

3Shape Trios A/S

Annual report 2021



3shape 

Approved at the Company's annual general meeting on 2 May 2022

Chair of the meeting:

Henriette Stakemann

3Shape Trios A/S
Holmens Kanal 7
1060 København K
CVR: 33368771

Contents

	Page
Statement by Management	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January – 31 December	
Income Statement	8
Balance sheet	9
Statement of changes in equity	10
Notes	11

3Shape Trios A/S

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of 3Shape Trios A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements of the Company give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of its operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

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

Copenhagen, 14 March 2022

Executive Board:

Jakob Just-Bomholt

Accordium eSign ID: e17d0381d9380803679b638235e0ced

Jakob Just-Bomholt (CEO)

Board of Directors:

Jørgen F. Jensen

Accordium eSign ID: e6a4bab15d24ebf72e3aa69

Jørgen Falkebo Jensen (Chairperson)

Henriette Schütze

Accordium eSign ID: 3c0b957b80ee2a0d76e2f74

Henriette Schütze

Tais Clausen

Accordium eSign ID: 8ce789246385

Tais Clausen (Vice chairperson)

Mikael Worning

Accordium eSign ID: 760fb4bbd9d36b73611

Mikael Worning

Nikolaj Deichmann

Accordium eSign ID: 49a8e03c77bab49f0cb012a9c

Nikolaj Deichmann (Vice chairperson)

Independent auditor's report

To the shareholder of 3Shape Trios A/S

Opinion

We have audited the financial statements of 3Shape Trios A/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 a 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.

Independent auditor's report

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 form of 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 misstatement of the Management's review.

Copenhagen, 14 March 2022
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28



Kennet Hartmann
statsaut. revisor
mne40036



Morten Weinreich Larsen
statsaut. revisor
mne42791

3Shape Trios A/S

Management's review

DKK '000

Financial highlights for the company

	2021	2020	2019	2018	2017
Revenue	1.987.162	1.256.621	1.181.757	1.148.824	1.080.382
Gross profit/loss	1.353.435	740.634	712.080	672.440	679.449
Operating profit/loss	611.603	151.781	46.583	206.980	426.402
Net financials	9.045	-8.553	-556	7.640	-4.465
Profit/loss for the year	484.101	112.776	35.088	168.630	327.828
Assets	552.725	709.104	883.840	522.466	566.726
Investments in property, plant and equipment	10.697	10.019	15.825	1.254	315
Equity	168.256	259.155	146.379	242.263	372.661
<i>Key figures</i>					
Yield	96,9%	19,1%	6,6%	38,0%	120,0%
Solvency ratio	30,4%	36,5%	16,6%	46,4%	65,8%
Return on equity	226,5%	55,6%	18,1%	54,8%	157,0%
Average number of full-time employees	58	55	56	53	33

The financial ratios stated under "Key figures" have been calculated as follows:

Yield: Operating profit or loss/average assets

Solvency ratio: Equity at year end /Total equity and liabilities at year end

Return on equity: Profit or loss for the year after tax /Average equity

Financial highlights from 2017 to 2020 have been restated (refer to Accounting Policies)

Management's review

The company's most important activities

The company's most important activities are development, production and sales of 3D scanners and 3D CAD / CAM software. The primary sales are products and software for dental laboratories, clinics and hearing aid manufacturers.

Developments in activities and economic conditions

The company's turnover in 2021 amounts to 1,987,162 DKKt compared to 1,256,621 DKKt in 2020. Profit amounted to 484,101 DKKt, a 329% increase compared to 2020, and the equity was 168,256 DKKt per 31 December 2021. During 2021, the company distributed ordinary dividends of 225,000 DKKt and extraordinary dividends of 350,000 DKKt.

Adjustment of comparison figures and opening balance

Due to incorrect timing of revenue recognition in the 2020 annual report and in previous years Management has decided to adjust comparison figures and the opening balance of 1. January 2021 to reflect a true and fair view of the 2021 annual report. Reference is made to accounting policies for a detailed description of the corrections.

Knowledge resources

The corporation between research and development, production, marketing, sales and customer support is critical for the company's continued growth. An essential prerequisite for this is the acquisition and sharing of knowledge. As a result of the company's continued growth in both the number of employees and geographical locations, the requirements for efficient knowledge sharing have been further strengthened.

