

# Invitation to acquire shares in Shape Robotics A/S

Financial Advisor and Certified Advisor

Selling Agent



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# CEO Letter

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## Dear Investor

Estimates suggest that within the next decade 30-40% of all jobs globally will be automated by robots and computers. Although low-skill and low-income jobs are at particular risk all sectors and job functions are affected by this global transition.

Today, most jobs require the use of IT. Companies struggle hard to find candidates with sufficient training and deep technical skills. There is a significant gap between the level of knowledge students achieve during their education and the skills required for students to succeed in their future work and life.

We believe that the solution is to use technology on a daily basis in the classroom to teach 21st century skills. We believe that a way forward would be to rethink education and teach new subjects such as computational thinking, programming, robotics, digital design, innovation and entrepreneurship. Despite a rapidly growing global demand, however, most educational technology does not meet the requirements in modern education.

That reality inspired co-founder, Moises Pacheco, and myself to start developing Fable almost a decade ago while working as robotic researchers at the Technical University of Denmark.

We wanted Fable to be modular, extremely simple to build, robust, easy to program and yet powerful enough for the students to create advanced applications.

Years of research, tests and prototyping later we founded Shape Robotics, and were able to ship the first robots in 2017.

Today, Fable is a unique solution that has proven itself internationally. Around the globe schools and educational institutions use Fable to provide engaging and relevant teaching. Our ever-expanding reseller network now reach students in 25 countries.

Our ambition is to make Fable the world's leading educational robotic system.

I welcome you to join us on this journey.

*David Johan Christensen*  
*CEO & Co-founder*  
*Shape Robotics A/S*



# Investment Highlights

## ORIGINATES FROM A PARTNERSHIP WITH LEGO GROUP

The development of Fable was initialized in 2011 as part of a national research and innovation project at the Technical University of Denmark ("DTU"). The objective of the project was to develop interactive intelligent technology, called Playware, that would consolidate and extend Denmark's leading position on the world toy market. The project's partners included Lego Group as the world's leading provider of toys and educational robots, and DTU researchers with decades of expertise in modular robotics, artificial intelligence, play and learning.

## INNOVATIVE MODULAR ROBOTIC SYSTEM

The Fable robotic system is modular and robots can be built, programmed and modified in seconds. The design features a holistic integration of several unique technologies. The Fable robots are programmed using an innovative wireless communication architecture. The coding is simple enough for students aged 8, yet sufficiently advanced for high-school, vocational students and even at university level. The learning experience transfers directly to real-world computer science skills such as software design, implementation and debugging of algorithms. The Fable system is open ended, which enables students to extend the system with their own parts that can be designed and produced at the school's makerspace, e.g. with 3D-printed parts or constructed from LEGO®.

## TEACHER FRIENDLY

The Fable robots are more teacher friendly, timesaving and suitable for everyday classroom teaching, than other robots targeting middle school level education and up. The product comes with comprehensive educational content which is crucial for the teachers that lack technical experience and time to prepare.

## OVER 5 000 UNITS SOLD

Since 2017, Fable is sold both directly to customers or indirectly through an international network of resellers and distributors. More than 5000 Fable sets has been sold since the initial launch and these robots are now being used in teaching by educational institutions around the world.

## SALES CHANNELS

Shape Robotics has built up a network of international resellers and distributors. Today, the Company has agreements with 35 resellers/distributors based in 25 countries. Most resellers are non-exclusive, and all contracts can be terminated which limits the Company's dependency on a single partner.



