OnRobot A/S

Teglværksvej 47 H, 5220 Odense SØ

CVR no. 36492449

Annual report 2023

Approved at the Company's annual general meeting on 27 June 2024

Chair of the meeting:

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Kristian Lykkeholm Klausen

Contents

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of OnRobot A/S for the financial year 1 January - 31 December 2023.

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 2023 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

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

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

Odense, 27 June 2024
Executive Board:

Enrico Krog Iversen

Board of Directors:

Helle Priess Chairman	Gitte Schjøtz	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 2023, 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 2023 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 2023 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.

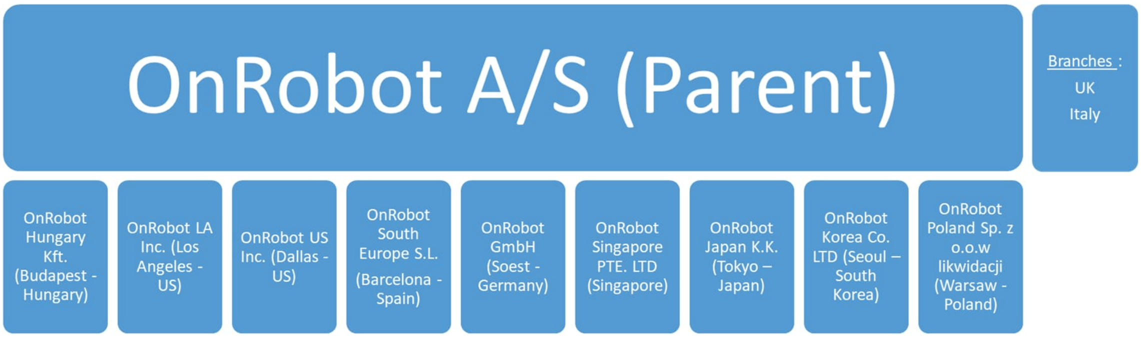
Independent auditor's report

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, 27 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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

Group chart



Financial highlights for the Group

In EUR thousand	2023	2022	2021	2020	2019
Key figures					
Gross profit/loss	326	-3,863	-4,877	-6,795	-10,502
Profit/loss from ordinary activities	-14,481	-21,722	-27,413	-27,118	-30,335
Profit/loss from net financials	-2,855	-297	-343	-422	-384
Profit/loss for the year	-16,681	-21,493	-27,666	-26,607	-30,867
Fixed assets	1,106	3,778	7,954	16,695	22,074
Non-fixed assets	6,850	11,366	22,643	27,229	22,131
Total assets	7,956	15,144	30,597	43,924	44,205
Portion relating to investments in items of property, plant and equipment	382	617	308	1,058	1,978
Equity	-7,801	8,880	24,325	36,430	39,298
Long-term liabilities	163	328	483	632	775
Short-term liabilities	15,211	5,871	5,776	6,849	4,119
Cash flows from operating activities	-11,873	-17,168	-20,131	-18,079	-23,688
Cash flow from investing activities	-246	-627	-322	-1,086	-3,844
Cash flows from financing activities	6,641	5,922	15,326	23,790	26,861
Total cash flows	-5,478	-11,873	-5,127	4,625	-671
Financial ratios					
Current ratio	45.0 %	193.6 %	392.0 %	397.6 %	537.3 %
Cash conversion ratio	37.8 %	53.9 %	18.7 %	-17.0 %	2.2 %
Equity ratio	-103.0 %	58.9 %	79.5 %	83.0 %	88.9 %
Return on equity	-3,091.9 %	-131.2 %	-91.1 %	-70.3 %	-74.1 %
Average number of full-time employees	120	148	152	165	155

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

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

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

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

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

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

Management's review

Principal activities

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

Development in activities and financial matters

OnRobot reported a loss for the year 2023 of EUR 16.681 thousand, and equity amounts to EUR -7.801 thousand at 31 December 2023.

In December 2023 investors secured funding for the coming 12 – 18 months through issuance of convertible loans. As a part of the issued convertible loans the lenders have agreed to further loans totalling of EUR 3.685 thousand to be paid out in April 2024 if probable covenants are met. The loans can be converted to share capital if decided by the lead lender and if converted will reestablish the share capital.

