



Shape Robotics
Year-end Interim report
January – December 2020

Content

Summary

- About Shape Robotics
- Financial review and full year outlook

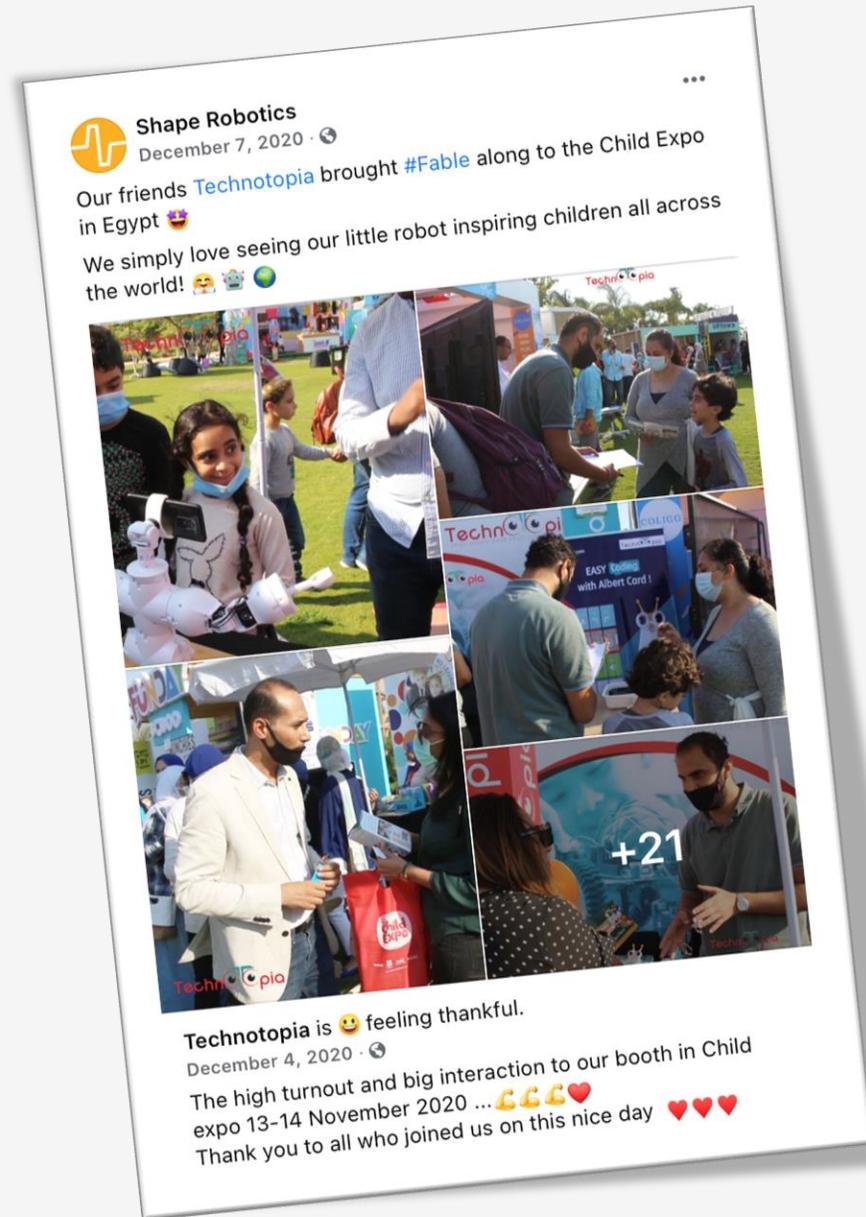
Management review

Financial statements

- Income Statement
 - Balance Sheet
 - Cash Flow Statement
 - Notes to the financial statements
-
- Statement by the Board and Executive Management

On February 17 2021, the Board of Directors has approved the Year-end Interim Report for 2020 (January 1 – December 31).

The interim report is unaudited.