## COMPANY

Founded in  
**2015**

Started shipping robots in  
**2017**



## SALES

No. of schools using Fable  
**500+**

No. of robots sold  
**5.000+**

Export in 2019  
**75%**

Average deal size  
**20.000 DKK**

Sales Network covers  
**25 countries**



## FINANCIAL

Revenue in 2019  
**8 MDKK**

Historical average growth rate  
**> 100% per annum**

Positive cash flow from operating activities  
for the full year  
**2023**



## MARKED

No. of schools in the world  
**4 million**

Market size in 2025  
**\$3.1 billion**

Spending on education by 2030  
**\$10 trillion**



# Transaction

## SUMMARY OF TERMS

Offering Price	DKK 9.80
Pre-money valuation	Approx. DKK 40 million
Application period	June 4 - June 18, 2020
Marketplace	Nasdaq First North Growth Market Denmark
Settlement date	June 23, 2020
First day of trading	June 25, 2020
Size of the Offering	DKK 20 - 27 million
Ticker	SHAPE
Temporary ISIN	DK0061273208
Permanent ISIN	DK0061273125

## SUBMISSION OF APPLICATIONS TO SUBSCRIBE

Applications to subscribe for Offer Shares in the Offering should be made by submitting the application form enclosed in the Prospectus to the investor's own account holding bank in complete and executed form in due time to allow the investor's own account holding bank to process and forward the application to ensure that it is in the possession of Danske Bank A/S, no later than 4:00 p.m. (CET) on June 18, 2020. Applications should be made for a number of Offer Shares or for an aggregate amount rounded to the nearest Danish krone amount. Subscriptions shall be made for a minimum of 500 Offer Shares, corresponding to a minimum value of DKK 4 900.

Persons who are account customers at Nordnet AB may apply for the acquisition of shares through Nordnet's Online Service. Application with Nordnet can be made up until 23:59 CET on June 17, 2020.

## OWNERSHIP BEFORE THE OFFERING

Shareholders	Percent
TAG Holding ApS	39.2%
Iskil Holding ApS	24.0%
Black Box Holding IVS	21.6%
Styrelsen for Institutioner og Uddannelsessystemer	7.8%
<b>Total</b>	<b>92.6%</b>

## SUBSCRIPTION UNDERTAKINGS

Name	Offset conv. debt (t.DKK)	New capital (t.DKK) Market value
TAG Holding ApS*	2 149	2 000
Polynom Investment AB	-	1 470
Sebastian Clausin	-	1 000
Stehr ApS	-	1 000
Gerhard Dal	-	1 000
Niklas Danaliv	-	980
Jimmie Landerman	-	900
Oscar Molse	-	800
Jens Olsson	-	700
Christian Månsson	-	500
Tobias Schön	-	500
Jinderman & Partners AB	-	500
Alexander Schoeneck	-	500
Støy Invest ApS**	-	500
Per Vasilis	-	500
Others	-	3 050
<b>Total</b>	<b>2 149</b>	<b>15 900</b>

\* TAG Holding ApS is the main shareholder and is partly owned by Thomas Gjørup which is a board member.

\*\* Støy Invest ApS is wholly owned by Kasper Støy which is a board member.

# Online Events

## Aktiespararna Småbolagsdagarna 2020

When: June 9, 19:15-19:45

For more information and registration: <https://www.aktiespararna.se/smabolagsdagarna>

## Nordnet

When: June 15, 17:00 - 18:00

For more information and registration: <https://www.shaperobotics.com/roadshow>

## Nordnet

When: June 16, 17:00 - 18:00

For more information and registration: <https://www.shaperobotics.com/roadshow>





## Background and reasons

Shape Robotics is a Danish educational technology company. The Company has developed Fable, an innovative modular robotic system that makes it easy and fun for students to build and program their own robots. Educational institutions, in every part of the world, are required to adapt as digital technologies, artificial intelligence, and automation are transforming life and work. New subjects such as programming and technology are being implemented as the mandatory subjects in most countries, typically starting at primary school level. Therefore, schools are bringing new educational technology into the classroom. Shape Robotics helps these institutions provide excellent teaching that will prepare students for a fast-changing future.

The story of the Fable robotics system began in 2011 where the Company's founders were working as robotics researchers together with other engineers, designers and researchers from DTU, MIT Media Lab and LEGO®. The founders observed a need for a radically different educational robotics system where transition from idea to solution had to be smoother for both teacher and students. To realize such a system the founders did research and development of Fable in the following years. Shape Robotics was founded by David Johan Christensen and Moises Pacheco in 2015, and in 2017 the first version of Fable was ready for mass production.

