
ADDIFAB ApS

Mårkærvej 2, DK-2630 Taastrup

Annual Report for 2021

CVR No. 36 45 64 69

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 29/6 2022

Lasse Guldborg Staal
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of ADDIFAB ApS for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

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

Taastrup, 29 June 2022

Executive Board

Lasse Guldberg Staal
CEO

Jan Skov Madsen

Board of Directors

David Packness Meyer
Chairman

Søren Holmark
Vice chairman

Peter Lund

Henrik Birger Rask

Stefan Schnippering

Independent Auditor's report

To the shareholder of ADDIFAB ApS

Opinion

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

We have audited the Financial Statements of ADDIFAB ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

It should be noted that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. We refer to note 1 in the Financial Statements disclosing the uncertainty. To ensure sufficient capital resources for the financial year 2022 a new fund-raising round is initiated. Management is convinced that the fund-raising will be closed in full after the 2021 Annual Report is approved and that the initial proceeds committed by existing shareholders will be received in the middle of July. Accordingly, the Financial Statements have been prepared on the assumption of the Company continuing as a going concern. Our opinion has not been modified in respect of this matter.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Management's responsibilities for the Financial Statements

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

Independent Auditor's report

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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent Auditor's report

Hellerup, 29 June 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Company information

The Company	ADDIFAB ApS Mårkærvej 2 DK-2630 Taastrup CVR No: 36 45 64 69 Financial period: 1 January - 31 December Incorporated: 5 December 2014 Financial year: 7th financial year Municipality of reg. office: Høje Taastrup
Board of Directors	David Packness Meyer, Chairman Søren Holmark, Vice Peter Lund Henrik Birger Rask Stefan Schnippering
Executive board	Lasse Guldborg Staal Jan Skov Madsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

Key activities

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

Development in the year

For 2021 the company has a negative result of DKK 22,494k, which is not in line with expectations and is seen as not satisfactory. . Total assets amount to DKK 31,594k and a positive equity of DKK 11,545k.

Subsequent events

To ensure sufficient capital resources for the financial year 2022 and to meet the increased demand for the Company's products, the Company has engaged West Hill Capital to assist the Company in a new committing fund-raising round. It is Management's belief that the new fund-raising round will be carried out successfully and will result in a capital contribution of up to £5 million (approx. DKK 43,5 million).

Income statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Gross profit/loss		-4,172,537	5,621,950
Staff expenses	2	-13,138,325	-12,389,682
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-4,564,487	-3,636,943
Profit/loss before financial income and expenses		-21,875,349	-10,404,675
Financial income		318,376	225,484
Financial expenses		-2,179,023	-4,005,313
Profit/loss before tax		-23,735,996	-14,184,504
Tax on profit/loss for the year	3	1,242,229	1,156,227
Net profit/loss for the year		-22,493,767	-13,028,277

Distribution of profit

	2021 DKK	2020 DKK
Proposed distribution of profit		
Retained earnings	-22,493,767	-13,028,277
	-22,493,767	-13,028,277

Balance sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Completed development projects		11,415,480	13,297,281
Acquired patents		0	0
Development projects in progress		5,176,604	1,217,778
Intangible assets	4	16,592,084	14,515,059
Plant and machinery		3,019,258	1,135,656
Other fixtures and fittings, tools and equipment		141,467	55,223
Leasehold improvements		1,162,228	98,883
Property, plant and equipment	5	4,322,953	1,289,762
Deposits	6	873,075	999,660
Fixed asset investments		873,075	999,660
Fixed assets		21,788,112	16,804,481
Raw materials and consumables		589,743	158,099
Finished goods and goods for resale		249,335	432,567
Inventories		839,078	590,666
Trade receivables		2,386,316	1,654,447
Receivables from group enterprises		140,373	0
Other receivables		736,606	559,963
Corporation tax		1,242,229	1,156,227
Prepayments		335,686	241,572
Receivables		4,841,210	3,612,209
Cash at bank and in hand		4,125,430	359,788
Current assets		9,805,718	4,562,663
Assets		31,593,830	21,367,144

Balance sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		76,383	56,922
Reserve for development costs		12,941,826	11,321,746
Retained earnings		-1,473,283	-37,796,275
Equity		11,544,926	-26,417,607
Other payables		12,556,490	15,657,340
Long-term debt	7	12,556,490	15,657,340
Credit institutions		25,843	42,150
Trade payables		1,096,719	1,515,628
Payables to group enterprises		0	208,440
Deposits		727,200	0
Other payables	7	5,233,286	30,176,271
Deferred income		409,366	184,922
Short-term debt		7,492,414	32,127,411
Debt		20,048,904	47,784,751
Liabilities and equity		31,593,830	21,367,144
Going concern	1		
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	56,922	11,321,746	-37,796,275	-26,417,607
Capital increase	19,461	0	60,891,535	60,910,996
Capital increase and dividend distribution costs	0	0	-624,513	-624,513
Other equity movements	0	0	169,817	169,817
Development costs for the year	0	4,404,268	-4,404,268	0
Depreciation, amortisation and impairment for the year	0	-2,784,188	2,784,188	0
Net profit/loss for the year	0	0	-22,493,767	-22,493,767
Equity at 31 December	76,383	12,941,826	-1,473,283	11,544,926

Notes to the Financial Statements

1. Going concern

The company is mostly financed by loans. In 2021, the Company converted convertible loan notes of DKK 25,9 million and carried out a capital increase of DKK 35 million to continue the international scale-up.

