
Shape Robotics ApS

Rugmarken 18, DK-3520 Farum

Annual Report for 1 January - 31 December 2018

CVR No 38 32 26 56

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
8 /4 2019

Lars Randal Nyengaard
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Shape Robotics ApS for the financial year 1 January - 31 December 2018.

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 at 31 December 2018 of the Company and of the results of the Company operations for 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 8 April 2019

Executive Board

David Johan Christensen

Board of Directors

Lars Randal Nyengaard
Chairman

Michael Frank

Thomas Henrik Gjørup

Moises Pacheco

Kasper Stø

Independent Auditor's Report

To the Shareholders of Shape Robotics ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Shape Robotics ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 Management's Review.

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 misstate-

Independent Auditor's Report

ment, 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

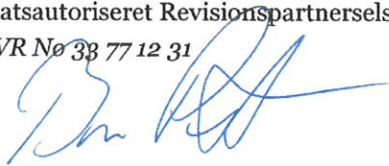
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Odense, 8 April 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Brian Petersen

statsautoriseret revisor

mne33722

Company Information

The Company

Shape Robotics ApS
Rugmarken 18
DK-3520 Farum
Website: www.shaperobotics.com

CVR No: 38 32 26 56
Financial period: 1 January - 31 December
Financial year: 2nd financial year
Municipality of reg. office: Furesø

Board of Directors

Lars Randal Nyengaard, Chairman
Thomas Henrik Gjørup
Kasper Støy
Michael Frank
Moises Pacheco

Executive Board

David Johan Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21
DK-5000 Odense C

Bankers

Nordea

Management's Review

Key activities

Shape Robotics key activities is to develop hardware, software and materials for its education robots, as well as, sales of its products and associated services through a network of independent resellers.

Development in the year

The income statement of the Company for 2018 shows a loss of TDKK 5,424, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 7,226.

The annual report reflects the company's second financial year, where the organisation's focus has primarily been on developing the Fable system, and establishing distribution channels.

Based on this, the management considers the result as satisfactory.

Operating risks

The company continuously identifies potential risks that may affect the company's activities. The identified risks are analyzed and searched for on an ongoing basis.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Gross profit/loss		-1.017.380	-524.374
Staff expenses	1	-4.799.507	-831.869
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-341.792	-12.853
Profit/loss before financial income and expenses		-6.158.679	-1.369.096
Financial income		910	0
Financial expenses		-35.186	-11.529
Profit/loss before tax		-6.192.955	-1.380.625
Tax on profit/loss for the year	3	769.102	270.804
Net profit/loss for the year		-5.423.853	-1.109.821

Distribution of profit

Proposed distribution of profit

Retained earnings		-5.423.853	-1.109.821
		-5.423.853	-1.109.821

Balance Sheet 31 December

Assets

	Note	2018 DKK	2017 DKK
Completed development projects		2.526.497	2.391.825
Development projects in progress		1.936.495	0
Intangible assets	4	4.462.992	2.391.825
Other fixtures and fittings, tools and equipment		41.534	12.355
Leasehold improvements		14.300	0
Property, plant and equipment	5	55.834	12.355
Fixed asset investments		0	0
Fixed assets		4.518.826	2.404.180
Inventories		1.360.780	615.830
Trade receivables		1.964.391	621.198
Other receivables		94.792	34.952
Corporation tax receivable from group enterprises		538.455	501.451
Prepayments		295.493	0
Receivables		2.893.131	1.157.601
Cash at bank and in hand		2.797.469	4.053.067
Currents assets		7.051.380	5.826.498
Assets		11.570.206	8.230.678

Balance Sheet 31 December

Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		201.615	174.100
Reserve for development costs		3.481.134	1.865.624
Retained earnings		3.543.585	5.360.463
Equity	6	7.226.334	7.400.187
Provision for deferred tax		0	230.647
Provisions		0	230.647
Trade payables		996.551	394.145
Other payables		2.317.108	205.699
Deferred income		1.030.213	0
Short-term debt		4.343.872	599.844
Debt		4.343.872	599.844
Liabilities and equity		11.570.206	8.230.678
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Notes to the Financial Statements

	<u>2018</u> DKK	<u>2017</u> DKK
1 Staff expenses		
Wages and salaries	6.132.842	2.302.485
Other social security expenses	90.052	26.926
Other staff expenses	85.681	37.040
	<u>6.308.575</u>	<u>2.366.451</u>
Transfer to development project	-1.509.068	-1.534.582
	<u>4.799.507</u>	<u>831.869</u>
Average number of employees	<u>14</u>	<u>6</u>
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	322.504	12.500
Depreciation of property, plant and equipment	19.288	353
	<u>341.792</u>	<u>12.853</u>
3 Tax on profit/loss for the year		
Current tax for the year	-526.608	-501.451
Deferred tax for the year	-230.647	230.647
Adjustment of tax concerning previous years	-11.847	0
	<u>-769.102</u>	<u>-270.804</u>

Notes to the Financial Statements

4 Intangible assets

	Completed development projects <u>DKK</u>	Development projects in progress <u>DKK</u>
Cost at 1 January	2.404.325	0
Additions for the year	<u>457.176</u>	<u>1.936.495</u>
Cost at 31 December	<u>2.861.501</u>	<u>1.936.495</u>
Impairment losses and amortisation at 1 January	12.500	0
Amortisation for the year	<u>322.504</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>335.004</u>	<u>0</u>
Carrying amount at 31 December	<u>2.526.497</u>	<u>1.936.495</u>

To meet the increasing demand to teach 21st century skills using educational robots, Shape Robotics continues to develop new products and solutions to complements, improve and expand its existing product offerings.

When the projects are completed and taken into production the projects are depreciated over a 4-10 years period. If the value is impaired, the book vale will be written off.

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	12.708	0
Additions for the year	46.267	16.500
Cost at 31 December	58.975	16.500
Impairment losses and depreciation at 1 January	353	0
Depreciation for the year	17.088	2.200
Impairment losses and depreciation at 31 December	17.441	2.200
Carrying amount at 31 December	41.534	14.300

6 Equity

	Share capital DKK	Share premium account DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity at 1 January	174.100	0	1.865.624	5.360.463	7.400.187
Cash capital increase	27.515	5.222.485	0	0	5.250.000
Development costs for the year	0	0	1.615.510	-1.615.510	0
Net profit/loss for the year	0	0	0	-5.423.853	-5.423.853
Transfer from share premium account	0	-5.222.485	0	5.222.485	0
Equity at 31 December	201.615	0	3.481.134	3.543.585	7.226.334

7 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2018 DKK	2017 DKK
Rent, non-cancellation period	871.500	0

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Shape Robotics ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and administration, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

8 Accounting Policies (continued)

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 4 - 10 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

Notes to the Financial Statements

8 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

8 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.