



## **Prolinvent A/S**

Lyngsø Alle 3  
2970 Hørsholm  
CVR No. 14248994

## **Annual report 01.10.2019 - 30.09.2020**

The Annual General Meeting adopted the  
annual report on 17.02.2021

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**Else Beth Trautner**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019/20	18
Balance sheet at 30.09.2020	19
Statement of changes in equity for 2019/20	21
Notes	22
Accounting policies	26

# Entity details

## Entity

ProInvent A/S  
Lyngsø Alle 3  
2970 Hørsholm

CVR No.: 14248994  
Registered office: Hørsholm  
Financial year: 01.10.2019 - 30.09.2020  
Phone number: +4545761001  
E-mail: mail@proinvent.dk

## Board of Directors

Else Beth Trautner, Chairman  
Per Hessen-Schmidt  
Leif Dalum  
Hashim Dad Malik

## Executive Board

Leif Dalum, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P. O. Box 1600  
0900 Copenhagen C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of ProInvent A/S for the financial year 01.10.2019 - 30.09.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2020 and of the results of its operations for the financial year 01.10.2019 - 30.09.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hoersholm, 17.02.2021

## Executive Board

**Leif Dalum**  
CEO

## Board of Directors

**Else Beth Trautner**  
Chairman

**Per Hessen-Schmidt**

**Leif Dalum**

**Hashim Dad Malik**

# Independent auditor's report

## To the shareholders of ProInvent A/S

### Opinion

We have audited the financial statements of ProInvent A/S for the financial year 01.10.2019 - 30.09.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 30.09.2020 and of the results of its operations for the financial year 01.10.2019 - 30.09.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 17.02.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Keld Juel Danielsen**

State Authorised Public Accountant  
Identification No (MNE) mne26741

# Management commentary

## Primary activities

ProInvent A/S is an integrated product development and manufacturing technology equipment partner, specialized in supporting innovation in some of the world's leading companies, from ideation to development of manufacturing technology.

ProInvent is a progressive innovation partner from the very beginning of product development projects, all the way to handing over the newly developed manufacturing equipment and the new production starts and ramps up.

ProInvent is a One Stop Shop, delivering Integrated Development, i.e., integrated development of products, manufacturing machines, inspection machines, vision systems and industrial automation.

We are committed and determined to contribute to Denmark's prosperity through higher productivity and a healthier working environment and sustainability in the Danish Production Companies. ProInvent was founded in 1994 by Leif Dalum. The company has during 27 years with passion and enthusiasm for development created great values for international customers and Danish society.

## ProInvent's core competencies

The main activities in ProInvent are development and supply of Manufacturing Technology equipment. The Company covers the entire value chain needed to solve complicated technical processes for our customers. Our broad fields of competences and overlying desire for innovation, agility and high quality are among the cornerstones in our cooperation. The sustained high competence level generated in our organisation creates synergies in our endeavours for finding the best solution for our customers.





### *ProInvent Value chain & Functions*

Behind integrated product- and technology development lies a holistic approach to both development products and manufacturing equipment. This means that ProInvent, as a trusted and reliable partner, delves deep into customers' businesses in order to help customers develop market, product and manufacturing technology all at the same time.

In 2020 ProInvent invested in establishing a new Injection Moulding Department with a Moulding Machine to produce prototype components and a Measuring Machine to check dimensions of these. The moulding shop will contribute to our growth both with existing and new customers and most importantly, make sure we deliver high-quality solutions to our customers on time. This strong and exciting addition to our existing service portfolio will contribute to attract larger integrated product development projects to ProInvent.

The projects completed and delivered to customers have among others enabled our customers in launching innovative products faster to market, great efficiency gains and has increased their competitiveness. Cooperation with ProInvent creates competitive advantages that are difficult to match.

Learn more about ProInvent at: [www.ProInvent.dk](http://www.ProInvent.dk)

### **Our global market**

ProInvent's business is based on identifying, organizing and completing projects for pharmaceutical, medical and other industrial companies. ProInvent's customers are all leading companies in their business field and benefit from highly automated manufacturing systems. Most customers have intensive research, development and market activities which have made them internationally leading companies, many with global manufacturing. ProInvent's premises are strategically well-chosen in the northern Zealand, close to many of our customers' research & development centres, and close to the Technical University of Denmark, DTU. Innovation, development and design is made in Denmark; however, equipment is often installed on a site abroad, thus ProInvent has a large export.

