0	0
Income tax, carry back refund	101	0
Foreign tax	(11)	(14)
Adjustments prior years	(8)	0
Change in deferred tax	<u>(135)</u>	<u>839</u>
	<u>(53)</u>	<u>825</u>

Reconciliation of tax rate

Profit before tax at danish tax rate 22% (2020: 22%)	509	(781)
Tax effect of permanent differences	(159)	1.870
Other	8	(33)
Tax effect of adjustments prior years	(8)	0
Tax effect of not recognised deferred tax asset	<u>(403)</u>	<u>(230)</u>
Effective income tax rate -5 % (2020: -23%)	<u>(53)</u>	<u>825</u>

Notes

Note 9. Intangible assets

	<i>Development costs</i>	<i>Customer relations</i>	<i>License rights and patents</i>	Total
USD '000				
Cost at 1/1 2020	17.865	0	1.315	19.180
Disposal at cost	0	0	0	0
Additions	911	0	30	941
Cost at 31/12 2020	18.776	0	1.345	20.121
Amortisation at 1/1 2020	14.435	0	332	14.767
Disposals	0	0	0	0
Impairment	91	0	76	167
Amortisation	1.568	0	194	1.762
Amortisation at 31/12 2020	16.094	0	602	16.696
Carrying amount at 31/12 2020	2.682	0	743	3.425
Cost at 1/1 2021	18.776	0	1.345	20.121
Disposal at cost	0	0	0	0
Additions	748	0	57	805
Cost at 31/12 2021	19.524	0	1.402	20.926
Amortisation at 1/1 2021	16.094	0	602	16.696
Disposals	0	0	0	0
Impairment	0	0	0	0
Amortisation	1.335	0	68	1.403
Amortisation at 31/12 2021	17.429	0	670	18.099
Carrying amount at 31/12 2021	2.095	0	732	2.827

At December 31 2021 the balance of USD 2,095 thousand regarding development costs contains one significant projects with a value of USD 1,047 thousand. This projects aim to introduce user-friendly 3D scanner for small and mid-size objects. Amortisation and writedowns of intangible assets are included in production costs. In 2021 there has not been any impairment of development projects (2020 impairment of USD 91 thousand) or for license rights and patents (2020: impairment of USD 76 thousand).

Note 10. Tangible assets

	Land and Buildings	Leasehold Improvements	Plant and Equipment	Other plant, operating equipment etc.	Total
USD '000					
Cost at 1/1 2020	3.925	49	42	2.837	6.853
Disposal at cost	0	0	0	0	0
Additions	32	0	0	11	44
Cost at 31/12 2020	3.957	49	42	2.848	6.897
Depreciation and writedowns at 1/1 2020	2.506	45	38	2.673	5.262
Disposals	0	0	0	0	0
Depreciation	128	1	1	98	228
Depreciation and writedowns at 31/12 2020	2.634	46	39	2.771	5.490
Carrying amount at 31/12 2020	1.323	3	3	78	1.408
Cost at 1/1 2021	3.957	49	42	2.848	6.897
Disposal at cost	0	0	0	0	0
Additions	0	0	0	23	23
Cost at 31/12 2021	3.957	49	42	2.871	6.920
Depreciation and writedowns at 1/1 2021	2.634	46	39	2.771	5.490
Disposals	0	0	0	0	0
Depreciation	128	1	1	61	191
Depreciation and writedowns at 31/12 2021	2.762	47	40	2.832	5.681
Carrying amount at 31/12 2021	1.195	2	2	39	1.239

In 2021 and 2020 there has not been any indication of need to make any impairment of tangible assets.

