OnRobot A/S

Teglværksvej 47 H, 5220 Odense SØ

CVR no. 36492449

Annual report 2018

Approved at the Company's annual general meeting on 24 April 2019

Chairman:

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Ulrik Jørring

Building a better working world

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Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of OnRobot A/S for the financial year 1 July - 31 December 2018.

The annual report has been 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 2018 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 July - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Odense, 24 April 2019
Executive Board:

Enrico Krog Iversen

Board of Directors:

Ulrik Jørring Chairman	Johannes Kornelis Jan Sikkens	Iván Halász
Helle Priess	Lars Rønn	Helena Yli-Renko

Independent auditor's report

To the shareholders of OnRobot A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of OnRobot A/S for the financial year 1 July - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both 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 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 July - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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.

Independent auditor's report

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.

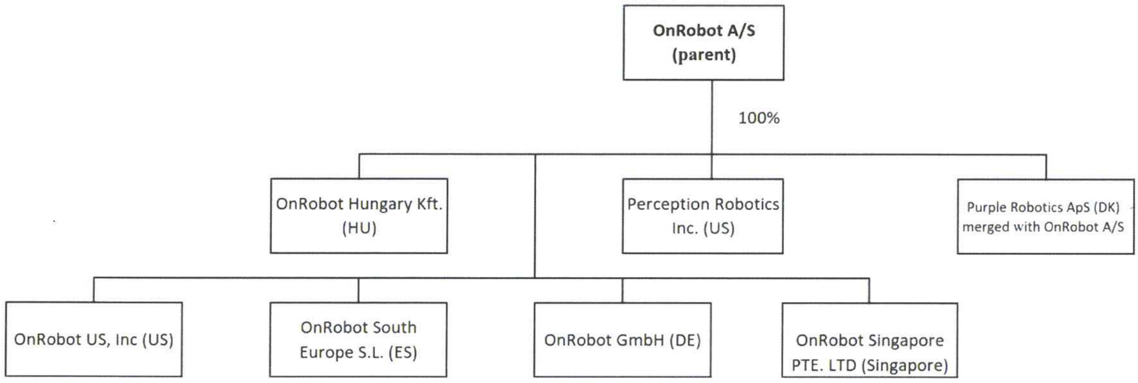
Odense, 24 April 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Koch-Pedersen
State Authorised
Public Accountant
mne19682

Management's review

Group chart

Pr. 31.12.2018



Financial highlights for the Group

In EUR thousand	2018 6 months	2017/18 12 months
Key figures		
Revenue	2,190	1,847
Revenue less cost of sales	1,311	1,159
Gross profit/loss	-5,054	-681
Profit/loss from ordinary activities	-10,902	-2,827
Profit/loss from net financials	-32	-16
Profit/loss for the year	-10,333	-2,313
Non-current assets	24,594	19,606
Current assets	21,224	15,128
Total assets	45,818	34,734
Portion relating to investments in items of property, plant and equipment	978	640
Equity	43,990	32,036
Non-current liabilities	0	0
Current liabilities	1,828	2,698
Cash flows from operating activities	-9,698	-1,323
Cash flow from investing activities	-7,730	-19,588
Cash flows from financing activities	22,287	33,638
Total cash flows	4,859	12,727
Financial ratios		
Operating margin	-552.5 %	-153.1 %
Gross margin	-256.2 %	-36.9 %
Current ratio	1,161.1 %	560.7 %
Cash conversion ratio	-44,6 %	450,2 %
Equity ratio	96.0 %	92.2 %
Return on equity	-27.2 %	-13,9 %
Average number of full-time employees	90	18

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

Management's review

The financial ratios stated under "Financial highlights" have been calculated as follows:

Profit margin	Operating profit (EBIT) x 100 / Revenue
Gross margin	Gross profit x 100 / Revenue
Current ratio	Current assets x 100 / Current liabilities
Cash conversion ratio	Free cash flow before acquisitions x 100 / Operating profit (EBIT)
Equity ratio	Equity excl. non-controlling interests, year-end x 100 / Total equity and liabilities, year-end
Profit/loss for analytical purposes	Profit/loss for the year less non-controlling interests' share hereof
Return on equity	Profit/loss for the year excl. non-controlling interests x 100 / Average equity excl. non-controlling interests

Management's review

Key activities

The Group's main activity is the development, manufacturing and sale of end-of-arm tooling and other technologies for collaborative robot applications.