About Shape Robotics A/S

Shape Robotics is a Danish robotics company with a strong position in the global educational technology ("EdTech") market. The Company has developed Fable, a unique modular robot that makes it easy and fun for students to build and program their own robots. Since the launch of Fable in 2017 more than 7000 robots have been sold and shipped to schools around the world.

Shape Robotics helps educational institutions provide excellent teaching that will prepare students for a fast-changing future where digital technologies, artificial intelligence, and automation are transforming life and work. Fable is a modular robot that students can build in seconds. The robot system is robust, can withstand everyday usage in classrooms and can be used to solve demanding tasks. Students code Fable depending on their experience - from simple block programming to coding in the advanced Python language.

Comprehensive teaching materials has been developed in collaboration with professional educators.

Therefore, Shape Robotics provides complete teaching solutions for educational institutions from the 3rd grade to high-school and vocational schools.

In 2020 Shape Robotics launched a new telepresence robotics system called Fable Connect. The system enables schools to get homebound students back in the classroom using the robot as a communication device. The product broadens the company's offering and has been well received by the Danish Schools. More than 130 Fable Connect robots are now being used at schools and hospitals, mainly by children with long-term health issues. The market for Fable Connect is expected to grow and become an important product for the company in the years to come.

About the Interim Report

Auditor's review

The Interim report has not been reviewed by the Company's auditor

Net sales and operating result

Net sales for the FY 2020 was TDKK 6.044 (8.061) and TDKK 531 in other operating income (0). EBITDA (bf. non-operating activities) was TDKK -10.235 (-8.895).

Balance sheet and equity ratio

Total assets amounted to TDKK 24.182 (13.164), and primarily consisted of cash and cash equivalents, inventories, tangible/intangible assets, and trade receivables.

Shareholder's equity amounted to TDKK 20.352 (9.471), and liabilities amounted to TDKK 3.830 (3-693). Shareholders equity includes TDKK 1.988 (0) of Treasury shares.

Cash Flow and investments

Cash flow for the fourth quarter amounted to TDKK -6.067 (-2.269), and for 2020 TDKK 7.361 (-982). The cash flow includes investment (increase) in inventories in the fourth quarter of TDKK -3.619 (248), and -6.124 for the year (-936).

The share

The shares of Shape Robotics A/S were listed on Nasdaq First North Growth Market Denmark on June 25, 2020. On December 31, 2020, the total number of shares was 6.825.102 (of which 202.490 are treasury shares).

Certified Advisor

Västra Hamnen Corporate Finance AB
Tel. (+46) 733 968 404
Email: ca@vhcorp.se
Jungmansgatan 12, 211 11 Malmö, Sweden
Bredgade 30, 1260 Copenhagen, Denmark

Financial review and full year outlook

- The Company has realized a revenue of MDKK 1.4 in Q4 2020 (2.7) and TDKK 531 in other operating income (0). For the financial year 2020 MDKK 6.0 in net sales (8.1), which the board and management finds satisfactory based on the market conditions in 2020. The realized revenue is in line with the company's expectations.
- Gross Operating Profit (Contribution Margin) for the year was MDKK 2.4 (2.8) . The Gross Operating in % was 40% for 2020 (35%). Which shows that the Company has increased the margin on the product mix.
- The company has significantly increased quantities in raw materials and finished goods in the inventory during 2020, in order to be able to deliver in larger order quantities when the COVID-19 restrictions are eased worldwide. The increase in inventory has had a short-term cash flow effect of MDKK -6.1. The Company's inventory and finished goods to be sold, cannot, in the short term, become obsolete. This increase in inventory allows the company to deliver orders of a larger quantity, e.g. for public tenders. This is in line with the Company's strategic plan.
- The sale of Fable Connect and subscriptions started in August 2020, and up until December 2020, 130 x Fable Connect were sold, 110 x PRO licenses are active, equivalent to turnover for Fable Connect TDKK 220 and additional ARR from subscriptions of TDKK 77.

