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# ***INROTECH A/S***

C.F. Tietgens Boulevard 26, DK-5220 Odense SØ

## **Annual Report for 2020**

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CVR No. 30 19 36 52

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 23/6 2021

Bent Kristensen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of INROTECH A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Odense SØ, 23 June 2021

## Executive Board

Gert Jørgensen  
Manager

## Board of Directors

Bent Kristensen  
Chairman

Jan C. von Backhaus

Allan Carsten Bülow

Christian Ewald Ingemann

Gert Jørgensen

Thusius Rajeeth Savarimuthu

# Independent Auditor's report

To the shareholders of INROTECH A/S

## Opinion

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

We have audited the Financial Statements of INROTECH A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

## Management's responsibilities for the Financial Statements

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

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

# Independent Auditor's report

## 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aarhus C, 23 June 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh

State Authorised Public Accountant

mne26783

Jeppe Smed Sørensen

State Authorised Public Accountant

mne40041

## Company information

<b>The Company</b>	INROTECH A/S C.F. Tietgens Boulevard 26 DK-5220 Odense SØ CVR No: 30 19 36 52 Financial period: 1 January - 31 December Incorporated: 5 January 2007 Financial year: 13th financial year Municipality of reg. office: Odense
<b>Board of Directors</b>	Bent Kristensen, chairman Jan C. von Backhaus Allan Carsten Bülow Christian Ewald Ingemann Gert Jørgensen Thusius Rajeeth Savarimuthu
<b>Executive board</b>	Gert Jørgensen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 8000 Aarhus C

# Management's review

## Key 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 the year

The income statement of the Company for 2020 shows a loss of DKK 10,904,140, and at 31 December 2020 the balance sheet of the Company shows positive equity of DKK 28,523,827.

2020 has been dominated by Covid19, as travel restrictions have prevented Inrotech in pursuing business on export markets. As export markets counts for almost 100% of Inrotechs revenue, this has lead to a significant drop in turn-over for the year. Due to a strong financial position we have been able to maintain staffing in order to be ready, once the markets are waking up again. This happened to be the case the last quarter of 2020 with a significant increase in enquiries. After closure of the fiscal year, Inrotech has landed the largest order in its history, and more are in the pipeline. After a bleak 2020, 2021 has started strong and the outlook for the year is promising

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
<b>Gross profit</b>		<b>8,295,208</b>	<b>22,226,654</b>
Staff expenses	1	-19,012,399	-19,644,614
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-2,152,934	-1,584,184
<b>Profit/loss before financial income and expenses</b>		<b>-12,870,125</b>	<b>997,856</b>
Financial income		0	20
Financial expenses		-1,579,853	-926,720
<b>Profit/loss before tax</b>		<b>-14,449,978</b>	<b>71,156</b>
Tax on profit/loss for the year	2	3,545,838	-14,431
<b>Net profit/loss for the year</b>		<b>-10,904,140</b>	<b>56,725</b>

## Distribution of profit

	2020 DKK	2019 DKK
<b>Proposed distribution of profit</b>		
Retained earnings	-10,904,140	56,725
	<b>-10,904,140</b>	<b>56,725</b>