Development in the year

The Group reported a loss for the year 2018 of EUR 10,333 thousand, and equity amounts to EUR 43,990 thousand at 31. December 2018.

In the beginning of the fiscal year 2018, OnRobot A/S acquired the Gripper Company, Purple Robotics ApS, which is also located in the city of Odense. Simultaneously a new big investor joined the group of owners and funded the company further.

Comparison of development in the year does not give a true and fair view of development of activities in the Group with reference to the short fiscal year 2018 covering 6 month and acquisition of OptoForce and Perception Robotics in the end of fiscal year 2017/2018.

The Group increased activity level in fiscal year 2018 is partly due a continued investment in market penetration, development and further consolidation of Groups position in the collaborative applications market and partly due the effect from acquisition of two robot companies in June 2018; OptoForce in Hungary and Perception Robotics in California and August 2018 acquisition of Purple Robotics in Odense.

The Group is presented via subsidiaries and branches in these countries: USA, Singapore, China, Japan, Hungary, Poland, Spain, Germany and Denmark. The Group is as well represented in 53 countries through distributor channels.

Management considers the result for the year in the line with expectations. For the coming year, the company's Management expects an increase in activity through the company's own operations and planned acquisitions. As the company still is in a build-up phase with significant investments in the market, the Result after Tax for the coming year expects to be within the range of -8 mill and -20 mill EUR.

Research and development

OnRobot A/S continues to invest in the continuous development of the Company's products and markets.

Foreign exchange risks

The Group has a natural currency exposure, primarily in EUR but also in USD. The Group is therefore to some extent exposed to variations in exchange rates. The Group's foreign exchange policy is not to hedge such exposures.

External environment

The activities of the Group consisting of assembly and R&D activities, do not to a high degree impact the external environment.

Risks

No material events have occurred after the end of the financial year.

Consolidated financial statements and parent company financial statements 1 July – 31 December

Income statement

Note	EUR'000	Group 2018 6 months	Group 2017/18 12 months	Parent 2018 6 months	Parent 2017/18 12 months
	Revenue	2,190	1,847	2,190	1,847
	Cost of sales	-879	-688	-2,020	-711
	Revenue less cost of sales	1,311	1,159	170	1,136
	Other operating income	0	13	3	0
	Other external expenses	-6,365	-1,853	-6,593	-1,852
	Gross profit/loss	-5,054	-681	-6,420	-716
2	Staff costs	-3,094	-2,090	-1,734	-1,666
	Depreciation and impairment of fixed assets	-2,754	-56	-789	-45
	Profit/loss before net financials	-10,902	-2,827	-8,943	-2,427
	Loss from investments in group enterprises	0	0	-1,607	-399
3	Financial income	117	11	97	5
	Financial expenses	-149	-27	-44	-22
	Profit/loss before tax	-10,934	-2,843	-10,497	-2,843
4	Tax for the year	601	530	164	530
	Profit/loss for the year	-10,333	-2,313	-10,333	-2,313

Consolidated financial statements and parent company financial statements 1 July – 31 December

