OnRobot A/S

Teglværksvej 47 H, 5220 Odense SØ

CVR no. 36492449

Annual report 2019

Approved at the Company's annual general meeting on 14 April 2020

Chairman:

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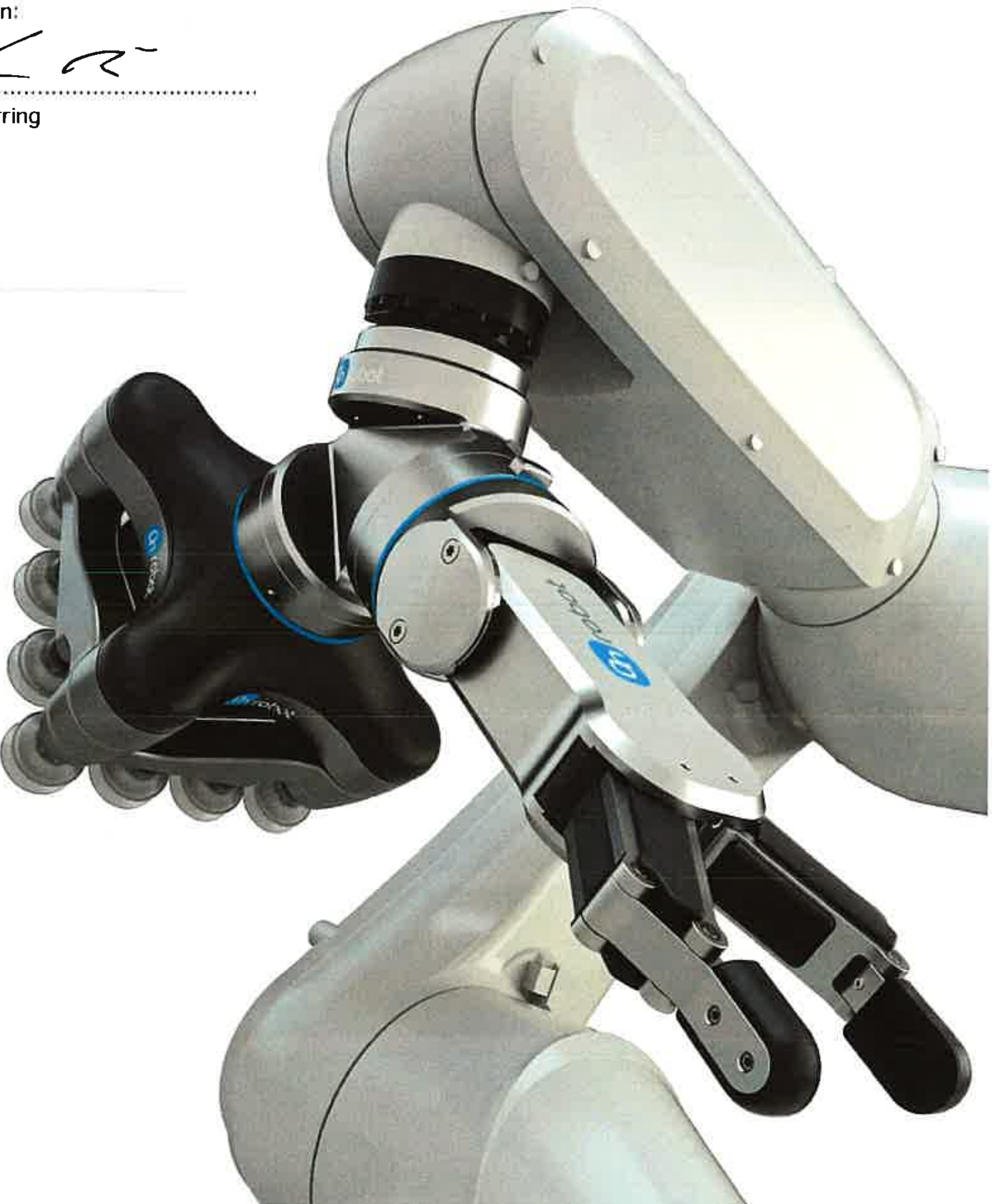
Ulrik Jørring



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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 January - 31 December 2019.

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 2019 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January - 31 December 2019.

