# Global Scanning A/S

Svanevang 2, 3450 Allerød

CVR nr. 34 61 31 41

# Annual Report

for the financial period 1 January 2020 – 31 December 2020

8th financial year

Adopted at the Annual General Meeting of shareholders

on 1 July 2021

……………………………………..

Chairman

# Verifikat

Transaktion 09222115557449685286

## Dokument

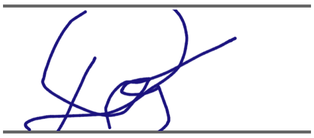
GS - AR - front page
Huvuddokument
1 sida
*Startades 2021-07-02 13:55:17 CEST (+0200) av Ronja Fällström (RF)*
*Färdigställt 2021-07-02 17:25:53 CEST (+0200)*

## Initierare

Ronja Fällström (RF)
Scandinavian Credit Fund I AB
*ronja.fallstrom.scfi@kreditfonden.se*
+46725550670

## Signerande parter

Peter Fredell (PF)
*Personnummer 6504211332*
*peter.fredell@kreditfonden.se*



*Namnet som returnerades från svenskt BankID var "LARS PETER FREDELL"*
*Signerade 2021-07-02 17:25:53 CEST (+0200)*

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## Contents

## Company details

**Main office**
Global Scanning 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)
Mats Fredrik Sigurd Sjöstrand
Peder Gustaf Magnus Broms

**Executive Board**
Graham James Ohn Tinn (CEO)

| Shareholders holding 5% or more of the share capital or the voting rights | Percentage |
|---|---|
| Riddargatan SPV S AB | 95,00% |

**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 A/S for 2020.
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 consolidated financial statements and the parent company´s financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's Review gives a fair review of the development in the Group's and the Parent Company's operations and financial conditions, of the results for the year and of the financial position of the Group and the Parent Company, as well as a description of material risks and uncertainties facing the Group and the Parent Company.

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

Allerød, 1 July 2021

Executive board:

……………………………….

Graham James Ohn Tinn

*(CEO)*

Board of Directors:

| | | |
|---|---|---|
| ……………………………… | ……………………………… | ……………………………… |
| Lars Peter Fredell | Mats Fredrik Sigurd Sjöstrand | Peder Gustaf Magnus Broms |
| Chairman | | |

# Verifikat

Transaktion 09222115557449685707

## Dokument

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Huvuddokument
1 sida
*Startades 2021-07-02 14:00:13 CEST (+0200) av Ronja Fällström (RF)*
*Färdigställt 2021-07-02 17:30:28 CEST (+0200)*

## Initierare

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*Personnummer 6007143917*
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*Signerade 2021-07-02 14:20:06 CEST (+0200)*

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# Verifikat

Transaktion 09222115557449685707

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*Signerade 2021-07-02 17:30:28 CEST (+0200)*

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## Independent auditor's report

**To the shareholders of Global Scanning A/S**

**Opinion**

We have audited the consolidated financial statements and the parent company financial statements of Global Scanning A/S for the financial year 1 January – 31 December 2020, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company 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, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

**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.

**Management's responsibilities for the financial statements**

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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.

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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 1 July 2021

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 group** | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|
| **Profit & Loss** | | | | | |
| Revenue | 26.190 | 33.768 | 42.984 | 39.543 | 41.623 |
| Operating result | (2.908) | (6.316) | 65 | 3.360 | (2.337) |
| Net financials | (7.579) | (1.590) | 317 | (5.177) | (453) |
| Net result for the year | (11.617) | (6.163) | 771 | (1.612) | (2.262) |
| **Cash Flows** | | | | | |
| Cash flows from operating activities | 1.134 | (2.257) | 2.299 | 7.216 | 2.169 |
| Cash flow to net investments | (814) | (2.198) | (4.415) | (3.641) | (4.130) |
| Hereoff investments in tangible assets | (167) | (239) | (229) | (690) | (658) |
| Net cash flow for the year | (388) | (555) | (572) | 3.575 | (1.960) |
| Cash and cash equivalents at year-end | 1.538 | 1.926 | 2.481 | 3.053 | (522) |
| **Balance sheet** | | | | | |
| Total equity | 10.570 | 21.655 | 27.717 | 27.452 | 28.658 |
| Total assets | 48.635 | 56.926 | 59.937 | 59.619 | 60.153 |
| Exchange rate per balance sheet date DKK/USD | 6,06 | 6,65 | 6,52 | 6,21 | 7,05 |
| **Average number of employees** | 129 | 164 | 170 | 159 | 203 |

**Key figures and ratio explanations and definitions**

The financial highlights and ratios are defined and calculated in accordance with the online guidance from the Danish Finance Society regarding the calculation of financial highlights and ratios: "Recommendations & Financial Ratios".

Comparatives for 2016 - 2017 are not restated following the implementation of IFRS 9 and 15 and comparatives for 2016 - 2018 are not restated following the implementation of IFRS 16.

# Management´s Review

**Group overview**

The group´s objective is to maintain its position as the market leader in innovative and reliable 2D digital imaging solutions, and to establish itself as a player in the emerging 3D digital imaging marketplace.

Global Scanning A/S is the holding company for Global Scanning Denmark A/S and Global Scanning UK Ltd.

The Group 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 names of Contex and Colortrac respectively. 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 Group have in 2019 established itself into the market related to 3D object scanning. The first product Sol is a commodity product aimed at the Hobbyist / MakerSpace market enabling the scanning of small objects in 3D.

At 1 january 2020, Globas Scanning A/S has, cf. the merging plan of 29 December 2020, merged with the subsidiaries Brand3D ApS and Shapewatch ApS. All assets and liabilities of Brand3D A and Shapewatch ApS are now merged into Global Scanning A/S, which is the continuing company. The merger is accounted for according to the book-value method, resulting in accounting effect at 1 Januar 2020 and without adjustment of comparative figures.

**Result for the year**

The Group´s revenue decreased to USD 26,190 thousand from USD 33,768 thousand in 2019 caused by the impact of the COVID-19 pandemic.

The group operating profit showed a loss of USD 2,908 thousand from a loss of USD 6,316 thousand in 2019 (2019 was influenced by non-capitalised costs incurred on 3D projects USD 3,367 thousand).

The loss for the year before tax is USD 10,487 thousand against a loss of USD 7,906 thousand in 2019 mainly due to a Foreign currency exchange loss USD 4,480 thousand in 2020 from a loss of USD 117 thousand in 2019. To reduce the risk of exchange rate exposures a loan of SEK 235,000 thousand has been restructured into USD at the end of February 2021.

The net result for the year, loss of USD 11,617 thousand from a loss USD 6,163 thousand in 2019, is impacted by derecognistion deferred tax assets of USD 1,849 thousand.

**Capital structure**

The balance sheet total at 31 December 2020 was USD 48,635 thousand compared to USD 56,926 thousand in 2019. Cash and cash equivalents at 31 December 2020 are positive by USD 1,538 thousand and the unused credit facilities including cash and cash equivalents total USD 1,643 thousand.

Movements in the DKK/USD and RMB/USD rate during 2020 have had a limited impact on the Group´s operating profit.

The Parent has a direct loan of SEK 235,000 thousand. The loan carries an annual interest rate of 10%. The first instalment of SEK 10,000 thousand is due in April 2021 with subsequent instalments of SEK 10,000 thousand due in April 2022 and April 2023. The balance is repayable in October 2024. The group has received a waiver for payment of installments and interest until April 2022 and further includes a waiver for covenants.

In January 2021 Riddargatan SPV S AB acquired 100% of the shareholdings in Global Scanning A/S. Riddargatan SPV S AB is a 100% owned Swedish Company in Riddargatan Förvaltning AB group, which is owned 100% by Skandinaviska Kreditfonden AB. Scandinavian Credit Fund I AB (publ), also owned 100% by Skandinaviska Kreditfonden AB, is the company's main lender and they have issued a letter of support, which states that they intend to provide full financial support to Global Scanning A/S.

