

**Inrotech ApS**  
**Central Business Registration No**  
**30193652**  
**Kratholmvej 36**  
**5260 Odense S**

**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 30.11.2016

## **Chairman of the General Meeting**

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Name: Jens Hammer Sørensen

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## **Entity details**

### **Entity**

Inrotech ApS  
Kraholmvej 36  
5260 Odense S

Central Business Registration No: 30193652

Founded: 05.01.2007

Registered in: Odense

Financial year: 01.07.2015 - 30.06.2016

### **Board of Directors**

Jens Hammer Sørensen, Chairman

Stig Christensen

Jan C. von Backhaus

Gert Jørgensen

Christian Majgaard

### **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 01.07.2015 - 30.06.2016.

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 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016.

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, 30.11.2016

### **Executive Board**

Gert Jørgensen

### **Board of Directors**

Jens Hammer Sørensen  
Chairman

Stig Christensen

Jan C. von Backhaus

Gert Jørgensen

Christian Majgaard

## **Independent auditor's reports**

### **To the owners of Inrotech ApS**

#### **Report on the financial statements**

We have audited the financial statements of Inrotech ApS for the financial year 01.07.2015 - 30.06.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016 in accordance with the Danish Financial Statements Act.

#### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

## **Independent auditor's reports**

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Odense, 30.11.2016

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Per Therkelsen

State Authorised Public Accountant

CVR-nr. 33963556

## **Management commentary**

### **Primary activities**

The main activity of Inrotech is to develop and implement robotic welding solutions to the heavy industry. Further the company has competences within general intelligent software and control systems.

### **Development in activities and finances**

In the past year the company has significantly increased its pipeline, including signed orders and orders in the process.

As most customers are large international companies, the procurement process has proven to be a lengthy process which can drag on for a year or more.

Taking this into consideration, the financial result for the year is in accordance with expectations.

Based on positive market responses to Inrotech's product portfolio, number of enquiries and order portfolio, the future looks promising.

The outcome of next fiscal year is expected to be a positive result.

### **Events after the balance sheet date**

After the balance sheet date Clausen Group has joined Inrotech ApS as an investor. The appertaining capital infusion (equity) is DKK 15 mio.

## **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.

### **Changes in accounting estimates**

Previously, no deferred tax assets of the Company's tax loss carryforwards have been recognized in the financial statements. As a result of the positive expectations to the future earnings, it is Management's view that there is a basis for a recognition hereof as the tax loss carryforwards are expected to be utilized in the coming financial years. The change in the estimate has increased the balance sheet sum by DKK 2,890 as well as the equity and the result for 2015/16 have been improved by DKK 2,890k.

### **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.



## **Accounting policies**

### **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.

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.

#### **Amortisation, depreciation 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.

## Accounting policies

### 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.

### Income taxes

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.

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

## Accounting policies

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.

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.

## **Accounting policies**

### **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.

## Income statement for 2015/16

|  | <u>Notes</u> | <u>2015/16<br/>DKK</u>         | <u>2014/15<br/>DKK</u>           |
|--|--------------|--------------------------------|----------------------------------|
| <b>Gross profit</b>                                    |              | <b>3.482.447</b>               | <b>774.529</b>                   |
| Staff costs  | 1            | (5.790.006)                    | (6.360.537)                      |
| Depreciation, amortisation and impairment losses       | 2            | <u>(497.947)</u>               | <u>(593.624)</u>                 |
| <b>Operating profit/loss</b>                           |              | <b>(2.805.506)</b>             | <b>(6.179.632)</b>               |
| Other financial income                                 |              | 30.104                         | 1.447                            |
| Other financial expenses                               |              | <u>(532.545)</u>               | <u>(337.738)</u>                 |
| <b>Profit/loss from ordinary activities before tax</b> |              | <b>(3.307.947)</b>             | <b>(6.515.923)</b>               |
| Tax on profit/loss from ordinary activities            | 3            | <u>2.956.131</u>               | <u>338.529</u>                   |
| <b>Profit/loss for the year</b>                        |              | <b><u><u>(351.816)</u></u></b> | <b><u><u>(6.177.394)</u></u></b> |
| <b>Proposed distribution of profit/loss</b>            |              |                                |                                  |
| Retained earnings                                      |              | <u>(351.816)</u>               | <u>(6.177.394)</u>               |
|  |              | <b><u><u>(351.816)</u></u></b> | <b><u><u>(6.177.394)</u></u></b> |