The final design features a holistic integration of several unique technologies, such as strong, self-locking magnetic connectors, effortless device-pairing based on colored light and a flexible wireless programming architecture. One uniqueness with the Fable robots is that they can be built, programmed and modified in seconds or minutes, instead of hours or days. Furthermore, the system is so simple that it can be used by students from the age of 8 years, yet it is sufficiently advanced to satisfy the needs in secondary schools and even at universities.

After the first batch of Fable robots was shipped to Danish customers, Shape Robotics has gained interest from international resellers and distributors. In the following years the Company gradually expanded its sales network and extended its portfolio of Fable products. Today, the Company's sales network cover approximately 25 countries and its products are used by thousands of teachers at hundreds of schools.

Shape Robotics has built a platform for growth and market penetration on the global market for educational robots. The Company will take advantage of this opportunity to become a leading educational robotics company with strong global growth. By expanding and nurturing its sales network the Company will grow in existing markets and penetrate new

high-opportunity markets. The Company also plans to launch new subscription services to reach the segments of schools that are slower to adopt new technology. Further, to stay ahead of competition, the Company will continue to develop new products, platforms, and content. The Company's ambition is to empower all teachers to create profoundly better learning using robotics. The type of learning that have a lasting positive impact and enables the students to get ready for their future education, job and life.

Shape robotics has reached a point, where Fable has proven to be a highly attractive and competitive educational technology ("EdTech") product. In order to take full advantage of the market traction and monetize on the rapidly growing market for educational robotics, the Company will require additional equity funding. Through the Offering, Shape Robotics is expected to raise a gross proceeds (including the conversion of debt of 2.1 MDKK) of minimum DKK 20 million and maximum DKK 27 million before deduction of transaction costs, which are estimated to approximately DKK 3.5 million. Below is an estimate of the use of proceeds:

- 60 percent will be used for sales and marketing to:
  - » Continue to build a solid market foundation through existing and new distributors and resellers around the world.
  - » Create awareness about Fable in key markets, e.g. by participation in exhibitions and launching Fable robotics competitions.
  - » Build and broaden the launch of subscription services.
- 20 percent will be used for business infrastructure to:
  - » Increase gross margin by implementing cost-reductions in the production, make the production scalable by outsourcing and by increasing stock of inventory.
  - » Establish cost-effective global delivery by setting up logistics partnerships around the world.
- 15 percent will be used for research and development:
  - » Strengthen the product portfolio by developing new Fable products and improving the existing products, e.g. by developing new features and tools.
- 5 percent will be used on educational content:
  - » Adapt educational content for key markets, e.g. translating and mapping it to national curriculums.
  - » Develop new educational content, e.g. content packages to teach artificial intelligence and IoT.

*Farum, June 3 2020  
Shape Robotics A/S  
Board of Directors*





# The Market

## FUTURE CHALLENGES

Traditional subjects, such as mathematics and languages, are essential for any student to learn. But these subjects are no longer enough in a world where digital technology, automation and artificial intelligence is playing an increasing role. Therefore, national curriculums around the world are being adapted to this new reality, and governments are implementing education reforms that provide opportunities for people to re-skill. Future successful nations will to a large extent be those who successfully embrace new means and methods in education to prepare their population for a digital future.

The challenges of globalization, digitalization of society, and technological innovations have become increasingly important. By 2030, as many as 400-800 million people are at risk of losing their jobs as a consequence of robotic automation. On a global scale, the most extreme scenario would affect as many as one-fifth of the total work force. Estimates predict that 375 million people are likely to switch job categories entirely.<sup>1</sup>