**Research and development**

Research and development expenses in 2020 amounted to USD 2.908 thousand (2019: USD 5,480 thousand) equal to 11.1% of the revenue (2019: 16.0%). The Group has, during the year, developed new product platforms for both scanners and software. Of the costs incurred USD 1,878 thousand was capitalized.
In 2020, R&D has focused on (1) developing and introducing new scanning platforms and software within 2D, covering the high segment productivity market, (2) enhancing the product offerings to OEM customers and (3) continuing development of 3D object scanning products for 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 the Global Scanning group 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, including the risk of continued impact of the current COVID-19 pandemic
- 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 23. Financial risk – management objectives and policies.

<u>Industry and market risks</u>

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.

<u>Environmental risks</u>

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 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/SEK/DKK/RMB, the Group's budget expects revenue to recover from the 2020 level and grow by approximately 18%, this growth being driven by a recovery from the 2020 Covid-19 pandemic.

**Subsequent events**

In January 2021 Riddargatan SPV S AB acquired 100% of the shareholdings in Global Scanning A/S. Riddargatan SPV S AB is a 100% owned Swedish Company in Riddargatan Förvaltning AB group, which is owned 100% by Skandinaviska Kreditfonden AB. Scandinavian Credit Fund I AB (publ), also owned 100% by Skandinaviska Kreditfonden AB, is the company's main lender and they have issued a letter of support, which states that they intend to provide full financial support to Global Scanning A/S.

Sales seem to have recovered from Coved-19. Q1 revenue was 23.9% above Q1 2020. The strong demand has continued into Q2. Gross Margin is to some extent negatively affected by the World-Wide increases in Freight rates. The World-Wide Shortage of electronic components is the single most serious threat to the company.

No other post balance sheet events have occurred which could materially affect the assessment of the Group´s or the Parent Company's financial position.

## Statement of profit and loss
## for the year ended 31 December

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Notes | USD´000 | USD´000 | USD´000 | USD´000 |
| Revenue | | 26.190 | 33.768 | 0 | 0 |
| Production costs | 4 | (20.567) | (27.702) | 0 | 0 |
| **Gross profit** | | **5.623** | **6.066** | **0** | **0** |
| Distribution costs | 4 | (4.222) | (6.515) | 0 | 0 |
| Administrative costs | 4 | (3.739) | (3.564) | (978) | (741) |
| Other operating income / expenses | 5 | (570) | (2.303) | 102 | 632 |
| **Operating result** | | **(2.908)** | **(6.316)** | **(876)** | **(109)** |
| Financial income | 6 | 113 | 1.088 | 300 | 3.498 |
| Financial expenses | 7 | (7.692) | (2.678) | (5.610) | (2.530) |
| **Result before tax** | | **(10.487)** | **(7.906)** | **(6.186)** | **859** |
| Income taxes | 8 | (1.130) | 1.743 | (1.849) | 234 |
| **Net result for the year** | | **(11.617)** | **(6.163)** | **(8.035)** | **1.093** |

## Statement of other comprehensive Income

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Notes | USD´000 | USD´000 | USD´000 | USD´000 |
| **Net profit for the year** | | (11.617) | (6.163) | (8.035) | 1.093 |
| **Other comprehensive income** | | | | | |
| **Other comprehensive income to be reclassified to profit and loss in subsequent periods** | | | | | |
| Exchange differences on translation of foreign operations | | 532 | 101 | 0 | 0 |
| **Total comprehensive income for the year, net of tax** | | **(11.085)** | **(6.062)** | **(8.035)** | **1.093** |

## Balance sheet
**at 31 December**

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Notes | USD´000 | USD´000 | USD´000 | USD´000 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Goodwill | | 28.602 | 28.602 | 0 | 0 |
| Development costs | | 4.268 | 5.093 | 0 | 0 |
| Customer relations | | 307 | 587 | 0 | 0 |
| License rights and patents | | 1.604 | 1.920 | 0 | 0 |
| **Total intangible assets** | 9 | 34.781 | 36.202 | 0 | 0 |
| **Property, plant and equipment** | | | | | |
| Land and buildings | 10 | 1.323 | 1.419 | 0 | 0 |
| Leasehold improvements | 10 | 62 | 196 | 0 | 0 |
| Plant and machinery | 10 | 3 | 4 | 0 | 0 |
| Other plant, operating equipment etc. | 10 | 369 | 518 | 0 | 0 |
| Right of use asset | 11 | 987 | 1.325 | 0 | 0 |
| **Total property, plant and equipment** | | 2.744 | 3.462 | 0 | 0 |
| **Financial assets** | | | | | |
| Investments in subsidiaries | 12 | 0 | 0 | 58.366 | 58.366 |
| Receivable from group enterprises | | 0 | 0 | 0 | 6.207 |
| Deferred tax assets | 15 | 69 | 2.119 | 0 | 522 |
| Other long term assets | | 282 | 368 | 0 | 0 |
| **Total financial assets** | | 351 | 2.487 | 58.366 | 65.095 |
| **Total non-current assets** | | 37.876 | 42.151 | 58.366 | 65.095 |
| **Current assets** | | | | | |
| **Inventories** | | | | | |
| Raw materials and consumables | | 3.435 | 4.293 | 0 | 0 |
| Finished goods | | 1.971 | 3.000 | 0 | 0 |
| **Total inventories** | 13 | 5.406 | 7.293 | 0 | 0 |
| **Receivables** | | | | | |
| Trade receivables | 14 | 3.281 | 4.200 | 0 | 0 |
| Receivable from group enterprises | | 0 | 0 | 32 | 5.892 |
| Other receivables | | 9 | 19 | 4 | 0 |
| Income tax receivable | 18 | 0 | 839 | 0 | 138 |
| Prepayments | | 525 | 498 | 0 | 0 |
| **Total receivables** | | 3.815 | 5.556 | 36 | 6.030 |
| **Cash and cash equivalents** | | 1.538 | 1.926 | 0 | 0 |
| **Total current assets** | | 10.759 | 14.775 | 36 | 6.030 |
| **Total assets** | | 48.635 | 56.926 | 58.402 | 71.125 |

## Balance sheet

**at 31 December**

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Notes | USD´000 | USD´000 | USD´000 | USD´000 |
| **Equity and liabilities** | | | | | |
| **Shareholders´ equity** | | | | | |
| Share capital | | 171 | 171 | 171 | 171 |
| Share premium | | 41.671 | 41.671 | 41.671 | 41.671 |
| Reserve for foreign currency translation | | 532 | 0 | 0 | 0 |
| Retained earnings | | (31.804) | (20.187) | (11.704) | 4.963 |
| **Total shareholders´equity** | | 10.570 | 21.655 | 30.138 | 46.805 |
| **Liabilities other than provisions** | | | | | |
| Deferred tax liabilities | 15 | 0 | 649 | 0 | 0 |
| Loan | 16 | 26.358 | 23.686 | 26.358 | 23.686 |
| Lease liabilities | 11 | 711 | 1.007 | 0 | 0 |
| Other non-current liabilities | | 627 | 623 | 0 | 0 |
| **Long-term liabilities other than provisions** | | 27.696 | 25.965 | 26.358 | 23.686 |
| Loan, short-term part | 16 | 1.758 | 470 | 1.758 | 470 |
| Bank debt | 16 | 3.193 | 3.093 | 0 | 0 |
| Lease liabilities | | 356 | 364 | 0 | 0 |
| Trade payables | | 3.207 | 3.711 | 0 | 0 |
| Income taxes payable | 18 | 16 | 232 | 0 | 0 |
| Other liabilities | | 1.839 | 1.436 | 148 | 164 |
| **Short-term liabilities** | | 10.369 | 9.306 | 1.906 | 634 |
| **Total liabilities other than provisions** | | 38.065 | 35.271 | 28.264 | 24.320 |
| **Total equity and liabilities** | | 48.635 | 56.926 | 58.402 | 71.125 |

| | |
|---|---|
| Liabilities from financing activities | 17 |
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## Changes in equity