Balance sheet

Note	EUR'000	Group 2018	Group 2017/18	Parent 2018	Parent 2017/18
	ASSETS				
	Fixed assets				
5	**Intangible assets**				
	Acquired intangible assets	23,530	18,927	6,372	0
		23,530	18,927	6,372	0
6	**Property, plant and equipment**				
	Plant and machinery	95	93	0	0
	Fixtures and fittings, other plant and equipment	632	488	374	241
	Leasehold improvements	251	59	229	36
		978	640	603	277
7	**Investments**				
	Investments in group enterprises	0	0	18,006	17,575
	Deposits, investments	86	39	86	39
		86	39	18,092	17,614
	Total fixed assets	24,594	19,606	25,067	17,891
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	903	365	632	262
	Finished goods and goods for resale	122	130	78	130
		1,025	495	710	392
	Receivables				
	Trade receivables	540	330	425	174
	Receivables from group enterprises	0	0	1,073	2,383
9	Deferred tax assets	1,227	626	790	626
	Corporation tax receivable	0	38	0	38
	Other receivables	103	273	1	248
10	Prepayments	265	161	189	104
		2,135	1,428	2,478	3,573
	Cash	18,064	13,205	17,270	11,937
	Total non-fixed assets	21,224	15,128	20,458	15,902
	TOTAL ASSETS	45,818	34,734	45,525	33,793

Consolidated financial statements and parent company financial statements 1 July – 31 December

Balance sheet

Note	EUR'000	Group 2018	Group 2017/18	Parent 2018	Parent 2017/18
	EQUITY AND LIABILITIES				
	Equity				
8	Share capital	393	292	393	292
	Retained earnings	43,597	31,744	43,597	31,744
	Total equity	43,990	32.036	43,990	32,036
	Liabilities other than provisions				
	Current liabilities other than provisions				
	Bank debt	55	19	55	24
	Trade payables	905	411	733	637
	Payables to group enterprises	0	0	125	0
	Other payables	696	2,066	622	1,096
10	Prepayments	172	202	0	0
		1,828	2,698	1,535	1,757
	Total liabilities other than provisions	1,828	2,698	1,535	1,757
	TOTAL EQUITY AND LIABILITIES	45,818	34,734	45,525	33,793

1 Accounting policies
11 Contractual obligations and contingencies, etc.
12 Mortages and collateral
13 Related parties

Consolidated financial statements and parent company financial statements 1 July – 31 December

Statement of changes in equity

Note	EUR'000	Group Share capital	 Retained earnings	 Total
	Equity at 1 July 2017	18	670	688
	Capital increase	274	33,364	33,638
	Purchase of own equity investments	0	-201	-201
	Sale of own equity investments incl. gain/loss	0	224	224
14	Transfer, see "Appropriation of profit/loss"	0	-2,313	-2,313
	Equity at 1 July 2018	292	31,744	32,036
	Capital increase	101	22,186	22,287
	Transfer, see "Appropriation of profit/loss"	0	-10,333	-10,333
14	Foreign exchange adjustments, foreign subsidiary	0	0	0
	Equity at 31 December 2018	393	43,597	43,990

Note	EUR'000	Parent Share capital	 Retained earnings	 Total
	Equity at 1 July 2017	18	670	688
	Capital increase	274	33,364	33,638
	Purchase of own equity investments	0	-201	-201
	Sale of own equity investments incl. gain/loss	0	224	224
14	Transfer, see "Appropriation of profit/loss"	0	-1,914	-1,914
	Equity at 1 July 2018	292	32,143	32,435
	Adjustment of equity through changes in accounting policies	0	-399	-399
	Adjusted equity at 1 July 2018	292	31,744	32,036
	Capital increase	101	22,186	22,287
14	Transfer, see "Appropriation of profit/loss"	0	-10,333	-10,333
	Equity at 31 December 2018	393	43,597	43,990

