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Inrotech ApS

Kratholmvej 36
5260 Odense S
Central Business Registration No
30193652

Annual report 2016/17

The Annual General Meeting adopted the annual report on 04.09.2017

Chairman of the General Meeting

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Name: Jens Hammer Sørensen

Contents

Entity details

Entity
Inrotech ApS
Kratholmvej 36
5260 Odense S

Central Business Registration No: 30193652
Founded: 05.01.2007
Registered in: Odense
Financial year: 01.07.2016 - 30.06.2017

Board of Directors
Jens Hammer Sørensen, Chairman
Stig Christensen
Jan Chresten Rantzau von Backhaus
Gert Jørgensen
Christian Majgaard Nielsen

Executive Board
Gert Jørgensen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
Postboks 10
5100 Odense C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Inrotech ApS for the financial year 01.07.2016 - 30.06.2017.

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 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

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.

Odense, 04.09.2017

Executive Board

Gert Jørgensen

Board of Directors

Jens Hammer Sørensen Chairman	Stig Christensen	Jan Chresten Rantzau von Backhaus
Gert Jørgensen	Christian Majgaard Nielsen	

Independent auditor's report

To the shareholders of Inrotech ApS

Opinion

We have audited the financial statements of Inrotech ApS for the financial year 01.07.2016 - 30.06.2017, 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 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017 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 exits. 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:

Independent auditor's report

- 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.

Independent auditor's report

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.

Odense, 04.09.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Per Therkelsen
State Authorised Public Accountant

Management commentary

Primary activities
The primariry activity of Inrotech is to develop and implement robotic welding solutions to the heavy industry. Further, the Company has competencies within general intelligent software and control systems.

Development in activities and finances
In the past year, the Company has seen a rapid growth in its activities. With the revenue tripling compared to subsequent fiscal year, the pipeline has grown at an even faster pace.

As we on a continuous basis get very positive feedback and see an increasing interest from the global market in Inrotech's products, we find the future to look very promising.

In the past year a new investor has joined Inrotech ApS. The capital infusion (equity) is DKK 15 mio.

The financial result for the year is satisfactory.

For the coming year the revenue is expected to double compared to present fiscal year.

Income statement for 2016/17

	Notes	2016/17 DKK	2015/16 DKK'000
Gross profit		**10.746.876**	**3.480**
Staff costs	1	(8.098.848)	(5.786)
Depreciation, amortisation and impairment losses	2	(531.938)	(498)
Operating profit/loss		**2.116.090**	**(2.804)**
Other financial income		507.358	30
Other financial expenses		(1.003.847)	(534)
Profit/loss before tax		**1.619.601**	**(3.308)**
Tax on profit/loss for the year	3	(383.506)	2.956
Profit/loss for the year		**1.236.095**	**(352)**
Proposed distribution of profit/loss			
Retained earnings		1.236.095	(352)
		1.236.095	**(352)**

Balance sheet at 30.06.2017

	Notes	2016/17 DKK	2015/16 DKK'000
Completed development projects		2.861.163	911
Intangible assets	4	**2.861.163**	**911**
Other fixtures and fittings, tools and equipment		161.362	42
Property, plant and equipment	5	**161.362**	**42**
Deposits		318.976	319
Fixed asset investments		**318.976**	**319**
Fixed assets		**3.341.501**	**1.272**
Manufactured goods and goods for resale		492.165	62
Inventories		**492.165**	**62**
Trade receivables		1.967.239	1.887
Contract work in progress	6	4.135.793	727
Deferred tax		908.282	2.890
Other receivables		1.064.638	301
Income tax receivable		1.251.021	0
Prepayments		376.848	188
Receivables		**9.703.821**	**5.993**
Cash		**9.596.043**	**3**
Current assets		**19.792.029**	**6.058**
Assets		**23.133.530**	**7.330**

Balance sheet at 30.06.2017

	Notes	2016/17 DKK	2015/16 DKK'000
Contributed capital		270.563	208
Retained earnings		11.794.881	(4.351)
Equity		**12.065.444**	**(4.143)**
Bank loans		78.829	4.407
Contract work in progress	6	1.514.668	2.234
Trade payables		2.940.420	237
Payables to group enterprises		0	125
Payables to shareholders and management		5.291.022	3.685
Other payables		1.079.447	683
Deferred income		163.700	102
Current liabilities other than provisions		**11.068.086**	**11.473**
Liabilities other than provisions		**11.068.086**	**11.473**
Equity and liabilities		**23.133.530**	**7.330**
Mortgages and securities	7		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	208.308	(4.350.807)	(4.142.499)
Increase of capital	62.255	14.909.593	14.971.848
Profit/loss for the year	0	1.236.095	1.236.095
Equity end of year	**270.563**	**11.794.881**	**12.065.444**

Notes

	2016/17 DKK	2015/16 DKK'000
1. Staff costs		
Wages and salaries	5.966.215	4.379
Pension costs	849.652	547
Other social security costs	92.238	60
Other staff costs	1.190.743	800
	8.098.848	**5.786**
Average number of employees	**18**	**11**

	2016/17 DKK	2015/16 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	489.299	455
Depreciation of property, plant and equipment	42.639	43
	531.938	**498**

	2016/17 DKK	2015/16 DKK'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	(882.718)	0
Change in deferred tax for the year	1.266.224	(2.890)
Adjustment concerning previous years	0	(66)
	383.506	**(2.956)**

Notes

	Completed development projects DKK
4. Intangible assets	
Cost beginning of year	3.919.946
Additions	2.439.814
Cost end of year	**6.359.760**
Amortisation and impairment losses beginning of year	(3.009.298)
Amortisation for the year	(489.299)
Amortisation and impairment losses end of year	**(3.498.597)**
Carrying amount end of year	**2.861.163**

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	722.490
Additions	161.020
Cost end of year	**883.510**
Depreciation and impairment losses beginning of the year	(679.509)
Depreciation for the year	(42.639)
Depreciation and impairment losses end of the year	**(722.148)**
Carrying amount end of year	**161.362**

	2016/17 DKK	2015/16 DKK'000
6. Contract work in progress		
Contract work in progress	15.236.495	6.714
Progress billings regarding contract work in progress	(12.615.370)	(8.221)
Transferred to liabilities other than provisions	1.514.668	2.234
	4.135.793	**727**

Notes

7. Mortgages and securities
A payment guarantee of DKK 5,185k has been issued.

Bank debt of DKK 79k is secured by way of a floating charge of nominal DKK 3,000k to the financial institutes. The floating charge includes the following assets if the carrying amount on the balance sheet date amounts to:

Intangible fixed assets	DKK 2,861k
Property, plant and equipment	DKK 480k
Inventories	DKK 492k
Receivables from sales and services	DKK 1,967k

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 for 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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Revenue

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.

Accounting policies

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).

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

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 write-downs 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, 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, 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.

Accounting policies

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Deferred tax related to tax loss carryforward is recognised if the loss is expected to be applied within a short period.

Balance sheet

Intellectual property rights etc

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as 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:

Plant and machinery	3-5 years

Plant and equipment are written down to the lower of recoverable amount and carrying amount.

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.

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

Receivables

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

Contract work in progress

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

Accounting policies

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.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

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

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.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises cash in hand and bank deposits.

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

Deferred income
Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.