**Balance sheet at 30.06.2016**

|  | <u>Notes</u> | <u>2015/16<br/>DKK</u> | <u>2014/15<br/>DKK</u> |
|--|--------------|------------------------|------------------------|
| Completed development projects                   |              | 910.648                | 1.365.972              |
| <b>Intangible assets</b>                         | 4            | <b>910.648</b>         | <b>1.365.972</b>       |
| Other fixtures and fittings, tools and equipment |              | 42.981                 | 48.810                 |
| <b>Property, plant and equipment</b>             | 5            | <b>42.981</b>          | <b>48.810</b>          |
| Deposits   |              | 318.976                | 318.976                |
| <b>Fixed asset investments</b>                   |              | <b>318.976</b>         | <b>318.976</b>         |
| <b>Fixed assets</b>                              |              | <b>1.272.605</b>       | <b>1.733.758</b>       |
| Manufactured goods and goods for resale          |              | 62.390                 | 166.740                |
| <b>Inventories</b>                               |              | <b>62.390</b>          | <b>166.740</b>         |
| Trade receivables                                |              | 1.886.762              | 3.428.338              |
| Contract work in progress                        | 6            | 727.236                | 0                      |
| Receivables from group enterprises               |              | 0                      | 338.529                |
| Deferred tax assets                              |              | 2.890.000              | 0                      |
| Other short-term receivables                     |              | 301.369                | 140.374                |
| Prepayments                                      |              | 186.280                | 71.782                 |
| <b>Receivables</b>                               |              | <b>5.991.647</b>       | <b>3.979.023</b>       |
| <b>Cash</b>                                      |              | <b>3.597</b>           | <b>3.615</b>           |
| <b>Current assets</b>                            |              | <b>6.057.634</b>       | <b>4.149.378</b>       |
| <b>Assets</b>                                    |              | <b>7.330.239</b>       | <b>5.883.136</b>       |

**Balance sheet at 30.06.2016**

|  | <u>Notes</u> | <u>2015/16<br/>DKK</u>         | <u>2014/15<br/>DKK</u>         |
|--|--------------|--------------------------------|--------------------------------|
| Contributed capital                              |              | 208.308                        | 178.571                        |
| Retained earnings                                |              | <u>(4.350.807)</u>             | <u>(6.020.277)</u>             |
| <b>Equity</b>                                    |              | <b><u>(4.142.499)</u></b>      | <b><u>(5.841.706)</u></b>      |
| Bank loans                                       |              | 4.406.766                      | 3.538.590                      |
| Contract work in progress                        |              | 2.335.125                      | 2.421.077                      |
| Trade payables                                   |              | 288.576                        | 1.013.654                      |
| Debt to group enterprises                        |              | 125.189                        | 125.849                        |
| Payables to shareholders and management          |              | 3.685.568                      | 2.947.610                      |
| Other payables                                   |              | 631.514                        | 1.224.062                      |
| Deferred income                                  |              | <u>0</u>                       | <u>454.000</u>                 |
| <b>Current liabilities other than provisions</b> |              | <b><u>11.472.738</u></b>       | <b><u>11.724.842</u></b>       |
| <b>Liabilities other than provisions</b>         |              | <b><u>11.472.738</u></b>       | <b><u>11.724.842</u></b>       |
| <b>Equity and liabilities</b>                    |              | <b><u><u>7.330.239</u></u></b> | <b><u><u>5.883.136</u></u></b> |
| Assets charged and collateral                    | 7            |                                |                                |
| Related parties with control                     | 8            |                                |                                |

**Statement of changes in equity for 2015/16**

|   | <b>Contributed<br/>capital<br/>DKK</b> | <b>Retained ear-<br/>nings<br/>DKK</b> | <b>Total<br/>DKK</b> |
|---|--|--|----------------------|
| Equity beginning of year                      | 178.571                                | (6.020.277)                            | (5.841.706)          |
| Increase of capital                           | 29.737                                 | 1.970.263                              | 2.000.000            |
| Fair value adjustments of hedging instruments | 0                                      | 51.023                                 | 51.023               |
| Profit/loss for the year                      | 0                                      | (351.816)                              | (351.816)            |
| <b>Equity end of year</b>                     | <b>208.308</b>                         | <b>(4.350.807)</b>                     | <b>(4.142.499)</b>   |



