OnRobot A/S

Teglværksvej 47 H, 5220 Odense SØ

CVR no. 36492449

Annual report 2021

Approved at the Company's annual general meeting on 20 April 2022

Chair of the meeting:

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Kristian Lykkeholm Klausen

Contents

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 2021.

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 2021 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 2021.

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, 4 April 2022
Executive Board:

Enrico Krog Iversen

Board of Directors:

Ulrik Jørring Chairman	Helle Priess	Nicolai Fink Gundersen
Lars Rønn	Gregg A Holst	

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 2021, 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 2021 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 2021 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.

Independent auditor's report

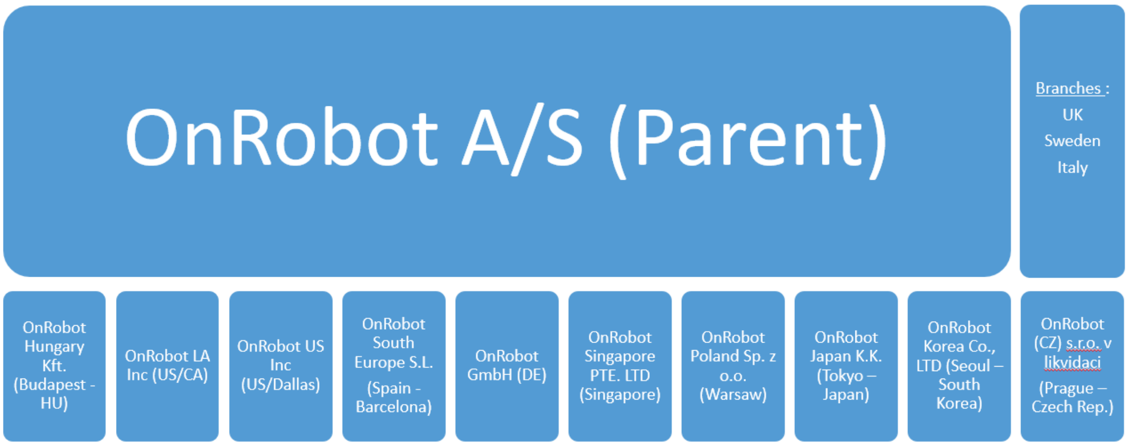
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Odense, 4 April 2022
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	2021 12 months	2020 12 months	2019 12 months	2018 6 months	2017/18 12 months
Key figures					
Gross profit/loss	-4,877	-6,795	-10,502	-5,054	-681
Profit/loss from ordinary activities	-27,413	-27,118	-30,335	-10,902	-2,827
Profit/loss from net financials	-343	-422	-384	-32	-16
Profit/loss for the year	-27,666	-26,607	-30,867	-10,333	-2,313
Fixed assets	7,954	16,695	22,074	24,594	19,606
Non-fixed assets	22,643	27,229	22,131	21,224	15,128
Total assets	30,597	43,924	44,205	45,818	34,734
Portion relating to investments in items of property, plant and equipment	308	1,058	1,978	443	640
Equity	24,325	36,430	39,298	43,990	32,036
Long-term liabilities	483	632	775	0	0
Short-term liabilities	5,776	6,849	4,119	1,828	2,698
Cash flows from operating activities	-20,131	-18,079	-23,688	-9,698	-1,323
Cash flow from investing activities	-322	-1,086	-3,844	-7,730	-19,588
Cash flows from financing activities	15,326	23,790	26,861	22,287	33,638
Total cash flows	-5,127	4,625	-671	4,859	12,727
Financial ratios					
Current ratio	392.0 %	397.6 %	537.3 %	1,161.1 %	560.7 %
Cash conversion ratio	18.7 %	-17.0 %	2.2 %	-44.6 %	450.2 %
Equity ratio	79.5 %	83.0 %	88.9 %	96.0 %	92.2 %
Return on equity	-91.1 %	-70.3 %	-74.1 %	-27.2 %	-7.2 %
Average number of full-time employees	143	165	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	$\frac{\text{Non-fixed assets x 100}}{\text{Short-term liabilities}}$
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

Key activities

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

Development in the year

OnRobot reported a loss for the year 2021 of EUR 27,666 thousand, and equity amounts to EUR 24,325 thousand at 31. December 2021.

In March 2021 both existing and new investors joined the group of owners and funded the company further through a capital injection of EUR 15 million.

The loss for the year is affected by an impairment on acquired intangible assets of EUR 2.6 million.

OnRobot's increased the activity level in 2021 driven by continued investments in market development and product development. OnRobot introduced the first software-only product: "Weblytics" in 2021.

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

The external/commercial activities have to some extent also been challenged by the covid-19 pandemic in 2021.