To ensure sufficient capital resources for the financial year 2022, the Company has engaged West Hill Capital to assist the Company in a new committed fund-raising round. It is Management's belief that the new fund-raising round will be carried out successfully and will result in a capital contribution of up to £5 million (approx. DKK 43,5 million).

Furthermore, Management has prepared a risk adjusted budget for financial year 2022, which shows that proceeds from the committing fund-raising round will be sufficient to fund activities throughout 2022.

At this point, the Company has secured commitments of £ 1 million from existing shareholders from which proceeds are expected to be received in the middle of July. Furthermore, Management has secured a bridge-loan of £300k to ensure sufficient capital resources until the first part of the funding is received.

Based on this, Management has prepared the financial statements in accordance with the going concern assumption. The going concern assumption are highly reliant on the success of the fund-raising round. In case the fund-raising round are not carried out successfully, it should be noted that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern.

2. Staff Expenses

	2021 DKK	2020 DKK
Wages and salaries	12,159,670	11,443,527
Pensions	614,084	555,957
Other social security expenses	294,478	281,096
Other staff expenses	70,093	109,102
	<u>13,138,325</u>	<u>12,389,682</u>
Average number of employees	<u>25</u>	<u>25</u>

3. Income tax expense

	2021 DKK	2020 DKK
Current tax for the year	-1,242,229	-1,156,227
	<u>-1,242,229</u>	<u>-1,156,227</u>

Notes to the Financial Statements

4. Intangible fixed assets

	Completed development projects	Acquired patents	Develop- ment projects in progress
	DKK	DKK	DKK
Cost at 1 January	19,302,315	263,912	1,217,778
Additions for the year	0	0	5,646,497
Transfers for the year	1,687,671	0	-1,687,671
Cost at 31 December	20,989,986	263,912	5,176,604
Impairment losses and amortisation at 1 January	6,005,034	263,912	0
Amortisation for the year	3,569,472	0	0
Impairment losses and amortisation at 31 December	9,574,506	263,912	0
Carrying amount at 31 December	11,415,480	0	5,176,604

Development projects

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

5. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	2,004,638	329,219	1,141,317
Additions for the year	2,516,763	138,797	1,372,643
Cost at 31 December	4,521,401	468,016	2,513,960
Impairment losses and depreciation at 1 January	868,982	273,996	1,042,433
Depreciation for the year	633,161	52,553	309,299
Impairment losses and depreciation at 31 December	1,502,143	326,549	1,351,732
Carrying amount at 31 December	3,019,258	141,467	1,162,228

Notes to the Financial Statements

6. Other fixed asset investments

	Deposits DKK
Cost at 1 January	999,660
Additions for the year	-126,585
Cost at 31 December	<u>873,075</u>
Carrying amount at 31 December	<u>873,075</u>

7. Long-term debt

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

The debt falls due for payment as specified below:

	2021 DKK	2020 DKK
Other payables		
After 5 years	4,005,341	5,567,778
Between 1 and 5 years	8,551,149	10,089,562
Long-term part	12,556,490	15,657,340
Within 1 year	4,324,000	28,517,558
Other short-term payables	909,286	1,658,713
	<u>17,789,776</u>	<u>45,833,611</u>

2021 DKK	2020 DKK
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8. Contingent assets, liabilities and other financial obligations

Contingent assets

The Company has an unrecognized tax asset with a book value of mDKK 8. The decision to activate the tax asset will be taken on an ongoing basis, taking into account the operations of the company.

Rental and lease obligations

Liabilities under rental or lease agreements until maturity in total	11,762,591	12,798,446
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Notes to the Financial Statements

Other contingent liabilities

Recourse and non-recourse guarantee commitments	106,614	107,207
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Assets charged and collateral

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

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

Notes to the Financial Statements

9. Accounting policies

The Annual Report of ADDIFAB ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2021 are presented in DKK.

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

Recognition and measurement

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

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

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

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

Income statement

Net sales

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Gross profit/loss

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

Notes to the Financial Statements

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance sheet

Intangible fixed assets

Development projects

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

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

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

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

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

Other intangible fixed assets

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

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

Notes to the Financial Statements

Property, plant and equipment

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

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

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

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

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

Receivables

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

Prepayments

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

Current tax receivables and liabilities

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

Notes to the Financial Statements

Financial debts

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

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

Deferred income

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