## Notes

|  | <b>2015/16<br/>DKK</b> | <b>2014/15<br/>DKK</b>                                |
|--|------------------------|---|
| <b>1. Staff costs</b>                                      |                        |   |
| Wages and salaries   | 4.379.841              | 4.782.427   |
| Pension costs  | 547.588                | 579.726   |
| Other social security costs                                | 62.221                 | 72.100  |
| Other staff costs  | 800.356                | 926.284   |
|  | <b>5.790.006</b>       | <b>6.360.537</b>                                      |
|  |                        |   |
|  | <b>2015/16<br/>DKK</b> | <b>2014/15<br/>DKK</b>                                |
| <b>2. Depreciation, amortisation and impairment losses</b> |                        |   |
| Amortisation of intangible assets                          | 455.324                | 455.324   |
| Depreciation of property, plant and equipment              | 42.623                 | 138.300   |
|  | <b>497.947</b>         | <b>593.624</b>  |
|  |                        |   |
|  | <b>2015/16<br/>DKK</b> | <b>2014/15<br/>DKK</b>                                |
| <b>3. Tax on ordinary profit/loss for the year</b>         |                        |   |
| Change in deferred tax for the year                        | (2.890.000)            | 0   |
| Adjustment relating to previous years                      | (66.131)               | (338.529)   |
|  | <b>(2.956.131)</b>     | <b>(338.529)</b>                                      |
|  |                        |   |
|  |                        | <b>Completed<br/>development<br/>projects<br/>DKK</b> |
| <b>4. Intangible assets</b>                                |                        |   |
| Cost beginning of year                                     |                        | 3.919.946   |
| <b>Cost end of year</b>                                    |                        | <b>3.919.946</b>                                      |
|  |                        |   |
| Amortisation and impairment losses beginning of year       |                        | (2.553.974)   |
| Amortisation for the year                                  |                        | (455.324)   |
| <b>Amortisation and impairment losses end of year</b>      |                        | <b>(3.009.298)</b>                                    |
|  |                        |   |
| <b>Carrying amount end of year</b>                         |                        | <b>910.648</b>  |

## Notes

|   | <b>Other fixtures and fittings, tools and equipment DKK</b> |                      |
|---|---|----------------------|
|   | <u>2015/16 DKK</u>  | <u>2014/15 DKK</u>   |
| <b>5. Property, plant and equipment</b>                   |   |                      |
| Cost beginning of year                                    | 685.696   |                      |
| Additions   | 36.794  |                      |
| <b>Cost end of year</b>                                   | <u><b>722.490</b></u>                                       |                      |
| Depreciation and impairment losses beginning of the year  | (636.886)   |                      |
| Depreciation for the year                                 | (42.623)  |                      |
| <b>Depreciation and impairment losses end of the year</b> | <u><b>(679.509)</b></u>                                     |                      |
| <b>Carrying amount end of year</b>                        |   | <u><b>42.981</b></u> |
|   | <u>2015/16 DKK</u>  | <u>2014/15 DKK</u>   |
| <b>6. Contract work in progress</b>                       |   |                      |
| Contract work in progress                                 | 6.714.262   | 1.818.323            |
| Progress billings regarding contract work in progress     | (8.220.551)   | (4.239.400)          |
| Transferred to liabilities other than provisions          | 2.233.525   | 2.421.077            |
|   | <u><b>727.236</b></u>                                       | <u><b>0</b></u>      |

## 7. Assets charged and collateral

A payment guarantee of DKK 2,000k has been submitted.

As a security for bank loans DKK 4,407k the company put a floating charge of nominal DKK 3,000k at disposal for the financial institutes. The floating charge includes the following assets if the accounted value on balance sheet date amounts to:

|                                     |            |
|-------------------------------------|------------|
| Intangible fixed assets             | DKK 911k   |
| Tangible fixed assets               | DKK 43k    |
| Inventories                         | DKK 62k    |
| Receivables from sales and services | DKK 1,887k |

## Notes

### **8. Related parties with control**

Shares are owned by Imacs Holding ApS, Odense, 60% and Ove K. Invest A/S, Copenhagen, 40%.