Revenue 2020

MDKK 6

New subscriptions on
Fable Connect PRO

110

ARR

T.DKK 77

Contribution Margin

40%

Revenue expectations 2021

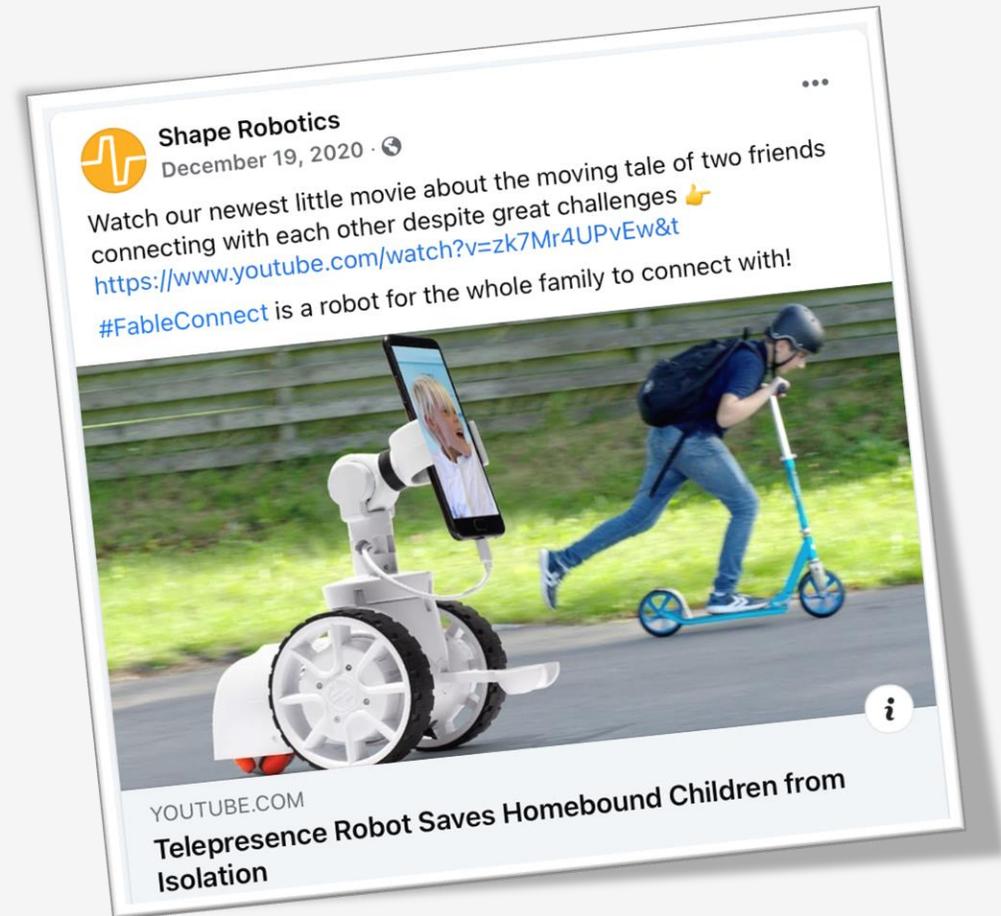
MDKK 14 – 17

Financial review and full year outlook

Outlook

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.

The Company anticipate the market situation in 2021 to gradually return to normal. Combined with order indications from the Company's resellers, the Company expects the full year revenue 2021 to be in the range of **MDKK 14.0 – 17.0**, which will be **more than 100% increase** in revenue compared to 2020.



Management review

Highlights from the year

Initial Public Offering of shares in Shape Robotics

The company aims to help students all over the world achieve a better education. To realize this, the Fable robotics system must be marketed and made available globally. Therefore, it was an important milestone when Shape Robotics was successfully listed on Nasdaq First North Growth Market Denmark on June 25, 2020, making it possible for anyone to have a share in a “Made in Denmark” company that develops robot technology to help students, homebound, and isolated people.

