OnRobot A/S

Teglværksvej 47 H, 5220 Odense SØ

CVR no. 36492449

Annual report 2022

Approved at the Company's annual general meeting on 19 April 2023

Chair of the meeting:

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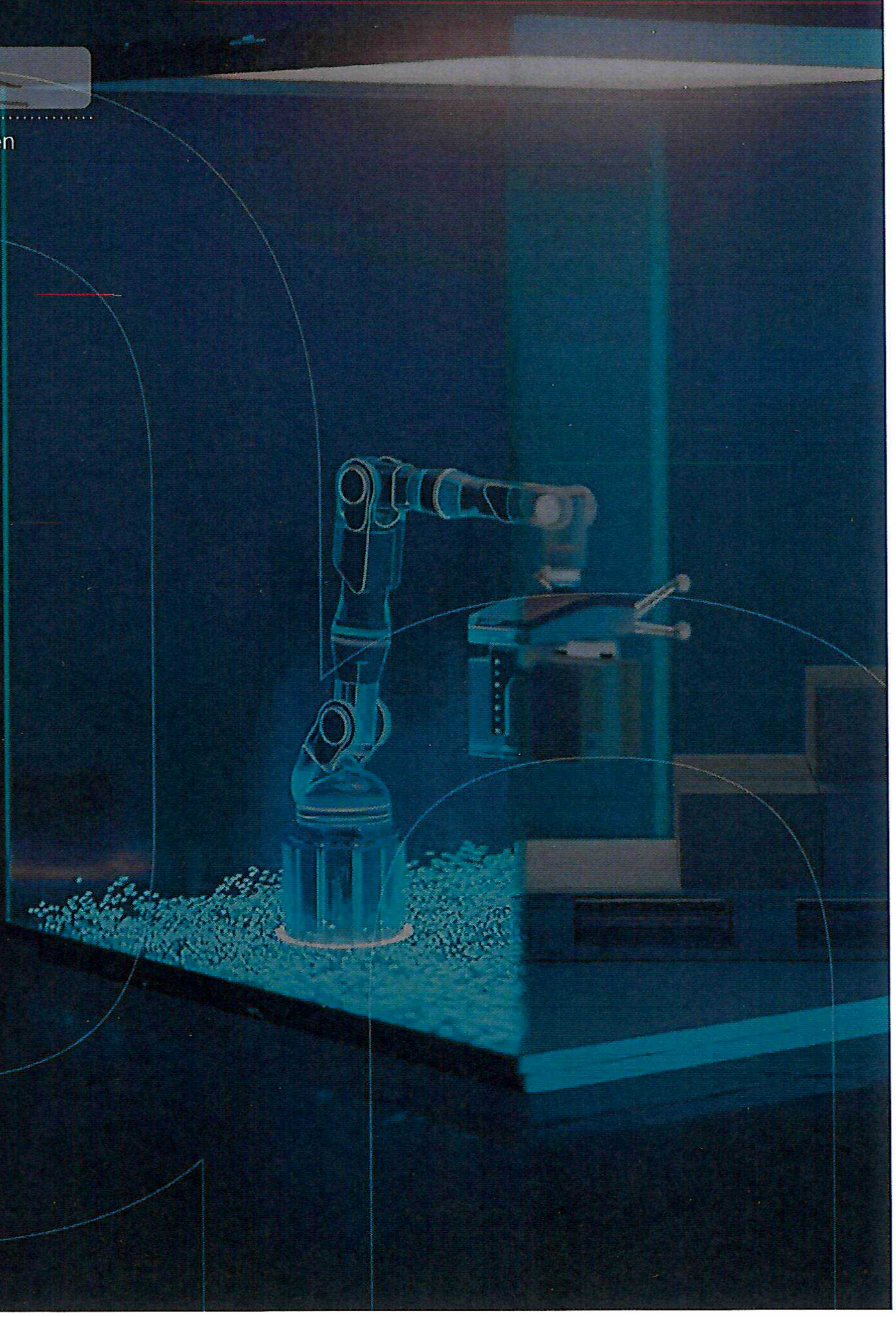
Kristian Lykkeholm Klausen



Contents

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 January - 31 December 2022, 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 2022 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 January - 31 December 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with requirements and the IESBA code.