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

Cash flow statement

Note	DKK'000	Group 2018	Group 2017/18
	Profit/loss before net financials	-10,902	-2,827
	Amortisation/depreciation charges	2,754	56
	Cash generated from operations before changes in working capital	-8,148	-2,771
15	Changes in working capital	-1,556	1,471
	Cash generated from operations	-9,704	-1,300
	Interest received	117	11
	Interest paid	-149	-27
	Income taxes received	38	-7
	Cash flows from operating activities	-9,698	-1,323
5	Acquisition of intangible assets	-7,240	18,898
6	Acquisition of property, plant and equipment	-443	-651
7	Acquisition of other investments	-47	-39
	Cash flows from investing activities	-7,730	-19,588
	Shareholders:		
	Capital increase	22,287	33,638
	Cash flows from financing activities	22,287	33,638
	Net cash flows	4,859	12,727
	Cash and cash equivalents, beginning of year	13,205	478
	Cash and cash equivalents, year-end	18,064	13,205

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 July – 31 December

Notes

1 **Accounting policies**

The annual report of OnRobot A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium reporting class C entities.

Changes in accounting policies

Equity investments in subsidiaries are measured according to the equity method in the parent company financial statements. Equity investments in subsidiaries were in 2017/18 measured at cost. In Managements opinion, the change in accounting policies gives a better true and fair view of the financial position of the parent company and the result of the parent company's operations.

The change in accounting policies has affected loss for the year negative with EUR 1,607 thousand (2017/18: negative EUR 399 thousand). The carrying amount of investments in subsidiaries are reduced with EUR 1,108 thousand (At 30 June 2018: reduced with EUR 399 thousand). The balance sheet and equity is reduced with EUR 1,108 thousand (At 30 June 2018: reduced with EUR 399 thousand).

Reporting currency

The financial statements are presented in EUR. The financial statements were previously presented in DKK. The presentation currency has been changed because the Company's most significant sales and expenses are settled in EUR and because the Company aims to increase comparability with its European competitors. Comparative figures have been restated as follows:

- The items in the income statement are translated using average rates for the period concerned.
- Monetary balance sheet items are translated using the rates at the relevant balance sheet dates.
- Non-monetary balance sheet items are translated at the exchange rate at the time of acquisition.
- All exchange adjustments are recognised in the income statement as financial income/expenses.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company OnRobot A/S and subsidiaries controlled by OnRobot A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

The Management's review includes a group chart.

Consolidated financial statements and parent company financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Preparation of consolidated financial statements

The consolidated financial statements have been 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.

In the consolidated financial statements, the 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, but are disclosed separately.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not restated to reflect newly acquired entities.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as acquired intangible assets under "Intangible Assets". Acquired intangible assets is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred and liabilities assumed. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities, contingent liabilities is uncertain, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Consolidated financial statements and parent company financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are taken directly to equity.

Foreign currency translation

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

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Consolidated financial statements and parent company financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

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

Revenue from the sale of goods

Income from the sale of goods for resale and finished goods, including #, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably 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. Where sold goods are supplied and integrated with the purchaser's property on a current basis, the income is recognised in revenue as the goods are supplied, meaning that revenue corresponds to the selling price of work performed during the year.

Revenue from the sale of services

Income from the sale of services, which include service contracts and extended warranty commitments relating to products and services sold, is recognised on a straight-line basis as the services are rendered.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company’s core activities including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year’s revenue.

Other external costs

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.

Consolidated financial statements and parent company financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to office premises, office expenses and amortisation/depreciation.

Profit/loss 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.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge – including changes arising from changes in tax rates – is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects, patents and licences

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

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential 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.

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 5 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Plant and machinery	3-10 years
Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	3-10 years

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1 **Accounting policies (continued)**

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method in the parent company 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 the consolidated financial statements above.

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 in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

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Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

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 net 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.

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 cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads. Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

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

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net 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 "Current assets" comprise expenses incurred concerning subsequent financial years.

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Notes

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

Net revaluation of equity investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Income tax and deferred tax

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

Deferred tax is measured using the balance sheet 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 or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the 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 assets, including the tax base of tax loss carry-forwards, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities.

Other liabilities are measured at net realisable value.