Strong sales before lockdowns

Sales in the educational market for the financial year of 2020 was heavily affected by the COVID-19 lockdowns taking place in most parts of the world. Despite that, the company realized strong sales and order indications before the first lockdown and in the summer when restrictions were eased by governments on the company’s main markets. Schools still have a strong interest in teaching 21st century skills, and it is the belief of the management that – when pupils around the globe are physically back in the classrooms – the high demand for modular robotics and technology for education will return.



Financial Targets

Average revenue growth rate of more than 80% per annum between 2021 to 2023

Target Revenue of MDKK 55 in 2023

Cash Flow positive for the full year 2023

Management review

Highlights from the year

Fable Connect launch

Shape Robotics has handled the decrease in demand for our hands-on learning products during the pandemic by improving our product portfolio with the launch of Fable Connect. A small tele-robot, controlled by a smartphone, developed in collaboration with the pediatric cancer department at Rigshospitalet in Denmark. The original purpose was for the robots to help long-term hospitalized patients stay in touch with family and school. Then came Covid-19 and all the restrictions in terms of working together, going to school together, and visiting each other privately for weekdays and holidays. The Fable Connect robot allows the visitor to see and hear, move around, and talk without being physically present in the room.

There are countless opportunities to adapt the product to other situations where telecommunications can facilitate everyday life or streamline a process, such as home-care, nursing or relatives who are socially isolated. Hence, in 2021, the company will explore the market opportunities in a number of areas in collaboration with relevant partners.



Management review

Highlights from the year

Resellers and distributors

In October 2020 Shape Robotics signed a non-exclusive distribution agreement with Japanese KISSEI COMTECH, a strong and 20-year-experienced partner providing EdTech solutions to primary schools and higher education institutions. Throughout all of 2020 the interest in Fable from resellers remained strong and several new resellers from different parts of the world began taking Fable to their domestic markets. Throughout 2021 and the years to follow, the Company will optimize its reseller network and invest in foreign market penetration. The key focus areas are:

- Continued focus on increasing market penetration in the United States, Russia and Northern Europe.
- A focus on establishing a solid market position in the Middle East.

PC Rental + ICT Field Engineering
KISSEI COMTEC

Management review

Highlights from the year

Changes in management and strong hires

In November 2020 the Company hired Steen V. Lund as the new CCO. The new CCO has a solid commercial background in the educational robotics market from previous leading positions in some of the major brands in the industry of educational technology. With Steen V. Lund's network, experience and competencies, new doors and opportunities are expected to emerge with distributors and resellers who were previously unfamiliar with the Company or its unique modular robotic products.

In addition to Steen V. Lund the company has strengthened the sales and development teams with a native Russian speaking sales manager for the DACH & CIS countries, a sales manager for UK & Central Europe, a customer success employee, a Senior Creative Director and a Lead Software Developer. At the end of 2020, 23 people, including part-time workers, are employed in the company, and additional hires are planned for 2021.

Furthermore, during the autumn 2020, the Company welcomed the former minister of Education in Denmark, Merete Riisager, as a board observer, with the intention of nominating Merete Riisager as a new board member at the forthcoming annual general meeting.