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.

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of OnRobot A/S for the financial year 1 January - 31 December 2022.

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 2022 and of the results of their operations and consolidated cash flows for the financial year 1 January - 31 December 2022.

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, the results for the year and the Group's and the Parent Company's financial position.

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

Odense, 19 April 2023
Executive Board:

Enrico Krog Iversen

Board of Directors:

Ulrik Jørring
Chairman

Helle Priess

Nicolai Fink Gundersen

Gitte Schjøtz

Gregg A Holst

Jesper Lilledal Holmegaard

Independent auditor's report

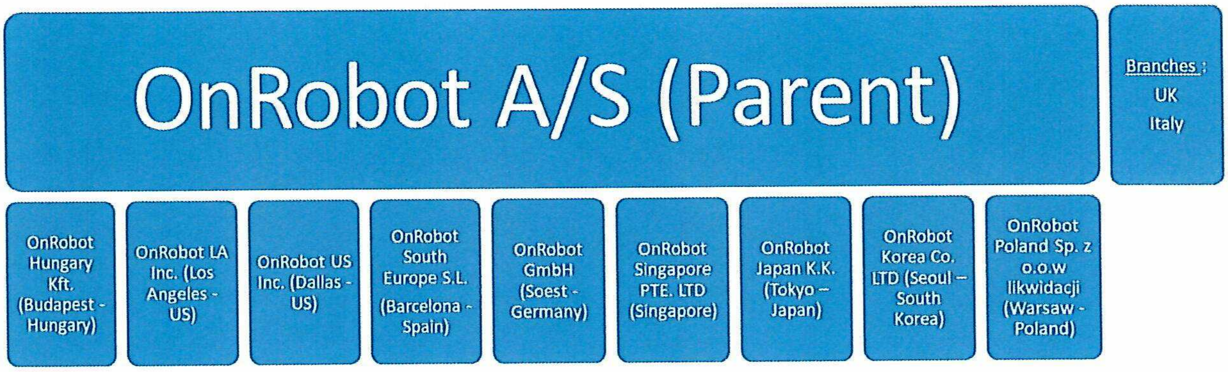
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Odense, 19 April 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Koch-Pedersen State Authorised Public Accountant mne19682	Kasper Kortegaard State Authorised Public Accountant mne47798

Management's review

Group chart



Financial highlights for the Group

In EUR thousand	2022 12 months	2021 12 months	2020 12 months	2019 12 months	2018 6 months
Key figures					
Gross profit/loss	-3,863	-4,877	-6,795	-10,502	-5,054
Profit/loss from ordinary activities	-21,722	-27,413	-27,118	-30,335	-10,902
Profit/loss from net financials	-297	-343	-422	-384	-32
Profit/loss for the year	-21,493	-27,666	-26,607	-30,867	-10,333
Fixed assets	3,778	7,954	16,695	22,074	24,594
Non-fixed assets	11,366	22,643	27,229	22,131	21,224
Total assets	15,144	30,597	43,924	44,205	45,818
Portion relating to investments in items of property, plant and equipment	617	308	1,058	1,978	443
Equity	8,880	24,325	36,430	39,298	43,990
Long-term liabilities	328	483	632	775	0
Short-term liabilities	5,871	5,776	6,849	4,119	1,828
Cash flows from operating activities	-17,168	-20,131	-18,079	-23,688	-9,698
Cash flow from investing activities	-627	-322	-1,086	-3,844	-7,730
Cash flows from financing activities	5,922	15,326	23,790	26,861	22,287
Total cash flows	-11,873	-5,127	4,625	-671	4,859
Financial ratios					
Current ratio	193.6 %	392.0 %	397.6 %	537.3 %	1,161.1 %
Cash conversion ratio	53.9 %	18.7 %	-17.0 %	2.2 %	-44.6 %
Equity ratio	58.9 %	79.5 %	83.0 %	88.9 %	96.0 %
Return on equity	-131.2 %	-91.1 %	-70.3 %	-74.1 %	-27.2 %
Average number of full-time employees	148	152	165	155	90