OnRobot is represented via subsidiaries and branches in the following countries: USA, Singapore, China, Japan, Korea, Hungary, Poland, Spain, Germany, UK, Italy, and Denmark. OnRobot is as well represented all over the world through partner/distributor channels.

The loss for the year is a result of continued product- and market development and as such this is 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 growth phase with significant investments in new products and the market, management expects a financial loss for the coming year.

The result after tax for the coming year is expected to be within the range of EUR -10 million and -20 million.

Research and development

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

Foreign exchange risks

OnRobot has a currency exposure in EUR and USD. OnRobot do not hedge these exposures.

External 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.

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 2021	Group 2020	Parent 2021	Parent 2020
	Gross profit/loss	-4,877	-6,795	-11,317	-13,415
2	Staff costs	-13,476	-13,920	-8,094	-7,931
	Depreciation and impairment of fixed assets	-9,060	-6,403	-2,324	-2,259
	Profit/loss before net financials	-27,413	-27,118	-21,735	-23,605
	Loss from investments in group enterprises	0	0	-6,608	-3,560
3	Financial income	982	1,329	1,051	1,021
	Financial expenses	-1,325	-1,751	-1,108	-1,542
	Profit/loss before tax	-27,756	-27,540	-28,400	-27,686
4	Tax for the year	90	933	734	1,079
	Profit/loss for the year	-27,666	-26,607	-27,666	-26,607

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

Balance sheet

Note	EUR'000	Group 2021	Group 2020	Parent 2021	Parent 2020
	ASSETS				
	Fixed assets				
5	**Intangible assets**				
	Acquired intangible assets	6,092	14,352	2,983	4,783
		6,092	14,352	2,983	4,783
	Property, plant and equipment				
6	Fixtures and fittings, other plant and equipment	645	1,020	435	711
6	Leasehold improvements	942	1,155	509	572
	Assets in progress	113	0	111	0
		1,700	2,175	1,055	1,283
7	**Investments**				
	Investments in group enterprises	0	0	5,601	12,126
	Deposits	162	168	162	168
		162	168	5,763	12,294
	Total fixed assets	7,954	16,695	9,801	18,360
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	1,999	1,101	1,340	741
	Work in progress	328	151	253	73
	Finished goods and goods for resale	456	632	446	594
		2,783	1,884	2,039	1,408
	Receivables				
	Trade receivables	1,217	650	1,217	650
	Receivables from group enterprises	0	0	9,819	10,901
9	Deferred tax assets	740	1,233	740	739
	Corporation tax	19	0	0	0
	Other receivables	721	1,016	217	480
8	Prepayments	272	428	173	311
		2,969	3,327	12,166	13,081
	Cash	16,891	22,018	16,110	21,631
	Total non-fixed assets	22,643	27,229	30,315	36,120
	TOTAL ASSETS	30,597	43,924	40,116	54,480

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

Balance sheet

Note	EUR'000	Group 2021	Group 2020	Parent 2021	Parent 2020
	EQUITY AND LIABILITIES				
	Equity				
10	Share capital	899	763	899	763
	Translation reserve	-144	-232	0	0
	Reserve for net revaluation	0	0	0	0
	Retained earnings	23,570	35,899	23,426	35,667
	Total equity	24,325	36,430	24,325	36,430
	Provisions				
	Other provisions	13	13	13	13
	Total provisions	13	13	13	13
	Liabilities other than provisions				
11	**Long-term liabilities other than provisions**				
	Bank debt	483	632	483	632
		483	632	483	632
	Short-term liabilities other than provisions				
11	Short-term portion of long-term liabilities	149	147	149	147
	Trade payables	2,552	2,952	2,062	2,486
	Payables to group enterprises	0	0	10,654	11,825
	Corporation tax	0	63	8	5
	Other payables	3,075	3,687	2,421	2,942
		5,776	6,849	15,288	17,405
	Total liabilities other than provisions	6,259	7,481	15,771	18,037
	TOTAL EQUITY AND LIABILITIES	30,597	43,924	40,116	54,480

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

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

Statement of changes in equity

		Group			
Note	EUR'000	Share capital	Translation reserve	Retained earnings	Total
	Equity at 1 January 2020	547	0	38,751	39,298
	Capital increase	214	0	23,642	23,856
	Foreign exchange adjustments	2	-232	113	-117
15	Transfer, see "Appropriation of profit/loss"	0	0	-26,607	-26,607
	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
15	Transfer, see "Appropriation of profit/loss"	0	0	-27,666	-27,666
	Equity at 31 December 2021	899	-144	23,570	24,325

		Parent			
Note	EUR'000	Share capital	Reserve for net revaluation	Retained earnings	Total
	Equity at 1 January 2020	547	1,367	37,384	39,298
	Capital increase	214	0	23,642	23,856
	Foreign exchange adjustments	2	6	-125	-117
15	Transfer, see "Appropriation of profit/loss"	0	-1,373	-25,234	-26,607
	Equity at 1 January 2021	763	0	35,667	36,430
	Capital increase	136	0	15,337	15,473
	Foreign exchange adjustments	0	0	88	88
15	Transfer, see "Appropriation of profit/loss"	0	0	-27,666	-27,666
	Equity at 31 December 2021	899	0	23,426	24,325

For description of warrants reference is made to note 2.