Notes

Note 11. Leasing

Right-of-use assets	Land and	Other plant,	Total
	<i>Buildings</i>	operating equipment etc.	
Cost at 1/1 2020	454	20	474
Disposal at cost	0	0	0
Additions	0	0	0
Cost at 31/12 2020	454	20	474
Depreciation and writedowns at 1/1 2020	149	6	155
Disposals	0	0	0
Depreciation	110	6	116
Depreciation and writedowns at 31/12 2020	259	12	271
Carrying amount at 31/12 2020	195	8	203
Cost at 1/1 2021	454	20	474
Disposal at cost	(116)	0	(116)
Additions	0	0	0
Cost at 31/12 2021	338	20	358
Depreciation and writedowns at 1/1 2021	259	12	271
Disposals	(116)	0	(116)
Depreciation	84	6	90
Depreciation and writedowns at 31/12 2021	227	18	245
Carrying amount at 31/12 2021	111	2	113
Lease liabilities		2021	2020
Maturity of lease liabilities:		USD '000	USD '000
Falling due within one year		57	105
Falling due between one and three years		58	138
Falling due between four and five years		0	0
Total lease liabilities		115	243
Amounts recognized in the income statement			
Depreciation		90	116
Finance costs		7	13
Total Right-Of-Use costs recognized in the income statement		97	129

See Note 1 for a description of the extent of the company's leases, exposure to potential cash flows and the process of determining the discount rate.

The company does not have any short term- or low-value leases recognised in the income statement. For 2021, the company has recognized USD 102 thousand (2020: USD 132 thousand) as minimum payments regarding lease agreements, of which interest costs related to lease liabilities amount to USD 7 thousand (2020: USD 13 thousand) and repayments on lease liabilities are USD 95 thousand (2020: USD 119 thousand).

The capitalized right-of-use assets does not have any effect on investing activities in the cash flow statement.

Notes

Note 12. Investments in subsidiaries

	2021	2020
	USD '000	USD '000
Cost at 1/1	7.000	7.000
Additions	0	0
Disposals	0	0
Cost at 31/12	<u>7.000</u>	<u>7.000</u>
Accumulated Impairment at 1/1	(7.000)	(7.000)
Impairment during the year	0	0
Impairment at 31/12	<u>0</u>	<u>0</u>
Carrying amount at 31/12	<u><u>0</u></u>	<u><u>0</u></u>

Subsidiary:

	<u>Domicile</u>	<u>Currency</u>	<u>Ownership</u>	<u>Equity</u>	<u>Net profit/loss</u>
Global Scanning Americas (MD) Inc, USA	USA	USD	100%	-2.445	15

Note 13. Inventories

	2021	2020
	USD '000	USD '000
Movements in inventory writedown:		
Inventory writedown at 1/1	(1.371)	(653)
writedown for the year	0	(718)
Reversal of writedown	87	0
Inventory writedown at 31/12	<u>(1.284)</u>	<u>(1.371)</u>

Impairment expense is included in production costs.

The book value of inventory provisioned for measured at net realisable cost at 31 December 2021 to USD 1,769 thousand (2020: USD 1,568 thousand).

Note 14. Trade receivables

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

All customers who wish to trade on credit terms are subject to credit verification procedures and insured through a credit insurance company.

	2021	2020
	USD '000	USD '000
Movements in the provision for impairment of receivables were as follows:		
Cost at 1/1	53	3
Charge for the year	0	50
Utilized	0	0
Unused amounts reversed	0	0
Cost at 31/12	<u>53</u>	<u>53</u>

Notes

Note 14. Trade receivables, continued

Analysis of trade receivables that were past due but not impaired at 31 December 2021:

	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due but not impaired</u>	
			<u><60 days</u>	<u>>60 days</u>
2020	1.096	925	113	58
2021	1.874	1.375	476	23

Note 15. Deferred tax

Analysis of deferred tax:

	<u>Income statement</u>		<u>Balance sheet</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
Property, plant and equipment	36	70	(228)	(192)
Intangible assets	144	192	551	695
Inventories	(19)	158	(283)	(302)
Prepaid Expenses	14	(4)	18	32
Tax loss carried forward	<u>(310)</u>	<u>423</u>	<u>(113)</u>	<u>(423)</u>
	<u>(135)</u>	<u>839</u>	<u>(55)</u>	<u>(190)</u>

	<u>2021</u>	<u>2020</u>
	<u>USD '000</u>	<u>USD '000</u>
Reconciliation of deferred tax liability:		
Balance at 1/1	(190)	649
Recognised in the income statement	135	(839)
Recognised in the statement of comprehensive income	<u>0</u>	<u>0</u>
Balance at 31/12	<u>(55)</u>	<u>(190)</u>

The company has tax losses of USD 3,564 thousand that are available indefinitely for offsetting against future taxable profit. In 2021 the deferred tax assets have not been fully recognised in respect of these tax losses due to uncertainty in timing to offset future taxable profit. If the group was able to recognise all unrecognised deferred tax assets the value at 31 December 2021 would be USD 705 thousand.

