

Mobile Industrial Robots ApS

Emil Neckelmanns Vej 15 F, 5220 Odense SØ

CVR no. 35 25 12 35

Annual report 2017

Approved at the Company's annual general meeting on 22 March 2018

Chairman:



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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 Mobile Industrial Robots ApS for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2017 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2017.

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, 22 March 2018
Executive Board:



Thomas Visti Jensen

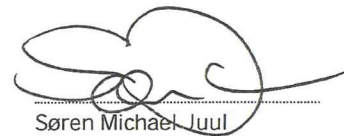
Board of Directors:



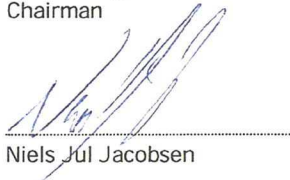
Torben Frigaard Rasmussen
Chairman



Thomas Visti Jensen



Søren Michael Juul
Jørgensen



Niels Jul Jacobsen



Esben Hallundbæk
Østergaard



Independent auditor's report

To the shareholders of Mobile Industrial Robots ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Mobile Industrial Robots ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2017 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "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 Group 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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:



Independent auditor's report

- ▶ 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Independent auditor's report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Odense, 22 March 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Søren Smedegaard Hvid', written over a faint blue circular stamp or watermark.

Søren Smedegaard Hvid
State Authorised Public Accountant
MNE no.: mne31450



Management's review

Company details

Name	Mobile Industrial Robots ApS
Address, Postal code, City	Emil Neckelmanns Vej 15 F, 5220 Odense SØ
CVR no.	35 25 12 35
Established	31 May 2013
Registered office	Odense
Financial year	1 January - 31 December
Board of Directors	Torben Frigaard Rasmussen, Chairman Thomas Visti Jensen Søren Michael Juul Jørgensen Niels Jul Jacobsen Esben Hallundbæk Østergaard
Executive Board	Thomas Visti Jensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark



Management's review

Business review

The Company's main activity is development and sale of autonomous mobile robots. The robots are developed and produced in Denmark and sold through distributors worldwide.

Financial review

The business has in 2017 increased activity significantly and the revenue has grown by 194 percent. The business has during 2017 as in 2016 invested heavily in product development, building up distribution around the world, establishing of own setup/company in Germany, Spain and Singapore and in organization development.

The income statement for 2017 shows a profit of tDKK 4,189 against a loss of tDKK 3,431 last year, and the balance sheet at 31 December 2017 shows equity of tDKK 9,630.

The management considers the Company's financial performance in the year satisfactory. The result is better than expected and in line with the company's long term strategy.

The business is in the coming year expected to continue significant investments in product development, sales and marketing. A significant growth in revenue and increase in activity is expected.

The company has sufficient capital resources in place to finance the future growth strategy.

Events after the balance sheet date

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



Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent company	
		2017	2016	2017	2016
	Revenue	77,554	26,311	70,464	25,530
	Cost of sales	-36,110	-13,286	-35,386	-14,150
	Other operating income	460	272	460	272
	Other external expenses	-14,870	-6,385	-12,475	-5,048
	Gross margin	27,034	6,912	23,063	6,604
2	Staff costs	-18,510	-10,539	-15,556	-8,910
	Depreciation	-1,282	-479	-1,282	-479
	Profit/loss before net financials	7,242	-4,106	6,225	-2,785
	Income from investments in group entities	0	0	999	-1,321
	Financial income	52	315	51	315
	Financial expenses	-2,180	-230	-2,176	-230
	Profit/loss before tax	5,114	-4,021	5,099	-4,021
3	Tax for the year	-925	590	-910	590
	Profit/loss for the year	4,189	-3,431	4,189	-3,431
	Recommended appropriation of profit/loss				
	Reserve for development costs			3,482	3,246
	Retained earnings/accumulated loss			707	-6,677
				4,189	-3,431



Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2017	2016	2017	2016
		ASSETS			
		Non-current assets			
4		Intangible assets			
		Completed development projects			
		5,558	3,720	5,558	3,720
		Development projects in progress			
		2,621	813	2,621	813
		<u>8,179</u>	<u>4,533</u>	<u>8,179</u>	<u>4,533</u>
5		Property, plant and equipment			
		Other fixtures and fittings, tools and equipment			
		535	388	535	388
		Leasehold improvements			
		114	186	114	185
		<u>649</u>	<u>574</u>	<u>649</u>	<u>573</u>
6		Financial assets			
		Investments in group entities			
		0	0	468	0
		Deposits, investments			
		598	167	431	167
		<u>598</u>	<u>167</u>	<u>899</u>	<u>167</u>
		Total non-current assets			
		<u>9,426</u>	<u>5,274</u>	<u>9,727</u>	<u>5,273</u>
		Current assets			
		Inventories			
		Raw materials and consumables			
		2,370	697	2,370	697
		Finished goods and goods for resale			
		3,451	2,336	2,750	1,385
		<u>5,821</u>	<u>3,033</u>	<u>5,120</u>	<u>2,082</u>
		Receivables			
		Trade receivables			
		10,007	5,437	5,243	3,738
		Receivables from group entities			
		0	0	7,139	2,962
		Income taxes receivable			
		0	1,227	0	1,227
		Other receivables			
		2,336	888	2,128	631
		<u>12,343</u>	<u>7,552</u>	<u>14,510</u>	<u>8,558</u>
		Cash			
		6,608	717	4,464	94
		<u>24,772</u>	<u>11,302</u>	<u>24,094</u>	<u>10,734</u>
		Total current assets			
		<u>34,198</u>	<u>16,576</u>	<u>33,821</u>	<u>16,007</u>
		TOTAL ASSETS			



Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2017	2016	2017	2016
		EQUITY AND LIABILITIES			
		Equity			
7	Share capital	1,420	1,399	1,420	1,399
	Reserve for non-paid-in capital	0	0	0	0
	Reserve for development costs	6,728	3,246	6,728	3,246
	Retained earnings	1,482	329	1,482	329
	Total equity	9,630	4,974	9,630	4,974
	Non-current liabilities				
	Deferred tax	1,139	230	1,139	230
	Other provisions	263	0	263	0
	Other credit institutions	10,828	0	10,828	0
	Total non-current liabilities	12,230	230	12,230	230
	Current liabilities				
	Current portion of non-current liabilities other than provisions				
		3,026	0	3,026	0
	Bank debt	321	5,912	321	5,912
	Trade payables	5,680	2,910	5,679	2,841
	Other payables	3,311	2,550	2,935	2,050
	Total current liabilities	12,338	11,372	11,961	10,803
	Total liabilities	24,568	11,602	24,191	11,033
	TOTAL EQUITY AND LIABILITIES	34,198	16,576	33,821	16,007

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Group				Total
	Share capital	Reserve for non-paid-in capital	Reserve for development costs	Retained earnings	
Equity at 1 January 2016	1,399	4,500	0	2,506	8,405
Transfer through appropriation of loss	0	0	3,246	-6,677	-3,431
Equity transferred to reserves	0	-4,500	0	4,500	0
Equity at 1 January 2017	1,399	0	3,246	329	4,974
Capital increase	21	0	0	407	428
Transfer through appropriation of profit	0	0	3,482	707	4,189
Exchange adjustment	0	0	0	39	39
Equity at 31 December 2017	1,420	0	6,728	1,482	9,630

DKK'000	Parent company				Total
	Share capital	Reserve for non-paid-in capital	Reserve for development costs	Retained earnings	
Equity at 1 January 2016	1,399	4,500	0	2,506	8,405
Transfer through appropriation of loss	0	0	3,246	-6,677	-3,431
Equity transferred to reserves	0	-4,500	0	4,500	0
Equity at 1 January 2017	1,399	0	3,246	329	4,974
Capital increase	21	0	0	407	428
Transfer through appropriation of profit	0	0	3,482	707	4,189
Exchange adjustment	0	0	0	39	39
Equity at 31 December 2017	1,420	0	6,728	1,482	9,630



Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2017	2016
	Profit/loss for the year	4,189	-3,431
10	Adjustments	4,621	-196
	Cash generated from operations (operating activities)	8,810	-3,627
11	Changes in working capital	-5,275	7
	Cash generated from operations (operating activities)	3,535	-3,620
	Interest received, etc.	52	315
	Interest paid, etc.	-2,180	-230
	Received tax	1,227	394
	Cash flows from operating activities	2,634	-3,141
	Additions of intangible assets	-4,706	-3,305
	Additions of property, plant and equipment	-297	-340
	Additions of leasehold improvements	0	-215
	Deposits, investments	-431	-109
	Cash flows to investing activities	-5,434	-3,969
	Loan	13,854	0
	Increase, bank debt	0	5,681
	Repayments, bank debt	-5,591	0
	Cash capital increase	428	0
	Cash flows from financing activities	8,691	5,681
	Net cash flow	5,891	-1,429
	Cash and cash equivalents at 1 January	717	2,146
12	Cash and cash equivalents at 31 December	6,608	717



Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Mobile Industrial Robots ApS for 2017 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.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Restatement of comparative figures

In connection with the voluntary presentation of consolidated financial statements, the parent company's comparative figures have been restated for 2016, and consequently, the negative results of operation of the subsidiary are recognised although Mobile Industrial Robots ApS was not formally under an obligation to cover the deficit in 2016.

The restatement had the following impact on the comparative figures for 2016:

Other payables are underestimated by DKK 1.3 million

Equity at 31 December 2016 is underestimated by DKK 1,3 million.

The results for the year are overestimated by DKK 1.3 million

The total balance sheet effect thereby made up a decrease of DKK 1.3 million of which equity is negatively affected by DKK 1.3 million.

Consolidated financial statements

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, comprising sale of robots and related services is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.



Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Cost of sales

Cost of sales includes the cost of goods 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

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

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

Completed development projects	5 years
Other fixtures and fittings, tools and equipment	3 years

Income from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Shares of profit/loss after tax in associates are recognised in the consolidated income statement after elimination of a proportionate share of unrealised intra-group gains/losses.

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.



Consolidated financial statements and parent company 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 evidenced, 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 5 years and cannot exceed 10 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, however not exceeding 10 years.

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.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

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.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs 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.



Consolidated financial statements and parent company 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 on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
	2017	2016	2017	2016
DKK'000				
2 Staff costs and incentive programmes				
Wages/salaries	14,629	9,370	12,258	7,741
Pensions	2,178	537	1,999	537
Other social security costs	571	188	195	188
Other staff costs	1,132	444	1,104	444
	<u>18,510</u>	<u>10,539</u>	<u>15,556</u>	<u>8,910</u>
Average number of full-time employees	<u>42</u>	<u>20</u>	<u>36</u>	<u>20</u>

Group

Incentive programmes

In 2015, the company established a warrant programme for the Board of Directors and executive employees.

A number of 36,007 warrants were granted by the 31 December 2017. The warrants can be exercised in the period December 2016 to December 2021.