In 2020 ProInvent started activities in Hungary to serve customers in Central Europe. Hungary has a central location, excellent infrastructure and conditions that make Hungary a favourable destination among foreign investors. Another of Hungary's strengths is the well-qualified workforce at low labour costs, due to low taxes. ProInvent has chosen east of Budapest because ProInvent has many activities nearby.

### **Export**

In 2019/20 ProInvent export amounted to 77% of revenue.

The export goes to countries as Germany, France, Hungary, USA and China.

### **ProInvent are ready to scale Droids (advanced robots) in Pharmaceutical Industry**

ProInvent has been developing a cutting-edge robot and vision technology for glass handling and inspection for "chips and cracks". It involves a manufacturing system to investigate 400 small vials (cartridges), for chips and cracks all at once. The laborious and monotonous workflow to inspect the cartridges delivered from the glass manufacturers in boxes on pallets can now be handled as a smooth robotized process. The cartridges are subsequent filled with e.g. medical drug or vaccine.

This process with robots collaborating with other robots in 3D coordinated movements and vision guidance enables the robots to solve the process at task so entire workflow works fully automated.



*ProInvent has developed a system of vision guided, clean room robots, performing challenging inspection tasks with 3D coordinated movements. The process is performing with an OEE of 98% and ready for scaling.*

The robots are so advanced, that customers call them Droids. ProInvent talent to develop, run in and optimize these Droids, has resulted in a workflow with an OEE of 98%. This solution provides a solid basic for scalability to many pharmaceutical factories.

The Droids are designed and certified to work in clean rooms, which means that they are extremely hygienic in their structure and mechanics. The Droids do not emit dust or bacteria and are easy to clean using disinfectants, enabling the robots and machines to work undisturbed with a minimal of external influences.

Our costumers' value and appreciate the high productivity, a healthy working environment as well as freeing employees to more valuable work. The Droids have already been validated and approved by customers and authorities.

#### **Additional business area as a Machine Factory**

ProInvent has continued growing steadily and in 2020 we also became a Machine Factory, producing series of special manufacturing machines.

This means that the assembly workshop is growing more than the rest of the company.

The new people here are specially trained technicians with flair for assembling of el- and mechanical components running in machines. They are trained machine fitters, toolmakers or electrical/control technicians and have many years of experience in assembling machines.

The workshop is now more than double size compared to last year and includes also a separate electrical design and assembly department.

### **Board of Directors**

Else Beth Trautner; new chairman of the board, external. She is a professional chairman and board member. Else Beth has extensive experience as CEO in the biopharmaceutical and medico business.

Per Hessen-Schmidt, board member since 2012, external He is Head of P&O Director in DFP at Novo Nordisk. Per has strong team- and leader experience from Novozymes and Implement Consulting Group.

Hashim Malik, employee elected board member. Partner and Sales- and Project Manager at ProInvent.

Leif Dalum, CEO at ProInvent, Board member and main owner of ProInvent.

### **Executive Board**

CEO, Chief Executive Officer, M.Sc. and founder Leif Dalum

Chief Project and Sales Officer and Senior Partner, Peter Rico Ahlberg

Chief Financial Officer, HD-R, Erik Refslund

Chief Development Officer, M.Sc., René Ferm Nyberg

### **Management Team**

Sales- and Project Manager, Partner and expert in Validation, B.Sc., Hashim Dad Malik

Head of Project Management M.Sc., Daniel Rosenborg Peretz.

Sales- and Project Manager, M.Sc., Sebastian Borker Hoffensetz.

Sales- and Project Manager, M.Sc., Anders B. Rasmussen

Sales- and Project Manager, M.Sc., Peter Tilsted Villesen

Sales- and Project Manager, B.Sc., Mark Rasmussen

Head of Control Systems and Robotics, Henrik Søndergaard

Head of Vision Technology, Ph.D., Jonathan Dyssel Sets

Head of Machine Design, B. Sc., Michael Skandov

Head of Design Excellence in Integrated Product Development, M.Sc., Lasse Hylleberg Mølleskov

Head of Mechanical Design & Prototyping, Product Development, B.Sc., Anders Wilhelm Hede

Head of Assembly and running in at workshop, Lasse Jensen

Documentation and Procurement manager Mia Pihl

Group manager in Machine Design, M. Sc. Nikolaj Skov Jensen

Group manager in Machine Design, Teknikum Engineer, Claus Jeppesen

Group manager in electrical design and assembly at workshop, Martin Würtz

### **Team, education and know-how**

ProInvent's employees are highly educated specialists, most of them with engineering background. We employ only top talents as it is essential to be successful in what we do. In the financial year ProInvent reached in average 53 employees, which is a growth of 77% from last year and at the moment ProInvent counts 61 employees.