OnRobot's negative equity is affected by managements policy to depreciate acquired intangible assets within a five-year period. This depreciation schedule reflects the managements approach to recognizing the value of these assets over a relatively short period, acknowledging the fast-paced technological advancements and product life cycles in the robotics industry. Consequently, this policy leads to significant annual depreciation charges that impact OnRobot's net income and equity.

Furthermore, OnRobot has a policy where ongoing development costs are recognized immediately in the income statement rather than being capitalized. This accounting practice means that OnRobot does not add significant intangible assets to its balance sheet for ongoing research and development activities impacting net income and equity.

The loss for the year is a result of continued product- and market development and as such in line with expectations for 2023 if corrected for the interest of the issued convertible debt instruments. The expectations for 2023 was a result after tax within the range of EUR -10 million to -15 million.

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

Outlook

The result after tax for the coming year is expected to be within the range of -6 mill and -12 mill EUR.

Currency risks

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

Environment

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

Research and development activities

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

Subsequent events

With reference to note 3 the Company has in the subsequent period met the covenants and thus issued convertible loans totalling EUR 3,685 thousand.

No further 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 thousand	Group 2023	Group 2022	Parent 2023	Parent 2022
	Gross profit/loss	326	-3,863	-5,315	-10,074
5	Staff costs	-11,891	-13,216	-6,884	-8,026
	Depreciation and impairment of fixed assets	-2,916	-4,643	-1,548	-2,333
	Profit/loss before net financials	-14,481	-21,722	-13,747	-20,433
	Profit/loss from investments in group enterprises	0	0	-951	-1,509
6	Financial income	596	1,644	608	1,661
7	Financial expenses	-3,451	-1,941	-3,330	-1,946
	Profit/loss before tax	-17,336	-22,019	-17,420	-22,227
8	Tax for the year	655	526	739	734
	Profit/loss for the year	-16,681	-21,493	-16,681	-21,493

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

Balance sheet

		Group		Parent	
Note	EUR thousand	2023	2022	2023	2022
	ASSETS				
	Fixed assets				
9	Intangible assets				
	Acquired intangible assets	115	2,221	115	1,183
		115	2,221	115	1,183
	Property, plant and equipment				
10	Fixtures and fittings, other plant and equipment	382	673	279	485
10	Leasehold improvements	418	712	387	452
		800	1,385	666	937
11	Financial assets				
	Investments in group enterprises	0	0	3,121	4,063
	Deposits	191	172	182	166
		191	172	3,303	4,229
	Total fixed assets	1,106	3,778	4,084	6,349
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	2,115	2,278	1,232	1,421
	Work in progress	294	326	265	274
	Finished goods and goods for resale	285	565	284	559
	Prepayment for goods	294	0	121	0
		2,988	3,169	1,902	2,254
	Receivables				
	Trade receivables	1,330	1,148	1,330	1,148
	Receivables from group enterprises	0	0	0	8,958
12	Deferred tax assets	738	740	738	740
	Corporation tax	27	0	0	0
	Other receivables	344	971	62	145
13	Prepayments	181	320	157	282
		2,620	3,179	2,287	11,273
	Cash	1,242	5,018	961	4,363
	Total non-fixed assets	6,850	11,366	5,150	17,890
	TOTAL ASSETS	7,956	15,144	9,234	24,239

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

Balance sheet

		Group		Parent	
Note	EUR thousand	2023	2022	2023	2022
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	963	963	963	963
	Translation reserve	-187	-173	0	0
	Retained earnings	-8,577	8,090	-8,764	7,917
	Total equity	-7,801	8,880	-7,801	8,880
15	Provisions				
	Other provisions	383	65	165	65
	Total provisions	383	65	165	65
	Liabilities other than provisions				
16	Long-term liabilities other than provisions				
	Other debt	163	328	163	328
		163	328	163	328
	Short-term liabilities other than provisions				
16	Short-term portion of long-term liabilities	161	149	161	149
	Bank debt	1,702	0	1,702	0
	Trade payables	1,321	2,429	1,087	1,613
	Payables to group enterprises	0	0	2,045	10,525
17	Convertible debt instruments	9,329	0	9,329	0
	Corporation tax	0	65	6	7
	Other payables	2,415	3,119	2,094	2,563
18	Deferred income	283	109	283	109
		15,211	5,871	16,707	14,966
	Total liabilities other than provisions	15,374	6,199	16,870	15,294
	TOTAL EQUITY AND LIABILITIES	7,956	15,144	9,234	24,239