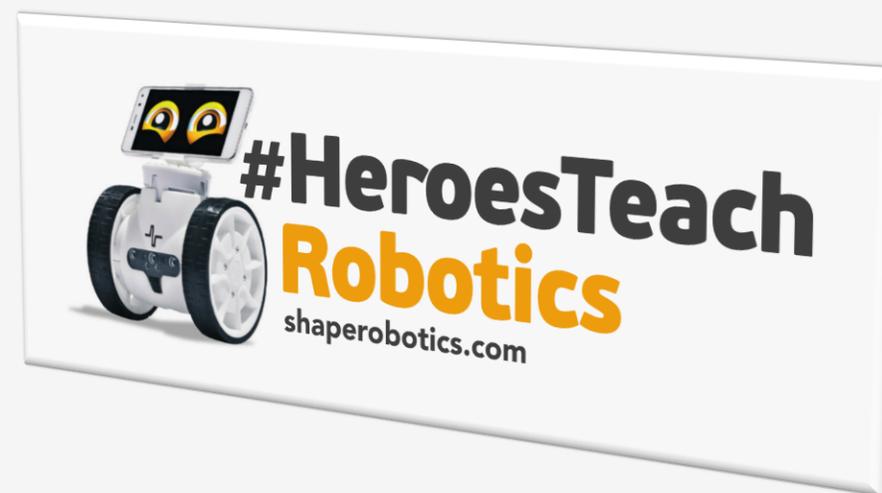
Financial Highlights

KEY FIGURES		<i>not revised</i>	<i>not revised</i>	<i>not revised</i>	<i>revised</i>	SHARE CALCULATIONS		
Amounts in DKK ('000)		Q4 2020	Q4 2019	FY 2020	FY 2019	DKK	<i>not revised</i> FY 2020	<i>revised</i> FY 2019
INCOME STATEMENT	Revenue (Net)	1.379	2.686	6.044	8.061	Market share price, end of period	12,4	N/A
	Gross Operating Profit	449	864	2.394	2.821	Earnings per share	-1,86	N/A
	Gross Operating Profit %	33%	32%	40%	35%	# total shares	6.825.102	N/A
	Operating profit/loss bf. non-operating activities	-3.902	-3.579	-11.189	-9.506	# treasury shares	202.490	N/A
	EBITDA bf. non-recurring costs	-3.643	-3.403	-10.235	-8.895	# shares outstanding	6.622.612	N/A
	Operating profit/loss	-2.042	-3.579	-12.838	-9.506	Equity ratio %	84%	72%
	Financial income and expenses, net	-63	-20	-163	-70			
	Net profit/loss	-1.912	-3.117	-12.728	-9.094			<u>NOT LISTED</u>
<hr/>								
BALANCE SHEET	Total Assets	24.182	18.438	24.182	13.164			
	Equity	20.352	9.471	20.352	9.471			
<hr/>								
CASH FLOW STATEMENT	Cash flow from operating activities	-6.341	-2.016	-17.522	-10.208			
	Cash flow from investing activities	273	-253	-128	-2.113			
	Cash flow from financing activities	0	0	25.011	11.339			
	Total cash flows	-6.067	-2.269	7.361	-982			

Income statement (1 January – 31 December 2020)

PROFIT & LOSS Amounts in DKK ('000)	Note	<i>not revised</i> Q4 2020	<i>not revised</i> Q4 2019	<i>not revised</i> FY 2020	<i>revised</i> FY 2019
Revenue (Net)		1.379	2.686	6.044	8.061
Cost of Revenue		-930	-1.822	-3.651	-5.240
Gross Operating Profit		449	864	2.394	2.821
Gross Operating Profit %		33%	32%	40%	35%
Research and development		-334	-194	-739	-377
Sales, general and administrative		-1.327	-802	-3.249	-2.765
Staff cost	(1)	-2.431	-3.270	-8.640	-8.575
Depreciation and amortization		-258	-176	-954	-611
Total operating expenses		-4.351	-4.443	-13.583	-12.327
Operating profit/loss bf. non-operating activities		-3.902	-3.579	-11.189	-9.506
Non-operating income		531	0	531	0
Non-operating costs		1.329	0	-2.179	0
Operating profit/loss		-2.042	-3.579	-12.838	-9.506
Financial income and expenses, net		-63	-20	-163	-70
Taxes, calculated and actual		193	482	272	482
Net profit/loss		-1.912	-3.117	-12.728	-9.094

(1) Specified on page 14



Balance sheet (31 December 2020)