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

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

Current ratio $$\frac{\text{Non-fixed assets x 100}}{\text{Short-term liabilities}}$$

Cash conversion ratio $$\frac{\text{Free cash flow before acquisitions x 100}}{\text{Operating profit (EBIT)}}$$

Equity ratio $$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss for the year excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$$

Management's review

Principal activities

OnRobot's main activity is the development, manufacturing and sale of end-of-arm tooling, software, and complete application solutions for collaborative robotic applications.

Development in activities and financial matters

OnRobot reported a loss for the year 2022 of EUR 21,493 thousand, and equity amounts to EUR 8,880 thousand at 31 December 2022.

In September 2022 existing investors funded the company further through a capital injection of EUR 6 mill.

OnRobot increased the activity level in 2022 driven by continued investments in market development and product development. In late 2022 OnRobot introduced D:PLOY; the first automated platform for building, running, monitoring, and re-deploying collaborative applications.

OnRobot has to some extent been challenged by the worldwide supply chain crises on components that has affected delivery capacity and prices on critical components.

The commercial activities in especially Asia and namely China has to some extent been influenced by restrictions and lockdowns in 2022 due to covid-19. Furthermore, the war in Ukraine has affected commercial activities in Europe and worldwide and the derived higher energy prices impacted costs.

OnRobot is presented via subsidiaries and branches in these countries: USA, Singapore, China, Japan, Korea, Hungary, Poland, Spain, Germany, UK, Italy, and Denmark. OnRobot is as well represented in 58 countries through partner/distributor channels.

The loss for the year is a result of continued product- and market development and as such in line with expectations for 2022. The expectation for 2022 was a result after tax within the range of EUR -10 million to - 20 million

For the coming year, the company's management expects an increase in activity through the company's own operations. As the company is still in a build-up phase with significant investments in new products and the market, management expects losses for the coming year.

Outlook

The result after tax for the coming year is expected to be within the range of EUR -10 million to -15 million.

Currency risks

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

Environment

OnRobot's products help provide better working conditions and increase worker safety, and the activities of OnRobot consisting of assembly and R&D activities, do not to a high degree impact the environment.

Research and development activities

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

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

Income statement

Note	EUR'000	Group 2022	Group 2021	Parent 2022	Parent 2021
	Gross profit/loss	-3,863	-4,877	-10,074	-11,317
3	Staff costs	-13,216	-13,476	-8,026	-8,094
	Depreciation and impairment of fixed assets	-4,643	-9,060	-2,333	-2,324
	Profit/loss before net financials	-21,722	-27,413	-20,433	-21,735
	Loss from investments in group enterprises	0	0	-1,509	-6,608
4	Financial income	1,644	982	1,661	1,051
	Financial expenses	-1,941	-1,325	-1,946	-1,108
	Profit/loss before tax	-22,019	-27,756	-22,227	-28,400
5	Tax for the year	526	90	734	734
	Profit/loss for the year	-21,493	-27,666	-21,493	-27,666

