

# Nordbo Robotics A/S

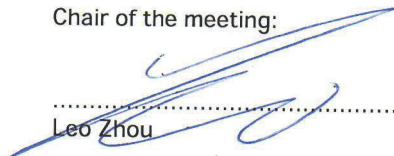
Agerhatten 27A, 1., 5220 Odense SØ

CVR no. 34 69 77 28

## Annual report 2020

Approved at the Company's annual general meeting on 13 July 2021

Chair of the meeting:

  
.....  
Leo Zhou

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nordbo Robotics 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 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

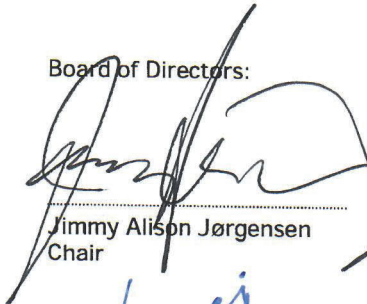
Odense, 13 July 2021

Executive Board:



Leo Zhou  
CEO

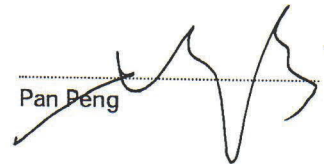
Board of Directors:



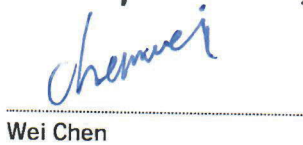
Jimmy Alison Jørgensen  
Chair



Leo Zhou



Pan Peng



Wei Chen

## Independent auditor's report

To the shareholders of Nordbo Robotics A/S

### Opinion

We have audited the financial statements of Nordbo Robotics 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 accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the 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.

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

### Independence

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 rules and requirements.

### 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.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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.

## Independent auditor's report

- ▶ 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 note 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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 13 July 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Søren Smedegaard Hvid  
State Authorised Public Accountant  
mne31450



## Management's review

### Company details

Name	Nordbo Robotics A/S
Address, Postal code, City	Agerhatten 27A, 1., 5220 Odense SØ
CVR no.	34 69 77 28
Established	27 August 2012
Registered office	Odense
Financial year	1 January - 31 December
Board of Directors	Jimmy Alison Jørgensen, Chair Leo Zhou Pan Peng Wei Chen
Executive Board	Leo Zhou, CEO
Auditors	EY Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

### Management commentary

#### Business review

## Management's review

Nordbo Robotics is a robotics company whose main activities are the development and commercialization of software platforms for robots and Artificial Intelligence (AI) in advanced manufacturing.

The software platforms are based on core technologies like 3D vision, position tracking and AI, combined with tool compensation technologies and advanced robot control. Complemented with a series of hardware modules, Nordbo Robotics delivers the core/brain of the overall process solution through its software platforms.

Nordbo Robotics' main philosophy and purpose is to reduce the expertise level of using robots and AI in a manufacturing. The approach is to bridge human skill and sense with robot precision and repeatability. The innovations make it possible to automate processes that have historically been too complex or where the requirement of human skill and expertise was too high. Deployed in surface treatment and quality control applications, Nordbo Robotics are helping businesses all over the world overcome challenges through automation, including:

- Dirty and dangerous work environments both short and long term
- Labor shortage and increased salary level
- High scrap rate and waste due to human inconsistency

Nordbo Robotics strives to solve the challenges that matter in manufacturing, thus, to create better jobs and contribute to a more sustainable production worldwide.

Nordbo Robotics product portfolio consist of 3 platforms and 1 group of hardware components:

1. Mimic software platformA position tracking platform that enables the transfer of human movement on to any robot. Using Mimic the user teaches and transfers complex tool paths and movements to the robot both in realtime and offline. Mimic consists of a set of standard sensors and a control box developed by Nordbo Robotics. The Mimic platform can be widely used in many robot surface treatment applications that require complexed path manipulation, for example, painting, coating, sanding, deburring and dispensing.
2. CraftMate software platformA 3D vision based platform that enables path generation and execution based on 3D data of a object with complexed surface curvature. CraftMate consist of a control box, a 3D camera and compensation tool units (Nordbo Robotics or 3. Party). Based on scanned 3D data, CraftMate is able to automatically generate a robot path and control the execution with a constant force from a predefined process ruleset by user. The CraftMate platform is mainly used on robot applications where a surface needs to be automatically processed, for example, sanding and grinding.
3. QCLab AI software platformAn AI based software platform that enables the use of deep learning within a quality control context. QCLab is an online all in one software that allows users to upload and annotate/label images from their production then train and output a neural network that is ready to be deployed on an onsite edge device. QCLab will also be able to be used across Nordbo Robotics other platforms in order to give a "closed-loop" feedback during the process executions.
4. Hardware components

Nordbo Robotics components are characterized from their blue color and serve two main purposes:

1. To be combined with Nordbo Robotics software platforms, and provide partners with full control and ownership of an application in term of integration and sourcing
2. To be commercialized as standalone products The components consist of all vital hardware parts of Nordbo Robotics core technologies. 3D vision camera, position sensors, tool protection, tool changing and tool compensation units.