## EDUCATIONAL ROBOTICS

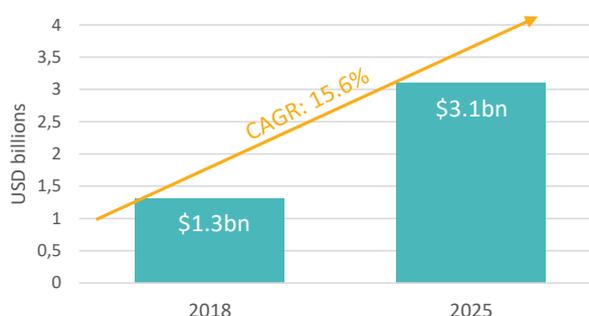
Educational robots play a significant and fast-growing role as part of teaching math, computer science and engineering. However, educational robots has also been proven as an effective way to train digital literacy competencies and other essential soft skills. Educational robots are attractive learning tools due to their capability to be programmed by the students to move, sense, and interact with the physical world. They provide hands-on training and expose students to real-life work situations that enhance their ability to analyze and develop creative solutions to real world problems. Educational robots are established as excellent tools to facilitate exciting and inspiring science, technology, engineering and math ("STEM") learning sessions.<sup>2</sup> And they enable students to build and strengthen their problem-solving capabilities as well as communication skills necessary to effectively participate in teamwork. Skills that are essential for the 21st century workforce to master.<sup>3</sup>

<sup>1</sup> McKinsey & Company (2017), *Jobs lost, jobs gained: Workforce transitions in a time of automation*.

<sup>2</sup> Khanlari, Ahmad. (2015). *Teachers' perceptions of the benefits and the challenges of integrating educational robots into primary/elementary curricula*. *European Journal of Engineering Education*.

<sup>3</sup> McKinsey Global Institute - *Skills shift automation and the future of the workforce* (2018)

*Expected growth – educational robotics market, 2018-2025*



Source: HolonIQ (2019), *Robotics Report*

## Market size

Worldwide, education is a USD 6 trillion industry. Budgets continue to grow and is expected to reach USD 8 trillion by 2025 and USD 10 trillion by 2030 as populations increase in developing countries.<sup>4</sup>

Today the world population grows by 200,000 people on a daily basis. By 2030 the world population is expected to have grown another billion compared to today. Population growth will put enormous pressure on the education system to scale effectively and sustainably. The number of students is expected to double within the next decade, mainly driven by population growth, enrolment growth and more cost-effective and accessible education.<sup>5</sup> Estimates predict there will be half a billion more school and university graduates in 2025 driven mostly by population growth in developing countries. By 2035 there is expected to be 2.7 billion students worldwide.<sup>6</sup>

Global education technology expenditure is forecasted to grow to USD 342 billion in 2025. The global focus of governments on national workforce development, education and skills training for the future is likely to significantly increase the digital expenditure to 4.4 percent of total global education expenditure in 2025 raised from 2.6 percent in 2018.<sup>7</sup>

Robotic spending in education is estimated to grow to USD 3.1 billion by 2025 from USD 1.3 billion in 2018, corresponding to a compound annual growth rate ("CAGR") of 15.6 percent.<sup>8</sup> This rise can be attributed to the advancements in robotics technology, increased demand for educational robots as a learning tool and governments implementing STEM skills in national curriculums in more and more countries.<sup>9</sup>

<sup>4</sup> HolonIQ (2018), *Education-in-2030*.

<sup>5</sup> [www.oecd.com](http://www.oecd.com)

<sup>6</sup> Edtecheurope (2016), *A Map for the Future of Education and Work*.

<sup>7</sup> HolonIQ (2018), *Education in 2030*.

<sup>8</sup> HolonIQ (2019), *Robotics Report*.

<sup>9</sup> HolonIQ (2018), *Education in 2030*.



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# The Company

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## CUSTOMER SEGMENTS

With Fable, the Company targets educational institutions that are looking to upgrade their teaching with an educational robotic product that is high-quality, appeals to both genders, is teacher-friendly and enables engaging hands-on teaching. Fable can be used with students as young as 8 years old, but most institutions acquire Fable to use it with students aged 12-16 years. The Company targets specific customer segments in specific countries, e.g. by creating educational content with local partners that match their local curriculum as well as do targeted marketing.

