Nordbo Robotics A/S

Agerhatten 27 A, 1., DK-5220 Odense SØ

Annual Report for 1 January - 31 December 2019

CVR No 34 69 77 28

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 3/6 2020

Leo Zhou
Chairman of the General Meeting

NORDBO
ROBOTICS

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nordbo Robotics A/S for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. The Company complies with the exemption provisions governing the omission to have its Financial Statements audited.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 3 June 2020

Executive Board

Leo Zhou
CEO

Board of Directors

Jimmy Alison Jørgensen Chairman	Leo Zhou	Pan Peng
Wei Chen		

Practitioner’s Statement on Compilation of Financial Statements

To the Management of Nordbo Robotics A/S

We have compiled the Financial Statements of Nordbo Robotics A/S for the financial year 1 January - 31 December 2019 on the basis of the Enterprise’s accounting records and other information you have provided.

The Financial Statements comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

We performed our work in accordance with ISRS 4410, Engagements to Compile Financial Information.

Based on our professional expertise, we have assisted you with the preparation and presentation of the Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR – Danish Auditors’ Code of Ethics, including the principles of integrity, objectivity, professional competence and due care.

The Financial Statements and the accuracy and completeness of the information forming the basis of the compilation of the Financial Statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are under no duty to verify the accuracy or completeness of the information you provided to us to compile the Financial Statements. Accordingly, we express no audit opinion or review opinion as to whether the Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Odense, 3 June 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kristian Rath
statsautoriseret revisor
mne42817

Company Information

The Company	Nordbo Robotics A/S Agerhatten 27 A, 1. DK-5220 Odense SØ CVR No: 34 69 77 28 Financial period: 1 January - 31 December Municipality of reg. office: Odense
Board of Directors	Jimmy Alison Jørgensen, Chairman Leo Zhou Pan Peng Wei Chen
Executive Board	Leo Zhou
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 DK-5000 Odense C
Bankers	Danske Bank

Management's Review

Key activities

The main activity of the company is to conduct business in the field of robotics, as well as consultancy and other related activities according to the management's discretion.

Development in the year

The income statement of the Company for 2019 shows a loss of DKK 2,661,989, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 20,732,217.

The company's results are to a large extent influenced by the costs of developing the company's portfolio of highly advanced robot technologies. The projects are proceeding according to plan. Accordingly, Management considers the result satisfactory.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for the financial year for 2019 have not been affected by any unusual events.

Subsequent events

Please refer to note 1.

Income Statement 1 January - 31 December

	Note	2019	2018
		DKK	DKK
Gross profit/loss		**5,802,894**	**1,709,533**
Staff expenses	2	-7,781,372	-4,400,709
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1,402,720	-1,399,747
Profit/loss before financial income and expenses		**-3,381,198**	**-4,090,923**
Financial income	3	8,403	12,415
Financial expenses	4	-49,675	-10,585
Profit/loss before tax		**-3,422,470**	**-4,089,093**
Tax on profit/loss for the year	5	760,481	864,323
Net profit/loss for the year		**-2,661,989**	**-3,224,770**

Distribution of profit

Proposed distribution of profit

Retained earnings	-2,661,989	-3,224,770
	-2,661,989	**-3,224,770**

Balance Sheet 31 December

Assets

	Note	2019	2018
		DKK	DKK
Acquired other similar rights		3,972,442	5,296,589
Development projects in progress		2,884,500	0
Intangible assets	6	**6,856,942**	**5,296,589**
Other fixtures and fittings, tools and equipment		95,116	173,689
Property, plant and equipment	7	**95,116**	**173,689**
Investments in associates	8	400,000	0
Deposits		111,469	74,672
Fixed asset investments		**511,469**	**74,672**
Fixed assets		**7,463,527**	**5,544,950**
Trade receivables		3,118,954	687,944
Other receivables		2,145	37,792
Corporation tax		920,766	0
Prepayments		153,856	104,953
Receivables		**4,195,721**	**830,689**
Cash at bank and in hand		**15,562,475**	**1,019,714**
Currents assets		**19,758,196**	**1,850,403**
Assets		**27,221,723**	**7,395,353**

Balance Sheet 31 December

Liabilities and equity

	Note	2019	2018
		DKK	DKK
Share capital		1,000,000	131,000
Reserve for development costs		2,249,910	0
Retained earnings		17,482,307	1,208,678
Equity	9	**20,732,217**	**1,339,678**
Provision for deferred tax		1,349,468	615,413
Provisions		**1,349,468**	**615,413**
Credit institutions		0	202
Trade payables		626,459	191,873
Payables to owners and Management		3,225,483	4,870,821
Other payables		1,288,096	377,366
Short-term debt		**5,140,038**	**5,440,262**
Debt		**5,140,038**	**5,440,262**
Liabilities and equity		**27,221,723**	**7,395,353**
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Statement of Changes in Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	131,000	0	0	1,208,678	1,339,678
Cash capital increase	98,824	24,901,176	0	0	25,000,000
Transfer from share premium account	0	-24,901,176	0	24,901,176	0
Bonus shares	770,176	0	0	-770,176	0
Purchase of treasury shares	0	0	0	-2,945,472	-2,945,472
Development costs for the year	0	0	2,249,910	-2,249,910	0
Net profit/loss for the year	0	0	0	-2,661,989	-2,661,989
Equity at 31 December	**1,000,000**	**0**	**2,249,910**	**17,482,307**	**20,732,217**

