



Turf Tank ApS

Lansen 15
9230 Svenstrup J
CVR No. 36722436

Annual report 2021

The Annual General Meeting adopted the
annual report on 29.06.2022

Mikkel Klitgaard Jacobsen
Chairman of the General Meeting

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Entity details

Entity

Turf Tank ApS
Lansen 15
9230 Svenstrup J

Business Registration No.: 36722436
Registered office: Aalborg
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Johnny Laursen, Chairman of the Board
Erwin Kronborg Tøt, Board member
Mikkel Klitgaard Jacobsen, Board member

Executive Board

Mikkel Klitgaard Jacobsen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Turf Tank ApS for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Svenstrup, 28.04.2022

Executive Board

Mikkel Klitgaard Jacobsen
CEO

Board of Directors

Johnny Laursen
Chairman of the Board

Erwin Kronborg Tøt
Board member

Mikkel Klitgaard Jacobsen
Board member

Independent auditor's report

To the shareholders of Turf Tank ApS

Opinion

We have audited the financial statements of Turf Tank ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Aalborg, 28.04.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen

State Authorised Public Accountant
Identification No (MNE) mne34173

Thomas Simoni Mortensen

State Authorised Public Accountant
Identification No (MNE) mne45826

Management commentary

Primary activities

The company's activity consists of the production, development and sale of autonomous line marking robots for sports fields. Turf Tank is the company behind the world's first, and current most well-known, and market-leading, autonomous line marking robot.

Description of material changes in activities and finances

The net loss after tax for 2021 was DKK 8,3m compared to a loss last year of DKK 7,6m.

The equity in 2021 is DKK 44,1m compared to DKK 32,4 in 2020.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		4,402,818	3,885,257
Staff costs	1	(9,546,453)	(6,655,069)
Depreciation, amortisation and impairment losses	2	(6,271,833)	(3,130,987)
Operating profit/loss		(11,415,468)	(5,900,799)
Other financial income	3	3,585,734	138,888
Other financial expenses	4	(2,784,830)	(3,474,836)
Profit/loss before tax		(10,614,564)	(9,236,747)
Tax on profit/loss for the year	5	2,322,912	1,642,510
Profit/loss for the year		(8,291,652)	(7,594,237)
Proposed distribution of profit and loss			
Retained earnings		(8,291,652)	(7,594,237)
Proposed distribution of profit and loss		(8,291,652)	(7,594,237)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	7	9,106,668	8,950,159
Acquired intangible assets		1,009,068	993,906
Development projects in progress	7	8,231,640	840,796
Intangible assets	6	18,347,376	10,784,861
Other fixtures and fittings, tools and equipment		34,545,968	13,783,141
Leasehold improvements		376,401	1,264,426
Property, plant and equipment	8	34,922,369	15,047,567
Investments in group enterprises		1,381,157	1,381,157
Receivables from group enterprises		45,385,917	15,624,653
Deposits		634,850	339,785
Financial assets	9	47,401,924	17,345,595
Fixed assets		100,671,669	43,178,023
Raw materials and consumables		10,211,902	5,432,368
Work in progress		9,296,731	1,759,932
Manufactured goods and goods for resale		8,384,609	7,976,823
Inventories		27,893,242	15,169,123
Trade receivables		1,836,023	999,206
Deferred tax	10	2,506,868	2,139,335
Other receivables		3,928,849	1,128,368
Income tax receivable		1,955,379	650,665
Prepayments		231,302	143,239
Receivables		10,458,421	5,060,813
Cash		4,100,437	362,860
Current assets		42,452,100	20,592,796
Assets		143,123,769	63,770,819

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		2,124,518	1,838,566
Reserve for development expenditure		13,523,879	8,028,421
Retained earnings		28,439,978	22,513,041
Equity		44,088,375	32,380,028
Debt to other credit institutions		43,992,440	19,877,413
Other payables		471,251	0
Deferred income		870,039	1,044,047
Non-current liabilities other than provisions	11	45,333,730	20,921,460
Current portion of non-current liabilities other than provisions	11	174,008	174,008
Bank loans		30,211,464	4,357,893
Trade payables		6,748,149	2,959,680
Payables to group enterprises		12,275	21,025
Other payables	12	12,836,705	1,957,256
Deferred income		3,719,063	999,469
Current liabilities other than provisions		53,701,664	10,469,331
Liabilities other than provisions		99,035,394	31,390,791
Equity and liabilities		143,123,769	63,770,819
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,838,566	8,028,421	22,513,041	32,380,028
Increase of capital	285,952	0	19,714,047	19,999,999
Transfer to reserves	0	5,495,458	(5,495,458)	0
Profit/loss for the year	0	0	(8,291,652)	(8,291,652)
Equity end of year	2,124,518	13,523,879	28,439,978	44,088,375