The employees hold Ph.D., M.Sc. or B.Sc. in Product Development, Mechanical or Electrical Engineering, Vision Technology or Machine Engineering. Others are educated in Machine Design, Control Engineering or Machine Fitting and Assembly.

**Cooperation with Technical University of Denmark**

ProInvent cooperates with DTU, Department of Mechanics, Energy and Construction concerning Integrated Product development, Design for Manufacturing and Construction, DTU Electro concerning control systems and robot technology, and DTU Compute concerning Vision Technology and Machine learning.

**Collaboration in the business**

ProInvent currently hires a varying number of freelance experts to assist in peak periods, enabling us to perform the large-scale projects. ProInvent collaboration companies include i.e. suppliers of control systems, electricity- and mechanical assembly, conveyor systems, subsystems and other standardized machines for production.

**GMP based Quality Assurance**

ProInvent's documented quality assurance QA system comply with customers' needs. The project model described in GAMP 5 is an integrated part of ProInvent's everyday life.

We continually make ourselves acquainted with each single customer's QMS structure and perform the necessary documentation, which provides the basis for easy-going performance of qualification and validation.

We offer qualification and validation of manufacturing equipment from the start and till the machine is finally installed. ProInvent's machine productions include preparation of test plans for, and execution of FAT, SAT, IQ, and OQ. But we also deliver specifications, risk assessment, preparation and performance of test plans for URS, DQ and PQ.

**Journey in digital transformation**

ProInvent is on a digital transformation journey that supports the business.

Some of the digital strengths in ProInvent are: Deep Learning, Digital Twin for Mechanical solutions, Data infrastructure and OEM Concept with structure and integration.

These digital tools to be used, and to bring greater value to our customers, in the following areas: Engineering, Preventive service, Predictive service, Extended warranty and Production as a service.

Based on a Digital Twin system ProInvent will move from 3D design with simulation - to Virtual Reality system that can emulate the Real Production System where we can make optimized concepts as well as design and make Virtual Commissioning.

Based on Deep Learning; ProInvent will move from reactive or preventive service to predictive service in near future. Analyses will be made while the machines are running in their normal production modes. This analyse predicts the preventive maintenance service needed.



**CSR reporting**

ProlInvent has been committed to the United Nation's Global Compact for years, and we contribute to relevant UN Sustainable Development Goals. We do this by empowering people, acting respectfully, and minimising our footprint.

ProlInvent’s prioritization of sustainability is anchored in the Board, in the Leadership team and is reflected in the technologies we work with and the solutions we supply. By providing our customers with products and solutions with the newest technology, we contribute to the increased efficiency and sustainability of our customers’ business.

At ProlInvent we actively support the achievement of the 17 Sustainable Development Goals. We are working on devising a solution to help customers keep track of their resource use at each step of the manufacturing process, which will eventually enable them to optimize around specific Sustainable Development Goals indicators.

To be able to create a better future for the coming generations, the whole ProlInvent believes that goals are important. However, we have concentrated our efforts in 4 areas (UN goals 4, 5, 9 and 12) where we believe that we can truly make a difference by applying innovative and new ways of thinking and working.



During the year ProlInvent’s employees have updated their knowledge, participating in external courses as well as internal education in the following fields; Strategy methods, People management, Quality Management, Plan Based Project Management, Effective Project Execution, Best Practice, RASIC, Morphological Methods, GMP, GAMP 5, pFMECA-analyses, Validation, PLC-Programming, Vision Technology, Smart Camera Technology, Deep Learning methods, Robot Programming, Fieldbus, HMI, OEE-Measurement, Servo System programming, Creo Parametric, INVENTOR, Vault, Risk Analyses, CE Marking, Interpersonal Development and Sales Excellence. At ProlInvent we have an adult apprentice as automation technician this year, we employed two newly graduated engineers, and have two students doing Master project at the company this year.