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

Balance sheet

Note	EUR'000	Group 2022	Group 2021	Parent 2022	Parent 2021
	ASSETS				
	Fixed assets				
6	Intangible assets				
	Acquired intangible assets	2,221	6,092	1,183	2,983
		2,221	6,092	1,183	2,983
	Property, plant and equipment				
7	Fixtures and fittings, other plant and equipment	673	645	485	435
7	Leasehold improvements	712	942	452	509
	Assets in progress	0	113	0	111
		1,385	1,700	937	1,055
8	Investments				
	Investments in group enterprises	0	0	4,063	5,601
	Deposits	172	162	166	162
		172	162	4,229	5,763
	Total fixed assets	3,778	7,954	6,349	9,801
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	2,278	1,999	1,421	1,340
	Work in progress	326	328	274	253
	Finished goods and goods for resale	565	456	559	446
		3,169	2,783	2,254	2,039
	Receivables				
	Trade receivables	1,148	1,217	1,148	1,217
	Receivables from group enterprises	0	0	8,958	9,819
10	Deferred tax assets	740	740	740	740
	Corporation tax	0	19	0	0
	Other receivables	971	721	145	217
9	Prepayments	320	272	282	173
		3,179	2,969	11,273	12,166
	Cash	5,018	16,891	4,363	16,110
	Total non-fixed assets	11,366	22,643	17,890	30,315
	TOTAL ASSETS	15,144	30,597	24,239	40,116

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

Balance sheet

Note	EUR'000	Group 2022	Group 2021	Parent 2022	Parent 2021
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	963	899	963	899
	Translation reserve	-173	-144	0	0
	Reserve for net revaluation	0	0	0	0
	Retained earnings	8,090	23,570	7,917	23,426
	Total equity	8,880	24,325	8,880	24,325
	Provisions				
	Other provisions	65	13	65	13
	Total provisions	65	13	65	13
	Liabilities other than provisions				
12	Long-term liabilities other than provisions				
	Other debt	328	483	328	483
		328	483	328	483
	Short-term liabilities other than provisions				
12	Short-term portion of long-term liabilities	149	149	149	149
	Trade payables	2,429	2,552	1,613	2,062
	Payables to group enterprises	0	0	10,525	10,654
	Corporation tax	65	0	7	8
	Other payables	3,119	3,060	2,563	2,407
	Deferred income	109	15	109	15
		5,871	5,776	14,966	15,295
	Total liabilities other than provisions	6,199	6,259	15,294	15,778
	TOTAL EQUITY AND LIABILITIES	15,144	30,597	24,239	40,116

1 Accounting policies
2 Subsequent events
13 Contractual obligations and contingencies, etc.
14 Mortages and collateral
15 Related parties
16 Appropriation of profit/loss
17 Changes in working capital

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

Statement of changes in equity

Note	EUR'000	Group: Share capital	Translation reserve	Retained earnings	Total
	Equity at 1 January 2021	763	-232	35,899	36,430
	Capital increase	136	0	15,337	15,473
	Foreign exchange adjustments	0	88	0	88
16	Transfer, see "Appropriation of profit/loss"	0	0	-27,666	-27,666
	Equity at 1 January 2022	899	-144	23,570	24,325
	Capital increase	64	0	6,013	6,077
	Foreign exchange adjustments	0	-29	0	-29
16	Transfer, see "Appropriation of profit/loss"	0	0	-21,493	-21,493
	Equity at 31 December 2022	963	-173	8,090	8,880

Note	EUR'000	Parent: Share capital	Retained earnings	Total
	Equity at 1 January 2021	763	35,667	36,430
	Capital increase	136	15,337	15,473
	Foreign exchange adjustments	0	88	88
16	Transfer, see "Appropriation of profit/loss"	0	-27,666	-27,666
	Equity at 1 January 2022	899	23,426	24,325
	Capital increase	64	6,013	6,077
	Foreign exchange adjustments	0	-29	-29
16	Transfer, see "Appropriation of profit/loss"	0	-21,493	-21,493
	Equity at 31 December 2022	963	7,917	8,880

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

Cash flow statement

Note	EUR'000	Group 2022	Group 2021
	Profit/loss before net financials	-21,722	-27,413
	Amortisation/depreciation charges	4,643	9,060
	Cash generated from operations before changes in working capital	-17,079	-18,353
17	Changes in working capital	-629	-2,372
	Cash generated from operations	-17,708	-20,725
	Interest received	0	0
	Interest paid	-71	-83
	Income taxes received	611	677
	Cash flows from operating activities	-17,168	-20,131
6	Acquisition of intangible assets	0	-3
7	Acquisition of property, plant and equipment (incl. assets in progress)	-617	-421
8	Acquisition of other investments	-10	-3
	Sale of intangible assets	0	1
	Sale of tangible fixed assets	0	104
	Cash flows from investing activities	-627	-322
	Repayment of loan	-155	-147
	Capital increase incl. related cost	6,077	15,473
	Cash flows from financing activities	5,922	15,326
	Net cash flows	-11,873	-5,127
	Cash and cash equivalents, beginning of year	16,891	22,018
	Cash and cash equivalents, year-end	5,018	16,891