Currency risks

The company's sales of goods are invoiced in EUR, USD and CNY. A significant proportion of the company's costs are incurred in currencies other than DKK and EUR, primarily in USD and PLN. As a result, the company is exposed to currency risks. Currency risks are monitored on an ongoing basis.

Financial risks

The company's excess liquidity is invested in selected banks.

Research and development activities

In recent years, the Company has continued focus on further developing the existing product portfolio and significant resources are allocated to the development of new products. New products and solutions are expected to be introduced in the coming years.

Statement of corporate social responsibility in accordance with section 99A and section 99B of the Danish Financial Statements Act

The company's corporate social responsibility is driven by the overall goal of creating value through good relationships with customers, partners, employees and the communities in the countries in which 3Shape operates. The company prioritizes corporate social responsibility, and it is expected that the company will comply with applicable legislation and international guidelines at all times. Simultaneously with the annual report, the company has published the annual Environmental Social Governance Report, which covers non-financial results related to environmental and social impacts. Sustainable development is an essential driving force in society. The company is committed to supporting the UN Sustainable Development Goals (SDG), with a focus on SDGs # 3, 5 and 9. These three SDGs reflect the areas where the company currently sees the greatest potential to help create positive, enduring change by 1) deploying 3Shape's capabilities and expertise through innovation, 2) empowering 3Shape's people to give back to communities, and 3) managing 3Shape responsibly. As a fast-growing company with its own development and production, special attention is paid to the company's social and societal responsibilities in relation to employees and the imprint the company makes on the climate and the environment. In addition, the company emphasizes making a positive contribution to the general development of society in areas where the company has the opportunity to exert influence, including in relation to respecting fundamental human rights, the fight against corruption, and the creation of an attractive and diversified workplace with fair and equal conditions and opportunities for all employees. For the statutory statement on social responsibility and gender distribution in Management, please refer to the independent reporting which is available using this URL: <http://www.3shape.com/ESG2021>

Data ethics policy in accordance with section 99D of the Danish Financial Statements Act

During 2021, a data ethics policy was developed and implemented to ensure responsible and sustainable data management. Please go to <https://www.3shape.com/en/data-ethics-policy> for further information.

Events after the balance sheet date

Align Technology Inc. brought in 2017 and 2018 a number of lawsuits partly at the US International Trade Commission and partly at the District Court of Delaware against companies in the 3Shape group regarding alleged patent infringements. In 2020, Align filed a further lawsuit in the District Court of the Western District of Texas regarding alleged patent infringements. On 7 February 2022 Align and 3Shape agreed on settling all pending lawsuits between the parties.

2022 outlook

3Shape's ambition is to generate long-term annual revenue growth, while maintaining an attractive profitability margin. Based on the current business environment, the current pipeline, 3Shape's market position, and planned investments, the expectation for 2022 is to grow revenue and profit. However, based on current geopolitical environment and COV-19 outbreak, there is uncertainty regarding demand in the dental industry.

3Shape Trios A/S

Income statement

DKK '000

Note		2021	2020
2	Revenue	1.987.162	1.256.621
3,11	Production costs	-633.727	-515.987
	Gross profit/loss	1.353.435	740.634
3,11	Distribution costs	-260.145	-232.228
3,11	Research & development costs	-176.640	-140.367
3,11	Administrative costs	-305.047	-216.258
	Operating profit/loss	611.603	151.781
4	Financial income	12.408	1.670
4	Financial expenses	-3.363	-10.223
	Profit/loss before tax	620.648	143.228
	Tax	-136.547	-30.452
	Profit/loss for the year	484.101	112.776

3Shape Trios A/S

Balance sheet

DKK '000

Note	Assets	2021	2020
5	Intangible fixed assets	183	310
6	Property, plant and equipment	19.171	15.965
	Total non-current assets	19.354	16.275
	Raw materials and consumables	1.641	102
	Work in progress	41	1.387
	Finished goods and goods for resale	47.478	20.668
	Inventories	49.160	22.157
	Trade receivables	241.734	199.796
	Receivables from associated companies	74.043	30.767
12	Deferred tax assets	6.309	7.321
	Other receivables	32.532	24.780
	Receivables	354.618	262.664
	Cash and cash equivalents	129.593	408.008
	Total current assets	533.371	692.829
	Total assets	552.725	709.104
	Equity and liabilities		
7	Share capital	1.100	1.100
	Premium on issue of shares	28.794	28.794
	Retained earnings	3.362	4.261
	Proposed dividend	135.000	225.000
	Total equity	168.256	259.155
8	Provisions	6.920	4.560
9	Other payables	19	3.844
10	Prepayments from customers	44.339	45.108
	Total non-current liabilities	51.278	53.512
8	Provisions	6.920	4.560
10	Prepayments from customers	202.041	154.079
	Trade payables	29.604	49.658
	Debt to associated companies	90.631	182.909
9	Other payables	3.995	5.231
	Total current liabilities	333.191	396.437
	Total liabilities	384.469	449.949
	Total equity and liabilities	552.725	709.104