At ProlInvent we have women at the following positions this year: Chairman of the board, Documentation and Procurement manager, Robot programmer, PLC Programmer, Secretary, accountant and incoming quality control function.



At ProInvent, this year we apply technologies that reduce the power and energy consumption at our customers' facilities e. g. by using servo systems instead of pneumatics. ProInvent protects the environment while we carry out our projects, e.g., we recycle plastic materials while running-in machines at our workshop, and send used components for recycling. By automating production lines and making manufacturing processes more efficient, we contribute to a more sustainable manufacturing industry where resources are used more efficiently. Waste of basic material is minimized by intelligent systems and less energy is used to produce the same capacity. Our automation projects create a healthy working environment as well as freeing employees from monotonous work to more valuable tasks.



As part of our efforts to create a more sustainable world, we only work for responsible companies, work actively with our own processes and put these requirements on suppliers.

### **Development in activities**

ProInvent has had a busy 2019/20 performing 55 customer projects. In comparison, we completed 878 projects in total during the previous 27 years. The number of projects completed is approximately the same as previous year, but the revenue is much higher this year, illustrating the larger projects this year. It is still a mix of large-scale epoch-making projects, medium scale projects and some minor projects. As many times before, leading companies have chosen ProInvent to be their technological cooperation partner, and we know that our long-lasting customer relationships is tightly correlated to the fact that we add solid benefits to our customers year after year, and we always deliver at competitive prices.

Important projects with the purpose of increasing productivity are currently being implemented for Leo Pharma, Novo Nordisk, Bavarian Nordic, Ferring Pharmaceuticals, Radiometer Medical, Widex, Chr. Hansen, Agilent Technologies, University of Copenhagen, Novozymes, Coloplast (Humlebæk, Nyirbátor, Tatabánya), Natus, GN Resound, Ambu, Pressalit, Umicore (Frederikssund, Tianjin) and Haldor Topsøe (Houston).

### **A tempestuous year 2020**

At ProInvent, we end the tempestuous year 2020 with strong projects in place, and a record in revenue and passionate employees.

2020 has been a challenging year, in which everybody has been – at a sooner or later point – affected by the global health crisis, forcing businesses and people in general to re-design and re-size their personal and working lives.

Like many other companies, ProInvent has been affected by the global health crisis in 2020.

In march 2020 our order intake decreased significantly due to the lock-down. Fortunately, our orderbooks were historically good and there was much to work with, until our order intake level picked up again in October and November 2020.

We followed the precautions and recommendation of the Government to best protect all ProInvent's employees, and we still do. Working from the office and workshop must be handled with care and continuous respect for the risk of infection. ProInvent's Leadership team presented even tighter rules to make ProInvent a safer place for all. The requirements are of course annoying, but it is important to follow the rules for everybody's safety and in order to secure busines continuity and deliver on customers projects.

ProInvent's employees can bring negative test results before sales or project meetings very easily because of our use of antigen tests. Guests should wear a mask when entering, or as an alternative they can also show negative test result.

### **Growth costs**

ProInvent's activity level has grown nearly 100% in 2019/20

This growth has however entailed following costs in DKK:

Recruiting	1.400.000
CAD/IT	500.000
Consultants	400.000
Premises/rent	1.300.000
Courses	300.000
Depreciation	700.000
Sum	4.600.000

In the last financial year alone, we spent DKK 4.6 million on direct cost of growth.

### **Capitalization of ProInvent's own vision software**

This year's capitalization of engineering hours, amounts to DKK 461.042, is attributed to the further development of ProInvent's own vision software, including Rule-Based and Deep-Learning. The developed vision technology was shown this year at the Danish Automation Fair. The first vision guided robot, based on this technology are already up running in MedTech Industry. The Robots work with bin picking tasks and they are so advanced Robots, that customers call them Droids.

## Development in finances and comparative figures

See all comparative figures below for current year and previous three years.