USD´000

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium** | **Retained earnings** | **Reserve for foreign currency translation** | **Proposed dividend** | **Total** |
| **Balance 1/1 2019** | 171 | 41.671 | (14.024) | (101) | 0 | 27.717 |
| Addition from capital increases | 0 | 0 | 0 | 0 | 0 | 0 |
| Options | 0 | 0 | 0 | 0 | 0 | 0 |
| **Transactions with shareholders** | **0** | **0** | **0** | **0** | **0** | **0** |
| Net profit for the year | 0 | 0 | (6.163) | 0 | 0 | (6.163) |
| Exchange differences on translation of foreign operations | 0 | 0 | 0 | 101 | 0 | 101 |
| Income tax effect | 0 | 0 | 0 | 0 | 0 | 0 |
| **Comprehensive income** | **0** | **0** | **(6.163)** | **101** | **0** | **(6.062)** |
| **Balance 1/1 2020** | 171 | 41.671 | (20.187) | 0 | 0 | 21.655 |
| Addition from capital increases | 0 | 0 | 0 | 0 | 0 | 0 |
| Options | 0 | 0 | 0 | 0 | 0 | 0 |
| **Transactions with shareholders** | **0** | **0** | **0** | **0** | **0** | **0** |
| Net profit for the year | 0 | 0 | (11.617) | 0 | 0 | (11.617) |
| Exchange differences on translation of foreign operations | 0 | 0 | 0 | 532 | 0 | 532 |
| Income tax effect | 0 | 0 | 0 | 0 | 0 | 0 |
| **Comprehensive income** | **0** | **0** | **(11.617)** | **532** | **0** | **(11.085)** |
| **Shareholders´equity at 31/12 2020** | 171 | 41.671 | (31.804) | 532 | 0 | 10.570 |

USD´000

| | Parent | | | | | |
|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium** | **Retained earnings** | **Reserve for foreign currency translation** | **Proposed dividend** | **Total** |
| **Balance 1/1 2019** | 171 | 41.671 | 3.870 | 0 | 0 | 45.712 |
| Addition from capital increases | 0 | 0 | 0 | 0 | 0 | 0 |
| Options | 0 | 0 | 0 | 0 | 0 | 0 |
| **Transactions with shareholders** | **0** | **0** | **0** | **0** | **0** | **0** |
| Net profit for the year | 0 | 0 | 1.093 | 0 | 0 | 1.093 |
| **Comprehensive income** | **0** | **0** | **1.093** | **0** | **0** | **1.093** |
| **Balance 1/1 2020** | 171 | 41.671 | 4.963 | 0 | 0 | 46.805 |
| Addition on merger | 0 | 0 | (8.632) | 0 | 0 | (8.632) |
| Options | 0 | 0 | 0 | 0 | 0 | 0 |
| **Transactions with shareholders** | **0** | **0** | **(8.632)** | **0** | **0** | **(8.632)** |
| Net profit for the year | 0 | 0 | (8.035) | 0 | 0 | (8.035) |
| **Comprehensive income** | **0** | **0** | **(8.035)** | **0** | **0** | **(8.035)** |
| **Shareholders´equity at 31/12 2020** | 171 | 41.671 | (11.704) | 0 | 0 | 30.138 |

At 1 january 2020, Globas Scanning A/S has, cf. the merging plan of 29 December 2020, merged with the subsidiaries Brand3D ApS and Shapewatch ApS. All assets and liabilities of Brand3D ApS  and Shapewatch ApS are now merged into Global Scanning A/S, which is the continuing company. The merger is accounted for according to the book-value method, resulting in accounting effect at 1 Januar 2020 and without adjustment of comparative figures.

## Cash flow statement

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | USD´000 | USD´000 | USD´000 | USD´000 |
| Operating profit/loss | (2.908) | (6.316) | (876) | (109) |
| Amortisation/Depreciation and impairment | 3.574 | 6.999 | 0 | 0 |
| EBITDA | 666 | 683 | (876) | (109) |
| Change in inventory and receivables | 2.789 | 2.892 | (4) | 3 |
| Change in trade payables | (504) | (2.597) | 0 | 0 |
| Change in other current liabilities | 403 | (565) | (16) | 46 |
| Interest received | 113 | 173 | 0 | 659 |
| Interest paid | (3.104) | (2.278) | (2.081) | (1.536) |
| Income taxes received/(paid) | 771 | (565) | 1.111 | 0 |
| **Cash flow from operating activities** | 1.134 | (2.257) | (1.866) | (937) |
| Additions of intangible assets | (658) | (2.284) | 0 | 0 |
| Additions of tangible assets | (167) | (239) | 0 | 0 |
| Disposals of property, plant and equipment | 11 | 325 | 0 | 0 |
| Investment in subsidiaries | 0 | 0 | 0 | (304) |
| Dividend received | 0 | 0 | 0 | 2.000 |
| Group contribution | 0 | 0 | 0 | 0 |
| Change in receivables from group enterprises | 0 | 0 | 2.336 | (2.918) |
| **Cash flow from investing activities** | (814) | (2.198) | 2.336 | (1.222) |
| Proceeds from borrowings | 0 | 22.369 | 0 | 22.369 |
| Repayment of borrowings | (470) | (20.210) | (470) | (20.210) |
| Change in operating credits | 100 | 1.549 | 0 | 0 |
| Repayment of lease liabilities and interest | (342) | (431) | 0 | 0 |
| Change in non-current liabilities | 4 | 623 | 0 | 0 |
| **Cash flow from financing activities** | (708) | 3.900 | (470) | 2.159 |
| **Net cash flow for the year** | (388) | (555) | 0 | 0 |
| Cash and cash equivalents at 1/1 2020 | 1.926 | 2.481 | 0 | 0 |
| Net cash flow for the year | (388) | (555) | 0 | 0 |
| **Cash and cash equivalents at 31/12 2020** | 1.538 | 1.926 | 0 | 0 |
| **Cash and cash equivalents at 31/12 2020** | | | | |
| Cash | 1.538 | 1.926 | 0 | 0 |
| | 1.538 | 1.926 | 0 | 0 |
| **Unutilised portion of credit facilities including cash and cash equivalents** | **1.643** | **336** | **0** | **0** |

# 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 1 July 2021, the Board of Directors and the Executive Board have discussed and approved the annual report of Global Scanning A/S for 2020. The annual report will be presented to the shareholders of Global Scanning A/S for approval at the annual general meeting on 1 July 2021.

The financial statements of the Group 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 2020 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 2020. None of the standards are expected to have a significant effect for the Group or the Company.

**Intra-group business combination**

The book value method is applied to intra-group business combinations such as mergers etc., in which the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

**Consolidation**

The consolidated financial statements comprise the parent, Global Scanning A/S and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated.

Identifiable assets and liabilities in the acquired entities are recognized at the fair value at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognized as goodwill or negative goodwill.

**Currency translation**

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

**Foreign subsidiaries**

The accounts of foreign subsidiaries are translated according to the following principles:

Balance sheet items are translated at closing rates. The income statement is translated at the rates at the date of the transaction. Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are taken directly through equity.

**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 in time 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.

# Notes

**Note 1 Accounting policies, continued**

**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 activities of the Company, including rental income, sale of scrap and gain on sale of fixed assets.

**Amortization/depreciation and write-downs**

Depreciation and write-downs include depreciation and write-downs of intangible assets and property, plant and equipment.

Property, plant and equipment 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 assets and property, plant and equipment 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** |
|---|---|
| Goodwill | Indefinite |
| Development costs | 3 |
| Customer relations | 3-10 |
| License rights and patents | 5-20 |
| Buildings | 30 |
| Leasehold improvements | 3 |
| Plant and machinery | 4-8 |
| Other plant, operating equipment etc. | 2-6 |

**Parent company dividend**

Dividend from subsidiaries is recognized fully in the profit and loss statement at the time of distribution.

**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 in 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.

Current and deferred taxes related to items recognized directly in the equity are taken directly on the 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).

**Intangible assets**

Intangible assets comprise goodwill with indefinite useful life and of development costs, customer relations and license rights and patents with finite useful life.

Goodwill:

Goodwill is measured at cost less accumulated write-downs.

Goodwill is tested for impairment annually or when there are indications of decreases in value. The impairment test is made for the activity or business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or the business area to which the goodwill relates (recoverable amount) if it is lower than the carrying amount.

Development projects:

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market 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.

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.

Customer relations, license rights and patents

Customer relations, 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 Group 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 Group'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 Group presents the right-of-use asset and the lease liability separately in the balance sheet. The Group 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.
Work in progress and 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

**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.

**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. On refinancing of existing loans, refinanced loans are recognised at fair value, and borrowing costs incurred are recognised in the income statement. In subsequent periods, the loans are measured at amortised cost. 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.

