

Flow Robotics A/S

Glentevej 70A, st. tv., 2400 København NV

CVR no. 37 28 46 96

Annual report 2021

Approved at the Company's annual general meeting on 30 May 2022

Chair of the meeting:

.....
Kristian Klausen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Flow Robotics A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 11 May 2022
Executive Board:

.....
Annika Irene Isaksson

Board of Directors:

.....
Adam Hillestrøm
Chair

.....
Finn Dueholm Støy

.....
Kasper Støy

.....
Lars Rønn

Independent auditor's report

To the shareholders of Flow Robotics A/S

Opinion

We have audited the financial statements of Flow Robotics A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 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 Company in accordance with the International Ethics Standards Board for Accountants' 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.

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 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 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 the 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 Company's internal control.

Independent auditor's report

- ▶ 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 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 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.

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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 11 May 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Weinreich Larsen
State Authorised Public Accountant
mne42791

Management's review

Company details

Name	Flow Robotics A/S
Address, Postal code, City	Glentevej 70A, st. tv., 2400 København NV
CVR no.	37 28 46 96
Registered office	København
Financial year	1 January - 31 December
Website	www.flow-robotics.dk
Board of Directors	Adam Hillestrøm, Chair Finn Dueholm Støy Kasper Støy Lars Rønn
Executive Board	Annika Irene Isaksson
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

Main activities of the company

The company's purpose is to develop, produce and sell user-friendly and flexible robots for liquid handling in laboratories.

Ownership and Capital Development

The company is owned by Støy Invest ApS, Vækstfonden Venture and ITU Business Development A/S as the three largest shareholders, along with several private investors. During 2021, Vækstfonden Venture came in as investor and added new capital to the company in a syndicate with a number of existing shareholders.

Management and organization

In 2021, both the Board of Directors and C-level management was reinforced with 4 new executives bringing solid experience into the company preparing for further growth and internationalization. In addition, the company established a US subsidiary – Flow Robotics Inc. in New Jersey alongside with a sales office in Manchester, UK. At the end of the year, a total of 40 employees are employed by the company and two in the subsidiary.

Progress report

During 2021, the focus on commercial scaling and further technical development continued. Sales to the European market remained strong, and in parallel new markets were opened up, in UK and US. Furthermore, new trademarks were registered in DK and UK. As a result of COVID 19, the company's ability to demonstrate flowbot ONE at conferences, exhibitions and at customer meetings was still very limited in the first half of 2021, however the company attended several exhibitions in Europe, UK and US in the fall. The Board of Directors has decided to raise additional capital to the Company during 2022 to accelerate the geographical footprint.

Financial review

The income statement for 2021 shows a loss of DKK 11,425 thousand against a loss of DKK 997 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 8,361 thousand. The result is in line with expectations as a result of significant investment made in the organization, product development and geographical expansion.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Building on a successful commercial introduction and growth on the European and UK markets, the focus in 2022 is continued growth in Europe and in the US. With its HQ in Denmark, the company will establish further collaborations with both local distributors and OEM's in the targeted markets, as well as further recruiting, primarily in Europe and US.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
	Gross profit	5,211	7,896
2	Staff costs	-17,532	-8,721
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-360	-209
	Profit/loss before net financials	-12,681	-1,034
3	Financial income	6	4
4	Financial expenses	-454	-195
	Profit/loss before tax	-13,129	-1,225
5	Tax for the year	1,704	228
	Profit/loss for the year	-11,425	-997
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-11,425	-997
		-11,425	-997

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
	Intangible assets		
	Development projects	33	167
		33	167
	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	615	671
	Leasehold improvements	116	0
		731	671
6	Investments		
	Investments in subsidiaries	7	0
	Deposits, investments	572	489
		579	489
	Total fixed assets	1,343	1,327
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	3,355	1,920
	Work in progress	74	45
	Finished goods and goods for resale	1,976	439
		5,405	2,404
	Receivables		
	Trade receivables	5,471	6,810
	Receivables from group enterprises	2,450	0
7	Deferred tax assets	1,528	228
	Other receivables	823	1,075
	Prepayments	765	223
		11,037	8,336
	Cash	3,235	5,010
	Total non-fixed assets	19,677	15,750
	TOTAL ASSETS	21,020	17,077