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 January – 31 December

Notes

1 Accounting policies

The annual report of OnRobot A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium reporting class C entities.

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

Presentation currency

The financial statements are presented in Euro (EUR'000).

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 whether the Parent Company controls an entity, de facto control is taken into consideration.

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.

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.

In the consolidated financial statements, the items of subsidiaries are recognised in full.

Business combinations

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

The acquisition date 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.

Notes

1 Accounting policies (continued)

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

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

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

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, 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. Subsequently, any adjustments are recognised as errors.

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, 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. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign group entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in 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 the exchange rates at the balance sheet date. 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 January - 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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, 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.

Gross profit/loss

The items revenue, cost of sales 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.

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.

External costs

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.

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

Notes

1 Accounting policies (continued)

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.

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 are recognised in the income statement at the amounts relating to the financial year. 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 January - 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Acquired intangible assets

Acquired intangible assets comprise of acquisitions, costs directly related to the acquisitions and amortisation charges directly attributable to assets.

Acquired intangible assets that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Acquired intangible assets 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 acquired intangible assets including 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, 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

Notes

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.

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

The Company has chosen IAS 17 as interpretation for classification and recognition of 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.

Net revaluation of equity investments is recognised under equity in the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds cost.

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

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 other than the decrease in value reflected by amortisation/depreciation made.

An impairment test is conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the recoverable amount and carrying 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.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

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 comprise expenses incurred concerning subsequent financial years.

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

Notes

1 Accounting policies (continued)

Equity

Net revaluation reserve 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.

Translation reserve

The translation reserve comprises the share of foreign exchange differences from 1 January 2020 arising on translation of financial statements of entities that have a functional currency other than EUR, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Corporation 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 taxable income in previous years 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.

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

Notes

1 Accounting policies (continued)

Provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event at the balance sheet date, and it is probable that an outflow of the Company's resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 15 months. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

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.

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

Notes

2 Subsequent events

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

EUR'000	Group 2022	Group 2021	Parent 2022	Parent 2021
3 Staff cost				
Wages/salaries	11,298	11,444	6,791	6,886
Pensions	749	771	717	718
Other staff costs	1,027	1,105	880	884
Other social security costs	666	678	84	33
	13,740	13,998	8,472	8,521
Transferred to direct cost	-524	-522	-446	-427
	13,216	13,476	8,026	8,094
Average number of fulltime employees	148	152	73	73

Total remuneration to group and parent Management:
EUR'000 546 (2021: EUR'000 500).

Non-subscribed warrants:
In its incentive program for Management, executive employees and the Board of Directors, the Company has granted 345,979 warrants with subscription right for one A-share of nominally DKK 1. The board of directors has an outstanding amount of 221,602 warrants which can be issued in the period until 15 June 2023.

The Exercise Price corresponds to approx.. 20.8 EUR for one A-share of nominal 1 DKK and is vested over a period of 4 years with 25 % per year. As at 31 December 2022 there is following warrants to be vested in the future:
2023: 50,312 warrants
2024: 49,616 warrants
2025: 41,660 warrants
2026: 16,675 warrants

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 2022	Group 2021	Parent 2022	Parent 2021
4 Finance income				
Interest receivable, group entities	0	0	87	92
Other finance income	1,644	982	1,574	959
	1,644	982	1,661	1,051
5 Tax for the year				
Deferred tax adjustments in the year	-740	-247	-740	-740
Tax adjustments, prior years	83	2	6	2
Tax for the year	131	155	0	4
	-526	-90	-734	-734

