
Nexa3D ApS

Mårkærvej 2, DK-2630 Taastrup

Annual Report for 2023

CVR No. 36 45 64 69

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 29/7 2024

Kevin Patrick McAlea
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 Annual Report of Nexa3D ApS for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Taastrup, 29 July 2024

Executive Board

Kevin Patrick McAlea
CEO

Board of Directors

Kevin Patrick McAlea

Independent Auditor's report

To the shareholder of Nexa3D ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nexa3D ApS for the financial year 1 January - 31 December 2023, 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.

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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.

Independent Auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 29 July 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Company information

The Company	Nexa3D ApS Mårkærvej 2 2630 Taastrup CVR No: 36 45 64 69 Financial period: 1 January - 31 December Incorporated: 5 December 2014 Financial year: 9th financial year Municipality of reg. office: Taastrup
Board of Directors	Kevin Patrick McAlea
Executive Board	Kevin Patrick McAlea
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit/loss		6,148,059	-2,632,879
Staff expenses	3	-10,241,495	-16,557,817
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		<u>-11,697,886</u>	<u>-10,153,088</u>
Profit/loss before financial income and expenses		-15,791,322	-29,343,784
Financial income		402,584	80,547
Financial expenses	4	<u>-1,040,168</u>	<u>-2,633,821</u>
Profit/loss before tax		-16,428,906	-31,897,058
Tax on profit/loss for the year	5	<u>0</u>	<u>417,384</u>
Net profit/loss for the year		<u>-16,428,906</u>	<u>-31,479,674</u>
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		<u>-16,428,906</u>	<u>-31,479,674</u>
		<u>-16,428,906</u>	<u>-31,479,674</u>

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Completed development projects		0	9,503,663
Acquired patents		0	0
Intangible assets	6	0	9,503,663
Plant and machinery		6,179	2,136,938
Other fixtures and fittings, tools and equipment		118,067	96,533
Property, plant and equipment	7	124,246	2,233,471
Deposits	8	129,958	140,830
Fixed asset investments		129,958	140,830
Fixed assets		254,204	11,877,964
Raw materials and consumables		532,805	496,003
Finished goods and goods for resale		1,325,355	2,296,737
Inventories		1,858,160	2,792,740
Trade receivables		2,655,480	1,646,545
Receivables from group enterprises		0	160,519
Other receivables		295,284	21,500
Corporation tax		0	417,384
Prepayments		0	50,925
Receivables		2,950,764	2,296,873
Cash at bank and in hand		1,078,162	11,978,716
Current assets		5,887,086	17,068,329
Assets		6,141,290	28,946,293

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		84,551	84,551
Reserve for development costs		0	7,412,857
Retained earnings		-7,256,615	1,759,434
Equity		-7,172,064	9,256,842
Other payables		1,241,619	4,101,297
Long-term debt	9	1,241,619	4,101,297
Credit institutions		11,578	142,175
Trade payables		852,077	708,708
Payables to group enterprises		8,237,320	0
Deposits		0	738,680
Other payables	9	2,970,760	13,998,591
Short-term debt		12,071,735	15,588,154
Debt		13,313,354	19,689,451
Liabilities and equity		6,141,290	28,946,293
Going concern	1		
Key activities	2		
Contingent assets, liabilities and other financial obligations	10		
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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	84,551	7,412,857	1,759,434	9,256,842
Depreciation, amortisation and impairment for the year	0	-7,412,857	7,412,857	0
Net profit/loss for the year	0	0	-16,428,906	-16,428,906
Equity at 31 December	84,551	0	-7,256,615	-7,172,064

Notes to the Financial Statements

1. Going concern

At 31 december 2023, the Company has a realized negative result of DKK 16,429 and a negative equity of DKK 7,172k. As the equity is lost the Company is subject to the provisions on capital loss in the Danish Company Law. The development in 2023 is significantly affected by write-downs and impairment cost following the transition to the Nexa3D product portfolio, which is in line with expectations following the acquisition by Nexa3D Inc.