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	15,042,853	8,675,601
Pension costs	839,950	489,417
Other social security costs	380,924	105,799
Other staff costs	245,266	142,844
	16,508,993	9,413,661
Staff costs classified as assets	(6,962,540)	(2,758,592)
	9,546,453	6,655,069
Average number of full-time employees	27	19

2 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	1,484,330	1,240,940
Depreciation of property, plant and equipment	4,781,390	1,893,704
Profit/loss from sale of intangible assets and property, plant and equipment	6,113	(3,657)
	6,271,833	3,130,987

3 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	1,423,870	0
Other interest income	0	17,604
Exchange rate adjustments	2,129,018	6,402
Other financial income	32,846	114,882
	3,585,734	138,888

4 Other financial expenses

	2021	2020
	DKK	DKK
Other interest expenses	2,582,313	1,913,140
Exchange rate adjustments	202,517	1,561,696
	2,784,830	3,474,836

5 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	(1,955,379)	0
Change in deferred tax	(367,533)	(1,642,510)
	(2,322,912)	(1,642,510)

6 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	12,345,031	1,341,361	840,796
Transfers	1,497,244	0	(1,497,244)
Additions	0	158,755	8,888,088
Cost end of year	13,842,275	1,500,116	8,231,640
Amortisation and impairment losses beginning of year	(3,394,870)	(347,455)	0
Amortisation for the year	(1,340,737)	(143,593)	0
Amortisation and impairment losses end of year	(4,735,607)	(491,048)	0
Carrying amount end of year	9,106,668	1,009,068	8,231,640

7 Development projects

The development projects of the enterprise comprise the development of autonomous line marking robots for sports fields. The development projects in progress proceed as planned and are expected to be completed within 1-3 years.

The development projects includes development of robotic line makers. The product developments are used by the Company to sell robotic line makers to customers. The development projects are continuously developed by the Company. The management is of the opinion that it is technically possible to complete the development projects and intends to do so.

The management has not identified indication of impairment of the recognised projects.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalized costs for development projects in the reserve for development costs under equity.

The value of the recognized development projects depends on the Company's ability to continue developing its autonomous line robots, as well as attracting enough customers to generate positive earnings that could yield the total investment.

The management believes that the company will succeed in doing so in the coming years.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	15,504,911	1,722,425
Additions	25,045,146	83,710
Disposals	(602,069)	(4,129)
Cost end of year	39,947,988	1,802,006
Depreciation and impairment losses beginning of year	(1,721,770)	(457,999)
Impairment losses for the year	(15,913)	(623,950)
Depreciation for the year	(3,797,871)	(343,656)
Depreciation and impairment losses on assets disposed of	133,534	0
Depreciation and impairment losses end of year	(5,402,020)	(1,425,605)
Carrying amount end of year	34,545,968	376,401

9 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK
Cost beginning of year	1,381,157	15,624,653	339,785
Additions	0	29,761,264	378,950
Disposals	0	0	(83,885)
Cost end of year	1,381,157	45,385,917	634,850
Carrying amount end of year	1,381,157	45,385,917	634,850

Management has prepared a cash flow estimate for the recognized receivables from group enterprises and investment in group enterprises based on a 7 year forecast horizon.

The recorded receivables and investments are sensitive to changes in the assumptions applied including forecast and budgets applied.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Turf Tank USA ApS	Denmark	ApS	100
- Turf Tank Inc	United States	Inc	100

10 Deferred tax

Deferred tax relates to taxable losses and property, plant and equipment. Recognized deferred tax is based on a 3-5 year forecast horizon.

11 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Debt to other credit institutions	0	0	43,992,440	15,417,849
Other payables	0	0	471,251	471,251
Deferred income	174,008	174,008	870,039	0
	174,008	174,008	45,333,730	15,889,100

12 Other payables

	2021 DKK	2020 DKK
VAT and duties	1	(2)
Wages and salaries, personal income taxes, social security costs, etc payable	2,487,171	933,923
Holiday pay obligation	322,610	798,904
Other costs payable	10,026,923	224,431
	12,836,705	1,957,256

13 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	4,776,292	2,030,450

14 Contingent liabilities

In connection with the sales of autonomus line marking robots the Company has provided normal warranty and repair obligations.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

15 Assets charged and collateral

A floating charge of a nominal amount of 80.667 TDKK has been provided as security for bank loans and Vaekstfonden covering the Company's goodwill, domain names and rights protected by the Danish Consolidate Patents Act, the Danish Consolidate Trademark Act, the Danish Consolidate Designs Act, the Danish Utility Models Act, the Danish Patterns Act, the Danish Copyright Act and the Danish Act on Protection of the Design of Semiconductor Products (topography), operating equipment and unsecured claims relating to the sale of goods and services, also including inventories of raw materials, semi-manufactures and finished goods as well as vehicles that are not or have not previously been registered.

The carrying amount of charged assets amounts to 82.999 TDKK.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Revenue from the sale of leases is recognised over the contract period.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and costs that are directly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement. The amortisation periods used are 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.