3Shape Trios A/S

Statement of changes in equity

DKK '000

Note Statement of changes in equity

	Share capital	Premium on issue of shares	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2021 according to the annual report 2020	1.100	28.794	32.293	225.000	287.187
Correction of the opening equity	-	-	-28.032	-	-28.032
Equity at 1 January 2021 (restated)	1.100	28.794	4.261	225.000	259.155
15 Transferred via distribution of profit/loss	-	-	349.101	135.000	484.101
Distributed dividends	-	-	-	-225.000	-225.000
Extraordinary dividends	-	-	-350.000	-	-350.000
Equity at 31 December 2021	1.100	28.794	3.362	135.000	168.256

Notes

Contents	Page
1 Accounting policies	12
2 Segment information	15
3 Depreciation of intangible and tangible assets	16
4 Financial income and expenses	16
5 Intangible assets	17
6 Tangible assets	17
7 Share capital	18
8 Provisions	18
9 Other payables	18
10 Prepayments from customers	19
11 Employee costs and incentive plans	19
12 Deferred tax	20
13 Contractual obligations and contingencies, etc.	20
14 Related parties	21
15 Distribution of profit/loss	22
16 Remuneration of the auditor elected by the general meeting	22
17 Subsequent events	22

1 Accounting policies

The annual report of 3Shape A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities. In general the accounting policies used in the preparation of the financial statements are consistent with those of last year, however, comparison figures and opening value of equity have been changed to reflect incorrect timing of revenue recognition in the 2020 annual report and in previous years. The correction relates to recognition of first year software license sold together with scanner products which according to accounting principles is to be recognized on a straight-line basis over the license period. In 2020 and in previous years the revenue from first year software licenses has been recognized upon completion of the sale of the scanner product. With reference to a true and fair view Management has decided to correct the comparison figures and opening value of the equity in the annual report for 2021. Additionally the financial highlights presented in the Management Review has been adjusted accordingly.

Restatement of comparison figures

The comparison figures have been restated due to incorrect revenue recognition of term-based licenses in previous years. The correction to the opening equity for 2020 amounts to a negative adjustment of 28,032 DKKt and the opening balance of prepayments from customers increased by 28,032 DKK. The income statement for 2020 has been restated accordingly with a positive impact on revenue of 4,825 DKKt. Consequently as of 31 December 2020, equity decreased and prepayments from customers increased by 28,032 DKKt. The tax effects of the restatements have been deemed immaterial.

Exemption of Cash Flow Statement

With reference to the Danish Financial Statements Act §86, the cash flow statement is not prepared. The company's cash flows are included in the consolidated cash flow statement for the parent company 3Shape Holding A/S

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received.

On the conclusion of sales contracts that consist of several separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods or services are met.

Revenue from term-based software licenses is accrued and recognized on a straight-line basis over the license period in accordance with the contract.

Production costs

Production costs comprise costs, including depreciation, amortisation and salaries, incurred in generating revenue for the year. The company recognises its production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc., carried out in the year, including costs related to sales staff, advertising, exhibitions as well as amortisation and depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Research and development cost

The Company recognizes all internal and external research and development costs as they occur due to the embedded risk in these costs, which is also the custom in the industry. Research and development costs comprise costs related to staff and other costs that can be directly or indirectly linked to improvements of products or development of new products.

Administrative costs

Administrative costs comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation.

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expenses, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation. The Parent Company acts as administration company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Balance sheet

Intangible assets

Acquired intangible assets are measured at cost less accumulated depreciation.

Patents and licenses are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licenses are amortised over the term of the license, however not exceeding 10 years.

Gains and losses on the disposal of patents and licenses are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Tangible Assets

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Costs comprise the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Fixtures and fittings, tools and equipment	3-5 years
--	-----------

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs, research & development costs and administrative expenses, respectively.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Notes

1 Accounting policies (continued)

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

All leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for indication of impairment.