Nordbo Robotics aims to commercialize and scale its solutions and services through committed partnerships with specialized system Integrators (SIs) and OEMs (standard machine builders for mass market) to solve the production challenges of a large number of end-users. Together with partners who are experts in their application fields, Nordbo Robotics creates bespoke software modules on top of existing base platforms, Mimic, CraftMate and QCLab. The modules are customer centric, and they contain process know-how such as; process specific parameters, settings, user interface and so on. This approach enables partners to retain ownership of the application and their existing process know-how. The market size for surface treatment and quality inspection combined exceeded 800 Billion

## Management's review

USD in 2020 and has a CAGR of 6% and 17,5% respectively. The worldwide operational stock of industrial robots is estimated to be 2,7 M robots, so far 2% of these robots are used in the processing application.

### Financial review

The income statement for 2020 shows a loss of DKK 1,566,320 against a loss of DKK 2,661,989 last year, and the balance sheet at 31 December 2020 shows equity of DKK 19,165,897.

### Primary activities in 2020

In 2020, Nordbo Robotics has geared the software platforms and the organization to be able to scale through a channel network. Hence, efforts have been addressed on maturing the software platforms to a level where it's easier for third parties to integrate the solutions. Moreover, organizational processes have been implemented to ensure the level of professionalism needed to commercialize into mass markets rather than to few direct customers. In cooperation with our primary customer from China, Nordbo Robotics closed and solved big volume polishing and quality control projects for end-users like Apple, Microsoft and Google. Through these bespoke R&D projects, Nordbo Robotics also developed and finalized the platforms with new features and functionality. To sum up, 2020 and its Covid-19 period was spent on; getting strong commercial profiles in the organization, market maturation of software platforms, initiate maturation projects in Denmark/markets close by in order to harvest overview of Western market needs and possibilities. Late Q4 2020, Nordbo Robotics successfully launched the Mimic technology as a plug and play kit for Universal Robots. The technology (product) creates great traction in the market worldwide and opens up for new applications and usability.

### Outlook

Due to Covid-19 and China's strict travel policy, it will be difficult for Nordbo Robotics to operate as prior to pandemic - regardless the strong partner ties established. As a result, significant order reduction from China in 2021 is expected. In 2021, Nordbo Robotics will continue to gear the organization structure growth through committed partners. We expect a much more aggressive approach to international market maturation and commercialization activities outside China. Therefore, we forecast a revenue growth in markets outside China in 2021.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2020	2019
	Gross profit	10,964,144	5,802,894
2	Staff costs	-9,906,556	-7,781,372
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,574,499	-1,402,720
	Profit/loss before net financials	-1,516,911	-3,381,198
3	Financial income	31,820	8,403
4	Financial expenses	-319,555	-49,675
	Profit/loss before tax	-1,804,646	-3,422,470
5	Tax for the year	238,326	760,481
	Profit/loss for the year	<u>-1,566,320</u>	<u>-2,661,989</u>
	Recommended appropriation of profit/loss		
	Other reserves	3,502,039	0
	Retained earnings/accumulated loss	<u>-5,068,359</u>	<u>-2,661,989</u>
		<u>-1,566,320</u>	<u>-2,661,989</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2020</u>	<u>2019</u>
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Completed development projects	7,374,294	3,972,442
	Development projects in progress and prepayments for intangible assets	<u>0</u>	<u>2,884,500</u>
		<u>7,374,294</u>	<u>6,856,942</u>
7	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	<u>26,265</u>	<u>95,116</u>
		<u>26,265</u>	<u>95,116</u>
8	Investments		
	Investments in associates	400,000	400,000
	Deposits, investments	<u>595,055</u>	<u>111,469</u>
		<u>995,055</u>	<u>511,469</u>
	Total fixed assets	<u>8,395,614</u>	<u>7,463,527</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	2,531,775	3,118,954
	Corporation tax receivable	486,443	920,766
	Other receivables	626,400	2,145
	Prepayments	<u>200,724</u>	<u>153,856</u>
		<u>3,845,342</u>	<u>4,195,721</u>
	Cash	<u>15,803,725</u>	<u>15,562,475</u>
	Total non-fixed assets	<u>19,649,067</u>	<u>19,758,196</u>
	TOTAL ASSETS	<u><u>28,044,681</u></u>	<u><u>27,221,723</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2020	2019
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
9	Share capital	1,000,000	1,000,000
	Share premium account	0	0
	Reserve for development costs	5,751,949	2,249,910
	Retained earnings	12,413,948	17,482,307
	<b>Total equity</b>	<b>19,165,897</b>	<b>20,732,217</b>
	Provisions		
	Deferred tax	1,597,585	1,349,468
	<b>Total provisions</b>	<b>1,597,585</b>	<b>1,349,468</b>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	479	0
	Trade payables	311,163	626,459
	Payables to associates	1,408,848	1,354,662
	Payables to shareholders and management	1,945,134	1,870,821
10	Other payables	3,615,575	1,288,096
		<b>7,281,199</b>	<b>5,140,038</b>
		<b>7,281,199</b>	<b>5,140,038</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,044,681</b>	<b>27,221,723</b>