	Group		Parent company	
	2017	2016	2017	2016
DKK'000				
3 Tax for the year				
Estimated tax charge for the year	15	-1,227	0	-1,227
Deferred tax adjustments in the year	910	637	910	637
	<u>925</u>	<u>-590</u>	<u>910</u>	<u>-590</u>



Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

4 Intangible assets

	Group		
	Completed development projects	Development projects in progress	Total
DKK'000			
Cost at 1 January 2017	4,167	813	4,980
Additions in the year	0	4,706	4,706
Transfer from other accounts	2,898	-2,898	0
Cost at 31 December 2017	7,065	2,621	9,686
Impairment losses and amortisation at 1 January 2017	447	0	447
Amortisation/depreciation in the year	1,060	0	1,060
Impairment losses and amortisation at 31 December 2017	1,507	0	1,507
Carrying amount at 31 December 2017	5,558	2,621	8,179
Amortised over	5 years		
	Parent company		
	Completed development projects	Development projects in progress	Total
DKK'000			
Cost at 1 January 2017	4,167	813	4,980
Additions in the year	0	4,706	4,706
Transfer from other accounts	2,898	-2,898	0
Cost at 31 December 2017	7,065	2,621	9,686
Impairment losses and amortisation at 1 January 2017	447	0	447
Amortisation/depreciation in the year	1,060	0	1,060
Impairment losses and amortisation at 31 December 2017	1,507	0	1,507
Carrying amount at 31 December 2017	5,558	2,621	8,179

5 Property, plant and equipment

	Group		
	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
DKK'000			
Cost at 1 January 2017	486	216	702
Additions in the year	297	0	297
Cost at 31 December 2017	783	216	999
Impairment losses and depreciation at 1 January 2017	98	30	128
Amortisation/depreciation in the year	150	72	222
Impairment losses and depreciation at 31 December 2017	248	102	350
Carrying amount at 31 December 2017	535	114	649
Depreciated over	3-5 years		3 years

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Notes to the financial statements

6 Investments

DKK'000	Group		
	Deposits, investments		
Cost at 1 January 2017			167
Additions in the year			431
Cost at 31 December 2017			598
Carrying amount at 31 December 2017			598

DKK'000	Parent company		
	Investments in group entities	Deposits, investments	Total
Cost at 1 January 2017	7	167	174
Additions in the year	673	264	937
Cost at 31 December 2017	680	431	1,111
Value adjustments at 1 January 2017	-7	0	-7
Exchange adjustment	39	0	39
Share of the profit/loss for the year	999	0	999
Reversal of prior year impairment losses	-1,243	0	-1,243
Value adjustments at 31 December 2017	-212	0	-212
Carrying amount at 31 December 2017	468	431	899

The parent company has chosen not to disclose information on subsidiaries in accordance with section 97A(1 and 2) of the Danish Financial Statements Act, referring to section 97(4) of the Danish Financial Statements Act.

DKK'000	Parent company	
	2017	2016
7 Share capital		
Analysis of the share capital:		
970,200 A shares of DKK 1.00 nominal value each	970	949
450,000 B shares of DKK 1.00 nominal value each	450	450
	1,420	1,399

Analysis of changes in the share capital over the past 5 years:

DKK'000	2017	2016	2015	2014	30/09 2014
Opening balance	1,399	1,399	349	264	80
Capital increase	21	0	1,050	85	184
	1,420	1,399	1,399	349	264



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Notes to the financial statements

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

Parent company

The Company has the usual industrial warranty and service obligations.

Tenancy commitments regarding lease amounts to DKK 3,215 thousand.

The Company has entered into other leases amounting to DKK 415 thousand.

9 Collateral

Parent company

As security for the Company's debt to banks, creditors and other suppliers, the Company has provided security or other collateral in its assets for at total amount of DKK 18,5 million.

DKK'000	Group	
	2017	2016
10 Adjustments		
Depreciations	1,282	479
Other provisions	263	0
Financial income	2,180	230
Financial expenses	-52	-315
Deferred tax	925	-590
Other adjustments	23	0
	<u>4,621</u>	<u>-196</u>
11 Changes in working capital		
Change in inventories	-2,788	-977
Change in receivables	-6,017	-2,448
Change in trade and other payables	3,530	3,432
	<u>-5,275</u>	<u>7</u>
12 Cash and cash equivalents at year-end		
Cash according to the balance sheet	6,608	717
	<u>6,608</u>	<u>717</u>