Phase One A/S

Roskildevej 39, 2000 Frederiksberg

CVR no. 40 98 66 42

Annual report 2020

Approved at the Company's annual general meeting on 29 June 2021

Chair of the meeting:

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Sebastian Aarosin

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Phase One A/S for the financial year 1 January - 31 December 2020.

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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 29 June 2021
Executive Board:

Henrik Ole Håkonsson

Board of Directors:

Jacob Fonnesbech Aqraou
Chair

Mark Thomas Carges

Asbjørn Mosgaard Hyldgaard

Christian Bamberger Bro

Independent auditor's report

To the shareholders of Phase One A/S

Opinion

We have audited the financial statements of Phase One A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen
State Authorised Public Accountant
mne33717

Simon Blendstrup
State Authorised Public Accountant
mne44060

Management's review

Company details

Name	Phase One A/S
Address, Postal code, City	Roskildevej 39, 2000 Frederiksberg
CVR no.	40 98 66 42
Established	3 December 2019
Financial year	1 January - 31 December
Board of Directors	Jacob Fonnesbech Aqraou, Chair Mark Thomas Carges Asbjørn Mosgaard Hyldgaard Christian Bamberger Bro
Executive Board	Henrik Ole Håkonsson
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

The Company’s business is centered around the development, marketing and selling of high-end digital imaging camera solutions. The Company’s main business segments are:

I. Geospatial
Industrial imaging end users and integrators within Aerial mapping/documentation, inspection, surveillance & homeland security applications. All our customers are characterized by their need for world class image quality and a highly efficient workflow.

II. Digitization
The World’s professional photographers, serious private photo enthusiasts, production studios & cultural institutions. This segment comprise of both customers buying our full camera systems for photographic excellence and customers for our Cultural Heritage systems.

It is our goal to be the world wide market leader within our target customer groups and applications. In this way, we can ensure satisfactory earnings and at the same time we can attract and retain the best product developers and sales & marketing experts within digital imaging.

Financial review

The income statement for 2020 shows a loss of DKK 20,557 thousand against a loss of DKK 8 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 238,509 thousand. Management considers the Company's financial performance in the year satisfactory.

The year 2020 overall shows satisfactory results considering the challenging business environment caused by the COVID-19 pandemic.
Phase One A/S was formed following the separation of the Hardware and the Software business of Phase One Goup A/S into two separate entities. In 2020 significant efforts and funds have been spent on completing the separation of the business and the setting up of the new structure of the company in order to prepare the Company for further growth.

The Company employed an average of 61 employees in 2020.

The Company's balance sheet total amounted to DKK 383 million.

Equity in Phase One A/S amounted to DKK 239 million at 31 December 2020.

Management's review

Knowledge resources

It is essential for the future growth of the Phase One to attract and retain highly skilled and qualified professionals, including employees with expertise in development and sales & marketing of digital camera systems, lenses, workflow software, etc.

In order to ensure a high and competitive product quality, the Group uses modern production and quality control processes. This requires a high competence level, and considerable resources are invested in development and optimization of the Group's products and in maintaining the skills of the Group's employees.

Financial risks and use of financial instruments

Due to Phase One's activities in the USA and Asia, the profit and equity as well as cash flows are influenced by exchange rate fluctuations of JPY & USD. The Group's policy is to primarily offset the currency risk by matching purchases and sales in USD and JPY i.e. natural hedging. Secondarily, Phase One partly hedges the excess exchange rate risk using forward exchange contracts.

In addition to the before mentioned currencies, the Group has considerable activities denominated in Euro and Israeli Shekel. Hedging is not made in respect of these currencies as it is not considered optimal from a risk and cost point of view.

Research and development activities

In 2020 Phase One has brought a range of new offerings to market and has also been developing new initiatives to improve market reach.