# Notes

### 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 ams recognized in the financial statements:

**Impairment of goodwill**

The Group determines whether goodwill is impaired at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires that the Group makes an estimate of the expected future cash flows from the cash-generating unit and chooses a suitable discount rate in order to calculate the net present value of such cash flows. The carrying amount of goodwill at 31 December 2020 was USD 28,602 thousand (USD 28,602 thousand at 31 December 2019). More details are given in note 9.

**Recognition of deferred taxes**

Deferred tax assets in the parent company 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 parent company's deferred tax assets were at 31 December 2020 USD 0 thousand (USD 522 thousand at 31 December 2019).

**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.

### 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 credit facility in Denmark, USD 1.0m (DKK 6m) is up for renewal in august 2021 and it is the assessment of management that the overdraft facilities will be renewed, as management has no indications of otherwise.

The short-term bank loans in China comprise two loans (RMB 12.0m and RMB 3.0m). RMB 3.0m was renewed in February 2021 for 6 months, the loan is expected to be repaid at maturity in August 2021. RMB 12.0m has in June 2021 been renewed for 3 months. A credit application has been submitted and is awaiting approval, which will extend the term of the loan by 12 months to September 2022. It is the assessment of management that the loans will be renewed, as management has no indications of otherwise.

The Parent Company have in 2020 breached the leverage covenant on its loan USD 23,7m (nominal SEK 235m), due to the impact of the Covid-19 pandemic. The group has received a waiver for payment of installments and interest until April 2022 and further includes a waiver for covenants.

In January 2021 Riddargatan SPV S AB acquired 100% of the shareholdings in Global Scanning A/S. Riddargatan SPV S AB is a 100% owned Swedish Company in Riddargatan Förvaltning AB group, which is owned 100% by Skandinaviska Kreditfonden AB. Scandinavian Credit Fund I AB (publ), also owned 100% by Skandinaviska Kreditfonden AB, is the company's main lender and they have issued a letter of support, which states that they intend to provide full financial support to Global Scanning A/S.

Based on the budget for 2021 including the assumption for expected renewal of credit facility agreement and short-term bank loans and support letter from Scandinavian Credit Fund I AB (publ), the management has assessed that the necessary financing and cash are available for the Parent Company's and the Group's ability to continue as a going concern.

## Notes

**Note 4. Expenses**

| **4.1 Amortisation/depreciation** | **Group 2020 USD´000** | **Group 2019 USD´000** | **Parent 2020 USD´000** | **Parent 2019 USD´000** |
|---|---|---|---|---|
| Analysis of amortisation/depreciation for the year: | | | | |
| Land and buildings | 128 | 127 | 0 | 0 |
| Leasehold improvements | 152 | 198 | 0 | 0 |
| Plant and machinery | 1 | 1 | 0 | 0 |
| Other plant, operating equipment etc. | 283 | 342 | 0 | 0 |
| Right of use assets | 369 | 409 | 0 | 0 |
| Development costs | 2.081 | 3.062 | 0 | 0 |
| Customer relations | 280 | 374 | 0 | 0 |
| License rights and patents | 280 | 180 | 0 | 0 |
| | 3.574 | 4.693 | 0 | 0 |

**4.2 Staff costs**

Analysis of total payroll costs, etc.:

| | | | | |
|---|---|---|---|---|
| Fee to the Board of Directors | 132 | 103 | 132 | 103 |
| Remuneration and salaries to the Executive Management | 361 | 357 | 0 | 0 |
| Defined contribution plans to the Executive Management | 0 | 0 | 0 | 0 |
| Remuneration and salaries to other key management personnel | 520 | 728 | 0 | 0 |
| Defined contribution plans to other key management personnel | 31 | 31 | 0 | 0 |
| Wages and salaries | 7.272 | 7.668 | 322 | 0 |
| Bonuses | 51 | 113 | 0 | 0 |
| Defined contribution plans | 758 | 877 | 6 | 0 |
| Other social security costs | 162 | 119 | 42 | 0 |
| | 9.287 | 9.996 | 502 | 103 |

The average number of staff during the year was 129 employees. (2019: 164 employees).
In both 2020 and 2019, Remuneration and salaries to the executive Management consist of wages etc. to a single person.

**Share based payment**

In 2017 the Group established an warrant program for the CEO of the parent company, to the total of 11.223 warrants as of 31 December 2020.
Each warrant giving the right to purchase one (1) class A-share in Global Scanning A/S of nominal value of USD 0,18 at an exercise price of USD 67,22. The outstanding equals 1,13% of the share capital should all warrants be utilized.
It is a condition that the warrant holder is not under notice at the time of utilization. Warrants may only be settled upon renewal of shares in the company. There are no other conditions to the acquisition of rights. Special conditions apply concerning illness and death as well as in the event of changes in the company´s capital.
The warrants vest and must be exercised to purchase A-shares in a 20 days period prior to the expected completion of an Exit Event. An Exit Event shall mean i) change of majority shareholder, ii) IPO of the Company, or iii) a sale of all assets or all important assets of the Company to a third party within a period of 10 years from allocation time.
The average tenor on outstanding warrants as of 31 December 2020 constitute 5,8 years.
Fair value per warrant at time of allocation has been settled at USD 0 in 2016. The fair value upon allocation is estimated under the Black-Scholes model. The calculated market value amounts to USD 0 in the result for 2020.

| | **Group 2020 USD´000** | **Group 2019 USD´000** | **Parent 2020 USD´000** | **Parent 2019 USD´000** |
|---|---|---|---|---|
| **4.3 Research and development** | | | | |
| Research and development expenses in total | 2.908 | 5.480 | 0 | 0 |
| Hereof capitalised as addition on development costs | (1.878) | (2.113) | 0 | 0 |
| Amortisation and impairment of development costs | 2.172 | 3.062 | 0 | 0 |
| **Net development expense presented in Production Costs** | 3.202 | 6.429 | 0 | 0 |

## Notes

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | USD´000 | USD´000 | USD´000 | USD´000 |
| **Note 5. Other operating income / expenses** | | | | |
| Management fee from subsidiaries | 0 | 0 | 702 | 632 |
| Profit from sale of Tangible assets | 0 | 13 | 0 | 0 |
| Loss on sale of intangible assets | (600) | 0 | (600) | 0 |
| Impairment of Intangible assets | 0 | (2.306) | 0 | 0 |
| Other | 30 | (10) | 0 | 0 |
| | (570) | (2.303) | 102 | 632 |
| **Note 6. Financial income** | | | | |
| Dividends from investments in subsidiaries | 0 | 0 | 0 | 2.000 |
| Reversal of impairment of investments in subsidiaries | 0 | 0 | 300 | 0 |
| Foreign currency exchange gain | 0 | 915 | 0 | 839 |
| Interest income | 1 | 1 | 0 | 0 |
| Interest income from group enterprises | 0 | 0 | 0 | 659 |
| Other | 112 | 172 | 0 | 0 |
| | 113 | 1.088 | 300 | 3.498 |
| **Note 7. Financial expenses** | | | | |
| Impairment of investments in subsidiaries | 0 | 0 | 0 | 304 |
| Foreign currency exchange loss | 4.480 | 117 | 2.648 | 0 |
| Interest expenses | 2.747 | 2.235 | 2.480 | 2.005 |
| Interest expense from group enterprises | 0 | 0 | 67 | 0 |
| Interest on leasing liabilities | 41 | 62 | 0 | 0 |
| Amortised Loan cost | 411 | 221 | 411 | 221 |
| Other | 13 | 43 | 4 | 0 |
| | 7.692 | 2.678 | 5.610 | 2.530 |
| **Note 8. Income taxes** | | | | |
| **Tax in the Statement of income** | | | | |
| Estimated tax on the taxable income for the year | 197 | 1.312 | 0 | 0 |
| Income tax, carry back refund | (1.111) | (826) | 0 | 0 |
| Adjustments prior years | 0 | 0 | 0 | 0 |
| Foreign tax | 9 | 6 | 0 | 0 |
| FX adjustment | 0 | 1 | 0 | 1 |
| Tax refund in joint taxation | 0 | 0 | (1.111) | (138) |
| Change in deferred tax | 2.035 | (2.236) | 2.960 | (97) |
| | 1.130 | (1.743) | 1.849 | (234) |
| **Reconciliation of tax rate** | | | | |
| Profit before tax at danish tax rate 22% (2019: 22%) | (2.307) | (1.739) | (1.361) | 189 |
| Tax effect of adjustments prior years | 0 | 0 | 0 | 0 |
| Adjustment carry back refund | (1.312) | 0 | 0 | 0 |
| Tax refund in joint taxation | 0 | 0 | (1.111) | (138) |
| Tax effect of permanent differences | 539 | (141) | 427 | (234) |
| Accounting estimate for not recognised deferred tax assets | 3.270 | 0 | 3.040 | 0 |
| Foreign currency exchange differences | 940 | 137 | 854 | (51) |
| | 1.130 | (1.743) | 1.849 | (234) |
| *Effective tax rate* | *-10,8%* | *22,1%* | *-29,9%* | *-27,2%* |