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

Cash flow statement

Note	EUR'000	Group 2021	Group 2020
	Profit/loss before net financials	-27,413	-27,118
	Amortisation/depreciation charges	9,060	6,403
	Cash generated from operations before changes in working capital	-18,353	-20,715
16	Changes in working capital	-2,112	2,420
	Cash generated from operations	-20,465	-18,259
	Interest received	982	1,329
	Interest paid	-1,325	-1,751
	Income taxes received	677	638
	Cash flows from operating activities	-20,131	-18,079
5	Acquisition of intangible assets	-3	0
6	Acquisition of property, plant and equipment (incl. assets in progress)	-421	-1,058
7	Acquisition of other investments	-3	-64
	Sale of intangible assets	1	0
	Sale of tangible fixed assets	104	36
	Cash flows from investing activities	-322	-1,086
	Raising of loan	-147	-66
	Capital increase incl. related cost	15,473	23,856
	Cash flows from financing activities	15,326	23,790
	Net cash flows	-5,127	4,625
	Cash and cash equivalents, beginning of year	22,018	17,393
	Cash and cash equivalents, year-end	16,891	22,018

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 2021 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.

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 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

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.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence, however not exceeding 5 years.

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

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, 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.

Gains and losses on the disposal of items of property, plant and equipment are calculate d 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.

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Notes

1 Accounting policies (continued)

Impairment of fixed assets

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

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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.

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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.

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EUR'000	Group 2021	Group 2020	Parent 2021	Parent 2020
2 Staff cost				
Wages/salaries	11,444	12,045	6,886	6,991
Pensions	771	782	718	732
Other staff costs	1,105	808	884	481
Other social security costs	678	809	33	39
	13,998	14,444	8,521	8,243
Transferred to direct cost	-522	-524	-427	-312
	13,476	13,920	8,094	7,931
Average number of fulltime employees	143	165	73	74

Total remuneration to group and parent Management:
EUR'000 500 (2020: EUR'000 472).

Non-subscribed warrants:
In its incentive program for Management, executive employees and the Board of Directors, the Company has granted 279,279 warrants with subscription right for one A-share of nominally DKK 1. The board of directors has an outstanding amount of 567,580 warrants which can be issued in the future. 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 2021	Group 2020	Parent 2021	Parent 2020
3 Finance income				
Interest receivable, group entities	0	0	92	93
Other finance income	982	1,329	959	928
	982	1,329	1,051	1,021
4 Tax for the year				
Deferred tax adjustments in the year	-226	-741	-740	-739
Tax adjustments, prior years	2	-335	2	-345
Tax for the year	134	143	4	5
	-90	-933	-734	-1,079

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5 Intangible assets

EUR'000	Group Completed development projects
Cost at 1 January 2021	28,179
Foreign exchange adjustments	12
Additions	3
Disposals	-4
Cost at 31 December 2021	28,190
Amortisation and impairment losses at 1 January 2021	13,827
Amortisation for the year	5,634
Impairment for the year	2,634
Foreign exchange adjustments	6
Disposals	-3
Amortisation and impairment losses at 31 December 2021	22,098
Carrying amount at 31 December 2021	6,092
Amortised over	5 years

EUR'000	Parent company Completed development projects
Cost at 1 January 2021	9,001
Foreign exchange adjustments	3
Cost at 31 December 2021	9,004
Amortisation and impairment losses at 1 January 2021	4,218
Amortisation for the year	1,801
Foreign exchange adjustments	2
Amortisation and impairment losses at 31 December 2021	6,021
Carrying amount at 31 December 2021	2,983
Amortised over	5 years

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6 Property, plant and equipment