The Geospatial business of Phase One continued to develop its highly durable and high resolution IX aerial camera systems. A new iXM camera, iXM-RS 280 F was launched to the market in 2020 adding a higher resolution option to the top end of the iXM product portfolio. Phase One continues to invest and grow the Geospatial business segment and has also spent development efforts on new aerial systems that are in the product roadmap for 2021.

For the Digitization business, Phase One Group launched in 2020 a new and improved 80mm lens for the XF camera system 80mm LS mkII. Phase One Group continues to offer the widest range of professional lenses on the market for the medium format shooters.

Foreign branches

The Company maintains a registrered branch in Germany.

Statutory CSR report

Phase One is a knowledge intensive company and its staff is considered the most important resource and an important part of the Group's corporate social responsibility. Phase One wants to be an attractive place to work which can attract and maintain qualified and dedicated employees. The risks associated with not being able to do that can ultimately worsen financial performance through lower productivity, delayed introduction of products to the market and lower sales performance. In 2020, the Work Environment Committee held several meetings evaluating and optimizing the work environment. The Work Environment Committee is carrying out periodical measurements of employee satisfaction and historically these show a high degree of satisfaction in line with the Group's goal. Next survey is scheduled to be carried out during 2021.

The Company perceives human rights as closely linked to employee rights in the Group's enterprises and at the Group's suppliers. The risks associated with human rights are fx. child labor and denial of labor rights, however the Group continues to specify the expectations to our global organization and to suppliers in our Code of Conduct. All new employees and new suppliers have been made acquaint with the Code of Conduct in 2020. Consequently, the Company has adopted a Code of Conduct for Employee Rights. Among other things, the Code of Conduct includes elimination of discrimination with respect to employment based on age, gender, religion or race. The Group has not measured the effect of the implementation of said Code of Conduct.

Management's review

Other leadership posts comprise the Executive Board, middle managers and team managers. The policy of the Company for gender diversity in other leadership roles is to have the best qualified candidates and at the same time enhance the qualifications of talented leaders of both genders. The Group targets that at least one male and one female candidate are among the top three candidates for leadership roles, however, statistics on the result of this target are not available. At present, the number of female leaders in the company is 2.

Anti corruption

The Company policy related to anti corruption, secures that we act according to high ethical standard forbid the participation in any kind of bribery. The policy has been in place since the company was founded. Risks of anti corruption behaviour have been identified mainly in the supplier chain and in order to prevent such behaviour in both the supply chain and among own employees, all new employees in 2020 have been introduced to and trained in the corporate anti corruption policy. Management are not aware of any violation of the policy.

Account of the gender composition of Management

Phase One Group believes that diversity among its employees, including gender balance, contributes positively to the work environment and strengthens the Group's performance and competitiveness.

As per 31 December 2020 the Board of Directors consisted of four men and no women. In the financial year, new 1 member of the Board of Directors were elected, however despite efforts to ensure a more equal gender distribution, a male candidate was elected due to his specific competencies, making him the best suited for the position. Phase One Group targets to elect at least one board member from the underrepresented gender to the Board of Directors within 2024.

Events after the balance sheet date

The Covid 19 pandemic has to some extent continued to have a negative impact on the financial performance of the Company, however in no way threatening to the existence of the Company.

No other events have occurred which affect the consolidated financial statements and parent company financial statements for 2020.

Reference is made to note 2 for more details.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020 12 months	2019 1 months
	Gross profit/loss	30,569	-10
3	Staff costs	-44,795	0
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-51,712	0
	Profit/loss before net financials	-65,938	-10
	Income from investments in group enterprises	41,030	0
5	Financial income	5,715	0
6	Financial expenses	-12,531	0
	Profit/loss before tax	-31,724	-10
7	Tax for the year	11,167	2
	Profit/loss for the year	-20,557	-8

	Recommended appropriation of profit/loss		
	Proposed dividend recognised under equity	40,000	0
	Extraordinary dividend distributed in the year	45,000	0
	Net revaluation reserve according to the equity method	41,030	0
	Reserve for development costs	-10,488	0
	Retained earnings/accumulated loss	-136,099	-8
		-20,557	-8