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, 19 February 2020
Executive Board:

Enrico Krog Iversen

Board of Directors:

Ulrik Jørring Chairman	Helena Yli-Renko	Helle Priess
Nicolai Fink Gundersen	Lars Rønn	

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 2019, 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 2019 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 2019 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

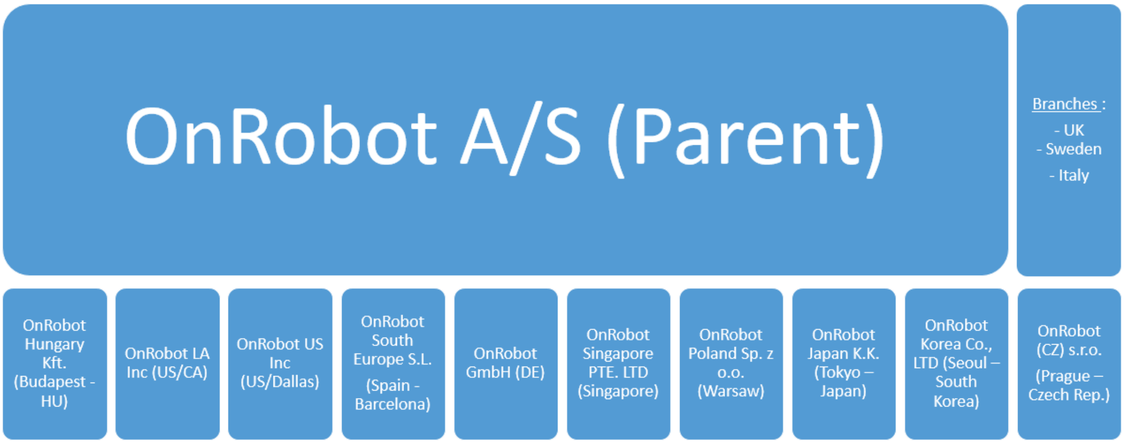
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Odense, 19 February 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Koch-Pedersen
State Authorised
Public Accountant
mne19682

Management's review

Group chart



Financial highlights for the Group

In EUR thousand	2019	2018	2017/18
	12 months	6 months	12 months
Key figures			
Gross profit/loss	-10,502	-5,054	-681
Profit/loss from ordinary activities	-30,355	-10,902	-2,827
Profit/loss from net financials	-384	-32	-16
Profit/loss for the year	-30,867	-10,333	-2,313
Fixed assets	22,074	24,594	19,606
Non-fixed assets	22,131	21,224	15,128
Total assets	44,205	45,818	34,734
Portion relating to investments in items of property, plant and equipment	1,978	443	640
Equity	39,298	43,990	32,036
Long-term liabilities	775	0	0
Short-term liabilities	4,119	1,828	2,698
Cash flows from operating activities	-23,688	-9,698	-1,323
Cash flow from investing activities	-3,844	-7,730	-19,588
Cash flows from financing activities	26,861	22,287	33,638
Total cash flows	-671	4,859	12,727
Financial ratios			
Current ratio	537.3 %	1,161.1 %	560.7 %
Cash conversion ratio	-2.8 %	-44.6 %	450.2 %
Equity ratio	88.9 %	96.0 %	92.2 %
Return on equity	-74.1 %	-27.2 %	-13.9 %
Average number of full-time employees	155	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:

Current ratio	$\dfrac{\text{Non-fixed assets x 100}}{\text{Short-term liabilities}}$
Cash conversion ratio	$\dfrac{\text{Free cash flow before acquisitions x 100}}{\text{Operating profit (EBIT)}}$
Equity ratio	$\dfrac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\dfrac{\text{Profit/loss for the year excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$

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 2019 of EUR 30,867 thousand, and equity amounts to EUR 39,298 thousand at 31. December 2019.

In 2019 OnRobot A/S acquired all assets from the bankrupt Company Blue Workforce, which is located in the city of Aalborg. At the end of 2019 a new investor group joined the group of owners and did together with some of the existing owners fund the company further through a capital injection of EUR 26 mill.

The Group's increased activity level in fiscal year 2019 is driven by a continued investment in market penetration, development and further consolidation of Groups position in the collaborative applications market.

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

The loss for the year comes as a result of the company rapidly scaling operations in anticipation of future growth and as such this in line with expectations. 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 the market, management expects significant losses also for the coming year. The Result after Tax for the coming year is expects to be within the range of -23 mill and -33 mill EUR. The Group is planning for a capital injection end 2020.

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.