	2019/20	2018/19	2017/18	2016/17
<b>Financial highlights</b>				
Revenue	85.564	43.735	29.872	24.873
Growth ratio, revenue*	95%	47%	20%	10%
Executed projects no	55	58	37	33
Project size in average	1.550	750	800	720
Gross profit	34.301	18.867	14.818	13.565
Profit before growth costs	3.573	1.539	1.667	578
Operating profit	-1.265	160	167	578
Net financials	-62	45	4.262	651
Profit for the year	-1.027	139	4.381	1.095
Total assets	23.984	20.064	10.233	11.961
Equity	3.425	4.452	4.313	4.832
<b>Ratios</b>				
Equity ratio **	14,3%	22%	42%	40%
Current ratio ***	75%	94%	117%	71%
Growth ratio, employees****	77%	25%	14%	5%
<b>Employees</b>				
Start	40	28	21	21
Average	53	30	24	21
End	61	40	28	21

\* Growth ratio, revenue = revenue current year/year before = 95%.

\*\* Equity ratio = (Equity/Total assets)/100 = 14,3%

\*\*\* Current ratio = (Current assets/Current liabilities other than provisions)/100 = 75%

\*\*\*\* Growth ratio, employees = average employee number current year/year before = 77%

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark

## Assessment of the results

One and a half years ago, ProInvent made the decision – and accepted related risk – to become a much bigger company based on more business as usual and to expand our business base. At present times, ProInvent is a leading company in integrated product- and technology development: the team working in the product development department is now up and running fast in conjunction with our well-established technology development departments.

Management considers the total revenue of DKK 85 million and growth in activity nearly 100% highly satisfactory and considers equity at DKK 3,4 million satisfactory.



Profit before growth costs 3.573 DKK is satisfactory, but current year loss at 1.027 DKK, is not. Seen in the light of the COVID crises, the result is fine. Management considers current ratio and the equity ratio under light pressure, and Management therefore recognizes the importance of a limited growth. By following a moderate growth rate in the next year, we will consolidate our financial position.

### **View of financial position and result**

It is the management's opinion that the financial statement gives a true and fair view of ProInvent's financial position on September 30th 2020 and of the results of ProInvent's operations during the financial year October 1st 2019 – September 30th 2020.

### **Controlling business risk**

The majority of our customers are large, reputable companies considered to be creditworthy. For minor customers we have ongoing credit evaluations which minimizes the credit risk.

Management tried to slow down the growth momentum in order to consolidate the company this summer. This was not possible because ongoing projects needed the resources to accomplish on time.

### **The expected development in activities and earnings**

This year 2020/21 ProInvent work to consolidate and to optimize its project execution by implementation of "ProInvent Project Execution Excellence" a complete model with monthly meetings with steering group. All essential projects are handled within this Portfolio Management System and target is to create an even better business and competitive advantage for the company.

Revenue and export continue at a satisfactory level. This is based on a satisfactory order book and a good near order book /pipeline. Management expects the financial 2020/21 year will again achieve a high and steady activity level, resulting in a limited, but positive net result.

### **Bank**

ProInvent's bank is Danske Andelskassers Bank A/S (DAB). As in previous years DAB has been a good partner concerning financing of ProInvent's operations. DAB has provided bank guarantees to some of our major projects.

### **Ownership**

ProInvent was founded in 1994 by M.Sc. Leif Dalum, who is the owner of ProInvent Group Holding A/S.

ProInvent A/S ownership:

ProInvent Group Holding A/S: 1148 shares (95 %).

Peter Rico Ahlberg: 36 shares (3%).

Michal Graczykowski: 20 shares (1,7%).

Hashim Malik: 4 shares (0,3%).

**Events after the balance sheet date**

The first four months of the new financial year went well but still with low income. Low positive result created due to very high activity level and financial catch-up from customers.

The order intake every month in the new financial year is good, and higher than monthly revenue, so the order book is building up again.

To strengthen ProInvents financial situation, we have applied and received support from the Danish Growth Fond, with an amount of DKK 4 million.

Counting this support as equity as well makes an equity rate of 30%. On this basis our aim to grow the company moderate is realistic.

