

**SYD DYNAMICS APS**  
**FORSKERPARKEN 10, 1., 5230 ODENSE M**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 29 June 2023**

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**Yinan Sang**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 36 94 87 52**

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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 Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Zhuocheng Gong, chairman Jiannan Zhu Michael Rodan Chang
<b>Executive Board</b>	Yinan Sang
<b>Auditor</b>	DELOITTE STATSAUTORISERET REVISIONSPARTNERSELSKAB Østre Havnepromenade 26, 4. 9000 Aalborg

## MANAGEMENT'S STATEMENT

*Today the Board of Directors and Executive Board have discussed and approved the Annual Report of SYD Dynamics ApS for the financial year 1 January - 31 December 2022.*

*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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.*

*The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.*

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

Odense, 29 June 2023

Executive Board

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Yinan Sang

Board of Directors

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Zhuocheng Gong  
Chairman

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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 2022, which comprise income statement, Balance Sheet, statement of changes in equity 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.*

## THE INDEPENDENT AUDITOR'S REPORT

### **Statement on the Management Commentary**

*Management is responsible for the Management Commentary.*

*Our conclusion 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 extended review 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 during the extended review, 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 in the Management Commentary.*

Aalborg, 29 June 2023

DELOITTE  
STATSAUTORISERET REVISIONSPARTNERSELSKAB  
CVR no. 33963556

Peter Nørrevang  
State Authorised Public Accountant  
MNE no. mne11706

## MANAGEMENT COMMENTARY

### **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).*

### **Recognition and measurement uncertainty**

*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 and economic position**

*Developments in activities and economic circumstances the company's profit and loss account for 2022 shows a 100 K DKK and the company's balance sheet at 31 December 2022 shows an equity of 4.337 K DKK*

*The Company's income statement for 2022 shows an earning of 99.935 DKK.*

*The company has been continuing its focus during 2022 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 and maintenance during 2022, including a series of product sub-model offerings - TransducerM TM100, TM200, TM300 and TM500 series, ranging from low-cost, standard and high-performance versions. The products have been gradually penetrating the mobile robot and construction vehicle industry since 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.*

*In addition to the standard products, the company has also in 2022 involved in developing of a customized robotic system for agriculture applications. The system takes the advantage of the TransducerM products in terms of leveling, navigation and guidance. The customization activities also serve as a pre-investigation of the TransducerM products into more agriculture applications. This project has finished successfully by the end of 2022.*

*The company is dependent on additional financing in the form of capital increases or financing for its expansion or acceleration. The company has been gradually recovering in 2022 from influences in terms of reduced customer order by the COVID-19 pandemic. The product delivery has not been interrupted.*

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

### **Expectations for the future**

*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 its local production close to its customers to improve efficiency. The management expects that the company's future operations will be positive.*

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

*To the company management's knowledge, no significant events have occurred after the end of the financial year that have a material impact on the assessment of the Annual Report.*

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
<b>GROSS PROFIT</b> .....		<b>379.344</b>	<b>59.460</b>
Staff costs.....	1	-214.927	-124.155
Depreciation, amortisation and impairment.....		-60.860	-922.456
<b>OPERATING PROFIT</b> .....		<b>103.557</b>	<b>-987.151</b>
Other financial expenses.....		-4.622	-4.955
<b>PROFIT BEFORE TAX</b> .....		<b>98.935</b>	<b>-992.106</b>
Tax on profit/loss for the year.....		0	0
<b>PROFIT FOR THE YEAR</b> .....		<b>98.935</b>	<b>-992.106</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		98.935	-992.106
<b>TOTAL</b> .....		<b>98.935</b>	<b>-992.106</b>



**BALANCE SHEET AT 31 DECEMBER**

<b>ASSETS</b>	<b>Note</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Development projects completed.....		453.931	551.453
<b>Intangible assets.....</b>	<b>2</b>	<b>453.931</b>	<b>551.453</b>
Rent deposit and other receivables.....		0	10.340
<b>Financial non-current assets.....</b>		<b>0</b>	<b>10.340</b>
<b>NON-CURRENT ASSETS.....</b>		<b>453.931</b>	<b>561.793</b>
Raw materials and consumables.....		42.250	49.480
<b>Inventories.....</b>		<b>42.250</b>	<b>49.480</b>
Trade receivables.....		0	10.150
Other receivables.....		29.625	32.068
<b>Receivables.....</b>		<b>29.625</b>	<b>42.218</b>
<b>Cash and cash equivalents.....</b>		<b>400.429</b>	<b>287.235</b>
<b>CURRENT ASSETS.....</b>		<b>472.304</b>	<b>378.933</b>
<b>ASSETS.....</b>		<b>926.235</b>	<b>940.726</b>