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
8	**Intangible assets**		
	Completed development projects	8,710	0
	Patents and licenses	0	0
	Customer relationships	40,000	0
	Developed technology	22,591	0
	Acquired trademarks and trade names	67,027	0
	Acquired licences	2,673	0
	Development projects in progress and prepayments for intangible assets	15,419	0
		156,420	0
9	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	1,879	0
		1,879	0
10	**Investments**		
	Investments in group enterprises	54,073	0
	Receivables from group enterprises	35,134	0
		89,207	0
	Total fixed assets	247,506	0
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	17,518	0
	Work in progress	5,696	0
	Finished goods and goods for resale	10,093	0
		33,307	0
	Receivables		
	Trade receivables	34,566	0
	Receivables from group enterprises	55,430	0
	Deferred tax assets	0	2
	Other receivables	1,536	0
	Prepayments	843	0
		92,375	2
	Cash	10,060	400
	Total non-fixed assets	135,742	402
	TOTAL ASSETS	383,248	402

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	500	400
	Net revaluation reserve according to the equity method	43,618	0
	Reserve for development costs	18,821	0
	Retained earnings	135,570	-8
	Dividend proposed	40,000	0
	Total equity	238,509	392
	Provisions		
	Deferred tax	24,343	0
	Other provisions	7,450	0
13	**Total provisions**	31,793	0
	Liabilities other than provisions		
12	**Non-current liabilities other than provisions**		
	Lease liabilities	796	0
	Other payables	3,624	0
		4,420	0
	Current liabilities other than provisions		
12	Short-term part of long-term liabilities other than provisions	142	0
	Bank debt	5,710	0
	Trade payables	8,207	0
	Payables to group enterprises	81,241	0
	Corporation tax payable	1,180	0
	Other payables	12,046	10
		108,526	10
		112,946	10
	TOTAL EQUITY AND LIABILITIES	383,248	402

1 Accounting policies
2 Events after the balance sheet date
14 Contractual obligations and contingencies, etc.
15 Collateral
16 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Dividend proposed	Total
Equity at 1 January 2020	400	0	0	-8	0	392
Additions on merger	100	57,251	29,309	224,200	0	310,860
Transfer through appropriation of loss	0	41,030	-10,488	-91,099	40,000	-20,557
Adjustment of investments through forreign exchange adjustments	0	-4,751	0	-2,435	0	-7,186
Distributed dividend from group enterprises	0	-49,912	0	49,912	0	0
Paid extraordinary dividend recognised under equity	0	0	0	-45,000	0	-45,000
Equity at 31 December 2020	500	43,618	18,821	135,570	40,000	238,509

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Phase One A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by 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.

Foreign currency translation

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

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

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries, which are considered part of the aggregate investment in the subsidiary, are taken directly to equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

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

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit/loss

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the Company's income statement.

The item includes dividend received from subsidiaries.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges 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. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Other intangible assets comprising intangible assets acquired in connection with a business combination are measured at cost less accumulated amortisation and impairment. Other intangible assets are amortised over the estimated useful lives, which usually are:

-Trademarks and trade names are amortised over 10-15 years.

-Developed technology are amortised over 10 years.

-The amortisation period for customer relationship is dependent on the individual customer relationship. Customer relationships are amortised over 12 years.

-Patents and licences are measured at cost less accumulated amortisation and impairment. Patents are amortised over the remaining term of the patent, and licenses are amortised over the term of license, however not exceeding 10 years.

Other intangible assets are recognised in connection with a strategically acquired enterprise with a strong market position and a long term earnings profile. The estimated useful lives of the acquired intangible assets are assessed to exceed 5 years.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually two years.

The basis of amortisation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The amortisation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised.

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

Gains and losses on the sale of intagible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

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

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Liabilities that are expected to be settled after one year after the balance sheet date are discounted at average bond yields.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

No events have occured which affect the financial statement for 2020.