	Group		
EUR'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2021	2,377	1,402	3,779
Foreign exchange adjustments	19	-5	14
Additions	300	8	308
Disposals	-445	0	-445
Cost at 31 December 2021	2,251	1,405	3,622
Depreciation and impairment losses at 1 January 2021	1,357	247	1,604
Foreign exchange adjustments	12	0	-22
Depreciation	576	216	792
Disposals	-339	0	-339
Depreciation and impairment losses at 31 December 2021	1,606	463	2,035
Carrying amount at 31 December 2021	645	942	1,587
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 2021	1,464	634	2,098
Foreign exchange adjustments	1	1	2
Additions	202	0	202
Disposals	-82	0	-117
Cost at 31 December 2021	1,585	635	2,185
Depreciation and impairment losses at 1 January 2021	753	62	815
Foreign exchange adjustments	0	0	0
Depreciation	459	64	523
Disposals	-62	0	-62
Depreciation and impairment losses at 31 December 2021	1,150	126	1,241
Carrying amount at 31 December 2021	435	509	944
Depreciated over	3-5 years	3-10 years	

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7 Investments

EUR'000	Group Deposits, investments
Cost at 1 January 2021	168
Additions	3
Disposals	-9
Cost at 31 December 2021	162
Carrying amount at 31 December 2021	162

EUR'000	Parent company Investments in group enterprises	Deposits, investments	Total
Cost at 1 January 2021	20,287	168	20,455
Additions	0	3	3
Disposals	0	-9	-9
Foreign exchanges adjustments	8	0	8
Cost at 31 December 2021	20,295	162	20,457
Value adjustments at 1 January 2021	-8,161	0	-8,161
Foreign exchanges adjustments	75	0	75
Profit/loss for the year	-147	0	-147
Value adjustments for the year	-6,461	0	-6,461
Value adjustments at 31 December 2021	-14,694	0	-14,694
Carrying amount at 31 December 2021	5,601	162	5,763

Acquired intangible assets on investment in Group enterprises comprises of total EUR 3,099 thousand as of 31 December 2021.

Subsidiaries	Domicile	Interest (%)	Equity EUR'000	Profit/loss EUR'000
OnRobot Hungary Kft.	Hungary	100	1,040	168
OnRobot LA, Inc.	US	100	669	-497
OnRobot US, Inc.	US	100	203	59
OnRobot South Europe S.L.	Spain	100	97	18
OnRobot GmbH	Germany	100	134	32
OnRobot Singapore PTE. LTD	Singapore	100	154	39
OnRobot Japan K.K.	Japan	100	31	12
OnRobot Korea Co., LTD	Korea	100	125	20
OnRobot Poland Sp. Z.o.o.	Poland	100	42	3
OnRobot s.r.o v likvidaci	Czech Republic	100	6	0

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	Group		Parent	
EUR'000	2021	2020	2021	2020
8 Prepayments (assets)				
Premiums	13	97	11	92
Other	259	331	162	216
	272	428	173	308

9 Deferred tax assets

At 31 December 2021, 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 15,776 thousand.

10 Share capital

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

EUR'000	2021	2020	2019	2018	2017/18
Opening balance	763	547	393	292	18
Capital increase	136	214	154	101	274
Exchange rate adjustment	0	2	0	0	0
	899	763	547	393	292

The share capital comprises:

1,260 thousand class A shares of DKK 1 each
298 thousand class B shares of DKK 1 each
5,130 thousand class C shares of DKK 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.

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11 Long-term debt

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

			Effective interest rate		Carrying amount	
Loan	Maturity	Fixed/floating rate	2021	2020	2021	2021
			%	%	EUR'000	EUR'000
EUR	2025	Fixed	6%	6%	632	779
					632	779

The liabilities can be specified as follows:

EUR'000	2021	2020
Bank debt		
0-1 year	149	147
1-5 years	483	632
> 5 years	0	0
	632	779

12 Contractual obligations and contingencies, etc.

Contractual obligations

The Company has entered non-cancellable purchase agreements totalling EUR 6,898 thousand of which EUR 3,341 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 922 thousand. The leases have a remaining term within 106 months and a total nominal residual lease liability of EUR 3,167 thousand.

	Group		Parent	
EUR'000	2021	2020	2021	2020
Rent and lease obligations	3,167	3,182	1,789	2,405

13 Mortgages and collateral

The Company has issued a floating charge of a total amount of EUR 4,996 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 6,674 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
Summit Partners RBT S.à.r.l.	Luxembourg
VÆKSTFONDEN	Denmark
Vækstfonden Growth K/S	Denmark

15 Appropriation of profit/loss

	Parent	
EUR'000	2021	2020
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-27,666	-25,240
Transferred to reserve for net revaluation	0	-1,367
	-27,666	-26,607

	Group	
EUR'000	2021	2020
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-27,666	-26,607
	-27,666	-26,607

16 Changes in working capital

	Group	
EUR'000	2021	2020
Change in inventories	-899	-58
Change in receivables	-116	-87
Changes in bank debt	0	-95
Change in trade and other payables	-1,012	2,749
Foreign exchange adjustment	-85	-89
	-2,112	2,420