## Notes

**Note 9. Intangible assets**

**Group**

| USD´000 | Goodwill | Development costs | Customer relations | License rights and patents | Total |
|---|---|---|---|---|---|
| Cost at 1/1 2019 | 28.602 | 31.294 | 3.650 | 2.765 | 66.311 |
| Foreign currency | 0 | 0 | 0 | (22) | 0 |
| Additions | 0 | 2.113 | 0 | 171 | 2.284 |
| **Cost at 31/12 2019** | 28.602 | 33.407 | 3.650 | 2.914 | 68.573 |
| Amortisation at 1/1 2019 | 0 | 23.107 | 2.515 | 835 | 26.457 |
| Foreign currency | 0 | 12 | 0 | (21) | (9) |
| Impairment | 0 | 2.133 | 174 | 0 | 2.307 |
| Amortisation | 0 | 3.062 | 374 | 180 | 3.616 |
| **Amortisation at 31/12 2019** | 0 | 28.314 | 3.063 | 994 | 32.371 |
| **Carrying amount at 31/12 2019** | 28.602 | 5.093 | 587 | 1.920 | 36.202 |
| Cost at 1/1 2020 | 28.602 | 33.407 | 3.650 | 2.914 | 68.573 |
| Foreign currency | 0 | 0 | 0 | 15 | 15 |
| Additions | 0 | 1.878 | (1.250) | 30 | 658 |
| **Cost at 31/12 2020** | 28.602 | 34.190 | 2.400 | 2.959 | 68.151 |
| Amortisation at 1/1 2020 | 0 | 28.314 | 3.063 | 994 | 32.371 |
| Foreign currency | 0 | (69) | 0 | 5 | (64) |
| Disposals | 0 | (495) | (1.250) | 0 | (1.745) |
| Impairment | 0 | 91 | 0 | 76 | 167 |
| Amortisation | 0 | 2.081 | 280 | 280 | 2.641 |
| **Amortisation at 31/12 2020** | 0 | 29.922 | 2.093 | 1.355 | 33.370 |
| **Carrying amount at 31/12 2020** | 28.602 | 4.268 | 307 | 1.604 | 34.781 |

**Parent**

| USD´000 | Goodwill | Development costs | Customer relations | License rights and patents | Total |
|---|---|---|---|---|---|
| Cost at 1/1 2019 | 0 | 0 | 0 | 0 | 0 |
| **Cost at 31/12 2019** | 0 | 0 | 0 | 0 | 0 |
| Amortisation at 1/1 2019 | 0 | 0 | 0 | 0 | 0 |
| **Amortisation at 31/12 2019** | 0 | 0 | 0 | 0 | 0 |
| **Carrying amount at 31/12 2019** | 0 | 0 | 0 | 0 | 0 |
| Cost at 1/1 2020 | 0 | 0 | 0 | 0 | 0 |
| Additions on merger | 6.161 | 2.795 | 0 | 173 | 9.129 |
| Disposal at cost | (3.161) | (1.095) | 0 | (173) | (4.429) |
| **Cost at 31/12 2020** | 3.000 | 1.700 | 0 | 0 | 4.700 |
| Amortisation at 1/1 2020 | 0 | 0 | 0 | 0 | 0 |
| Additions on merger | 6.161 | 2.195 | 0 | 173 | 8.529 |
| Disposals | (3.161) | (495) | 0 | (173) | (3.829) |
| **Amortisation at 31/12 2020** | 3.000 | 1.700 | 0 | 0 | 4.700 |
| **Carrying amount at 31/12 2020** | 0 | 0 | 0 | 0 | 0 |

At December 31 2020 the balance of USD 4,268 thousand regarding development costs contains two significant projects with a total value of USD 1.508 thousand. These two projects aim to introduce user-friendly 3D scanner for small and mid-size objects.

In 2017 the Company bought an intangible asset related to development cost. The purchase price for the asset consisted of a cash payment of 59 KUSD (50 KEUR) and an earn-out, based unit-sales related to the development asset until year 2022, with a maximum value of 1.200 KUSD (1.000 KEUR). The addition has been recognized in 2017 with a value corresponding to the cash payment of 59 KUSD.

Amortisation and writedowns of intangible assets are included in production costs.
In 2020 there has been a need to make a impairment of development costs of 91 KUSD (2019: 2,133 KUSD). Impairment cost are included in other operating expenses, note 5.

Goodwill relates to the 2D activity in Global Scanning Denmark A/S and Global Scanning UK Ltd., that management since year 2017 have assessed to be one cash-generating unit, in total USD 28.602 thousand (2019: USD 28.602 thousand).

## Notes

The Group considers the relationship between its market capitalisation and its accounting value, among other factors, when reviewing for indicators of impairment.
As at 31 December 2020, the market capitalisation of the Group´s 2D activity was above the accounting value of the goodwill that relates to the 2D cash generation unit, and accordingly the impairment test has not resulted in any impairment for 2020 (2019: no impairment).

The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets for 2021, and cash flow projections for a three-year period. Cash flows beyond the projection-period are extrapolated using a 2,0% growth rate (2019: 2,0%). The board of directors have approved the assumptions used for the impairment test.

The projected cash flows have been updated to reflect the current demand for products and services. The pre-tax discount rate applied to cash flow projections is 11,0 % (2019: 10,3%). The risk free rate is based on a US government bond. The assumptions made when calculating the pre-tax discount rate for 2020 is adapted to the current conditions.

**Key assumptions used in value in use calculations**
*Revenue and constribution* - Overall the future development is expected to be flat. Volumes are expected to increase and pricing generally expected to decrease. In addition, the 2D business is expected to be a steady future business, which will require less investment compared to previous periods.
*Discount rates* - Discount rates represent the current market assessment of the risks specific to the CGU. The discount rate calculation is based on the specific circumstances of the Group and its operationg segment and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.
*Life* - Life represent a infinitive period, which is the management´s best estimate for the expected length of the cash flow projection period. The assessment of growth rate and infinitive period has not been changed since last year as there has been no significant change in the underlying market and business.
*Other key assumptions* - Unchanged f/x correlation between USD/SEK/DKK has been built into the model combined with the assumption of stable market conditions on the 2D scanning market.
It is the management´s assessment that no reasonable possible change in a key assumption on which the management has based its determination of the unit´s recoverable amount would cause the unit´s carrying amount to exceed its recoverable amount.