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Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

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EUR'000	Group 2018	Group 2017/18	Parent 2018	Parent 2017/18
2 Staff cost				
Wages/salaries	2,809	1,912	1,449	1,488
Pensions	197	97	197	97
Other staff costs	16	13	16	13
Other social security costs	72	68	72	68
	3,094	2,090	1,734	1,666
Average number of fulltime employees	90	18	39	18
	90	18	39	18

Total remuneration to group Management:
EUR'000 240 (2017/18: EUR'000 131)

Non-subscribed warrants:
In its incentive program for Management, executive employees and the Board of Directors, the Company has granted 170.075 warrants with subscription right for one A-share of nominally DKK 1. The Exercise Price corresponds to the estimated market value of the Company's shares on the date of issuance.

The following general criteria apply to the program:

1. Those who have received warrants have not paid for the warrants received.
2. There are no specific terms and conditions apart from continued employment in the Company or Board of Director.

EUR'000	Group 2018	Group 2017/18	Parent 2018	Parent 2017/18
3 Finance income				
Interest receivable, group entities	0	0	22	1
Other finance income	117	11	75	4
	117	11	97	5
4 Tax for the year				
Deferred tax adjustments in the year	41	-492	-164	-492
Tax adjustments, prior years	-560	-38	0	-38
	-601	-530	-164	-530

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5 Intangible assets

EUR'000	Group Completed development projects
Cost at 1 July 2018	18,957
Additions	7,240
Cost at 31 December 2018	26,197
Amortisation and impairment losses at 1 July 2018	30
Foreign exchanges adjustments	-16
Amortisation for the year	2,653
Amortisation and impairment losses at 31 December 2018	2,667
Carrying amount at 31 December 2018	23,530
Amortised over	5 years

EUR'000	Parent company Completed development projects
Cost at 1 July 2018	0
Additions through mergers and business combinations	7,283
Cost at 31 December 2018	7,283
Amortisation and impairment losses at 1 July 2018	0
Adjustment due to merger	183
Amortisation for the year	728
Amortisation and impairment losses at 31 December 2018	911
Carrying amount at 31 December 2018	6,372
Amortised over	5 years

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6 **Property, plant and equipment**

	Group			
EUR'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 July 2018	133	608	66	807
Foreign exchange adjustments	-5	6	-1	0
Additions	16	227	200	443
Cost at 31 December 2018	144	841	265	1,250
Depreciation and impairment losses at 1 July 2018	40	120	7	167
Foreign exchange adjustments	1	3	0	4
Depreciation	8	86	7	101
Depreciation and impairment losses at 31 December 2018	49	209	14	272
Carrying amount at 31 December 2018	95	632	251	978
Depreciated over	3-10 years	3-5 years	3-10 years	

	Parent company		
EUR'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 July 2018	290	38	328
Foreign exchange adjustments	-1	0	-1
Additions	188	200	388
Cost at 31 December 2018	477	238	715
Depreciation and impairment losses at 1 July 2018	49	2	51
Depreciation	54	7	61
Depreciation and impairment losses at 31 December 2018	103	9	112
Carrying amount at 31 December 2018	374	229	603
Depreciated over	3-5 years	3-10 years	

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7 Investments

EUR'000	Group Deposits, investments
Cost at 1 July 2018	39
Additions	47
Cost at 31 December 2018	86
Carrying amount at 31 December 2018	**86**

EUR'000	Parent company Investments in group enterprises	Deposits, investments	Total
Cost at 1 July 2018	17,974	39	18,013
Additions	1,140	47	1,187
Cost at 31 December 2018	19,114	86	19,200
Value adjustments at 1 July 2018	0	0	0
Adjustment of equity through changes in accounting policies	-399	0	-399
Value adjustments at 1 July 2018	-399	0	-399
Adjustment merger	183	0	183
Foreign exchanges adjustments	-28	0	-28
Profit/loss for the year	1,045	0	464
Value adjustments for the year	-1,909	0	-1,328
Value adjustments at 31 December 2018	-1,108	0	-1,108
Carrying amount at 31 December 2018	**18,006**	**86**	**18,092**

Acquired intangible assets on investment in Group enterprises comprises of total EUR 17,135 thousand as of 31 December 2018.