Strategic cost reductions have been carried out through 2023 to focus only on revenue generating activities, which we expect to see the full effect of in second half of 2024. Moreover, Management is expecting an increase in activity based on the growth rate over the last 2 years and access to new markets through the Nexa3D reseller network.

The company is primarily funded by loans from the Parent Company and is still in the early stage of expanding the proprietary technology to an established reseller network and supporting the international presence of the Nexa3D. In order to strengthen the company's capital resources, the Company has received a letter of support from the Parent Company. The letter of support is effective until the Annual General Meeting of Nexa3D ApS in 2025.

Based on these key assumption, Management has prepared a cashflow forecast, showing that the Company will be able to fund and execute the budgeted activities throughout 2024. Hence, it is Management's assessment that the company's capital resources are sufficient and, accordingly, we present the financial statements according to the principles of going concern.

2. 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.

3. Staff Expenses

	2023	2022
	DKK	DKK
Wages and salaries	8,841,757	14,886,678
Pensions	1,055,455	1,214,206
Other social security expenses	162,607	284,928
Other staff expenses	181,676	172,005
	10,241,495	16,557,817
Average number of employees	13	24

Notes to the Financial Statements

	2023	2022
	DKK	DKK
4. Financial expenses		
Impairment losses on financial assets	170,972	0
Interest paid to group enterprises	72,137	0
Other financial expenses	338,814	2,294,625
Exchange adjustments, expenses	458,245	339,196
	<u>1,040,168</u>	<u>2,633,821</u>

	2023	2022
	DKK	DKK
5. Income tax expense		
Current tax for the year	0	-417,384
	<u>0</u>	<u>-417,384</u>

	Completed development projects	Acquired patents
	DKK	DKK
Cost at 1 January	28,063,791	263,912
Cost at 31 December	<u>28,063,791</u>	<u>263,912</u>
Impairment losses and amortisation at 1 January	18,560,128	263,912
Impairment losses for the year	5,224,322	0
Amortisation for the year	4,279,341	0
Impairment losses and amortisation at 31 December	<u>28,063,791</u>	<u>263,912</u>
Carrying amount at 31 December	<u>0</u>	<u>0</u>

Notes to the Financial Statements

7. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	4,521,401	445,050
Additions for the year	0	85,000
Cost at 31 December	<u>4,521,401</u>	<u>530,050</u>
Impairment losses and depreciation at 1 January	2,384,463	348,517
Depreciation for the year	2,130,759	63,466
Impairment losses and depreciation at 31 December	<u>4,515,222</u>	<u>411,983</u>
Carrying amount at 31 December	<u>6,179</u>	<u>118,067</u>

8. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	140,830
Disposals for the year	-10,872
Cost at 31 December	<u>129,958</u>
Carrying amount at 31 December	<u>129,958</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
9. 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:		
Other payables		
After 5 years	331,999	904,679
Between 1 and 5 years	<u>909,620</u>	<u>3,196,618</u>
Long-term part	1,241,619	4,101,297
Within 1 year	2,132,901	11,312,387
Other short-term payables	<u>837,859</u>	<u>2,686,204</u>
	<u>4,212,379</u>	<u>18,099,888</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
10. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Security in mortgaged account	160,000	106,233
Contingent assets		
The Company has an unrecognized tax asset with a book value of mDKK 18,2. 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	1,695,033	1,207,635

Notes to the Financial Statements

11. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
Nexa3D Inc.	Ventura, California, USA

Notes to the Financial Statements

12. Accounting policies

The Annual Report of Nexa3D ApS for 2023 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 2023 are presented in DKK.

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

Revenue

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.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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 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.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale 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.

Notes to the Financial Statements

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.

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

The fixed assets' residual values are determined at nil.

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.

Notes to the Financial Statements

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.

Financial liabilities

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.