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Revenue		85,564,034	43,734,691
Cost of sales		(42,180,157)	(20,140,471)
Other external expenses		(9,082,510)	(4,726,772)
<b>Gross profit/loss</b>		<b>34,301,367</b>	<b>18,867,448</b>
Staff costs	1	(34,501,866)	(18,344,836)
Depreciation, amortisation and impairment losses	2	(1,064,438)	(362,975)
<b>Operating profit/loss</b>		<b>(1,264,937)</b>	<b>159,637</b>
Other financial income		215,933	195,907
Other financial expenses		(278,408)	(150,845)
<b>Profit/loss before tax</b>		<b>(1,327,412)</b>	<b>204,699</b>
Tax on profit/loss for the year	3	300,636	(65,443)
<b>Profit/loss for the year</b>		<b>(1,026,776)</b>	<b>139,256</b>
<b>Proposed distribution of profit and loss:</b>			
Retained earnings		(1,026,776)	139,256
<b>Proposed distribution of profit and loss</b>		<b>(1,026,776)</b>	<b>139,256</b>

# Balance sheet at 30.09.2020

## Assets

	Notes	2019/20 DKK	2018/19 DKK
Completed development projects	5	349,267	0
Acquired intangible assets		163,490	0
Development projects in progress	5	461,042	769,135
<b>Intangible assets</b>	4	<b>973,799</b>	<b>769,135</b>
Other fixtures and fittings, tools and equipment		3,382,499	2,098,924
Leasehold improvements		827,025	125,686
<b>Property, plant and equipment</b>	6	<b>4,209,524</b>	<b>2,224,610</b>
Receivables from group enterprises		4,534,595	3,949,904
Other receivables		627,210	345,333
<b>Other financial assets</b>	7	<b>5,161,805</b>	<b>4,295,237</b>
<b>Fixed assets</b>		<b>10,345,128</b>	<b>7,288,982</b>
Manufactured goods and goods for resale		628,297	191,770
<b>Inventories</b>		<b>628,297</b>	<b>191,770</b>
Trade receivables		8,039,259	9,010,389
Contract work in progress	8	4,368,108	2,165,232
Other receivables		21,354	657,119
Prepayments		580,231	749,223
<b>Receivables</b>		<b>13,008,952</b>	<b>12,581,963</b>
<b>Cash</b>		<b>2,018</b>	<b>1,508</b>
<b>Current assets</b>		<b>13,639,267</b>	<b>12,775,241</b>
<b>Assets</b>		<b>23,984,395</b>	<b>20,064,223</b>

**Equity and liabilities**

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		845,600	845,600
Reserve for development expenditure		632,041	599,925
Retained earnings		1,947,727	3,006,619
<b>Equity</b>		<b>3,425,368</b>	<b>4,452,144</b>
Deferred tax		784,500	1,085,136
<b>Provisions</b>		<b>784,500</b>	<b>1,085,136</b>
Bank loans		935,410	867,981
Lease liabilities		690,183	0
<b>Non-current liabilities other than provisions</b>	9	<b>1,625,593</b>	<b>867,981</b>
Current portion of non-current liabilities other than provisions	9	2,953,069	252,000
Bank loans		3,788,889	844,745
Prepayments received from customers		75,385	6,930,045
Trade payables		5,613,909	3,788,970
Other payables		5,717,682	1,843,202
<b>Current liabilities other than provisions</b>		<b>18,148,934</b>	<b>13,658,962</b>
<b>Liabilities other than provisions</b>		<b>19,774,527</b>	<b>14,526,943</b>
<b>Equity and liabilities</b>		<b>23,984,395</b>	<b>20,064,223</b>
Contingent liabilities	10		
Assets charged and collateral	11		
Related parties with controlling interest	12		

# Statement of changes in equity for 2019/20

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	845,600	599,925	3,006,619	4,452,144
Transfer to reserves	0	32,116	(32,116)	0
Profit/loss for the year	0	0	(1,026,776)	(1,026,776)
<b>Equity end of year</b>	<b>845,600</b>	<b>632,041</b>	<b>1,947,727</b>	<b>3,425,368</b>

# Notes

## 1 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	32,672,531	17,795,637
Pension costs	2,149,123	1,194,164
Other social security costs	141,254	124,170
	<b>34,962,908</b>	<b>19,113,971</b>
Staff costs classified as assets	(461,042)	(769,135)
	<b>34,501,866</b>	<b>18,344,836</b>
Average number of full-time employees	<b>53</b>	<b>30</b>

## 2 Depreciation, amortisation and impairment losses

	2019/20 DKK	2018/19 DKK
Amortisation of intangible assets	256,378	0
Depreciation of property, plant and equipment	808,060	362,975
	<b>1,064,438</b>	<b>362,975</b>

## 3 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Change in deferred tax	(300,636)	65,443
	<b>(300,636)</b>	<b>65,443</b>