Note 16. Bank loans, Mortgage debt and other bank debt

The debt is due for repayment in the following order:

	<u>2021</u>	<u>2020</u>
	<u>USD '000</u>	<u>USD '000</u>
Within 1 year	888	885
Between 1 and 5 years	0	0
After 5 years	<u>0</u>	<u>0</u>
	<u>888</u>	<u>885</u>

The credit facility in Denmark, USD 0.9m (DKK 6m), which is up for renewal in august 2022 and it is the assessment of management that the overdraft facilities will be renewed, as management has no indications otherwise. The proces and timing for renewal is similar to previous years.

Notes

	2021	2020
	USD '000	USD '000
Note 17. Income tax payable (-recievable)		
Estimated income taxes	0	0
Receivable Income tax, carry back refund	0	0
Recievable in subsidiaries	0	(13)
	<u>0</u>	<u>(13)</u>

Note 18. Contingent liabilities and security for loans

Pledged assets for loans

The owner's mortgage deed in the properties nominally USD 9.143 thousand (2020: USD 9.905 thousand) is pledged to banks in the Company and in Global Scanning A/S.

	2021	2020
	USD '000	USD '000
Carrying amount of assets	<u>1.195</u>	<u>1.323</u>

The company has as per 31 December 2021 a bank debt of USD 888 thousand to Nordea Bank Danmark A/S (2020: USD 885 thousand). The company has given Nordea Bank Danmark A/S a security in inventories and trade receivables for USD 1,524 thousand (DKK 10 million). The value of inventories and trade receivables as per 31 December 2021 is USD 2,625 thousand (2020: USD 1,695 thousand).

Contingent liabilities

In 2013, the company joined the joint taxation arrangement with the parent company Global Scanning A/S as management company and other Danish group entities, thus becoming jointly and severally liable with these entities for payment on income taxes and withholding tax in the group of jointly taxed entities.

Note 19. Foreign currency

Foreign currency risks

As a result of the operation in Denmark, the Company is exposed to a risk in cash flow from foreign currencies and in the balance sheet and can be affected by movements in the USD/DKK and USD/EUR foreign exchange rates. The foreign currency in the balance sheet have been specified below:

USD '000

Currency	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
DKK Danish kroner	956	182	5.426	2.726	(4.470)	(2.544)
EUR Euros	364	258	64	276	300	(18)
Other currencies	114	101	0	5	114	96
	<u>1.434</u>	<u>541</u>	<u>5.490</u>	<u>3.007</u>	<u>(4.056)</u>	<u>(2.466)</u>

Impact on the results of operations and changes in shareholders' equity resulting from a change of the Company's primary foreign currencies are shown below. The changes in exchange rates are based on the year's actual foreign exchange rate movements:

Million USD	Exchange rate adjustment	Pre-tax profit	Equity	Pre-tax profit	Equity
		2021	2021	2020	2020
DKK Danish kroner	+/- 10%	-0,4	-0,3	-0,2	-0,2

Notes

Note 20. Financial assets and liabilities

	2021	2020
	USD '000	USD '000
Loans and receivables measured at amortized cost		
Trade receivables	1.821	1.043
Other receivables	0	0
Receivable from group enterprises	1.011	1.004
Cash	284	129
Total loans and receivables measured at amortized cost	<u>3.116</u>	<u>2.176</u>

There are no significant differences between the carrying amounts and the fair values of the asset.

Bank debt	888	885
Trade payables	462	196
Lease liabilities	115	243
Other financial liabilities	270	335
Payables to group enterprises	3.853	12.634
Total financial liabilities measured at amortized cost	<u>5.588</u>	<u>14.293</u>

Carrying amount and fair value of the company's financial instruments that are carried in the financial statements are not shown separately as book values in all material respect are the same.

Note 21. Share capital and reserves

Share capital USD 3.400.554 is distributed in 2.580.000 shares of denominations of USD 1,32. All shares are fully paid.