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,519	1,186
	Retained earnings	6,842	3,214
	Total equity	8,361	4,400
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Bank debt	6,366	6,311
	Other payables	669	410
		7,035	6,721
	Current liabilities other than provisions		
8	Short-term part of long-term liabilities other than provisions	300	300
	Trade payables	2,303	2,683
	Other payables	3,021	2,973
		5,624	5,956
	Total liabilities other than provisions	12,659	12,677
	TOTAL EQUITY AND LIABILITIES	21,020	17,077

- 1 Accounting policies
9 Contractual obligations and contingencies, etc.

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2021	1,186	3,214	4,400
Capital increase	333	15,053	15,386
Transfer through appropriation of loss	0	-11,425	-11,425
Equity at 31 December 2021	<u>1,519</u>	<u>6,842</u>	<u>8,361</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Flow Robotics A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Gross profit

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.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other 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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/ depreciation

The item comprises amortisation/ depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
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Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Development costs and internally accumulated rights are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production overheads. Indirect production overheads and borrowing costs are not included in the cost.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the 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 recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the 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 and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or 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 is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
2 Staff costs and incentive programmes		
Wages/salaries	17,294	8,653
Other social security costs	238	68
	<u>17,532</u>	<u>8,721</u>
Average number of full-time employees	<u>28</u>	<u>12</u>

Incentive programmes

The Company introduced an incentive plan aimed at members of the Executive management and other key personnel. The warrants option programmes were granted on 6 September 2021, and the total number of warrants is 178,921. The options are vested over 2-4 year period.

The company implemented a employee shares programme for all full time employees in beginning of 2021. Each employee can use 5% of their annual salary in return of shares of the given valuation at the time.

DKK'000	2021	2020
3 Financial income		
Other financial income	6	4
	<u>6</u>	<u>4</u>
4 Financial expenses		
Other financial expenses	454	195
	<u>454</u>	<u>195</u>
5 Tax for the year		
Deferred tax adjustments in the year	-1,528	-228
Tax adjustments, prior years	-176	0
	<u>-1,704</u>	<u>-228</u>

6 Investments

Name	Domicile	Interest	Equity DKK'000	Profit/ loss DKK'000
Flow Robotics Inc	Princeton, New Jersey, US	100.00%	-2,086	-2,093

7 Deferred tax assets

The company has a tax loss of DKK 2,465 thousand from the current and prior year. The tax loss is not recognized as a assets.

Financial statements 1 January - 31 December

Notes to the financial statements

8 Non-current liabilities other than provisions

Of the long-term bank liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

Of other payables liabilities is DKK 284 thousand due within 1-5 year and DKK 385 thousand is due after 5 year.

9 Contingent liabilities

Other financial obligations

Other rent and lease liabilities:

DKK'000	2021	2020
Rent and lease liabilities	768	921

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Annika Irene Isaksson

Direktion

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NEM ID 

Adam Hillestrøm

Formand

På vegne af: Flow Robotics A/S

Serienummer: PID:9208-2002-2-649834871147

IP: 83.151.xxx.xxx

2022-05-11 10:50:52 UTC

NEM ID 

Finn Dueholm Støy

Bestyrelse

På vegne af: Flow Robotics A/S

Serienummer: PID:9208-2002-2-330037222448

IP: 87.48.xxx.xxx

2022-05-11 11:08:18 UTC

NEM ID 

Kasper Støy

Bestyrelse

På vegne af: Flow Robotics A/S

Serienummer: PID:9208-2002-2-695532371785

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Lars Rønn

Bestyrelse

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2022-05-12 06:46:15 UTC

Mit 

Morten Weinreich Larsen

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Kristian Lykkeholm Klausen

Chairman

På vegne af: Flow Robotics A/S

Serienummer: PID:9208-2002-2-540376568045

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