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2019	131,000	0	0	1,208,678	1,339,678
Development costs for the year	0	0	2,249,910	-2,249,910	0
Capital increase	98,824	24,901,176	0	0	25,000,000
Bonus shares	770,176	0	0	-770,176	0
Transfer through appropriation of loss	0	0	0	-2,661,989	-2,661,989
Transferred from share premium account	0	-24,901,176	0	24,901,176	0
Purchase of treasury shares	0	0	0	-2,945,472	-2,945,472
Equity at 1 January 2020	1,000,000	0	2,249,910	17,482,307	20,732,217
Transfer through appropriation of loss	0	0	3,502,039	-5,068,359	-1,566,320
Equity at 31 December 2020	1,000,000	0	5,751,949	12,413,948	19,165,897

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Nordbo Robotics A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Basis of 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.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

###### Gross profit

The items revenue, cost of sales, work performed for own account and capitalised and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

###### Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

###### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

###### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
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###### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

###### Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually # years and cannot exceed # years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding # years.

Development costs and internally accumulated rights are recognised in the income statement as costs in the year of acquisition.

###### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

###### Investments in associates

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

###### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

#### Equity

##### *Treasury shares*

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

##### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK		2020	2019
2	Staff costs		
	Wages/salaries	9,021,604	7,297,853
	Pensions	545,839	176,058
	Other social security costs	205,814	105,853
	Other staff costs	133,299	201,608
		<u>9,906,556</u>	<u>7,781,372</u>
	Average number of full-time employees	<u>21</u>	<u>16</u>
3	Financial income		
	Exchange gains	31,820	8,398
	Other financial income	0	5
		<u>31,820</u>	<u>8,403</u>
4	Financial expenses		
	Interest expenses, associates	54,186	0
	Exchange losses	84,533	21,183
	Other financial expenses	180,836	28,492
		<u>319,555</u>	<u>49,675</u>
5	Tax for the year		
	Estimated tax charge for the year	-486,443	-920,766
	Deferred tax adjustments in the year	248,117	160,285
		<u>-238,326</u>	<u>-760,481</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Intangible assets

DKK	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2020	2,884,500	9,505,236
Additions	0	3,023,000
Transferred	-2,884,500	0
Cost at 31 December 2020	<u>0</u>	<u>12,528,236</u>
Impairment losses and amortisation at 1 January 2020	0	2,648,294
Amortisation for the year	0	2,505,648
Impairment losses and amortisation at 31 December 2020	<u>0</u>	<u>5,153,942</u>
Carrying amount at 31 December 2020	<u>0</u>	<u>7,374,294</u>

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
- 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.

#### 7 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment
Cost at 1 January 2020	<u>390,916</u>
Cost at 31 December 2020	<u>390,916</u>
Impairment losses and depreciation at 1 January 2020	295,800
Depreciation	68,851
Impairment losses and depreciation at 31 December 2020	<u>364,651</u>
Carrying amount at 31 December 2020	<u>26,265</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Investments

DKK	Investments in associates	Deposits, investments	Total
Cost at 1 January 2020	400,000	111,469	511,469
Additions	0	483,586	483,586
Cost at 31 December 2020	400,000	595,055	995,055
Carrying amount at 31 December 2020	400,000	595,055	995,055

Name	Domicile	Interest	Equity DKK
<b>Associates</b>			
Lead Robotics Scandinavia A/S	Billund	40.00%	1,000,000

#### 9 Share capital

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 Other payables

Other payables consists of derfered holiday pay, VAT and other payables

#### 11 Contractual obligations and contingencies, etc.

Contingent liabilities

There are no security and contingent liabilitites at 31 December 2020.

#### 12 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.