Subsequent events

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

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

Income statement

Note	EUR'000	Group 2019 12 months	Group 2018 6 months	Parent 2019 12 months	Parent 2018 6 months
	Gross profit/loss	-10,502	-5,054	-17,685	-6,420
2	Staff costs	-13,508	-3,094	-7,445	-1,734
	Depreciation and impairment of fixed assets	-6,345	-2,754	-2,156	-789
	Profit/loss before net financials	-30,355	-10,902	-27,285	-8,943
	Loss from investments in group enterprises	0	0	-3,207	-1,607
3	Financial income	358	117	384	97
	Financial expenses	-742	-149	-667	-44
	Profit/loss before tax	-30,739	-10,934	-30,776	-10,497
4	Tax for the year	-128	601	-91	164
	Profit/loss for the year	-30,867	-10,333	-30,867	-10,333

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

Balance sheet

Note	EUR'000	Group 2019	Group 2018	Parent 2019	Parent 2018
	ASSETS				
	Fixed assets				
5	Intangible assets				
	Acquired intangible assets	19,906	23,530	6,556	6,372
		19,906	23,530	6,556	6,372
6	Property, plant and equipment				
	Plant and machinery	0	95	0	0
	Fixtures and fittings, other plant and equipment	1,102	632	665	374
	Leasehold improvements	937	251	217	229
		2,039	978	882	603
7	Investments				
	Investments in group enterprises	0	0	15,862	18,006
	Deposits	104	86	104	86
		104	86	15,966	18,092
	Receivables				
	Other receivables	25	0	25	0
		25	0	25	0
	Total fixed assets	22,074	24,594	23,429	25,067
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	1,058	903	622	632
	Finished goods and goods for resale	768	122	730	78
		1,826	1,025	1,352	710
	Receivables				
	Trade receivables	278	540	229	425
	Receivables from group enterprises	0	0	3,140	1,073
10	Deferred tax assets	930	1,227	391	790
	Other receivables	1,311	103	576	1
11	Prepayments	393	265	297	189
		2,912	2,135	4,633	2,478
	Cash	17,393	18,064	16,887	17,270
	Total non-fixed assets	22,131	21,224	22,872	20,458
	TOTAL ASSETS	44,205	45,818	46,301	45,525

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

Balance sheet

Note	EUR'000	Group 2019	Group 2018	Parent 2019	Parent 2018
	EQUITY AND LIABILITIES				
	Equity				
8	Share capital	547	393	547	393
	Reserve for net revaluation	0	0	1,367	0
	Retained earnings	38,751	43,597	37,384	43,597
	Total equity	39,298	43.990	39,298	43,990
	Provisions				
	Other provisions	13	0	13	0
	Total provisions	13	0	13	0
	Liabilities other than provisions				
9	Long-term liabilities other than provisions				
	Bank debt	775	0	775	0
		775	0	775	0
	Short-term liabilities other than provisions				
9	Short-term portion of long-term liabilities	70	0	70	0
	Bank debt	95	55	95	55
	Trade payables	1,855	905	1,347	733
	Payables to group enterprises	0	0	3,471	125
	Corporation tax	64	0	0	0
	Other payables	2,035	696	1,232	622
11	Prepayments	0	172	0	0
		4,119	1,828	6,215	1,535
	Total liabilities other than provisions	4,907	1,828	6,990	1,535
	TOTAL EQUITY AND LIABILITIES	44,205	45,818	46,301	45,525

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

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

Statement of changes in equity

Note	EUR'000	Group: Share capital	Group: Retained earnings	Group: Total
	Equity at 1 July 2018	292	31,744	32,036
	Capital increase	101	22,186	22,287
15	Transfer, see "Appropriation of profit/loss"	0	-10,333	-10,333
	Equity at 1 January 2019	393	43,597	43,990
	Capital increase	154	25,862	26,016
	Other equity movements	0	159	159
15	Transfer, see "Appropriation of profit/loss"	0	-30,867	-30,867
	Equity at 31 December 2019	547	38,751	39,298

Note	EUR'000	Parent: Share capital	Parent: Reserve for net revaluation	Parent: Retained earnings	Parent: Total
	Equity at 1 July 2018	292	0	31,744	32,036
	Capital increase	101	0	22,186	22,287
15	Transfer, see “Appropriation of profit/loss”	0	0	-10,333	-10,333
	Equity at 1 January 2019	393	0	43,597	43,990
	Capital increase	154	0	25,862	26,016
	Other equity movements	0	0	159	159
15	Transfer, see “Appropriation of profit/loss”	0	1,367	-32,234	-30,867
	Equity at 31 December 2019	547	1,367	37,384	39,298