**Note 10. Property, plant and equipment**

| | Group | | | | |
|---|---|---|---|---|---|
| | **Land and Buildings** | **Leasehold Improvements** | **Plant and Equipment** | **Other plant, operating equipment etc.** | **Total** |
| **USD´000** | | | | | |
| Cost at 1/1 2019 | 2.277 | 1.246 | 50 | 3.202 | 6.775 |
| Foreign currency | 0 | 0 | 0 | (94) | (94) |
| Disposal at cost | 0 | (284) | 0 | (131) | (415) |
| Additions | 0 | 11 | 0 | 228 | 239 |
| **Cost at 31/12 2019** | 2.277 | 973 | 50 | 3.205 | 6.505 |
| Depreciation and writedowns at 1/1 2019 | 731 | 861 | 45 | 2.540 | 4.177 |
| Foreign currency | 0 | (282) | 0 | (92) | (374) |
| Disposals | 0 | 0 | 0 | (103) | (103) |
| Depreciation | 127 | 198 | 1 | 342 | 668 |
| **Depreciation and writedowns at 31/12 2019** | 858 | 777 | 46 | 2.687 | 4.368 |
| **Carrying amount at 31/12 2019** | 1.419 | 196 | 4 | 518 | 2.137 |
| Cost at 1/1 2020 | 2.277 | 973 | 50 | 3.205 | 6.505 |
| Foreign currency | 0 | 70 | 0 | 105 | 175 |
| Disposal at cost | 0 | 0 | 0 | (104) | (104) |
| Additions | 32 | 13 | 0 | 122 | 167 |
| **Cost at 31/12 2020** | 2.309 | 1.056 | 50 | 3.328 | 6.743 |
| Depreciation and writedowns at 1/1 2020 | 858 | 777 | 46 | 2.687 | 4.368 |
| Foreign currency | 0 | 65 | 0 | 82 | 147 |
| Disposals | 0 | 0 | 0 | (93) | (93) |
| Depreciation | 128 | 152 | 1 | 283 | 564 |
| **Depreciation and writedowns at 31/12 2020** | 986 | 994 | 47 | 2.959 | 4.986 |
| **Carrying amount at 31/12 2020** | 1.323 | 62 | 3 | 369 | 1.757 |

In 2020 and 2019 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 *Buildings*** | **Other plant, operating equipment etc.** | **Total** |
|---|---|---|---|
| Cost at 1/1 2019 | 1.905 | 20 | 1.925 |
| Disposal at cost | (185) | 0 | (185) |
| Additions | 0 | 0 | 0 |
| **Cost at 31/12 2019** | 1.720 | 20 | 1.740 |
| | | | |
| Depreciation and writedowns at 1/1 2019 | 0 | 0 | 0 |
| Foreign currency | 6 | 0 | 6 |
| Disposals | 0 | 0 | 0 |
| Depreciation | 403 | 6 | 409 |
| **Depreciation and writedowns at 31/12 2019** | 409 | 6 | 415 |
| | | | |
| **Carrying amount at 31/12 2019** | 1.311 | 14 | 1.325 |
| | | | |
| Cost at 1/1 2020 | 1.720 | 20 | 1.740 |
| Disposal at cost | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 |
| **Cost at 31/12 2020** | 1.720 | 20 | 1.740 |
| | | | |
| Depreciation and writedowns at 1/1 2020 | 409 | 6 | 415 |
| Foreign currency | (31) | 0 | (31) |
| Disposals | 0 | 0 | 0 |
| Depreciation | 363 | 6 | 369 |
| **Depreciation and writedowns at 31/12 2020** | 741 | 12 | 753 |
| | | | |
| **Carrying amount at 31/12 2020** | 979 | 8 | 987 |

| **Lease liabilities** | **2020** | **2019** |
|---|---|---|
| Maturity of lease liabilities: | **USD´000** | **USD´000** |
| Falling due within one year | 356 | 364 |
| Falling due between one and three years | 711 | 1.007 |
| Falling due between four and five years | 0 | 0 |
| **Total lease liabilities** | 1.067 | 1.371 |

| **Amounts recognized in the income statement** | | |
|---|---|---|
| Depreciation | 369 | 409 |
| Finance costs | 41 | 62 |
| **Total Right-Of-Use costs recognized in the income statement** | 410 | 471 |

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 2020, the company has recognized USD 342 thousand (2019: USD 431 thousand) as minimum payments regarding lease agreements, of which interest costs related to lease liabilities amount to USD 41 thousand (2019: USD 62 thousand) and repayments on lease liabilities are USD 301 thousand (USD 369 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**

The fiscal year´s investments in and value adjustments of investment in subsidiaries, which are financial assets, are specified as follows:

| | Parent | |
|---|---|---|
| | **2020** | **2019** |
| | **USD´000** | **USD´000** |
| **USD´000** | | |
| Cost at 1/1 | 64.470 | 64.166 |
| Additions | 0 | 304 |
| Additions on merger | (304) | 0 |
| Cost at 31/12 | 64.166 | 64.470 |
| | | |
| Impairment at 1/1 | (6.104) | (5.800) |
| Impairment during the year | 0 | (304) |
| Reversel of impairment during the year | 304 | 0 |
| Impairment at 31/12 | (5.800) | (6.104) |
| | | |
| **Carrying amount at 31/12** | 58.366 | 58.366 |

| **USD '000** | **Domicile** | **Currency** | **Nominal capital** | **Interest (%)** | **Equity** | **Net profit/loss** |
|---|---|---|---|---|---|---|
| Global Scanning Denmark A/S | Denmark | USD | 3.401 | 100% | (6.692) | 4.376 |
| Global Scanning Americas (MD) Inc. | USA | USD | 0 | 100% | (2.441) | 12 |
| Global Scanning Japan A/S | Denmark | DKK | 84 | 100% | 331 | 21 |
| Global Scanning UK Ltd. | Great Britain | USD | 21 | 100% | 5.686 | 1.144 |
| Global Scanning Suzhou Co. Ltd. | China | USD | 203 | 100% | 10.285 | (168) |
| Global Scanning Americas (VA) Inc. | USA | USD | 1 | 100% | 897 | 187 |
| Global Scanning Costa Rica Sdrl. | Costa Rica | USD | 0 | 100% | 12 | (123) |

Brand3D ApS and Shapewatch ApS has in 2020 been merged with Global Scanning A/S.

| | Group | | Parent | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **USD´000** | **USD´000** | **USD´000** | **USD´000** |
| **Note 13. Inventories** | | | | |
| Movements in the provision for impairment of inventory were as follows: | | | | |
| Cost at 1/1 | (975) | (417) | 0 | 0 |
| Impairment inventory | (751) | (558) | 0 | 0 |
| Reversed impairment inventory | 0 | 0 | 0 | 0 |
| **Cost at 31/12** | (1.726) | (975) | 0 | 0 |

The impairment expense is included in production costs.

The book value of inventory provisioned for measured at net realisable cost at 31 December 2020 to USD 1.923 thousand (2019: USD 1,206 thousand).

Cost of goods sold in 2020 amounted to USD 13.153 thousand (2019: USD 19.551 thousand).

**Note 14. Trade receivables**

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

As at 31 December 2020, trade receivables at nominal value of USD 177 thousand (2019: 127 thousand) were impaired for.

| Movements in the provision for impairment of receivables were as follows: | | | | |
|---|---|---|---|---|
| Cost at 1/1 | 127 | 3 | 0 | 0 |
| Charge for the year | 50 | 124 | 0 | 0 |
| Utilized | 0 | 0 | 0 | 0 |
| Unused amounts reversed | 0 | 0 | 0 | 0 |
| Cost at 31/12 | 177 | 127 | 0 | 0 |

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

Analysis of trade receivables that were past due but not impaired at 31 December 2020:

| | | Neither past due nor | Past due but not impaired | |
|---|---|---|---|---|
| | **Total** | **impaired** | **<60 days** | **>60 days** |
| 2019 | 4.327 | 3.114 | 973 | 240 |
| 2020 | 3.458 | 2.546 | 682 | 230 |

## Notes

| Note 15. Deferred tax | Group Income Statement | | Group Balance sheet | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Analysis of deferred tax, Group: | USD´000 | USD´000 | USD´000 | USD´000 |
| Property, plant and equipement | 70 | (49) | (192) | (122) |
| Intangible assets | (795) | 1.675 | 950 | 155 |
| Inventories | 241 | 144 | (385) | (144) |
| Prepaid expenses | (4) | 35 | 32 | 28 |
| Other | (27) | (29) | (51) | (78) |
| Tax loss carried forward | (886) | (279) | (423) | (1.309) |
| | (1.401) | 1.497 | (69) | (1.470) |

| | Parent Income Statement | | Parent Balance sheet | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Analysis of deferred tax, Parent: | USD´000 | USD´000 | USD´000 | USD´000 |
| Intangible assets | (1.062) | 0 | 0 | 0 |
| Other | (15) | (65) | 0 | (15) |
| Tax loss carried forward | (1.883) | 153 | 0 | (507) |
| | (2.960) | 88 | 0 | (522) |

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | USD´000 | USD´000 | USD´000 | USD´000 |
| **Reconciliation of deferred tax liability:** | | | | |
| Balance at 1/1, net | (1.470) | 27 | (522) | (434) |
| Additions on merger | 0 | 0 | (2.438) | 0 |
| Recognised in the income statement | 1.401 | (1.497) | 2.960 | (88) |
| Recognised in the statement of comprehensive income | 0 | 0 | 0 | 0 |
| Balance at 31/12, net | (69) | (1.470) | 0 | (522) |

The group has tax losses of USD 7,906 thousand that are available indefinitely for offsetting against future taxable profit. In 2020 the deferred tax assets have not been fully recognised in respect of these 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 31 December 2020 would be USD 3,080 thousand.