1 Accounting policies
2 Special items
3 Liquidity and capital reserves
4 Subsequent events
19 Contractual obligations and contingencies, etc.
20 Mortages and collateral
21 Related parties
22 Appropriation of profit/loss
23 Changes in working capital
24 Cash and cash equivalents at year-end

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

Statement of changes in equity

Note	EUR thousand	Group			
		Share capital	Translation reserve	Retained earnings	Total
	Equity at 1 January 2022	899	-144	23,570	24,325
	Capital increase	64	0	6,013	6,077
	Foreign exchange adjustments	0	-29	0	-29
22	Transfer, see "Appropriation of profit/loss"	0	0	-21,493	-21,493
	Equity at 1 January 2023	963	-173	8,090	8,880
	Foreign exchange adjustments	0	-14	14	0
22	Transfer, see "Appropriation of profit/loss"	0	0	-16,681	-16,681
	Equity at 31 December 2023	963	-187	-8,577	-7,801

Note	EUR thousand	Parent		
		Share capital	Retained earnings	Total
	Equity at 1 January 2022	899	23,426	24,325
	Capital increase	64	6,013	6,077
	Foreign exchange adjustments	0	-29	-29
22	Transfer, see "Appropriation of profit/loss"	0	-21,493	-21,493
	Equity at 1 January 2023	963	7,917	8,880
22	Transfer, see "Appropriation of profit/loss"	0	-16,681	-16,681
	Equity at 31 December 2023	963	-8,764	-7,801

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

Cash flow statement

Note	EUR thousand	Group 2023	Group 2022
	Profit/loss before net financials	-14,481	-21,722
	Amortisation/depreciation charges	2,916	4,643
	Provisions	295	0
	Cash generated from operations before changes in working capital	-11,270	-17,079
23	Changes in working capital	-911	-629
	Cash generated from operations	-12,181	-17,708
	Interest received	7	0
	Interest paid	-182	-71
	Income taxes received	483	611
	Cash flows from operating activities	-11,873	-17,168
10	Acquisition of property, plant and equipment (incl. assets in progress)	-227	-617
11	Acquisition of other investments	-19	-10
	Cash flows from investing activities	-246	-627
	Repayment of loan	-188	-155
	Capital increase incl. related cost	0	6,077
	Convertible instrument	6,829	0
	Cash flows from financing activities	6,641	5,922
	Net cash flows	-5,478	-11,873
	Cash and cash equivalents, beginning of year	5,018	16,891
24	Cash and cash equivalents, year-end	-460	5,018

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 2023 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 thousand).

Consolidated financial statements

Control

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

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

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

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

The Management's review includes a group chart.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated.

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

Business combinations

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

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

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

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

Notes

1 Accounting policies (continued)

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

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

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

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

Intra-group business combinations

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

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

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

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

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

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

Notes

1 Accounting policies (continued)

Income statement

Revenue

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

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

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

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

Revenue from the sale of goods

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery. 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 software as a service, 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.

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.

Balance sheet

Intangible assets

Acquired intangible assets

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

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

Acquired intangible assets are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

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

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

Notes

1 Accounting policies (continued)

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

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

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

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

Leases

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

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

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

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

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Notes

1 Accounting policies (continued)

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method in the parent company financial statements. The Company has chosen to consider the equity method a consolidation method.

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.

Investments in deposits

Non-current receivables, which comprise deposits, are measured at amortised cost.

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.

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Notes

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 *Financial instruments* as interpretation for impairment write-down of financial receivables: *Recognition and measurement*

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 comprise expenses incurred concerning subsequent financial years.

