

**SYD DYNAMICS APS**  
**FORSKERPARKEN 10, 1., 5230 ODENSE M**  
**ANNUAL REPORT**  
**1. JANUAR - 31. DECEMBER 2019**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 8 September 2020**

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**Yinan Sang**

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## COMPANY DETAILS

<b>Company</b>	SYD Dynamics ApS Forskerparken 10, 1. 5230 Odense M  CVR no.: 36 94 87 52 Established: 1 July 2015 Registered Office: Odense Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Zhuocheng Gong, Formand Jiannan Zhu Michael Rodan Chang
<b>Board of Executives</b>	Yinan Sang
<b>Auditor</b>	DELOITTE STATSAUTORISERET REVISIONSPARTNERSELSKAB Østre Havnepromenade 26, 4. 9000 Aalborg

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of SYD Dynamics ApS for the year 1 January - 31 December 2019.

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 the Company's financial position at 31 December 2019 and of the results of the the Company's operations for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Odense, den 8. september 2020

Board of Executives

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Yinan Sang

Board of Directors

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Zhuocheng Gong  
Formand

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Jiannan Zhu

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Michael Rodan Chang

## THE INDEPENDENT AUDITOR'S REPORT

*To the Shareholders of SYD Dynamics ApS*

### **Conclusion**

*We have performed an extended review of the Financial Statements of SYD Dynamics ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.*

*Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.*

### **Basis for Conclusion**

*We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.*

### **Emphasis of matter**

*We draw attention to the note "Information on uncertainty with respect to recognition and measurement" in the Financial Statements, which describes the uncertainty related to the recognized intangible fixed assets. Our opinion is not modified in relation to this matter.*

### **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 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 Company or to cease operations, or has no realistic alternative but to do so.*

### **Auditor's Responsibilities for the Extended Review of the Financial Statements**

*Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.*

*An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.*

*The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.*

### **Statement on the Management's Review**

*Management is responsible for the Management's Review.*

## THE INDEPENDENT AUDITOR'S REPORT

*Our conclusion 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 extended review 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 extended review, 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.*

*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 in the Management's Review.*

Aalborg, 8 September 2020

DELOITTE  
STATSAUTORISERET REVISIONSPARTNERSELSKAB  
CVR no. 33963556

Peter Nørrevang  
State Authorised Public Accountant  
MNE no. mne11706

## MANAGEMENT'S REVIEW

### Principal activities

The company's purpose is to develop and sell sensor technology primarily to the B2B market within automation, robots and automated Guided Vehicles (AGVs).

### Uncertainty as to recognition and measurement

Due to its specific activity as a development company, there is inherent uncertainty in the calculation and measurement of the company's development activities.

### Development in activities and financial position

The Company's income statement for 2019 shows an earning of 508 K DKK before tax. And the company's balance sheet at 31 December 2019 shows an equity of -2.099 K DKK

The company has been continuing its focus during 2019 on B2B market, as a result of customer feedback and the company's internal development competence. The earlier product in consumer electronics, MARA PEN, has had a longer market penetration curve as expected in the previous year. The strategy changed towards B2B markets has been laid down since 2017.

The product family TransducerM, introduced in 2017, focusing on B2B market, has been continuing its development during 2019, resulting in a series of product sub-model offerings - TransducerM TM100, TM200, TM300 and TM500 series, ranging from low-cost, standard and high-performance version. The products have gradually penetrating the mobile robot and construction vehicle industry during 2019 and the company has developed a set of key customers both in Europe and China. There has been considerable interest in the products offerings for the performances the customer acquires versus the cost.

The company has in 2019, devoted development on the new TransducerG product series, which incorporates satellite positioning capabilities, meanwhile continuously improving its current product offerings, including improving functionality, reliability, and manufacturability.

The company is dependent on additional financing in the form of capital increases or financing for its expansion or acceleration. In 2019, the annual results indicate the current customers developed have in fact allow the company to not only maintain itself financially but also with adequate margin and growing potential.

In 2019, the company updated its shareholder agreement to follow-up the changes made by the end of 2018 regarding its management and shareholders. The company's focus and technical competence are maintained.

The management is in the process ensuring necessary liquidity for the continued operation and accelerated development of the company according to the strategy approved by the Board of Directors.

### Significant events after the end of the financial year

The company has had in the first and second season of 2020 influenced by the COVID-19 pandemic in terms of reduced customer order, while customer service and product orders fulfilling are still normal. There has also been share transfer between existing shareholders. The management believes that the events do not have material impact on the assessment of the Annual Report of 2019.

## MANAGEMENT'S REVIEW

### Future expectations

The company has built its strategy around the market segments, AGV, industrial vehicles and the agricultural segment to introduce the most relevant products. There is established in this connection commercial dialogue with several large companies. The company is also in the process of planning its local production close to its customers to improve efficiency.

The management expects that 2020 will be a challenging year for SYD Dynamics due to the impact of COVID-19, however, also full of opportunities since the company products are penetrating the market with positive feedback. The process of new customer development in areas not so much affected by COVID-19 has been speed up. The management expects that the company's future operations will be profitable, whereby the share capital is expected to be re-established by future earnings.



INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK
<b>GROSS PROFIT</b> .....		<b>1.241.036</b>	<b>52.527</b>
Staff costs.....	1	-458.675	-539.327
Depreciation, amortisation and impairment.....		-267.533	-239.399
<b>OPERATING PROFIT</b> .....		<b>514.828</b>	<b>-726.199</b>
Other financial income.....		-977	0
Other financial expenses.....		-2.016	-360.013
<b>PROFIT BEFORE TAX</b> .....		<b>511.835</b>	<b>-1.086.212</b>
Tax on profit/loss for the year.....	2	-100.000	227.150
<b>PROFIT FOR THE YEAR</b> .....		<b>411.835</b>	<b>-859.062</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Accumulated profit.....		411.835	-859.062
<b>TOTAL</b> .....		<b>411.835</b>	<b>-859.062</b>

**BALANCE SHEET AT 31 DECEMBER**

<b>ASSETS</b>	<b>Note</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Development projects completed.....		2.297.859	2.300.475
<b>Intangible fixed assets</b> .....	<b>3</b>	<b>2.297.859</b>	<b>2.300.475</b>
Rent deposit and other receivables.....		9.744	53.656
<b>Fixed asset investments</b> .....	<b>4</b>	<b>9.744</b>	<b>53.656</b>
<b>FIXED ASSETS</b> .....		<b>2.307.603</b>	<b>2.354.131</b>
Raw materials and consumables.....		327.007	203.814
<b>Inventories</b> .....		<b>327.007</b>	<b>203.814</b>
Trade receivables.....		6.290	20.459
Other receivables.....		31.858	73.611
Corporation tax receivable.....		0	63.150
<b>Receivables</b> .....		<b>38.148</b>	<b>157.220</b>
<b>Cash and cash equivalents</b> .....		<b>780.384</b>	<b>125.909</b>
<b>CURRENT ASSETS</b> .....		<b>1.145.539</b>	<b>486.943</b>
<b>ASSETS</b> .....		<b>3.453.142</b>	<b>2.841.074</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital.....		53.000	53.000
Reserve for development costs.....		847.632	714.715
Retained profit.....		-2.996.995	-3.275.913
<b>EQUITY</b> .....	<b>5</b>	<b>-2.096.363</b>	<b>-2.508.198</b>
Provision for deferred tax.....		100.000	0
<b>PROVISION FOR LIABILITIES</b> .....		<b>100.000</b>	<b>0</b>
Debt instruments.....		5.014.066	5.014.066
Other liabilities.....		9.120	0
<b>Long-term liabilities</b> .....	<b>6</b>	<b>5.023.186</b>	<b>5.014.066</b>
Trade payables.....		74.037	1.113
Other liabilities.....		49.796	25.525
Accruals and deferred income.....		302.486	308.568
<b>Current liabilities</b> .....		<b>426.319</b>	<b>335.206</b>
<b>LIABILITIES</b> .....		<b>5.449.505</b>	<b>5.349.272</b>
<b>EQUITY AND LIABILITIES</b> .....		<b>3.453.142</b>	<b>2.841.074</b>
Information on uncertainty with respect to recognition and measurement	7		

NOTES

	2019 DKK	2018 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees 2 (2018: 2)			
Wages and salaries.....	439.689	427.880	
Social security costs.....	8.367	13.866	
Other staff costs.....	10.619	97.581	
	<b>458.675</b>	<b>539.327</b>	
<b>Tax on profit/loss for the year</b>			<b>2</b>
Calculated tax on taxable income of the year.....	0	-63.150	
Adjustment of deferred tax.....	100.000	-164.000	
	<b>100.000</b>	<b>-227.150</b>	
<b>Intangible fixed assets</b>			<b>3</b>
		Development projects completed	
Cost at 1 January 2019.....		2.740.376	
Additions.....		301.580	
<b>Cost at 31 December 2019.....</b>		<b>3.041.956</b>	
Amortisation at 1 January 2019.....		439.901	
Depreciation for the year.....		304.196	
<b>Depreciation at 31 December 2019.....</b>		<b>744.097</b>	
<b>Carrying amount at 31 December 2019.....</b>		<b>2.297.859</b>	
Interest expenses recognised as part of cost of assets.....		190.515	
Completed development projects include the products MARA PEN, Transducer M, Transducer M Pro and Transducer G.			
The management has great expectations for the products and does not have an indication of the need for impairment in relation to the carrying amount.			
<b>Fixed asset investments</b>			<b>4</b>
		Rent deposit and other receivables	
Cost at 1 January 2019.....		53.656	
Additions.....		9.744	
Disposals.....		-53.656	
<b>Cost at 31 December 2019.....</b>		<b>9.744</b>	
<b>Carrying amount at 31 December 2019.....</b>		<b>9.744</b>	

NOTES

					<b>Note</b>
<b>Equity</b>					<b>5</b>

	Share capital	Reserve for development costs	Retained profit	Total
Equity at 1 January 2019.....	53.000	714.715	-3.275.913	-2.508.198
Proposed distribution of profit.....			411.835	411.835
Engelsk.....		132.917	-132.917	
<b>Equity at 31 December 2019 .....</b>	<b>53.000</b>	<b>847.632</b>	<b>-2.996.995</b>	<b>-2.096.363</b>

<b>Long-term liabilities</b>					<b>6</b>
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	1/1 2019 total liabilities	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years
Debt instruments.....	5.014.066	5.014.066	0	0
Other liabilities.....	0	9.120	0	0
	<b>5.014.066</b>	<b>5.023.186</b>	<b>0</b>	<b>0</b>

<b>Information on uncertainty with respect to recognition and measurement</b>	<b>7</b>
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Due to the company specific activity as a development company there is a natural uncertainty related to the measurement of the company's development. The carrying amount of the development project is based on the management's positive expectations to the future.

## ACCOUNTING POLICIES

The annual report of SYD Dynamics ApS for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.

The Annual Report is prepared consistently with the accounting principles used last year.

### INCOME STATEMENT

#### Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

#### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

#### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

#### Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Dividend from equity investments is recognised as income in the financial year when the dividend is declared.

#### Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

### BALANCE SHEET

#### Intangible fixed assets

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is 10 years.

## ACCOUNTING POLICIES

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

### Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

### Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

### Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

### Cash and cash equivalents

Cash and cash equivalents includes cash and cash equivalents.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

### Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.