## SALES CHANNELS

Shape Robotics combines direct sales in Denmark, with indirect international sales through distributors and resellers. The Company has built a network of international resellers and distributors. Today, the Company has agreements with 35 resellers/distributors based in 25 countries. Some resellers/distributor have exclusivity to sell Fable in their territory. However, most resellers are non-exclusive, and all contracts can be terminated which limits the Company's dependency on a single partner. Currently, all support for resellers, distributors and customers is done from the Company's headquarter in Denmark. The Company anticipates that it can eventually benefit from establishing subsidiaries in key markets/regions.

## BUSINESS MODEL & STRATEGY

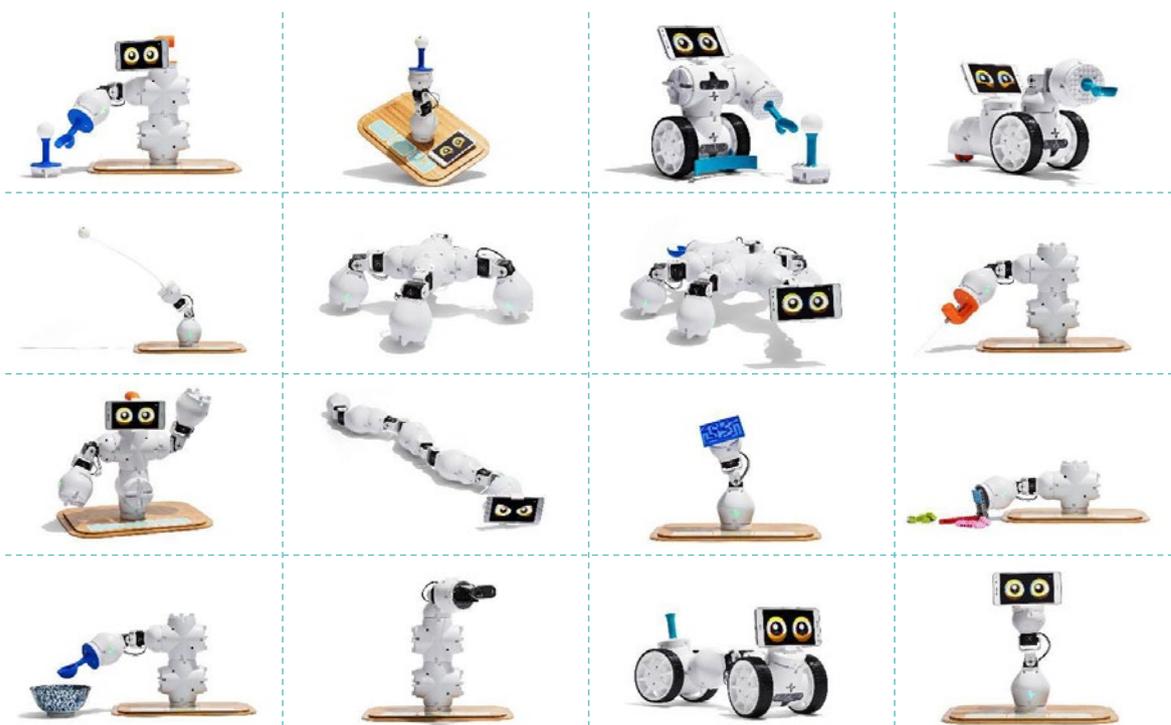
The Company's strategy is to continue to expand its international sales channels, optimize its operations, and introduce new products and services. The objective is to strengthen the Company's position as a leading global provider of educational robotic technology and in the process increase turnover as well as profit margins.

Today, Shape Robotics combines direct sales in Denmark, with indirect international sales through distributors and resellers and has achieved a deep understanding of the customers' needs and the trends in the educational market. In an ongoing process to increase revenue and make the sales process simpler and faster, the Company plans to introduce a new educational subscription service based on the Fable technology. Extending the Fable software platform will give subscribers access to exclusive educational content, skill development, software toolboxes and features. This Software-as-a-Service platform is not dependent on access to the Fable hardware, but all customer leads are offered a Fable subscription that includes robots.