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.

Notes

1 Accounting policies (continued)

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.

Convertible loans

Convertible loans are broken down into a liability element and an equity element based on the relevant instrument of debt. On initial recognition, the liability is recognised at the fair value of a similar liability without a conversion right. The remaining amount of the convertible loan is recognised as equity. On subsequent recognition, the liability is measured at amortised cost until converted or repaid. The equity element is not re measured after initial recognition.

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.

Restructuring provisions comprise severance pay to employees, losses incurred due to the termination of contracts, etc. following Management's decision to restructure the Company. Restructuring provisions are recognised when it has been decided to restructure the Company and the restructuring process has been initiated.

Liabilities other than provisions

The Company has chosen IAS 39 *Financial instruments:* Recognition and measurement as interpretation for recognition and measurement of liabilities.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Notes

1 Accounting policies (continued)

Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities. Special items may comprise expenses incurred for extensive restructuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's primary operating activities and that are deemed not to be recurring.

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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2 Special items

Special items relate to restructure of production activities in Hungary and restructure of sales activities in China. The expenses comprises severance pay to employees, loss on contract incurred due to unutilized leasehold, etc.

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

	Group		Parent	
EUR thousand	2023	2022	2023	2022
Expenses				
Restructuring costs	295	0	295	0
Impairment on leasehold	104	0	104	0
	399	0	399	0
Special items are recognised in the below items of the financial statements				
External costs	191	0	0	0
Staff costs	181	0	77	0
Depreciation and impairment of fixed assets	104	0	0	0
Profit/loss from investments in group enterprises	0	0	322	0
Net loss on special items	399	0	399	0

3 Liquidity and capital reserves

The Company has lost more than half of the share capital. The company is thus subject to the capital loss rules in the Danish Companies Act section 119. Management has taken steps within the deadlines stipulated by the Danish Companies Act.

The Company has issued convertible loans that if converted will reestablish the share capital, reference is made to note 17.

As a part of the issued convertible loans the lenders has agreed to further loans totalling EUR 3,685 thousand if covenants are met.

4 Subsequent events

With reference to note 3 the Company has in the subsequent period met the covenants and thus issued convertible loans totalling EUR 3,685 thousand.

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

	Group		Parent	
EUR thousand	2023	2022	2023	2022
5 Staff cost				
Wages/salaries	10,330	11,298	6,005	6,791
Pensions	693	749	640	717
Other staff costs	818	1,027	498	880
Other social security costs	489	666	92	84
	12,330	13,740	7,235	8,472
Transferred to direct cost	-439	-524	-351	-446
	11,891	13,216	6,884	8,026
Average number of fulltime employees	120	148	65	73

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Notes

5 Staff cost (continued)

Total remuneration to group and parent Management:
EUR 581 thousand (2022: EUR 546 thousand).

Non-subscribed warrants:
In its incentive program for Management, executive employees and the Board of Directors, the Company has granted 326,977 warrants with subscription right for one A-share of nominally DKK 1. The board of directors has an outstanding amount of 240,603 warrants which can be issued in the period until 31 December 2026.

The Exercise Price corresponds to approx.. 20.8 EUR for one A-share of nominal 1 DKK and is vested over a period of 4 years with 25 % per year. As at 31 December 2023 total warrants vested is 224,570. There is following warrants to be vested in the future:
2024: 44,866 warrants
2025: 39,497 warrants
2026: 15,544 warrants
2027: 2,500 warrants

The following general criteria apply to the program:

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

		Group		Parent	
	EUR thousand	2023	2022	2023	2022
6	**Financial income**				
	Interest receivable, group entities	0	0	136	87
	Foreign exchange gains	588	1,644	464	1,574
	Other finance income	8	0	8	0
		596	1,644	608	1,661
7	**Financial expenses**				
	Foreign exchange losses	689	1,780	580	1,800
	Interest expenses relating to convertible debt instruments	2,500	0	2,500	0
	Other interest expenses	262	161	250	146
		3,451	1,941	3,330	1,946
8	**Tax for the year**				
	Deferred tax adjustments in the year	-738	-740	-738	-740
	Tax adjustments, prior years	-19	83	-7	6
	Tax for the year	102	131	6	0
		-655	-526	-739	-734