The parent company has tax losses of USD 4,887 thousand that are available indefinitely for offsetting against future taxable profit. In 2020 the deferred tax assets have not been fully recognisec in respect of these 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 31 December 2020 would be USD 2,649 thousand.

Tax asset of USD 54 thousand regarding sale of property has not been included in the deferred tax calculation as it can only be used in future profit of sale of property which the company consider as unlikely in the foreseen future.

| **Note 16. Bank loans, other Loans, Mortgage debt and other bank debt** | Group | | Parent | |
|---|---|---|---|---|
| The debt is due for repayment in the following order: | 2020 | 2019 | 2020 | 2019 |
| | USD´000 | USD´000 | USD´000 | USD´000 |
| Within 1 year (loan and bank loans) | 4.951 | 3.563 | 1.758 | 470 |
| Between 1 and 5 years (loan) | 26.358 | 23.686 | 26.358 | 23.686 |
| After 5 years | 0 | 0 | 0 | 0 |
| | 31.309 | 27.249 | 28.116 | 24.156 |

## Notes

**Note 17. Liabilities from financing activities**

| | Group | | Parent | |
|---|---|---|---|---|
| | Long-term liabilities | Short-term liabilities | Long-term liabilities | Short-term liabilities |
| Cost at 1/1 2019 | 0 | 23.690 | 0 | 22.146 |
| Cashflow | 22.992 | (18.661) | 22.369 | (20.210) |
| Non-cash amortisation loan-costs | 221 | 0 | 221 | 0 |
| Non-cash interest accrual | 0 | 470 | 0 | 470 |
| Currency adjustments | 1.096 | (1.936) | 1.096 | (1.936) |
| Cost at 31/12 2019 | 24.309 | 3.563 | 23.686 | 470 |

| | Group | | Parent | |
|---|---|---|---|---|
| | Long-term liabilities | Short-term liabilities | Long-term liabilities | Short-term liabilities |
| Cost at 1/1 2020 | 24.309 | 3.563 | 23.686 | 470 |
| Reclassification | (1.221) | 1.221 | (1.221) | 1.221 |
| Cashflow | 4 | (370) | 0 | (470) |
| Non-cash amortisation loan-costs | 411 | 0 | 411 | 0 |
| Non-cash interest accrual | 0 | 537 | 0 | 537 |
| Currency adjustments | 3.482 | 0 | 3.482 | 0 |
| Cost at 31/12 2020 | 26.985 | 4.951 | 26.358 | 1.758 |

**Note 18. Taxes recievable (+) / liability (-)**

| | Group | | Parent | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **USD´000** | **USD´000** | **USD´000** | **USD´000** |
| Estimated income taxes | (16) | (232) | 0 | 0 |
| Tax receivable in joint taxation | 0 | 0 | 0 | 138 |
| Tax carry back refund | 0 | 839 | 0 | 0 |
| | (16) | 607 | 0 | 138 |

**Note 19. Contingent liabilities and securities for loans**

**Pledged assets for loans at Nordea Bank**

The owner´s mortgage deed in the properties nominally USD 9.905 thousand (2019: USD 9,016 thousand) is pledged to banks in Global Scanning Denmark A/S and in Global Scanning A/S.

| | Group | | Parent | |
|---|---|---|---|---|
| | **USD´000** | **USD´000** | **USD´000** | **USD´000** |
| Carrying amount of land and buildings | 1.323 | 1.419 | 0 | 0 |

The subsidiary Global Scanning Denmark A/S has entered into a credit agreement with Nordea Bank Danmark A/S with a variable credit line of up to USD 885 thousand (DKK 6 million). Global Scanning Denmark A/S has given Nordea Bank Danmark A/S a security in inventories and trade receivables for USD 1.651 thousand (DKK 10 million). 'The value of inventories and trade receivables as per 31 December 2020 is USD 1,695 thousand (2019: USD 3,515 thousand).

Furthermore the associated company Global Scanning UK Limited has given Nordea Bank Danmark A/S a security in all assets for the above mentioned arrangement between the company and Nordea Bank Danmark A/S. The value of assets in Global Scanning UK Limited as per 31 December 2020 is USD 10,020 thousand (2019: USD 9,845 thousand).

**Pledged assets for loans**

As security for the parent company´s loans, nominally USD 28,116 thousand (2019: USD 24,156 thousand), the following assets are pledged:

| | Parent | |
|---|---|---|
| | **2020** | **2019** |
| | **USD´000** | **USD´000** |
| Investments in subsidiaries (share-pledge) | 58.366 | 58.366 |
| Receivable from group enterprises | 0 | 6.207 |
| | 58.366 | 64.573 |

**Contingent liabilities**

In 2012/13, the parent company joined the joint taxation arrangement with the Danish subsidiary Global Scanning Denmark A/S which is 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.

# Notes

**Note 20. Foreign currency**

**Foreign currency risks**

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

**USD´000**

| **Currency** | **Assets** | | **Liabilities** | | **Net** | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** | **2020** | **2019** |
| DKK Danish kroner | 211 | 317 | 2.874 | 3.493 | (2.663) | (3.176) |
| SEK Swedish kroner | 0 | 0 | 28.116 | 24.176 | (28.116) | (24.176) |
| RMB Renminbi | 5.592 | 5.797 | 5.513 | 5.421 | 79 | 376 |
| EUR Euros | 416 | 402 | 285 | 226 | 131 | 176 |
| GBP Pound | 479 | 544 | 786 | 779 | (307) | (235) |
| JPY Japanese Yen | 449 | 750 | 208 | 581 | 241 | 169 |
| Other currencies | 0 | 0 | 0 | 0 | 0 | 0 |
| | 7.147 | 7.810 | 37.782 | 34.676 | (30.636) | (26.866) |

Impact on the results of operations and changes in shareholders' equity resulting from a change of the Group'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 2020** | **Equity 2020** | ***Pre-tax profit* 2019** | ***Equity* 2019** |
|---|---|---|---|---|---|
| DKK Danish kroner | +/- 10% | -0,3 | -0,2 | -0,3 | -0,2 |
| SEK Swedish kroner | +/- 10% | -2,8 | -2,2 | -2,4 | -1,9 |

**Note 21. Financial assets and liabilities**

| | **Group** | | **Parent** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Loans and receivables measured at amortized cost** | **USD´000** | **USD´000** | **USD´000** | **USD´000** |
| Trade receivables | 3.281 | 4.200 | 0 | 0 |
| Receivable from Group company | 0 | 0 | 32 | 12.099 |
| *Other receivables* | 9 | 19 | 4 | 0 |
| Cash | 1.538 | 1.926 | 0 | 0 |
| **Total loans and receivables measured at amortized cost** | 4.828 | 6.145 | 36 | 12.099 |

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

| **Financial liabilities measured at amortized cost** | | | | |
|---|---|---|---|---|
| Loan | 28.116 | 24.156 | 28.116 | 24.156 |
| Bank debt | 3.193 | 3.093 | 0 | 0 |
| Lease liabilities | 1.067 | 1.371 | 0 | 0 |
| Other financial liabilities | 627 | 623 | 0 | 0 |
| Trade payables | 3.207 | 3.711 | 0 | 0 |
| **Total financial liabilities measured at amortized cost** | 36.210 | 32.954 | 28.116 | 24.156 |

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 22. Share capital and reserves**

Share capital with nominal value USD 171.378 is distributed in 426.469 shares in shares in Class A, 411.519 shares in Class B and 140.600 shares in Class C with a domination of USD 0,18. All shares are fully paid.

| | **Class A shares** | **Class B shares** | **Class C shares** | **Total** |
|---|---|---|---|---|
| Opening balance of 1 January 2019 | 426.469 | 411.519 | 140.600 | 978.588 |
| Addition from capital increases | 0 | 0 | 0 | 0 |
| Closing balance as of 31 December 2019 | 426.469 | 411.519 | 140.600 | 978.588 |
| Addition from capital increases | 0 | 0 | 0 | 0 |
| Closing balance as of 31 December 2020 | 426.469 | 411.519 | 140.600 | 978.588 |

Shares in class B earns annually right to a preferential dividend of 8% on the related equity investment price and previous years calculated preferential dividend.
As per December 31 2020 the preferential dividend right amounts to USD 14.114 thousand (2019: USD 11.856 thousand).