ASSETS	<i>not revised</i>	<i>revised</i>
Amounts in DKK ('000)	FY 2020	FY 2019
Completed development projects	4.559	5.275
Development projects in progress	0	0
Intangible assets	4.559	5.275
Other plant, machinery, tools & equipment	636	746
Tangible assets	636	746
Fixed assets	5.195	6.021
Raw materials and finished goods	8.419	2.570
Inventories	8.419	2.570
Trade receivables	339	1.462
Other receivables	782	814
Corporation tax receivable	272	482
Receivables	1.393	2.758
Cash and cash equivalents	9.176	1.815
Current Assets	18.988	7.143
Assets	24.182	13.164

EQUITY AND LIABILITIES		<i>not revised</i>	<i>revised</i>
Amounts in DKK ('000)	Note	FY 2020	FY 2019
Share capital		683	256
Reserve for development cost		3.556	4.186
Treasury Shares		-1.988	0
Retained earnings/losses		18.102	5.029
Equity	(2)	20.352	9.471
Trade payables		2.187	1.351
Other liabilities		1.643	2.342
Current liabilities		3.830	3.693
Liabilities		3.830	3.693
Equity and liabilities		24.182	13.164

(2) Specified on page 15

Cash Flow Statement (1 January - 31 December 2020)

CASH FLOW Amounts in DKK ('000)	Note	<i>not revised</i> Q4 2020	<i>not revised</i> Q4 2019	<i>not revised</i> FY 2020	<i>revised</i> FY 2019
Net profit/loss		-1.912	-3.117	-12.728	-9.094
Reversed depreciation and amortization		258	176	954	611
Reversed tax calculations		-193	-482	-272	-482
Corporation tax received		0	538	482	537
Δ Accounts receivable		166	-675	1.124	502
Δ Inventory		-3.619	248	-6.124	-936
Δ Account payable		906	522	1.299	-112
Δ Other working capital		-1.947	773	-2.256	-1.234
Cash flow from operating activities		-6.341	-2.016	-17.522	-10.208
Δ Intangible assets		360	-238	0	-1.237
Δ Tangible assets		-87	-15	-128	-876
Cash flow from investing activities		273	-253	-128	-2.113
Issue of shares	(2)	0	0	26.999	11.339
Purchase treasury shares	(2)	0	0	-1.988	0
Cash flow from financing activities		0	0	25.011	11.339
Δ Net change in cash		-6.067	-2.269	7.361	-982
Cash beginning of period		15.243	4.084	1.815	2.797
Cash end of period		9.176	1.815	9.176	1.815

” The cash flow from operating activities in the fourth quarter of 2020 shows an increase in inventory, which is in line with our strategic focus. Our finished goods inventory is now ready for our growth plans in 2021.”

André Reinhard Fehr, CFO

Notes to the financial statements

(1) Staff costs - Amounts in DKK ('000)	Q4 2020	Q4 2019	FY 2020	FY 2019
Number of calc. FTE's end of period (#)	19	20	19	20
Production & Assembly	480	217	1.248	1.090
Research & Development	621	889	3.150	2.784
Sales, Marketing & Education	952	812	3.090	3.168
Administration	98	1.536	1.153	2.391
Capitalized salaries	280	-184	0	-859
Total staff costs	2.431	3.270	8.640	8.575

Long-Term Incentive Programme

To motivate key staff, The Board has granted up to 132.653 share options to selected employees.

Each share option gives the right to acquire one share in the company on a predetermined strike price.