DKK'000	2020 12 months	2019 1 months
3 Staff costs		
Wages/salaries	48,264	0
Other social security costs	138	0
Other staff costs	2,479	0
Staff costs capitalized in development projects during the year	-6,086	0
	44,795	0
Average number of full-time employees	61	0
4 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	51,376	0
Depreciation of property, plant and equipment	336	0
	51,712	0
5 Financial income		
Interest receivable, group entities	1,958	0
Exchange gain	3,587	0
Other financial income	170	0
	5,715	0
6 Financial expenses		
Interest expenses, group entities	1,121	0
Exchange losses	10,289	0
Other financial expenses	1,121	0
	12,531	0
7 Tax for the year		
Estimated tax charge for the year	1,180	0
Deferred tax adjustments in the year	-12,347	-2
	-11,167	-2

Financial statements 1 January - 31 December

Notes to the financial statements

8 Intangible assets

DKK'000	Completed development projects	Patents and licenses	Customer relationships	Developed technology	Acquired trademarks and trade names	Acquired licences	Development projects in progress and prepayments for intangible assets	Total
Additions through mergers	135,891	1,119	93,000	92,000	115,000	0	13,580	450,590
Additions	0	0	0	0	0	1,104	11,912	13,016
Transferred	10,073	0	0	0	0	12,339	-10,073	12,339
Cost at 31 December 2020	145,964	1,119	93,000	92,000	115,000	13,443	15,419	475,945
Impairment losses and amortisation of additions through mergers	111,894	1,119	45,250	55,809	44,963	0	0	259,035
Amortisation for the year	25,360	0	7,750	13,600	3,010	1,656	0	51,376
Transferred	0	0	0	0	0	9,114	0	9,114
Impairment losses and amortisation at 31 December 2020	137,254	1,119	53,000	69,409	47,973	10,770	0	319,525
Carrying amount at 31 December 2020	8,710	0	40,000	22,591	67,027	2,673	15,419	156,420
Amortised over	2 years	5-10 years	12 years	10 years	15 years	3 years		

Completed development projects

Completed development projects include development of new products. Management has not identified any evidence of impairment relative to the carrying amount of the completed development projects.

Development projects in progress

Development projects in progress include development and test of new products. The relating expenses primarily consist of internal expenses in the form of payroll costs, which are recorded through the Company's internal project module.

The development projects are expected to be complete during 2021 and 2022 after which marketing and selling efforts will be made.

Management has not identified any evidence of impairment relative to the carrying amount of development projects in progress.

Financial statements 1 January - 31 December

Notes to the financial statements

9 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment
Additions on merger	19,954
Additions	2,017
Disposals	-661
Transferred	-12,339
Cost at 31 December 2020	8,971
Accumulated impairment losses and depreciation of additions through mergers	16,094
Depreciation	336
Depreciation and impairment of disposals	-224
Transferred	-9,114
Impairment losses and depreciation at 31 December 2020	7,092
Carrying amount at 31 December 2020	1,879
Depreciated over	3 years

Note 15 provides more details on security for loans, etc. as regards property, plant and equipment.

10 Investments

DKK'000	Investments in group enterprises	Receivables from group enterprises	Total
Cost at 1 January 2020	0	0	0
Foreign exchange adjustments	0	-3,155	-3,155
Additions on merger	10,455	38,289	48,744
Cost at 31 December 2020	10,455	35,134	45,589
Additions on merger	57,251	0	57,251
Dividend received	-49,912	0	-49,912
Profit/loss for the year	41,030	0	41,030
Foreign exchange adjustments	-4,751	0	-4,751
Value adjustments at 31 December 2020	43,618	0	43,618
Carrying amount at 31 December 2020	54,073	35,134	89,207

Name	Domicile	Interest
Subsidiaries		
Phase One United States Inc.	USA	100.00%
Leaf Imaging Ltd.	Israel	100.00%
Phase One Japan Co. Ltd.	Japan	100.00%
Phase One Asia Pacific Co. Ltd.	Hong Kong	100.00%

Financial statements 1 January - 31 December

Notes to the financial statements

11 Share capital

The share capital has increased with DKK 100 thousand since the establishment in December 2019 with a starting share capital of DKK 400 thousand.