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

Cash flow statement

Note	EUR'000	Group 2019 12 months	Group 2018 6 months
	Profit/loss before net financials	-30,355	-10,902
	Amortisation/depreciation charges	6,345	2,754
	Cash generated from operations before changes in working capital	-24,010	-8,148
16	Changes in working capital	579	-1,556
	Cash generated from operations	-23,431	-9,704
	Interest received	358	117
	Interest paid	-742	-149
	Income taxes received	127	38
	Cash flows from operating activities	-23,688	-9,698
5	Acquisition of intangible assets	-1,873	-7,240
6	Acquisition of property, plant and equipment	-1,978	-443
7	Acquisition of other investments	-18	-49
	Sale of tangible fixed assets	25	0
	Cash flows from investing activities	-3,844	-7,730
	Raising of loan	845	0
	Capital increase	26,016	22,287
	Cash flows from financing activities	26,861	22,287
	Net cash flows	-671	4,859
	Cash and cash equivalents, beginning of year	18,064	13,205
	Cash and cash equivalents, year-end	17,393	18,064

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 2019 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.

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.

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.

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

Notes

1 Accounting policies (continued)

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.

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 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 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

Development projects, patents and licences

Acquired development projects comprise of acquisitions, costs directly related to the acquisitions and amortisation charges directly attributable to development projects.

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.

Development projects 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

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

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.

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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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.

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 "Non-fixed 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 2019 12 months	Group 2018 6 months	Parent 2019 12 months	Parent 2018 6 months
2 Staff cost				
Wages/salaries	10,310	2,809	5,687	1,449
Pensions	653	197	625	197
Other staff costs	1,680	16	1,082	16
Other social security costs	865	72	51	72
	13,508	3,094	7,445	1,734
Average number of fulltime employees	155	90	63	39

Total remuneration to group and parent Management:
EUR'000 515 (2018, 6 months: EUR'000 240).

Non-subscribed warrants:
In its incentive program for Management, executive employees and the Board of Directors, the Company has granted 192.247 warrants each 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 2019 12 months	Group 2018 6 months	Parent 2019 12 months	Parent 2018 6 months
3 Finance income				
Interest receivable, group entities	0	0	63	22
Other finance income	358	117	321	75
	358	117	384	97
4 Tax for the year				
Deferred tax adjustments in the year	74	-41	91	-164
Tax adjustments, prior years	0	-560	0	0
Tax for the year	54	0	0	0
	128	-601	91	-164

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5 Intangible assets

EUR'000	Group Acquired development projects
Cost at 1 January 2019	26,197
Additions	1,873
Disposals	-2
Cost at 31 December 2019	28,070
Amortisation and impairment losses at 1 January 2019	2,667
Amortisation for the year	5,499
Disposals	-2
Amortisation and impairment losses at 31 December 2019	8,164
Carrying amount at 31 December 2019	19,906
Amortised over	5 years

EUR'000	Parent company Acquired development projects
Cost at 1 January 2019	7,283
Corrections related to prior year	-192
Additions	1,873
Cost at 31 December 2019	8,964
Amortisation and impairment losses at 1 January 2019	911
Corrections related to prior year	-183
Foreign exchange adjustments	-1
Amortisation for the year	1,681
Amortisation and impairment losses at 31 December 2019	2,408
Carrying amount at 31 December 2019	6,556
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 January 2019	144	841	265	1,250
Transferred	-144	144	0	0
Foreign exchange adjustments	0	-51	37	-14
Additions	0	1,245	733	1,978
Disposals	0	-14	-28	-42
Cost at 31 December 2019	0	2,165	1,007	3,172
Depreciation and impairment losses at 1 January 2019	49	209	14	272
Transferred	-49	49	0	0
Foreign exchange adjustments	0	27	5	33
Depreciation	0	787	59	846
Disposals	0	-9	-8	-17
Depreciation and impairment losses at 31 December 2019	0	1,063	70	1,131
Carrying amount at 31 December 2019	0	1,102	937	2,039
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 January 2019	477	238	715
Additions	740	12	388
Cost at 31 December 2019	1,217	250	715
Depreciation and impairment losses at 1 January 2019	103	9	112
Foreign exchange adjustments	-2	-1	-3
Depreciation	451	25	476
Depreciation and impairment losses at 31 December 2019	552	33	585
Carrying amount at 31 December 2019	665	217	882
Depreciated over	3-5 years	3-10 years	