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

Notes

6 Intangible assets

EUR'000	Group Acquired intangible assets
Cost at 1 January 2022	28,190
Foreign exchange adjustments	-3
Additions	0
Disposals	0
Cost at 31 December 2022	28,187
Amortisation and impairment losses at 1 January 2022	22,098
Foreign exchange adjustments	-2
Amortisation for the year	3,870
Impairment for the year	0
Disposals	0
Amortisation and impairment losses at 31 December 2022	25,966
Carrying amount at 31 December 2022	2,221
Amortised over	5 years

EUR'000	Parent company Acquired intangible assets
Cost at 1 January 2022	9,004
Foreign exchange adjustments	0
Cost at 31 December 2022	9,004
Amortisation and impairment losses at 1 January 2022	6,021
Amortisation for the year	1,800
Foreign exchange adjustments	0
Amortisation and impairment losses at 31 December 2022	7,821
Carrying amount at 31 December 2022	1,183
Amortised over	5 years

Acquired intangible assets:
Acquired intangible assets contains purchased end-of-arm tooling projects including the intellectual property rights. The acquired intangible assets are amortised over 5 years based on the technological development in the robotics industry and the expected use of the original intellectual property rights.

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

Notes

7 Property, plant and equipment

	Group		
EUR'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2022	2,251	1,405	3,656
Foreign exchange adjustments	-24	-53	-77
Additions	610	7	617
Disposals	-69	0	-69
Cost at 31 December 2022	2,768	1,359	4,127
Depreciation and impairment losses at 1 January 2022	1,606	463	2,069
Foreign exchange adjustments	-11	-22	-33
Depreciation	567	206	773
Disposals	-67	0	-67
Depreciation and impairment losses at 31 December 2022	2,095	647	2,742
Carrying amount at 31 December 2022	673	712	1,385
Depreciated over	3-5 years	3-10 years	

	Parent company		
EUR'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2022	1,585	635	2,220
Foreign exchange adjustments	0	0	0
Additions	520	7	527
Disposals	-62	0	-62
Cost at 31 December 2022	2,043	642	2,685
Depreciation and impairment losses at 1 January 2022	1,150	126	1,276
Foreign exchange adjustments	0	0	0
Depreciation	469	64	533
Disposals	-61	0	-61
Depreciation and impairment losses at 31 December 2022	1,558	190	1,748
Carrying amount at 31 December 2022	485	452	937
Depreciated over	3-5 years	3-10 years	

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

Notes

8 Investments

EUR'000	Group Deposits, investments
Cost at 1 January 2022	162
Additions	10
Disposals	0
Cost at 31 December 2022	172
Carrying amount at 31 December 2022	172

EUR'000	Parent company Investments in group enterprises	Deposits, investments	Total
Cost at 1 January 2022	20,295	162	20,457
Additions	0	4	4
Disposals	-1	0	-1
Foreign exchanges adjustments	0	0	0
Cost at 31 December 2022	20,294	166	20,460
Value adjustments at 1 January 2022	-14,694	0	-14,694
Foreign exchanges adjustments	-23	0	-23
Disposal	-5	0	-5
Profit/loss for the year	557	0	557
Value adjustments for the year	-2,066	0	-2,066
Value adjustments at 31 December 2022	-16,231	0	-16,231
Carrying amount at 31 December 2022	4,063	166	4,229

Acquired intangible assets on investment in Group enterprises comprises of total EUR 1,033 thousand as of 31 December 2022.