The Robots-as-a-Service model will considerably reduce customer acquisition cost and at the same time increase the life-time value. The reduced up-front investment will make Fable marketable to customer segments currently holding back on educational robots. This strategy to launch and offer subscription services based on Fable is expected to help drive growth and generate stable and predictable revenue streams for the Company.

## Building examples

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**FINANCIAL TARGETS**

- Average revenue growth rate of more than 80% per annum between 2021 to 2023, with a target revenue of 55 MDKK in 2023; and
- Positive cash flow from operating activities for the full year 2023.

**MARKET ROLL-OUT PLAN**

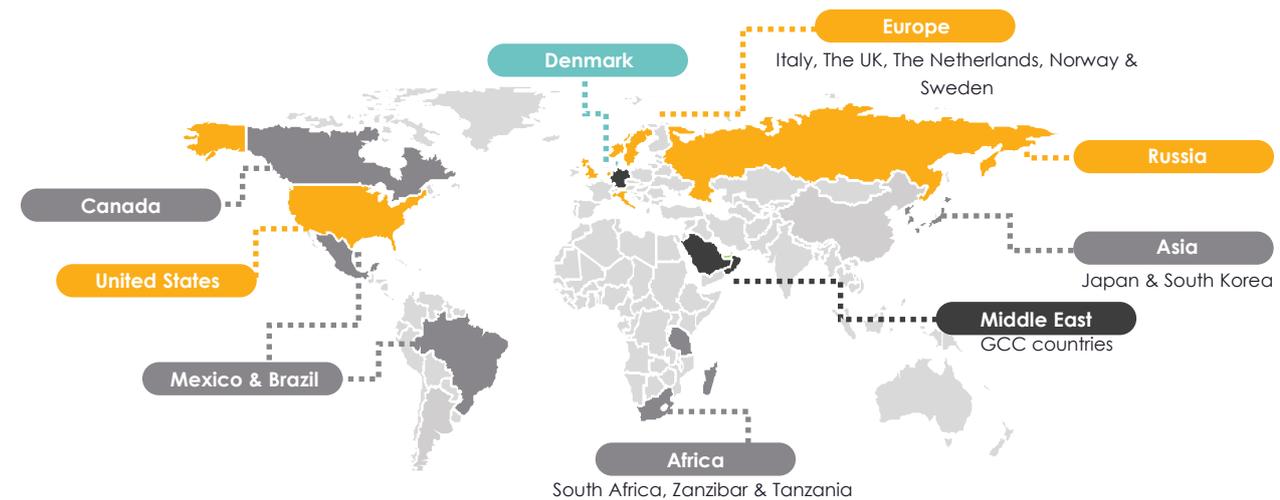
During 2019 Russia, Netherlands, USA, Sweden, Italy and UK accounted for the highest turnover through indirect sales. In these markets, the Company have strong resellers who are well equipped to sell Fable in their geographical markets. The top five resellers brought in 85% of the Company’s partner sales in 2019.

The Company plans to further strengthen its support of these top resellers and anticipate that the turnover of Fable will grow further in these priority markets over the coming years. Moreover, the Company has resellers in 15-20 countries where the turnover is not yet substantial for various reasons, e.g. due to lack of brand awareness, reseller onboarding in progress, or difficult market situations. The Company anticipates that there is a large growth potential with this groups of resellers. Therefore, the Company will emphasize its focus on less penetrated and new geographical markets with high potential for growth that has not yet been realized by the Company.

2020 until 2023 will be a transitional period for Shape Robotics where the Company will become an established player within the educational robotic marketplace. Shape Robotics wide portfolio of robot solutions and established partners, shall continue to build a solid market foundation through existing and new distributors and resellers around the world. Shape Robotics’ current mix of partners and distributors are a key element to the overall success of Shape Robotics. Large partners will often be engaged in the bigger deals, but the sales cycles are longer. Smaller partners are quicker and although deal sizes are typically not as large, there is normally a higher volume of deals to obtain. The mix of partners ensure a more predictable revenue flow for Shape Robotics.

