

INROTECH A/S
C.F. Tietgens Boulevard 26
5220 Odense SØ
Business Registration No
30193652

**Annual report 01.07.2018
- 31.12.2018**

The Annual General Meeting adopted the annual report on 16.05.2019

Chairman of the General Meeting

Name: Jens Hammer Sørensen

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Entity details

Entity

INROTECH A/S

C.F. Tietgens Boulevard 26

5220 Odense SØ

Central Business Registration No (CVR): 30193652

Founded: 05.01.2007

Registered in: Odense

Financial year: 01.07.2018 - 31.12.2018

Board of Directors

Jens Hammer Sørensen

Gert Jørgensen

Stig Christensen

Christian Majgaard Nielsen

Jan Chresten Rantzau von Backhaus

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 A/S for the financial year 01.07.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.07.2018 - 31.12.2018.

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, 16.05.2019

Executive Board

Gert Jørgensen

Board of Directors

Jens Hammer Sørensen

Gert Jørgensen

Stig Christensen

Christian Majgaard Nielsen

Jan Chresten Rantzau von Backhaus

Independent auditor's extended review report

To the shareholders of INROTECH A/S

Conclusion

We have performed an extended review of the financial statements of INROTECH A/S for the financial year 01.07.2018 - 31.12.2018, 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.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.07.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

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 extended review 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 extended review 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 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, 16.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Per Krause Therkelsen

State Authorised Public Accountant

Identification No (MNE) mne19698

Management commentary

Primary activities

The primary activity of INROTECH A/S is to develop and implement robotic welding solutions to the heavy industries. Further, the Company has competencies within general intelligent software and control systems.

Development in activities and finances

INROTECH A/S has decided to synchronize the fiscal period with the calendar year, which brings it in line with the fiscal period used by major shareholders.

The result for the second half of 2018 has been influenced by a significant increase in staff costs in order to be able to comply with the expected strong future growth.

In addition, the company has invested heavily in R&D and in completing new products, which are unique to the market and expected to drive future growth, in order to comply with the business plan for years to come.

INROTECH A/S has a strong pipeline of future expected orders, which continues to increase and also moving closer to realization. However order intake in the current year has been delayed, leading to lower revenue than expected.

After the fiscal year end, INROTECH A/S has closed several large orders, which together with a strong pipeline will lead to significant increase in revenue in 2019.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK'000</u>
Gross profit/loss		(1,449,457)	15,044
Staff costs	1	(5,167,702)	(9,744)
Depreciation, amortisation and impairment losses	2	<u>(232,422)</u>	<u>(685)</u>
Operating profit/loss		(6,849,581)	4,615
Other financial income		3,034	4
Other financial expenses		<u>(381,488)</u>	<u>(808)</u>
Profit/loss before tax		(7,228,035)	3,811
Tax on profit/loss for the year	3	<u>1,595,000</u>	<u>(849)</u>
Profit/loss for the year		<u>(5,633,035)</u>	<u>2,962</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(5,633,035)</u>	<u>2,962</u>
		<u>(5,633,035)</u>	<u>2,962</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK'000</u>
Completed development projects		2,276,299	2,350
Development projects in progress		<u>8,043,408</u>	<u>5,645</u>
Intangible assets	4	<u>10,319,707</u>	<u>7,995</u>
Other fixtures and fittings, tools and equipment		<u>1,411,390</u>	<u>248</u>
Property, plant and equipment	5	<u>1,411,390</u>	<u>248</u>
Deposits		<u>530,969</u>	<u>769</u>
Fixed asset investments		<u>530,969</u>	<u>769</u>
Fixed assets		<u>12,262,066</u>	<u>9,012</u>
Manufactured goods and goods for resale		<u>361,076</u>	<u>344</u>
Inventories		<u>361,076</u>	<u>344</u>
Trade receivables		3,993,806	9,368
Contract work in progress	6	9,042,870	8,310
Deferred tax		314,000	0
Other receivables		1,036,827	2,592
Income tax receivable		1,340,126	2,223
Prepayments		<u>254,713</u>	<u>289</u>
Receivables		<u>15,982,342</u>	<u>22,782</u>
Cash		<u>1,937,966</u>	<u>4,996</u>
Current assets		<u>18,281,384</u>	<u>28,122</u>
Assets		<u>30,543,450</u>	<u>37,134</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK'000</u>
Contributed capital		595,242	285
Reserve for development expenditure		8,049,371	7,995
Retained earnings		<u>10,726,529</u>	<u>11,735</u>
Equity		<u>19,371,142</u>	<u>20,015</u>
Deferred tax		<u>0</u>	<u>1,281</u>
Provisions		<u>0</u>	<u>1,281</u>
Bank loans		1,158,340	141
Contract work in progress	6	855,731	1,377
Trade payables		1,085,964	5,698
Payables to shareholders and management		5,771,938	5,564
Other payables		<u>2,300,335</u>	<u>3,058</u>
Current liabilities other than provisions		<u>11,172,308</u>	<u>15,838</u>
Liabilities other than provisions		<u>11,172,308</u>	<u>15,838</u>
Equity and liabilities		<u>30,543,450</u>	<u>37,134</u>
Unrecognised rental and lease commitments	7		
Assets charged and collateral	8		

Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	284,092	7,995,448	11,735,474	20,015,014
Increase of capital	311,150	0	4,688,850	5,000,000
Fair value adjustments of hedging instruments	0	0	(10,837)	(10,837)
Transfer to reserves	0	1,870,561	(1,870,561)	0
Dissolution of reserves	0	(1,816,638)	1,816,638	0
Profit/loss for the year	<u>0</u>	<u>0</u>	<u>(5,633,035)</u>	<u>(5,633,035)</u>
Equity end of year	<u>595,242</u>	<u>8,049,371</u>	<u>10,726,529</u>	<u>19,371,142</u>

Notes

	2018	2017/18
	DKK	DKK'000
1. Staff costs		
Wages and salaries	4,168,631	7,033
Pension costs	850,517	1,307
Other social security costs	(40,472)	154
Other staff costs	189,026	1,250
	5,167,702	9,744
Average number of employees	34	29
	2018	2017/18
	DKK	DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	73,896	593
Depreciation of property, plant and equipment	158,526	92
	232,422	685
	2018	2017/18
	DKK	DKK'000
3. Tax on profit/loss for the year		
Current tax	0	(1,340)
Change in deferred tax	(1,595,000)	2,189
	(1,595,000)	849

Notes

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
4. Intangible assets		
Cost beginning of year	6,441,301	5,645,253
Additions	<u>0</u>	<u>2,398,155</u>
Cost end of year	<u>6,441,301</u>	<u>8,043,408</u>
Amortisation and impairment losses beginning of year	(4,091,106)	0
Amortisation for the year	<u>(73,896)</u>	<u>0</u>
Amortisation and impairment losses end of year	<u>(4,165,002)</u>	<u>0</u>
Carrying amount end of year	<u>2,276,299</u>	<u>8,043,408</u>

Development projects

In 2018 we have continued to develop our technologies to fit new standard products, which we are bringing to market in 2019. We have very high expectations for these products.

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	894,993
Additions	<u>1,321,698</u>
Cost end of year	<u>2,216,691</u>
Depreciation and impairment losses beginning of year	(646,775)
Depreciation for the year	<u>(158,526)</u>
Depreciation and impairment losses end of year	<u>(805,301)</u>
Carrying amount end of year	<u>1,411,390</u>

Notes

	2018	2017/18
	DKK	DKK'000
6. Contract work in progress		
Contract work in progress	35,599,034	42,922
Progress billings regarding contract work in progress	(27,411,895)	(35,989)
Transferred to liabilities other than provisions	<u>855,731</u>	<u>1,377</u>
	<u>9,042,870</u>	<u>8,310</u>

7. Unrecognised rental and lease commitments

Liabilities under rental or lease agreements until maturity in total DKK 4,945k.

8. Assets charged and collateral

Payment guarantees of DKK 6,428k has been issued.

Bank debt is secured by way of a floating charge of nominal DKK 5,000k 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 10,320k
Property, plant and equipment	DKK 1,411k
Inventories	DKK 361k
Receivables from sales and services	DKK 3,994k

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 company's financial year has changed and covers the period 01.07.2018 - 31.12.2018, which means that the financial statements for the current period contain 6 months against 12 months in comparative figures.

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.

Accounting policies

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.

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.

Accounting policies

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.

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

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	3-5 years
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Other fixtures and fittings, tools 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.

Accounting policies

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.

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.