An impairment test is conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the recoverable amount and carrying amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production overheads. Production overheads comprise costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Company.

The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Notes

1 Accounting policies (continued)

Liabilities

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as receivables or debt to or from associated companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

Other liabilities

Other liabilities are measured at net realisable value.

Prepayments from customers

Prepayments from customers recorded as liabilities comprise payments from customers concerning subsequent financial years and accrual of revenue from term-based software licenses, which is recognized on a straight-line basis over the license period in accordance with the contract entered into.

Share based remuneration

The Group's equity-based share payment schemes in the form of warrants are recognized as an equity transaction at the time of exercise.

2 Segment information

Information on the distribution of net revenue by geographical segments and business segments has been omitted, cf. the Danish Financial Statements Act §96.1, as the company's Management has assessed that the inclusion of the information may cause significant damage to the Company. The basis for management's assessment is that the Company operates in markets with few major global competitors, just as the Company's product range is very narrow. Disclosure of information relating to geographical segments or business segments in the annual report will be of great value to competitors and thus detrimental to the Company.

3Shape Trios A/S

Notes

DKK '000

3 Depreciation of intangible and tangible assets

	2021	2020
Amortisation on intangible assets	128	195
Depreciation on tangible assets	5.081	11.059
Total	5.209	11.254

4 Financial income and expenses

	2021	2020
Interest income	103	1.342
Foreign exchange gains	12.257	-
Other financial income	48	328
Financial income	12.408	1.670
Interest expenses	-2.181	-2.020
Foreign exchange losses	-	-8.202
Capital losses intercompany	-1.167	-
Other financial expenses	-15	-
Financial expenses	-3.363	-10.223
Total financial income and expenses	9.045	-8.553

3Shape Trios A/S

Notes

DKK '000

5 Intangible assets

	Software	Acquired intangible fixed assets	Total
Acquisition			
1 January 2021	199	1.105	1.304
31 December 2021	199	1.105	1.304
Amortisation and impairment losses			
1 January 2021	169	824	993
Amortisation	30	98	128
31 December 2021	199	922	1.121
Carrying amount at:			
31 December 2021	-	183	183

6 Tangible assets

	Fixtures and fittings, tools and equipment
Acquisition	
1 January 2021	20.751
Additions	10.697
Disposals	-3.599
31 December 2021	27.849
Depreciation and impairment losses	
1 January 2021	4.786
Depreciation	5.081
Disposals	-1.189
31 December 2021	8.678
Carrying amount at:	
31 December 2021	19.171

3Shape Trios A/S

Notes

DKK '000

7 Share capital

The share capital comprises 1.100.000 class A shares of DKK 1 DKK each.

	2021	2020	2019	2018	2017
Opening balance	1.100	1.100	1.100	1.100	1.100
Capital increase	-	-	-	-	-
Total	1.100	1.100	1.100	1.100	1.100

8 Provisions

	Warranties	Total
Cost 1 January 2021	9.120	9.120
Adjustment for the year	4.720	4.720
31 December 2021	13.840	13.840
Provisions are expected to mature within:		
0-1 years	6.920	6.920
2-5 years	6.920	6.920

9 Other payables

Other payables are expected to mature within:

0-1 years	3.995
2-5 years	19
31 December 2021	4.014

3Shape Trios A/S

Notes

DKK '000

10 Prepayments from customers

Prepayments from customers are expected to mature within:

0-1 years	202.041
2-5 years	44.339
31 December 2021	246.380

Prepayments from customers recognized under liabilities primarily relate to payments for license subscriptions which cannot be recognized as revenue until a future

11 Employee costs and incentive plans

	2021	2020
Wages and salaries	39.567	35.616
Pensions	537	-
Other social security costs	401	342
Other employee costs	1.172	1.260
Total	41.677	37.219
Average number of full-time employees	58	55
Remuneration to the company's Management amounts to:	2021	2020
Management and Board of Directors	5.931	2.892
Total	5.931	2.892

Incentive plans

A number of employees and management are eligible for the warrants program, which is described in the annual report for 3Shape Holding A/S. In accordance with Danish Financial Statements Act § 98b section 3 remuneration to the company's Management is presented together for the Executive Management and the Board of Directors.