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7 Investments

EUR'000	Group Deposits, investments
Cost at 1 January 2019	86
Additions	18
Cost at 31 December 2019	104
Carrying amount at 31 December 2019	104

	Parent company		
EUR'000	Investments in group enterprises	Deposits, investments	Total
Cost at 1 January 2019	19,114	86	19,200
Additions	1,097	18	1,115
Cost at 31 December 2019	20,211	104	20,315
Value adjustments at 1 January 2019	-1,108	0	-1,108
Foreign exchanges adjustments	-34	0	-34
Profit/loss for the year	600	0	600
Value adjustments for the year	-3,807	0	-3,807
Value adjustments at 31 December 2019	-4,349	0	-4,349
Carrying amount at 31 December 2019	15,862	104	15,966

Acquired intangible assets on investment in Group enterprises comprises of total EUR 13,324 thousand as of 31 December 2019.

Subsidiaries	Domicile	Interest (%)	Equity EUR'000	Profit/loss EUR'000
OnRobot Hungary Kft.	Hungary	100	988	84
OnRobot LA, Inc.	US	100	1,117	251
OnRobot US, Inc.	US	100	113	75
OnRobot South Europe S.L.	Spain	100	49	40
OnRobot GmbH	Germany	100	63	42
OnRobot Singapore PTE. LTD	Singapore	100	72	56
OnRobot Japan K.K.	Japan	100	12	8
OnRobot Korea Co., LTD	Korea	100	93	15
OnRobot Poland Sp. z.o.o.	Poland	100	28	26
OnRobot (CZ) s.r.o.	Czech Republic	100	3	3

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8 Share capital

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

EUR'000	2019	2018	2017/18	2016/17	2015/16
Opening balance	393	292	18	10	9
Capital increase	154	101	274	8	1
	547	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
338 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 Long-term debt

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

			Effective interest rate		Carrying amount	
Loan	Maturity	Fixed/floating rate	2019	2018	2019	2018
			%	%	EUR'000	EUR'000
DKK	2025	Fixed	6%	0	845	0
					845	0

The liabilities can be specified as follows:

EUR'000	2019	2018
Bank debt		
0-1 year	70	0
1-5 years	640	0
> 5 years	135	0
	845	0

10 Deferred tax assets

At 31 December 2019 , the Group recognised an asset totalling EUR 930 thousand. The tax asset consists of tax loss carry-forwards totalling EUR 612 thousand and non-utilised tax deductions in the form of timing differences totalling 318 thousand.

Unrecognised deferred tax assets from tax loss carry-forwards totalling EUR 9,036 thousand.

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EUR'000	Group 2019	Group 2018	Parent 2019	Parent 2018
11 Prepayments (assets)				
Premiums	63	34	62	33
Other	330	231	235	156
	393	265	297	189
Prepayments (liabilities)				
Subsidies	0	166	0	0
Other	0	6	0	0
	0	172	0	0

12 Contractual obligations and contingencies, etc.

Contingent liabilities

Guarantees

The Company has entered guarantee commitments totalling EUR 171 thousand.

Operating lease liabilities

The group entities have entered into operating rent and lease arrangements with an average annual lease payment of EUR 312 thousand. The leases have a remaining term of 9-82 months and a total, nominal residual lease liability of EUR 1,927 thousand.

EUR'000	Group 2019	Group 2018	Parent 2019	Parent 2018
Rent and lease obligations	1,927	1,716	1,271	1,306

13 Mortgages and collateral

The Company has issued a floating charge of a total amount of EUR 3,635 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 9,020 thousand.

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14 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 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
Vækstfonden Growth K/S	Denmark

15 Appropriation of profit/loss

	Parent	
EUR'000	2019 12 months	2018 6 months
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-32,234	-10,333
Transferred to reserve for net revaluation	1,367	0
	-30,867	-10,333

	Group	
EUR'000	2019 12 months	2018 6 months
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-30,867	-10,333
	-30,867	-10,333

16 Changes in working capital

	Parent	
EUR'000	2019	2018
Change in inventories	-801	-530
Change in receivables	-1,099	-144
Changes in bank debt	40	36
Change in trade and other payables	2,450	-906
Foreign exchange adjustment	-11	-12
	579	-1,556