## Balance sheet 31 December

### Assets

	Note	2020 DKK	2019 DKK
Completed development projects		5,603,528	7,284,173
Development projects in progress		10,159,273	10,228,408
<b>Intangible assets</b>	<b>3</b>	<b>15,762,801</b>	<b>17,512,581</b>
Other fixtures and fittings, tools and equipment		1,079,526	302,299
Leasehold improvements		594,476	818,777
<b>Property, plant and equipment</b>		<b>1,674,002</b>	<b>1,121,076</b>
Deposits		576,838	563,712
<b>Fixed asset investments</b>		<b>576,838</b>	<b>563,712</b>
<b>Fixed assets</b>		<b>18,013,641</b>	<b>19,197,369</b>
Finished goods and goods for resale		2,109,446	2,103,077
<b>Inventories</b>		<b>2,109,446</b>	<b>2,103,077</b>
Trade receivables		11,241,522	1,374,702
Contract work in progress	4	11,731,662	17,279,708
Other receivables		472,735	2,801,289
Deferred tax asset		1,474,351	0
Corporation tax		0	2,371,056
Prepayments		608,582	392,427
<b>Receivables</b>		<b>25,528,852</b>	<b>24,219,182</b>
<b>Cash at bank and in hand</b>		<b>5,560,443</b>	<b>12,451,134</b>
<b>Current assets</b>		<b>33,198,741</b>	<b>38,773,393</b>
<b>Assets</b>		<b>51,212,382</b>	<b>57,970,762</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		742,069	742,069
Reserve for development costs		12,294,984	13,659,812
Retained earnings		15,486,774	25,026,086
<b>Equity</b>		<b>28,523,827</b>	<b>39,427,967</b>
Provision for deferred tax		0	2,071,487
<b>Provisions</b>		<b>0</b>	<b>2,071,487</b>
Credit institutions		7,829,082	159,758
Trade payables		1,284,540	6,035,233
Contract work in progress, liabilities	4	1,654,972	896,250
Payables to owners and Management		6,691,130	6,222,356
Other payables		5,228,831	3,157,711
<b>Short-term debt</b>		<b>22,688,555</b>	<b>16,471,308</b>
<b>Debt</b>		<b>22,688,555</b>	<b>16,471,308</b>
<b>Liabilities and equity</b>		<b>51,212,382</b>	<b>57,970,762</b>
Contingent assets, liabilities and other financial obligations	5		
Accounting Policies	6		

## Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	742,069	13,659,812	25,026,086	39,427,967
Depreciation, amortisation and impairment for the year	0	-1,364,828	1,364,828	0
Net profit/loss for the year	0	0	-10,904,140	-10,904,140
<b>Equity at 31 December</b>	<b>742,069</b>	<b>12,294,984</b>	<b>15,486,774</b>	<b>28,523,827</b>

# Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	16,589,198	17,011,809
Pensions	2,010,663	2,068,404
Other social security expenses	198,306	261,949
Other staff expenses	214,232	302,452
	<u>19,012,399</u>	<u>19,644,614</u>
 Average number of employees	 <u>32</u>	 <u>32</u>

	<u>2020</u>	<u>2019</u>
	DKK	DKK
<b>2. Income tax expense</b>		
Current tax for the year	0	-2,371,056
Deferred tax for the year	-3,545,838	2,385,487
	<u>-3,545,838</u>	<u>14,431</u>

### 3. Intangible fixed assets

<u>Completed development projects</u>	<u>Develop- ment projects in progress</u>
DKK	DKK

Development project consists of robotic welding products technologies. Development project in progress is expected to be completed in 2021. We have very high expectations for these products and the technologies are expected to contribute positively to revenue and gross profit.

## Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
	DKK	DKK
<b>4. Contract work in progress</b>		
Selling price of work in progress	63,472,987	46,330,037
Payments received on account	<u>-53,396,297</u>	<u>-29,946,579</u>
	<b>10,076,690</b>	<b>16,383,458</b>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	11,731,662	17,279,708
Prepayments received recognised in debt	<u>-1,654,972</u>	<u>-896,250</u>
	<b>10,076,690</b>	<b>16,383,458</b>

	<u>2020</u>	<u>2019</u>
	DKK	DKK
<b>5. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,378,092	1,472,705
Between 1 and 5 years	<u>1,895,048</u>	<u>2,941,885</u>
	<b>3,273,140</b>	<b>4,414,590</b>

### Other contingent liabilities

Bank debt is secured by way of a floating charge of nominal DKK 20,000k to the financial institutes.

The Company has issued payment guarantees of DKK 11,373k.

# Notes to the Financial Statements

## 6. Accounting policies

The Annual Report of INROTECH A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2020 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income statement

### Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

# Notes to the Financial Statements

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

## Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

## Other external expenses

Other external expenses comprise expenses for premises, sales and as well as office expenses, etc.

## Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

## Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

## Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

## Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Inventories

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



# Notes to the Financial Statements

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

## Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.