Subsidiaries	Domicile	Interest (%)	Equity EUR'000	Profit/loss EUR'000
OnRobot Hungary Kft.	Hungary	100	-62	254
Perception Robotics, Inc.	US	100	841	696
OnRobot US, Inc.	US	100	41	12
OnRobot South Europe S.L.	Spain	100	10	6
OnRobot GmbH	Germany	100	21	81
OnRobot Singapore Pte. Ltd	Singapore	100	15	-4

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8 Share capital

Analysis of changes in the share capital over the past 4 years:

EUR'000	2018	2017/18	2016/17	2015/16
Opening balance	292	18	10	9
Capital increase	101	274	8	1
	393	292	18	10

The share capital comprises:

169 thousand class A shares of EUR 1 each
40 thousand class B shares of EUR 1 each
184 thousand class C shares of EUR 1 each

The Company owns no treasury shares at the balance sheet date. Nor did it purchase or sell any treasury shares in the financial year.

9 Deferred tax assets

At 31 December 2018, the Group recognised an asset totalling EUR 1,227 thousand. The tax asset consists of tax loss carry-forwards totalling EUR 1,305 thousand and non-utilised tax deductions in the form of timing differences totalling EUR -78 thousand.

Unrecognised deferred tax assets from tax loss carry-forwards totalling EUR 1,821 thousand.

	Group		Parent	
EUR'000	2018	2017/18	2018	2017/18
10 Prepayments (assets)				
Premiums	34	29	33	29
Other	231	132	156	75
	265	161	189	104
Prepayments (liabilities)				
Subsidies	166	202	0	0
Other	6	0	0	0
	172	202	0	0

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11 Contractual obligations and contingencies, etc.

Contingent liabilities

Guarantees

The Company has entered guarantee commitments totalling EUR 185 thousand.

Operating lease liabilities

The group entities have entered into operating rent and lease arrangements with an average annual lease payment of EUR 301 thousand. The leases have a remaining term of 36-94 months and a total, nominal residual lease liability of EUR 1,716 thousand.

	Group		Parent	
EUR'000	2018	2017/18	2018	2017/18
Rent and lease obligations	1,716	39	1,306	39

12 Mortgages and collateral

The Company has issued a company charge of a total amount of EUR 268 thousand secured on the above ordinary claims, inventory of raw materials, semi-manufactured products and finished goods, plant and machinery, fixtures and fittings, other plant and equipment and intellectual property rights of a carrying amount of EUR 1,299 thousand.

13 Related parties

OnRobot A/S' related parties comprise the following:

Related party transactions

EUR'000	2018	2017/18
Parent		
Purchase of goods from subsidiaries	2,206	28
Group contributions	2,994	352
Interest income from subsidiaries	22	1
Intercompany loans	1,200	2,383
Payables to subsidiaries	125	0

No transactions were carried through with shareholders in the year.

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 2.

The following shareholders are registered in the Company's register of shareholders as holding minimum 5 % of the votes or minimum 5 % of the share capital:

Name	Domicile
Opto One Technológia Korlátolt Felelösségü Társaság	Hungary
Summit Partners RBT S.à.r.l.	Luxembourg
BKI HOLDING ApS	Denmark
ANBE AF 2006 ApS	Denmark
VÆKSTFONDEN	Denmark

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EUR'000	Parent 2018	Parent 2017/18
14 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-10,333	-2,313
	-10,333	-2,313

EUR'000	Group 2018	Group 2017/18
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-10,333	-2,313
	-10,333	-2,313
15 Changes in working capital		
Change in inventories	-530	-353
Change in receivables	-144	-401
Changes in bank debt	36	-4
Change in trade and other payables	-906	2,229
Foreign exchange adjustment	-12	0
	-1,556	1,471