Subsidiaries	Domicile	Interest (%)	Equity EUR'000	Profit/loss EUR'000
OnRobot Hungary Kft.	Hungary	100	1,356	400
OnRobot LA, Inc.	US	100	667	-45
OnRobot US, Inc.	US	100	295	81
OnRobot South Europe S.L.	Spain	100	116	18
OnRobot GmbH	Germany	100	153	20
OnRobot Singapore PTE. LTD	Singapore	100	214	48
OnRobot Japan K.K.	Japan	100	37	9
OnRobot Korea Co. LTD	Korea	100	149	24
OnRobot Poland Sp. Z.o.o w likwidacji (under liquidation)	Poland	100	43	2

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

Notes

EUR'000	Group 2022	Group 2021	Parent 2022	Parent 2021

9 Prepayments (assets)

	Group 2022	Group 2021	Parent 2022	Parent 2021
Premiums	95	13	95	11
Other	225	259	187	162
	320	272	282	173

10 Deferred tax assets

At 31 December 2022, the Group recognised an asset totalling EUR 740 thousand. The tax asset consists of tax loss carry-forwards totalling EUR 740 thousand expected to be received under the Danish Tax Assessment Act §8X.

Unrecognised deferred tax assets totalling EUR 19,995 thousand.

EUR'000	Group 2022	Group 2021	Parent 2022	Parent 2021
Deferred tax at 1 January	740	1,233	740	740
Received under Danish Tax Assessment Act §8X	-740	-740	-740	-740
Deferred tax adjustment for the year	740	247	740	740
Deferred tax at 31 December	740	740	740	740

11 Share capital

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

EUR'000	2022	2021	2020	2019	2018
Opening balance	899	763	547	393	292
Capital increase	64	136	214	154	101
Exchange rate adjustment	0	0	2	0	0
	963	899	763	547	393

The share capital comprises:

1,259,785 class A shares of DKK 1 each
298,175 class B shares of DKK 1 each
5,606,167 class C shares of DKK 1 each

After 1 January 2024 class C shareholders are entitled, but not obliged, to require the company to redeem or repurchase all their class B and C shares including an annual accumulated interest rate of 4 % p.a. (added compound interest) from the date of subscription of class C shares. Redeem or repurchase is required to be within the framework of the Danish Companies act.

Reference is made to note 3 for information related to the warrant program.

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

Notes

12 Long-term debt

The Company has taken out the following long-term loans:

Loan	Maturity	Fixed/floating rate	Effective interest rate 2022	Effective interest rate 2021	Carrying amount 2022	Carrying amount 2021
			%	%	EUR'000	EUR'000
EUR	2025	Floating	6%	6%	477	632
					477	632

The liabilities can be specified as follows:

EUR'000	2022	2021
Other debt		
0-1 year	149	149
1-5 years	328	483
> 5 years	0	0
	477	632

13 Contractual obligations and contingencies, etc.

Contractual obligations

The Company has entered non-cancellable purchase agreements totalling EUR 3,198 thousand of which EUR 1,784 thousand are due within one year.

Guarantees

The Company has entered guarantee commitments totalling EUR 172 thousand.

Operating lease liabilities

The group entities have entered into operating rent and lease arrangements with a lease payment within one year of EUR 851 thousand. The leases have a remaining term within 95 months and a total nominal residual lease liability of EUR 2,610 thousand.

EUR'000	Group 2022	Group 2021	Parent 2022	Parent 2021
Rent and lease obligations	2,609	3,167	1,701	1,789

14 Mortgages and collateral

The Company has issued a floating charge of a total amount of EUR 4,995 thousand secured on the 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 5,070 thousand.

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

Notes

15 Related parties

OnRobot A/S' related parties comprise the following:

Related party transactions

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 3.

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
Summit Partners RBT S.à.r.l.	Luxembourg
VÆKSTFONDEN	Denmark
Vækstfonden Growth K/S	Denmark

16 Appropriation of profit/loss

EUR'000	Parent	
	2022	2021
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-21,493	-27,666
Transferred to reserve for net revaluation	0	0
	-21,493	-27,666

EUR'000	Group	
	2022	2021
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-21,493	-27,666
	-21,493	-27,666

17 Changes in working capital

EUR'000	Group	
	2022	2021
Change in inventories	-386	-899
Change in receivables	-229	-116
Changes in bank debt	0	0
Change in trade and other payables	95	-1,012
Foreign exchange adjustment	-109	-345
	-629	-2,372