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9 Intangible assets

EUR thousand	Group Acquired intangible assets
Cost at 1 January 2023	28,187
Foreign exchange adjustments	8
Cost at 31 December 2023	28,195
Amortisation and impairment losses at 1 January 2023	25,966
Foreign exchange adjustments	12
Amortisation for the year	2,102
Amortisation and impairment losses at 31 December 2023	28,080
Carrying amount at 31 December 2023	115
Amortised over	5 years

EUR thousand	Parent company Acquired intangible assets
Cost at 1 January 2023	9,004
Cost at 31 December 2023	9,004
Amortisation and impairment losses at 1 January 2023	7,821
Amortisation for the year	1,068
Amortisation and impairment losses at 31 December 2023	8,889
Carrying amount at 31 December 2023	115
Amortised over	5 years

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

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10 Property, plant and equipment

	Group		
EUR thousand	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2023	2,768	1,359	4,127
Foreign exchange adjustments	23	39	62
Additions	227	0	227
Disposals	-192	0	-192
Cost at 31 December 2023	2,826	1,398	4,224
Depreciation and impairment losses at 1 January 2023	2,095	647	2,742
Foreign exchange adjustments	25	19	44
Depreciation	500	210	710
Disposals	-176	0	-176
Impairment	0	104	104
Depreciation and impairment losses at 31 December 2023	2,444	980	3,424
Carrying amount at 31 December 2023	382	418	800
Depreciated over	3-5 years	3-10 years	

	Parent company		
EUR thousand	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2023	2,043	642	2,685
Additions	226	0	226
Disposals	-163	0	-163
Cost at 31 December 2023	2,106	642	2,685
Depreciation and impairment losses at 1 January 2023	1,558	190	1,748
Depreciation	416	65	481
Disposals	-147	0	-147
Depreciation and impairment losses at 31 December 2023	1,827	255	2,082
Carrying amount at 31 December 2023	279	387	666
Depreciated over	3-5 years	3-10 years	

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11 Financial assets

EUR thousand	Group Deposits
Cost at 1 January 2023	172
Additions	19
Cost at 31 December 2023	191
Carrying amount at 31 December 2023	191

	Parent company		
EUR thousand	Investments in group enterprises	Deposits	Total
Cost at 1 January 2023	20,294	166	20,460
Additions	0	16	16
Cost at 31 December 2023	20,294	182	20,476
Value adjustments at 1 January 2023	-16,231	0	-16,231
Foreign exchanges adjustments	9	0	9
Profit/loss for the year	358	0	358
Value adjustments for the year	-1,309	0	-1,309
Value adjustments at 31 December 2023	-17,173	0	-17,173
Carrying amount at 31 December 2023	3,121	182	3,303

Subsidiaries	Domicile	Interest (%)	Equity EUR thousand	Profit/loss EUR thousand
OnRobot Hungary Kft.	Hungary	100	1,269	130
OnRobot LA, Inc.	US	100	647	2
OnRobot US, Inc.	US	100	334	50
OnRobot South Europe S.L.	Spain	100	148	33
OnRobot GmbH	Germany	100	212	59
OnRobot Singapore PTE. LTD	Singapore	100	250	40
OnRobot Japan K.K.	Japan	100	53	22
OnRobot Korea Co. LTD	Korea	100	161	21
OnRobot Poland Sp. Z.o.o w likwidacji (under liquidation)	Poland	100	47	1

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12 Deferred tax assets

At 31 December 2023, the Group recognised an asset totalling EUR 738 thousand. The tax asset consists of tax loss carry-forwards totalling EUR 738 thousand expected to be received under the Danish Tax Assessment Act §8X.

Unrecognised deferred tax assets totalling EUR 22,895 thousand.