Shares in class C earns annually right to a preferential dividend of 10% on the related equity investment price and previous years calculated prefential dividend.
As per December 31 2020 the preferential dividend right amounts to USD 5.359 thousand (2019: USD 4.338 thousand).

Global Scanning A/S owns treasury shares with a nominal value USD 8.569 is distributed in 21.323 shares in shares in Class A, 20.576 shares in Class B and 7.030 shares in Class C with a domination of USD 0,18. The treasury shares corresponds to 5% of the total share capital. The treasury shares is acquired in 2020 from prior minority owners as part of the remuneration in connection to sale of intangible assets. Treasury shares are acquired primarily for use in stock option programs.

# Notes

**Note 23. Financial risk - management objectives and policies**

The Group's principal financial instruments comprise bank loans, bond debt, overdraft and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group 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 20.

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

**Credit risk**

The Group trades only with recognised, creditworthy third parties. It is the Group'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 Group'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 Group are considered to be low.

**Interest rate risk**

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

At December 31 2020 the Group has a bank debt of USD 3.193 thousand (2019: 3.093) which normally is use of bank overdrafts at a interest rate of 4% (2019: 4%).

At December 31 2020 the Group debt on loans is 28.116 KUSD (2019: 24,156 KUSD) at an interest rate of 10% (2019: 10%).

**Liquidity risk**

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool. The Group´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 Group´s policy is to maintain a balanced relation between its short-term and long-term debt.

The Group's bank debt consists of a DKK 6m (USD 1m) overdraft facility in Denmark and RMB 15m (USD 2.3m) of short-term bank loans in China. The facility in Denmark is up for renewal in August 2021 and it is the assessment of management that the overdraft facilities will be renewed, as management has no indications of otherwise. The short-term bank loans in China comprise two loans (RMB 12.0m and RMB 3.0m). RMB 3.0m was renewed in February 2021 for 6 months, the loan is expected to be repaid at maturity in August 2021. RMB 12.0m has in June 2021 been renewed for 3 months. A credit application has been submitted and is awaiting approval, which will extend the term of the loan by 12 months to September 2022. It is the assessment of management that the loans will be renewed, as management has no indications of otherwise.

The Group's long-term loan has fixed repayment terms divided into three instalments of SEK 10m (USD 1.0m) in April for each of the years 2021, 2022 and 2023, and the remaining is due for full redemption in October 2024.  In 2020, the impact of the Covid-19 pandemic on the Group's business breached the loan agreement (leverage covenant). Defaults have continued in 2021. The group has received a waiver for payment of installments and interest until april 2022 and further includes a waiver for covenants.

In January 2021 Riddargatan SPV S AB acquired 100% of the shareholdings in Global Scanning A/S. Riddargatan SPV S AB is a 100% owned Swedish Company in Riddargatan Förvaltning AB group, which is owned 100% by Skandinaviska Kreditfonden AB. Scandinavian Credit Fund I AB (publ), also owned 100% by Skandinaviska Kreditfonden AB, is the company's main lender and they have issued a letter of support, which states that they intend to provide full financial support to Global Scanning A/S.

Management has assessed that the cash available and unused credit facilities are sufficient to cover the Group's obligations and planned investments as they fall due for a period of at least 12 months from 31 December 2020.

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

| 2019: | Less than 1 year | 1-2 years | Over 2 years | Total |
|---|---|---|---|---|
| Loan | 470 | 1.072 | 22.614 | 24.156 |
| Bank debt | 3.093 | 0 | 0 | 3.093 |
| Lease liabilities | 404 | 447 | 633 | 1.484 |
| Trade and other payables | 5.147 | 523 | 100 | 5.770 |
| **Total** | 9.114 | 2.042 | 23.347 | 34.503 |
| | | | | |
| 2020: | | | | |
| Loan | 1.758 | 1.221 | 25.137 | 28.116 |
| Bank debt | 3.193 | 0 | 0 | 3.193 |
| Lease liabilities | 394 | 426 | 283 | 1.103 |
| Trade and other payables | 5.046 | 292 | 335 | 5.673 |
| **Total** | 10.391 | 1.939 | 25.755 | 38.085 |

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

| 2019: | Less than 1 year | 1-2 years | Over 2 years | Total |
|---|---|---|---|---|
| Loan | 470 | 1.072 | 22.614 | 24.156 |
| Bank debt | 0 | 0 | 0 | 0 |
| Trade and other payables | 164 | 0 | 0 | 164 |
| **Total** | 634 | 1.072 | 22.614 | 24.320 |
| | | | | |
| 2020: | | | | |
| Loan | 1.758 | 1.221 | 25.137 | 28.116 |
| Bank debt | 0 | 0 | 0 | 0 |
| Trade and other payables | 148 | 0 | 0 | 148 |
| **Total** | 1.906 | 1.221 | 25.137 | 28.264 |

**Capital risk management**

The Group wants to secure structural and finansial flexibility as well as competitiveness. In order to secure this, the company continuously evaluate the appropriate capital structure for the Group. At the operationel level, the Group continuously efforts to optimize capital tied up in working capital.

## Notes

**Note 24. Related party transactions**

**Group**

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. Refer to note 4.2.

**Parent**

The company is controlled by Skandinaviska Kreditfonden AB, Sweden, which owns 95% of the share capital.

Transactions with related parties:

| | Group | | Parent | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | USD´000 | USD´000 | USD´000 | USD´000 |
| **Costs** | | | | |
| Purchase from Group enterprises | 0 | 0 | 335 | 452 |
| **Other operating income** | | | | |
| Management fee from Group enterprises | 0 | 0 | 702 | 632 |
| **Financial income and expenses** | | | | |
| Dividend from Group enterprises | 0 | 0 | 0 | 2.000 |
| Interest income from Group enterprises | 0 | 0 | 0 | 659 |
| Interest expense from Group enterprises | 0 | 0 | 67 | 0 |
| **Executive Management** | | | | |
| Remuneration and salaries to the Executive Management | 361 | 357 | 0 | 0 |
| Defined contribution plans to the Executive Management | 0 | 0 | 0 | 0 |
| **Board of Directors** | | | | |
| Board fee | 132 | 103 | 132 | 103 |
| **Intercompany balances 31/12** | | | | |
| Receivables from Group enterprises | | | 32 | 12.099 |

**Note 25 Subsequent events**

In January 2021 Riddargatan SPV S AB acquired 100% of the shareholdings in Global Scanning A/S. Riddargatan SPV S AB is a 100% owned Swedish Company in Riddargatan Förvaltning AB group, which is owned 100% by Skandinaviska Kreditfonden AB. Scandinavian Credit Fund I AB (publ), also owned 100% by Skandinaviska Kreditfonden AB, is the company's main lender and they have issued a letter of support, which states that they intend to provide full financial support to Global Scanning A/S.

Sales seem to have recovered from Coved-19. Q1 revenue was 23.9% above Q1 2020. The strong demand has continued into Q2. Gross Margin is to some extent negatively affected by the World-Wide increases in Freight rates. The World-Wide Shortage of electronic components is the single most serious threat to the company.

No other post balance sheet events have occurred which could materially affect the assessment of the Group´s or the Parent Company's financial position.