3Shape Trios A/S

Notes

DKK '000

12 Deferred tax

	Assets		Liabilities		Net assets	
	2021	2020	2021	2020	2021	2020
Intangible assets	-	-	40	68	-40	-68
Tangible assets	396	286	-	-	396	286
Receivables etc	2.908	5.097	-	-	2.908	5.097
Provisions	3.045	2.006	-	-	3.045	2.006
Total	6.349	7.389	40	68	6.309	7.321
Offsetting	-40	-68	-40	-68	-	-
Total	6.309	7.321	-	-	6.309	7.321

	2021	2020
Net changes in deferred tax		
Deferred tax at 1 January 2021	7.321	2.492
Deferred tax adjustment for the year	-1.012	4.829
31 December 2021	6.309	7.321

13 Contractual obligations and contingencies, etc.

Contingencies

Align Technology Inc. brought in 2017 and 2018 a number of lawsuits partly at the US International Trade Commission and partly at the District Court of Delaware against companies in the 3Shape group regarding alleged patent infringements. In 2020, Align filed a further lawsuit in the District Court of the Western District of Texas regarding alleged patent infringements. On 7 February 2022 Align and 3Shape agreed on settling all pending lawsuits between the parties.

In 2019, Densys Ltd filed a lawsuit in the District Court of the Western District of Texas against companies in the 3Shape group regarding alleged patent infringements. The case concerns only the US market, and 3Shape disputes the allegations made. The case was scheduled for trial in 2021, but the trial was postponed due to the COVID-19 situation. The case is now scheduled for trial in 2022.

3Shape is still of the opinion that the above-mentioned case will not have a significant effect on the Group's future development and financial position.

3Shape Trios A/S

Notes

DKK '000

13 Contractual obligations and contingencies, etc. (continued)

The Company is jointly taxed with the Danish Parent company 3Shape Holding A/S, which as administration company, the Company has unlimited joint and several liability, together with the Group's Danish entities for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group.

Operating commitments

	2021	2020
Purchase contracts	108.916	25.905
Total	108.916	25.905

Remaining term is between 1 to 12 months.

14 Related parties

3Shape Trios A/S' related parties comprise the following:

Controlling interest

The following share holders are listed in the company's owner's register as owning a minimum of 5% of the votes or a minimum of 5% of the share capital:

- 3Shape Holding A/S, Copenhagen

Related parties

The company only discloses transactions with related parties that have not been carried out on normal market terms, cf. section 98 c, subsection 1 of the Act. 7. There have been no transactions with related parties that have not been conducted under normal market conditions.

3Shape Trios A/S

Notes

DKK '000

15 Distribution of profit/loss

	2021	2020
Proposed distribution of profit/loss		
Proposed dividend from statement of owners' equity	135.000	225.000
Transferred to retained earnings	349.101	-112.224
Total	484.101	112.776

16 Remuneration of the auditor elected by the general meeting

The auditor's fee is not stated with reference to §96.3 of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for 3Shape Holding A/S.

17 Subsequent events

On 7 February 2022 Align and 3Shape agreed on settling all pending lawsuits between the parties (refer to note 13)



Accordium Certificate of Completion

"TR Financial annual report 2021 NEWEST"



TR Financial annual report 2021 NEWEST

Finalized 15:15 UTC Tue, 22 Mar 2022
Created 12:48 UTC Mon, 21 Mar 2022
File Size 770 KB

Unique ID 6ccc37b0-a5a6-4b22-b2fa-eb30affceaae
Hash 30756ed0cc37292a66e7ce49872e559e4849029f
Validated by Accordium Forensic Engine

MW Mikael Worning

Email address: mikael.worning@3shape.com
Action: Sign
Signing Intent: Sign via TurnKey
Completed On: 17:41 UTC Mon, 21 Mar 2022
IP Address: 195.49.232.27
Location: Not supplied
Authentication: Link

HS Henriette Schütze

Email address: hsc@gubi.dk
Action: Sign
Signing Intent: Sign via TurnKey
Completed On: 14:43 UTC Mon, 21 Mar 2022
IP Address: 128.77.155.84
Location: Not supplied
Authentication: Link

JF Jørgen F. Jensen

Email address: joergen.jensen@3shape.com
Action: Sign
Signing Intent: Sign via TurnKey
Completed On: 13:11 UTC Mon, 21 Mar 2022
IP Address: 205.220.129.246
Location: Not supplied
Authentication: Link

TC Tais Clausen

Email address: tais@3shape.com
Action: Sign
Signing Intent: Sign via TurnKey
Completed On: 15:58 UTC Mon, 21 Mar 2022
IP Address: 195.49.232.27
Location: Not supplied
Authentication: Link