The share capital has remained USD 3.400.554 in the last 5 years.

Note 22. Financial risk - management objectives and policies

The Company's principal financial instruments comprise bank loans, overdraft and cash. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Foreign currency risk is described in note 19 and cash flow risk is described in note 20.

The Company's financial aims are to ensure adequate funds to cover the Company's operations and to comply with the demands from the owners and agreed-upon terms of the loans.

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and insured through a credit insurance company. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Credit risk arising from the other financial assets of the Group, which primarily comprise cash and trade receivables, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit risks of the Company are considered to be low.

Notes

Note 22. Financial risk - management objectives and policies, continued

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank loans with variable interest rates.

At December 31 2021 the Company has a bank debt of USD 888 thousand (2020: USD 885 thousand) which normally is use of bank overdrafts at a interest rate of 4,0% (2020: 4,0%).

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, capital increases etc. The company's policy is to maintain a balanced relation between its short-term and long-term debt.

The Company's bank debt consists of a USD 0.9m (DKK 6m) overdraft facility. The facility is up for renewal in August 2022 and it is the assessment of management that the overdraft facilities will be renewed, as management has no indications of otherwise. The proces and timing for renewal is similar to previous years.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

2020:	Less than 1 year	1 - 2 years	2 - 3 years	Total
Bank debt	885	0	0	885
Lease liabilities	113	143	0	256
Trade and other payables	918	0	0	918
Total	1.916	143	0	2.059

2021:	Less than 1 year	1 - 2 years	2 - 3 years	Total
Bank debt	888	0	0	888
Lease liabilities	57	58	0	115
Trade and other payables	1.029	0	0	1.029
Total	1.974	58	0	2.032

Capital risk management

The Company wants to secure structural and financial flexibility as well as competitiveness. In order to secure this, the company continuously evaluate the appropriate capital structure for the Company. At the operational level, the Company continuously efforts to optimize the working capital.

Note 23. Related party transactions

The Company is controlled by Global Scanning A/S, Denmark, which own 100% of the share capital.

The Company's balances with subsidiaries and parent at 31 December are recognised and presented separately in the balance sheet and related interest income and -expense are presented in note 6 and 7.

Related parties with material interest include the Board of Directors and Executive Board of the Company and key employees and their related family members. Futhermore related parties include companies in which the aforementioned persons have a material interest.

	2021 USD '000	2020 USD '000
Sales to Group enterprises	3.332	3.623
Purchase from Group enterprises	6.229	4.246
Interest income from group enterprises	0	68
Interest expenses to group enterprises	286	216
Remuneration and salaries to the Executive Management	384	361
Defined contribution plans to the Executive Management	3	0
Balance Sheet:		
Receivables from Group enterprises	1.011	1.004
Impairment that has reduced recievables from Group enterprises	(2.400)	(2.400)
Payables to Group enterprises	3.853	12.634
Guarantees and security		
Guarantee from Group enterprises	9.654	10.020

Notes

Note 24 Subsequent Events

In January 2022 the company entered into a sale-lease-back agreement of the company's headquarter in Allerød. The conditions in the agreement was not entirely finalized at the time of signing this annual report, but management expect a successful finalization within a few months.

No other post balance sheet events have occurred in 2022 which could materially affect the assessment of the Company's financial position.



Verifikat

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Dokument

Global Scanning Denmark - Annual report 2021 AS STJ

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Huvuddokument

26 sidor

Startades 2022-07-05 14:37:09 CEST (+0200) av Viktor

Blohmé (VB)

Färdigställt 2022-07-06 11:53:22 CEST (+0200)

Signerande parter

Viktor Blohmé (VB)

Personnummer 890517-4010

viktor.blohme@finserve.se

+46791000188

Signerade 2022-07-05 14:37:24 CEST (+0200)

Peter Fredell (PF)

0705772595

Personnummer 19650421-1332

peter.fredell@kreditfonden.se



A handwritten signature in blue ink, appearing to read 'Peter Fredell', is shown above a horizontal line.

Namnet som returnerades från svenskt BankID var
"LARS PETER FREDELL"

Signerade 2022-07-06 11:53:22 CEST (+0200)

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