The Company will optimize its reseller network and invest more resources to grow in these areas. The key focus areas are:

- Continued focus on increasing market penetration in the United States, Russia and Northern Europe.
- Focusing on establish a solid market position in the Middle East.
- New market opportunities in APAC, Canada, Mexico and Brazil.



Established	Growth	Introduction	Seeding
Good market penetration, solid sales	Growing sales, increased brand awareness	Partner onboarded, sales has started	Opportunities are being explored



## Subscription form – for subscription of shares in Shape Robotics A/S



**Subscription period:** June 4 – June 18, 2020 4.00 p.m.  
**Subscription price:** DKK 9.80  
**Settlement:** Delivery of shares in the temporary ISIN is delivery against payment.  
**Payment:** Payment is expected to take place on June 23, 2020.  
**ISIN:** Permanent ISIN for the Shares: DK0061273125,  
 Temporary ISIN for the New Shares: DK0061273208

This form must be submitted to the investor's own account holding bank in complete and executed form in due time to allow the investor's own account holding bank to process and forward the application to ensure that it is in the possession of Danske Bank A/S, no later than 4:00 p.m. (CET) on June 18, 2020.

In an assessment of Shape Robotics A/S, Company reg. no. 38322656. ("Shape Robotics") future development and operations, it is of great importance to consider all relevant risks. Each investor must make their own assessment of the impact of these risks by reading and understanding all available information published concerning this offer. The prospectus is available for download at [www.shaperobotics.com](http://www.shaperobotics.com).

**The undersigned hereby applies for subscription of the following number of shares in Shape Robotics at a subscription price of DKK 9.80 per share:**

Number of shares (minimum 500 shares per subscription)

**Fill in where the allotted and paid for shares are to be delivered, owner-registered securities account or custody account (state only one alternative):**

VP custody account no.	Bank
Settlement account no.	Bank
Custody account	Bank/Nominee

**Note that if you have an account with specific rules for securities transactions, such as an investment savings account or endowment account, you must check with your bank/nominee, whether, and if so how, the acquisition of securities within the framework of the offer is possible. The subscription shall be made, in that case, in accordance with instructions received from the bank/nominee that holds the account.**

**Settlement of the Offering will be effected by way of registration of New shares representing the allocated number of Offer Shares on your custody account with VP SECURITIES A/S (VP) against payment in DKK, which will take place on the settlement date. All dealings in the New shares and/or the Offer Shares prior to settlement of the Offering will be for the account of, and at the sole risk of, the parties involved.**

**Fill in your name and address information (PLEASE WRITE CLEARLY)**

Last name/Company		First name	National ID number/Company registration number
Street address (or PO Box or equivalent)			Daytime telephone/mobile telephone
Postal code	City	Country	E-mail
Place and date		Signature (authorized company signature, or guardian, if applicable)	

**By signing this subscription form I confirm the following:**

- That I have read the prospectus and understand the risks associated with investing in this particular financial instrument;
- That I have read and understand the information stated in the section "Details of the offer/Admission to trading" in the prospectus;
- That I have read and accepted the information shown on the subscription form;
- I have observed that the offer is not addressed to persons resident in the USA, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore or other countries where participation requires additional prospectuses, registration or other measures other than those required by Danish law;
- That I am aware that the application is not covered by the right of return that follows from the Danish Consumer Contracts Act;
- That no amendments or additions may be made to the printed text in this subscription form;
- That the allocation of shares in accordance with the subscription cannot be guaranteed;
- That an incomplete or incorrect subscription form may be disregarded;
- That the subscription is binding;
- That no modifications or amendments may be made to the printed text in this application form;
- That I am aware that no customer relationship exists between Våstra Hamnen Corporate Finance AB and the subscriber with respect to this subscription.
- That Danske Bank as settlement agent is allowed to receive this form containing my information and signature and that Danske Bank is allowed to forward the form to my custody bank.