## 4 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	76,400	0	769,135
Transfers	523,900	245,235	(769,135)
Additions	0	0	461,042
<b>Cost end of year</b>	<b>600,300</b>	<b>245,235</b>	<b>461,042</b>
Amortisation and impairment losses beginning of year	(76,400)	0	0
Amortisation for the year	(174,633)	(81,745)	0
<b>Amortisation and impairment losses end of year</b>	<b>(251,033)</b>	<b>(81,745)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>349,267</b>	<b>163,490</b>	<b>461,042</b>

## 5 Development projects

This year's capitalization of engineering hours, amounts to DKK 461.042, is attributed to the further development of ProInvent's own vision software, including Rule Based and Deep Learning algorithms for own Smart Camera Systems and Cognex camera technology. The developed vision technology, shown this year at the Danish Automation Fair, has freed ProInvent from the procurement of third-party programs and services from external companies. The first vision projects in inspection was already up and running on the developed technology last year, both as independent vision projects and as an integral part of large complex projects at our core customers. The first vision guided robot, based on this technology are already up running in MedTech Industry. The Robots work with bin picking tasks and they are so advanced Robots, that customers call them Droids. These developing costs are depreciated over 3 years

All other development activities are part of the financial years' operating costs.

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	4,980,797	173,158
Additions	2,039,146	753,777
<b>Cost end of year</b>	<b>7,019,943</b>	<b>926,935</b>
Depreciation and impairment losses beginning of year	(2,881,873)	(47,472)
Depreciation for the year	(755,571)	(52,438)
<b>Depreciation and impairment losses end of year</b>	<b>(3,637,444)</b>	<b>(99,910)</b>
<b>Carrying amount end of year</b>	<b>3,382,499</b>	<b>827,025</b>

## 7 Financial assets

	<b>Receivables from group enterprises DKK</b>	<b>Other receivables DKK</b>
Cost beginning of year	3,949,904	345,333
Additions	584,691	281,877
<b>Cost end of year</b>	<b>4,534,595</b>	<b>627,210</b>
<b>Carrying amount end of year</b>	<b>4,534,595</b>	<b>627,210</b>

Receivables from group enterprises include receivables from the parent company. Repayment including repayment rate of the receivable depends on the dividends paid to the parent company.

## 8 Contract work in progress

The sales value of contract work in progress totals of 61.319 t. DKK. Simultaneously with 56.791 t. DKK invoiced on account, leaving the net value of contract work in progress to 4.528 t. DKK



## 9 Non-current liabilities other than provisions

	Due within 12 months 2019/20 DKK	Due within 12 months 2018/19 DKK	Due after more than 12 months 2019/20 DKK
Bank loans	356,400	252,000	935,410
Lease liabilities	85,721	0	690,183
Other payables	2,510,948	0	0
	<b>2,953,069</b>	<b>252,000</b>	<b>1,625,593</b>

## 10 Contingent liabilities

The Entity is liable for three to six months' rent to its landlord, on its rented spaces, the contingent liability hereof comprise of approximately 644 t. DKK.

The Entity participates in a Danish joint taxation arrangement in which ProInvent Group Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

ProInvent is part of an ongoing fire investigation at a customers site in Texas. A preliminary Discovery process has been filed at the court in Huston, where the Customers insurance company seeks information through the US courts system for possible reasons and liability concerning the fire. ProInvents equipment, and other suppliers to the factory, are being investigated as possible courses for the fire.

No evidence to the cause of the fire has been presented until this day.

ProInvents insurance company, Topdanmark, handles the Discovery process as part of the insurance package. Proinvent does not anticipate any liability.

## 11 Assets charged and collateral

The Entity has given company pledge to Danske Andelskassers Bank of 8.000 t. DKK.

### Bank guaranties

The contract work in progress is secured by Bank Guaranties of 6.759 t. DKK.

### Leasing

The Entity has entered two leasing agreements regarding machines with Danske Andelskassers Bank, which are non-cancellable.

### Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with Danske Andelskassers Bank.

## **12 Related parties with controlling interest**

Related parties with controlling interest on ProInvent A/S:

ProInvent Group Holding A/S, Hoersholm

Leif Dalum, CEO

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

**Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

**Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5-10 years
IT	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

### **Inventories**

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### **Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Lease liabilities**

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.