**BALANCE SHEET AT 31 DECEMBER**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Share capital.....		53.000	53.000
Reserve for development costs.....		354.066	430.134
Retained profit.....		-4.743.867	-4.918.870
<b>EQUITY.....</b>		<b>-4.336.801</b>	<b>-4.435.736</b>
Debt instruments.....		4.944.066	4.944.066
<b>Non-current liabilities.....</b>	<b>3</b>	<b>4.944.066</b>	<b>4.944.066</b>
Prepayments received from customers.....		0	65.856
Trade payables.....		85.346	74.722
Other liabilities.....		41.127	62.658
Accruals and deferred income.....		192.497	229.160
<b>Current liabilities.....</b>		<b>318.970</b>	<b>432.396</b>
<b>LIABILITIES.....</b>		<b>5.263.036</b>	<b>5.376.462</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>926.235</b>	<b>940.726</b>
 Information on significant uncertainties and unusual circumstances	 4		

**EQUITY**

	Share capital	Reserve for development costs	Retained profit	Total
Equity at 1 January 2022.....	53.000	430.134	-4.918.870	-4.435.736
Proposed profit allocation.....			98.935	98.935
<b>Other legal bindings</b>				
Capitalized development costs.....		-76.068	76.068	0
<b>Equity at 31 December 2022.....</b>	<b>53.000</b>	<b>354.066</b>	<b>-4.743.867</b>	<b>-4.336.801</b>

NOTES

			Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	2	2	
Wages and salaries.....	203.667	112.194	
Social security costs.....	11.260	11.961	
	<b>214.927</b>	<b>124.155</b>	

			Note
<b>Intangible assets</b>			<b>2</b>
		Development projects completed	
Cost at 1 January 2022.....		3.112.910	
<b>Cost at 31 December 2022.....</b>		<b>3.112.910</b>	
Amortisation at 1 January 2022.....		2.561.456	
Impairment losses.....		10.412	
Amortisation for the year.....		87.111	
<b>Amortisation at 31 December 2022.....</b>		<b>2.658.979</b>	
<b>Carrying amount at 31 December 2022.....</b>		<b>453.931</b>	

Completed development projects include the products MARA PEN, Transducer M, Transducer M Pro and Transducer G.

The sales of MARA PEN and Transducer G has not been satisfying and therefore the management has decided to recognize a impairment loss on the projekt.

For the other projects the management has great expectations and does not have an indication of the need for impairment in relation to the carrying amount.

					Note
<b>Long-term liabilities</b>					<b>3</b>
	31/12 2022	Repayment	Debt	31/12 2021	
	total liabilities	next year	outstanding	total liabilities	
			after 5 years		
Convertible and interest-bearing debt instruments.....	4.944.066	0	0	4.944.066	
	<b>4.944.066</b>	<b>0</b>	<b>0</b>	<b>4.944.066</b>	

**Information on significant uncertainties and unusual circumstances** **4**  
Due to the company specific activity as a development company thier 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 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.*

*The Annual Report is prepared consistently with the accounting principles applied 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.*

### **Other operating income**

*Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.*

### **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, operating 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**

*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.*

### **Tax**

*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**

*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.*

### **Financial non-current assets**

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

## ACCOUNTING POLICIES

### **Impairment of fixed assets**

*The carrying amount of intangible fixed assets together with fixed assets, 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 recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.*

*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, the inventories are written down 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 written down to meet expected losses.*

### **Cash and cash equivalents**

*Cash and cash equivalents includes cash and cash equivalents.*

### **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 will 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.*

## ACCOUNTING POLICIES

### ***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.*

*Amortised cost for short-term liabilities usually corresponds to the nominal value.*

### ***Accruals, liabilities***

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