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occured after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Many of the Company's customers have indicated that they will continue projects in progress, but there is still a risk that COVID-19 will have negative impacts on the Company's revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, what extend COVID-19 will impact revenue and earnings in 2020. Neturally, Management will make an effort to recapture any lost revenue later in the year.

	2019	2018
	DKK	DKK

2 Staff expenses

	2019 DKK	2018 DKK
Wages and salaries	7,297,853	4,126,288
Pensions	176,058	38,556
Other social security expenses	105,853	85,859
Other staff expenses	201,608	150,006
	7,781,372	**4,400,709**
Average number of employees	**16**	**10**

3 Financial income

	2019 DKK	2018 DKK
Other financial income	5	0
Exchange gains	8,398	12,415
	8,403	**12,415**

4 Financial expenses

	2019 DKK	2018 DKK
Other financial expenses	28,492	3,176
Exchange loss	21,183	7,409
	49,675	**10,585**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax for the year	-920,766	0
Deferred tax for the year	160,285	-864,323
Adjustment of tax concerning previous years	-573,770	0
Adjustment of deferred tax concerning previous years	573,770	0
	-760,481	**-864,323**

6 Intangible assets

	Acquired other similar rights	Development projects in progress	Total
	DKK	DKK	DKK
Cost at 1 January	6,620,736	0	6,620,736
Additions for the year	0	2,884,500	2,884,500
Cost at 31 December	6,620,736	2,884,500	9,505,236
Impairment losses and amortisation at 1 January	1,324,147	0	1,324,147
Amortisation for the year	1,324,147	0	1,324,147
Impairment losses and amortisation at 31 December	2,648,294	0	2,648,294
Carrying amount at 31 December	**3,972,442**	**2,884,500**	**6,856,942**

In the financial year, the Company continued its internal development projects which comprise:
- A new generation of metal surface inspection based on different Artificial Intelligence (AI) techniques. This inspection software will be a addition to the Company's existing the Surface finishing solution, which will provide a total solution within Material removal segment
- Position tracking system for 6D space. A advanced sensor system to record and transfer movements in a 6 dimensional space, and translate to a robot program
- Different vision based robotic application solutions within Reinforcing steel bar (construction) segment.

The expectation is that the improved and new technologies may be sold to commercial parties. The projects progress according to plan, and the Company has adequate resources to complete the projects within the specified deadlines.

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	390,916
Cost at 31 December	390,916
Impairment losses and depreciation at 1 January	217,227
Depreciation for the year	78,573
Impairment losses and depreciation at 31 December	295,800
Carrying amount at 31 December	**95,116**

8 Investments in associates

	2019	2018
	DKK	DKK
Cost at 1 January	0	0
Additions for the year	400,000	0
Cost at 31 December	400,000	0
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	**400,000**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Lead Robotics Scandinavia A/S	Billund	1,000,000	40%

Notes to the Financial Statements

9 Equity

The share capital consists of 1,000,000 shares of a nominal value of DKK 1. No shares carry any special rights.

On 1 July 2020, the Company acquired 50,660 treasury shares, corresponding to 5,066%. The total payment for the shares amounted to kDKK 2,945, which has been transferred from retained earnings under equity. These shares have not been cancelled and are therefore held as treasury shares. The Company may choose to sell these shares at a later time. The shares have been acquired as part of the Company's strategy.

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

There are no security and contingent liabilitites at 31 December 2019.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Nordbo Robotics A/S for 2019 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Notes to the Financial Statements

11 Accounting Policies (continued)

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Notes to the Financial Statements

11 Accounting Policies (continued)

Translation policies

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

Revenue

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.

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 distribution as well as office expenses, etc.

Notes to the Financial Statements

11 Accounting Policies (continued)

Gross profit/loss

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, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of 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.

Balance Sheet

Intangible assets

Development projects, patents and licences

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.

Notes to the Financial Statements

11 Accounting Policies (continued)

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 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is years. Software licences are amortised over the period of the agreement, which is 5 years.

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.

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of assets and property, plant and equipment 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.

Investments in associates

Investments in associates are recognised and measured under the equity method.

The item“Investments in associates” in the balance sheet include the proportionate ownership share of

11 Accounting Policies (continued)

the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits related to premises.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

Equity

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

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 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

Notes to the Financial Statements

11 Accounting Policies (continued)

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.

Financial debts

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