	Group		Parent	
EUR thousand	2023	2022	2023	2022
Deferred tax at 1 January	740	740	740	740
Received under Danish Tax Assessment Act §8X	-740	-740	-740	-740
Deferred tax adjustment for the year	738	740	738	740
Deferred tax at 31 December	738	740	738	740

	Group		Parent	
EUR thousand	2023	2022	2023	2022
13 Prepayments (assets)				
Premiums	73	95	73	95
Rent and other subscriptions	108	225	84	187
	181	320	157	282

14 Share capital

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

EUR thousand	2023	2022	2021	2020	2019
Opening balance	963	899	763	547	393
Capital increase	0	64	136	214	154
Exchange rate adjustment	0	0	0	2	0
	963	963	899	763	547

The share capital comprises:

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

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

Reference is made to note 5 for information related to the warrant program.

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

Notes

15 Provisions

Provisions consist of warranty commitments and other provisions.

The Group provides a 15-month warranty. A provision of EUR 88 thousand (2022: EUR 65 thousand) has been made for anticipated warranty claims based on historic experience of the level of repairs and returns.

Other provisions of EUR 295 thousand consists of cost related to restructuring.

16 Long-term debt

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

			Effective interest rate		Carrying amount	
Loan	Maturity	Fixed/floating rate	2023	2022	2023	2022
			%	%	EUR thousand	EUR thousand
EUR	2025	Floating	8.9%	6%	324	477
					324	477

The liabilities can be specified as follows:

EUR thousand	2023	2022
Other debt		
0-1 year	161	149
1-5 years	163	328
> 5 years	0	0
	324	477

17 Convertible debt instruments

The Group has issued convertible debt instruments totalling EUR 9,340 thousand. The debt instruments were issued as part of the Group's financial with an accrued interest of 25% as a flat rate on the date of disbursement.

The maturity date is 31 December 2024 but lead lender is entitled to extend maturity with effect for all lenders to 31 December 2025 with additional accrued interest of 25% as a flat rate.

Upon disbursement of the loan and until 30 days after maturity, lead lender is entitled to demand that the loan is converted into new class D-shares.

D-shares carry one vote and have a preference to proceeds ahead of all other shares in the Company for an amount equal to five times the amount paid for the D-share.

The conversion rate per D-share of nominal DKK 1 is EUR 3.33.

18 Deferred income

Deferred income contains prepaid income relating to the following financial year.

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19 Contractual obligations and contingencies, etc.

Contractual obligations Group

The Group has entered non-cancellable purchase agreements totalling EUR 3,475 thousand of which EUR 1,978 thousand are due within one year.

Contractual obligations Parent

The Company has entered non-cancellable purchase agreements totalling EUR 2,157 thousand of which EUR 1,180 thousand are due within one year.

Guarantees

The Group has not entered into any guarantee commitments.

Operating lease liabilities

The Group entities have entered into operating rent and lease arrangements with a lease payment within one year of EUR 752 thousand. The leases have a remaining term within 83 months and a total nominal residual lease liability of EUR 2,056 thousand.

	Group		Parent	
EUR thousand	2023	2022	2023	2022
Rent and lease obligations	2,056	2,609	1,557	1,701

20 Mortgages and collateral

The Company has issued a floating charge of a total amount of EUR 4,995 thousand secured on the ordinary claims, inventory of raw materials, semi-manufactured products and finished goods, plant and machinery, fixtures and fittings, other plant and equipment and intellectual property rights of a carrying amount of EUR 3,626 thousand.

21 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 5.

22 Appropriation of profit/loss

	Parent	
EUR thousand	2023	2022
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-16,681	-21,493
	-16,681	-21,493

	Group	
EUR thousand	2023	2022
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-16,681	-21,493
	-16,681	-21,493

Notes

23 Changes in working capital

EUR thousand	Group 2023	Group 2022
Change in inventories	181	-386
Change in receivables	584	-229
Change in trade and other payables	-1,703	95
Foreign exchange adjustment	27	-109
	-911	-629

24 Cash and cash equivalents at year-end

EUR thousand	Group 2023	Group 2022
Cash according to the balance sheet	1,242	5,018
Short-term debt to banks	-1,702	0
	-460	5,018