12 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	938	142	796	0
Other payables	3,624	0	3,624	0
	4,562	142	4,420	0

13 Provisions

Other provisions comprise anticipated expenses relating to warranty commitments. Other provisions are expected to mature within five years.

14 Contractual obligations and contingencies, etc.

Other contingent liabilities

The subsidiary, Leaf Imaging Ltd. is part of an ongoing transfer pricing audit in Israel, for the income years 2015 - 2018, where the income year 2014 has expired. There has not been reached a conclusion on this transfer pricing audit with the authorities in Israel.

Management is of the preception that the company has complied with the transfer pricing rules, and therefore does not expect financial impact on the financial statements for 2020.

The Company is jointly taxed with its parent, AX V Phase One Holding III ApS, which acts as management company, and other Danish group entities. The Company is jointly and severally with other jointly taxed group entities liable for payment of income taxes and withholding taxes.

Other financial obligations

Rent liabilities vis-à-vis the parent company and its other subsidiaries:

DKK'000	2020	2019
Rent liabilities	293	0

15 Collateral

The Company has provided guarantee for debt to banks for Phase One Group ApS and Capture One A/S of DKK 422,528 thousand. As security for the debt to the banks, the Company has provided assignment of receivables from group enterprises.

Financial statements 1 January - 31 December

Notes to the financial statements

16 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
AX V Phase One Holding III ApS	Copenhagen	The consolidated financial statement can be retrieved by contacting the Company.
Phase One Group ApS	Copenhagen	The consolidated financial statement can be retrieved by contacting the Company.

Related party transactions

Phase One A/S was engaged in the below related party transactions:

DKK'000	2020	2019
Sale of goods to group enterprises	123,512	0
Purchase of goods from group enterprises	100,388	0
Administration income from group enterprises	3,456	0
Administration expense from group enterprises	5,400	0
Interest income from group enterprises	1,958	0
Interest expense to group enterprises	1,121	0
Receivables from group enterprises	90,564	0
Payables to group enterprises	81,241	0

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"By my signature I confirm all dates and content in this document."

Sebastian Aarosin
Chairman
On behalf of: Phase One A/S
Serial number: PID:9208-2002-2-852419932631
IP: 212.112.xxx.xxx
2021-06-29 19:38:22Z
NEM ID

Asbjørn Mosgaard Hyldgaard
Board of Directors
On behalf of: Phase One A/S
Serial number: PID:9208-2002-2-717553254214
IP: 2.108.xxx.xxx
2021-06-29 19:39:13Z
NEM ID

Henrik Ole Håkonsson
Executive Board
On behalf of: Phase One A/S
Serial number: PID:9208-2002-2-286689449394
IP: 80.161.xxx.xxx
2021-06-29 19:39:23Z
NEM ID

Christian Bamberger Bro
Board of Directors
On behalf of: Phase One A/S
Serial number: PID:9208-2002-2-534024407204
IP: 93.163.xxx.xxx
2021-06-29 19:49:35Z
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Jacob Fonnesbech Aqraou
Board of Directors
On behalf of: Phase One A/S
Serial number: PID:9208-2002-2-814345106312
IP: 85.217.xxx.xxx
2021-06-29 20:46:08Z
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Simon Blendstrup
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:17954776
IP: 145.62.xxx.xxx
2021-06-29 20:57:26Z
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Jan C Olsen
State Authorised Public Accountant
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Serial number: CVR:30700228-RID:28761615
IP: 145.62.xxx.xxx
2021-06-30 08:26:32Z
NEM ID