Jakob Just-Bomholt

Email address: jakob.justbomholt@3shape...
Action: Sign
Signing Intent: Sign via TurnKey
Completed On: 15:15 UTC Tue, 22 Mar 2022
IP Address: 195.49.232.130
Location: Not supplied
Authentication: Link



Nikolaj Deichmann

Email address: nikolaj@3shape.com
Action: Sign
Signing Intent: Sign via TurnKey
Completed On: 17:09 UTC Mon, 21 Mar 2022
IP Address: 37.221.107.165
Location: Not supplied
Authentication: Link



Henriette Stakemann

Email address: henriette.stakemann@3sh...
Action: Approve
Completed On: 12:57 UTC Mon, 21 Mar 2022
IP Address: 195.49.232.130
Location: Not supplied
Authentication: Link



Maja Mathisen

Email address: maja.mathisen@3shape.com
Action: Receive
Completed On: 15:15 UTC Tue, 22 Mar 2022
IP Address: Not supplied
Location: Not supplied
Authentication: Email, Password

Audit trail of events

- **Start**
- **12:48 UTC Mon, 21 Mar 2022**
Maja Mathisen created the contract.
- **12:52 UTC Mon, 21 Mar 2022**
Henriette Stakemann was sent a signing invitation.
- **12:57 UTC Mon, 21 Mar 2022**
Henriette Stakemann viewed the document.
- **12:57 UTC Mon, 21 Mar 2022**
Henriette Stakemann approved the document.
- **12:57 UTC Mon, 21 Mar 2022**
Tais Clausen was sent a signing invitation.
- **12:57 UTC Mon, 21 Mar 2022**
Nikolaj Deichmann was sent a signing invitation.
- **12:57 UTC Mon, 21 Mar 2022**
Mikael Worning was sent a signing invitation.
- **12:57 UTC Mon, 21 Mar 2022**
Jørgen F. Jensen was sent a signing invitation.
- **12:57 UTC Mon, 21 Mar 2022**
Jakob Just-Bomholt was sent a signing invitation.
- **12:57 UTC Mon, 21 Mar 2022**
Henriette Schütze was sent a signing invitation.
- **13:10 UTC Mon, 21 Mar 2022**
Jørgen F. Jensen viewed the document.
- **13:11 UTC Mon, 21 Mar 2022**
Jørgen F. Jensen signed the document.
- **13:21 UTC Mon, 21 Mar 2022**
Nikolaj Deichmann viewed the signing invitation.

- **14:43 UTC Mon, 21 Mar 2022**
Henriette Schütze viewed the signing invitation.
- **14:43 UTC Mon, 21 Mar 2022**
Henriette Schütze viewed the document.
- **14:43 UTC Mon, 21 Mar 2022**
Henriette Schütze signed the document.
- **15:58 UTC Mon, 21 Mar 2022**
Tais Clausen viewed the signing invitation.
- **15:58 UTC Mon, 21 Mar 2022**
Tais Clausen viewed the document.
- **15:58 UTC Mon, 21 Mar 2022**
Tais Clausen signed the document.
- **17:08 UTC Mon, 21 Mar 2022**
Nikolaj Deichmann viewed the document.
- **17:09 UTC Mon, 21 Mar 2022**
Nikolaj Deichmann signed the document.
- **17:40 UTC Mon, 21 Mar 2022**
Mikael Worning viewed the document.
- **17:41 UTC Mon, 21 Mar 2022**
Mikael Worning signed the document.
- **15:15 UTC Tue, 22 Mar 2022**
Jakob Just-Bomholt viewed the document.
- **15:15 UTC Tue, 22 Mar 2022**
Jakob Just-Bomholt signed the document.
- **15:15 UTC Tue, 22 Mar 2022**
Maja Mathisen was sent a signing invitation.
- **End**

This certificate was generated automatically by Accordium to confirm that the above documents were completed securely. It provides additional information about the parties involved, their actions, and authentication methods. Accordium computes a hash for every document, which can be used to prove mathematically that it was not altered or tampered with since completion. Electronic signatures are legally enforceable in most countries, and agreements signed with Accordium are legally binding in accordance with European EIDAS regulations, UETA and the ESIGN act in the United States. Locations are estimated by IP-based geolocation and are not guaranteed.

Accordium is workflow automation and electronic signature software, under development since 2016. It is a service of CrankWheel ehf.