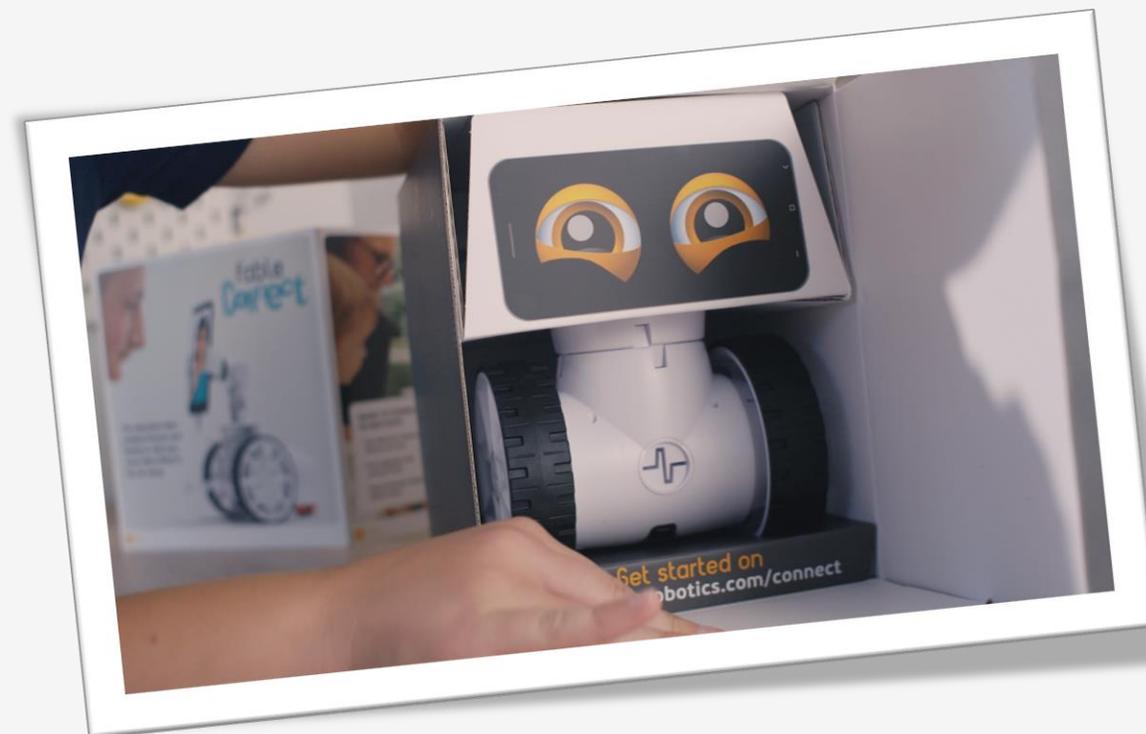


Notes to the financial statements

(2) Equity - Amounts in DKK ('000)	FY 2020	FY 2019
Share Capital	256	202
Retained earnings/losses	5.030	3.543
Reserve for development costs	4.185	3.481
Equity at 1 January	9.471	7.226
<i>Changes in Equity, 1 January - 30 September</i>		
Capital increase (share capital)	427	54
Treasury shares in Shape Robotics A/S*	-1.988	0
Retained earnings/losses	25.799	10.580
Distribution of loss to retained earnings/losses	-12.728	-9.094
Reserve for development costs	-629	704
Equity end of period	20.352	9.471

The Company's share capital consists of 6.825.102 shares of nom. 0,1 kr.

*Treasury shares equals less than 3% of the total share capital.



Statement by the Board of Directors and Executive Management

Today the Board of Directors and the Executive Management have discussed and approved the interim report of Shape Robotics A/S for Q4 2020, and the financial year 2020.

The interim report has been created in accordance with IAS 34, Interim Financial Reporting as approved by the EU and additional disclosure requirements for companies listed on NASDAQ First North Denmark.

In our opinion, the financial statements give a true and fair view of the Company's financial position at December 31, 2020 and of the results of the Company's operations and cash flows for the financial period January 1 – December 31, 2020.

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

The interim report is unaudited.

Farum, February 17 2021

Executive Management

David Johan Christensen
CEO

Board of Directors

Lars R. Nyengaard
Chairman

Thomas Gjørup
Vice Chairman

Moises Pacheco

Kasper Støy

Michael Frank