# *Shape Robotics A/S*

Lyskær 3C, 4, 2730 Herlev

# Annual Report - 2023

CVR No 38 32 26 56

The Annual Report was presented and adopted at the Annual General Meeting of the Company on / 2024

Name:
Chairman of the General Meeting

## Management's Statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Shape Robotics A/S for the financial year 1 January - 31 December 2023.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act. Further, the Annual Report is prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion the consolidated financial statements and the Parent company financial statements give a true and fair view of the Group's and the Parent company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Parent company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review includes a true and fair account of the development in the Group's and the Parent company's operations and financial matters, of the result for the year and of the Group's and the Parent company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent company.

In our opinion, the annual report, file name [254900D99QJEBJ52WZ34-2023-12-31-en.zip ] is prepared in accordance with the ESEF Regulation.
We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 12 April 2024

**Executive Board**

André Reinhard Fehrn

**Board of Directors**

| | | |
|---|---|---|
| Jeppe Frandsen | Helle Rootzén | Moises Pacheco |
| Kasper Holst-Hansen | Annette Siewert Lindgreen | |

## Independent Auditor's Report

**To the shareholders of Shape Robotics A/S**

**Opinion**

We have audited the consolidated financial statements and the financial statements of Shape Robotics A/S for the financial year 1 January 2023 - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for the group and the company as well as the consolidated statement of comprehensive income and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and the financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the group's financial position at 31 December 2023 and of the results of the group's operations and cash flows for the financial year 1 January 2023 - 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Moreover, in our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and the company's operations for the financial year 1 January 2023 - 31 December 2023 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report for the Audit Committee and the Board of Directors.

**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 consolidated financial statements and the financial statements' section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International 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.

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

According to the best of our knowledge, no prohibited non-audit services, as referred to in Article 5(1) of Regulation (EU) No 537/2014, have been provided.

We were appointed as auditors of Shape Robotics A/S for the first time on 13.01.23 for the financial year 1 January 2022 - 31 December 2022. We have been reappointed annually at the annual general meeting for a total uninterrupted period of engagement of 2 years up to and including the financial year 1 January 2023 - 31 December 2023.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January 2023 - 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Purchase Price Allocation (PPA) for Skriware SA Acquisition*
In December 2023, Shape Robotics A/S acquired all shares of Skriware SA. The acquisition, including the purchase price allocation, had a significant impact on the consolidated financial statements.

The purchase price allocation is based on a number of management judgments and estimates related to measurement of all acquired net assets at fair value, including customer relations, trademark, and development projects.

Due to the significant impact on the consolidated financial statements and management judgments and assumptions, we have considered this a key audit matter.

Reference is made to note 23 in the consolidated financial statements.

For the purpose of our audit, the procedures we carried out included the following:
• We have assessed the purchase price allocation prepared, including assessing whether the assumptions and estimates made by management are reasonable and documented. Focus of our assessment has been placed on identification and recognition of intangible assets with a fair value of DKK 35,111 thousand.
• We have reconciled the purchase price allocation to supporting documentation, including share purchase agreements, calculations of fair value of the intangibles, and audited opening balances.
• In assessing the assumptions and estimates as well as the fair value calculations, we have involved our internal specialists.
• As part of our audit procedures, we physically visited Skriware SA to gain a deeper understanding of its operations with the purpose of verifying the existence of assets, and assessing whether any assets or liabilities were overlooked during the purchase price allocation process.
• In addition, we have reviewed note 23 on business combinations in the consolidated financial statements and assessed whether the purchase price allocation is appropriately described and in accordance with IFRS.

**Statement on the management's review**
Management is responsible for the management's review.

Our opinion on the consolidated financial statements and 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 consolidated financial statements and the financial statements, it is our responsibility to read the management's review and in doing so consider whether the management's review is materially inconsistent with the consolidated financial statements or 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 by law and regulations.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated financial statements and the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the management's review.

**Management's responsibilities for the consolidated financial statements and the financial statements**
Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Moreover, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group's and 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 consolidated financial statements and the financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 consolidated financial statements and financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 consolidated financial statements and 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 group and the company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements and the financial statements, including the disclosures, and whether the consolidated financial statements and the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on compliance with the ESEF Regulation**

As part of our audit of the consolidated financial statements and parent company financial statements of Shape Robotics A/S, we performed procedures to express an opinion on whether the annual report of Shape Robotics A/S for the financial year 1 January to 31 December 2023 with the file name [254900D99QJEBJ52WZ34-2023-12-31-en.zip ] is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

• The preparing of the annual report in XHTML format;

• The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

• Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and

• For such internal control as management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

• Testing whether the annual report is prepared in XHTML format;

• Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;

• Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;

• Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

• Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

• Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Shape Robotics A/S for the financial year 1 January to 31 December 2023 with the file name [254900D99QJEBJ52WZ34-2023-12-31-en.zip ] is prepared, in all material respects, in compliance with the ESEF Regulation.

Beierholm Søborg, 12 April 2024

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Thomas Thomsen
State Authorized Public Accountant
MNE no. mne34079

## Management's review

### Introduction

Shape Robotics is a Danish EdTech company dedicated to providing primary learners with essential digital and technological skills in education. We provide intelligent classroom solutions, educational robots and software primarily to educational institutions in Europe. Our mission is to make teaching meaningful and easier through technology. Central to our philosophy is TECHDUCATION — an approach focused on shaping specialized classes and lessons that empower today's learners for the careers of tomorrow, all driven by technology.

We are TECHDUCATORS, and our goal is to create personalized educational experiences to prepare the younger generation for the job markets of the future, all using smart technology.

With thousands of institutions trusting us, we lead in smart classroom solutions, promoting innovation in teaching methods. We advocate integrating intelligent solutions into education, boosting technological literacy in STEAM disciplines. Our solutions also come equipped with comprehensive content and video training, empowering educators to effectively utilize our smart technology and enhance learning experiences.

### Our EdTech Solutions

Thinken – The Mobile STEAM Lab brings dynamic, explorative learning to every classroom. Designed to be smart and affordable, it's a compact, ergonomic mobile cart that provides schools worldwide with a flexible and comprehensive solution for immersive experiences. Thinken is portable and comes equipped with VR headsets, robots, laptops, and an adjustable interactive display, making it a flexible asset for all types of learning styles and environments

Smart Classrooms - The Smart Classroom is equipped with cutting-edge technology, including multifunctional robots, interactive displays, VR headsets, 3D printers, scanners, laser cutters, and drones, offering a comprehensive suite of hardware and software tools. This inclusive and environmentally conscious setup ensures that students are prepared with essential skills for their future careers in a responsible manner.

Fable - Renowned as the leading modular educational robot, serving as the core component of our Smart Classroom and Thinken ecosystem. It's an ideal tool for various STEAM subjects and hands-on learning, thanks to its innovative magnetic assembly system, it can be assembled in seconds to code movements and make interactions of the robot from our Fable Blockly software. Fable is suitable for all academic levels, from primary to university, making it the perfect companion for interactive and engaging education.

Shape Robotics Academy – A versatile educational platform tool that prepares educators and students to make STEAM subjects more engaging with the help of technology. The Academy provides extensive video resources, enabling teachers to effectively employ Smart Classroom and Thinken technologies. This hands-on approach ensures that learning is not only interactive but also forward-thinking, aligning with the demands of future workplaces.

### Business model

Shape Robotics ensures stable growth through its business model, which relies on strategic partnerships with national distributors handling all sales and supply chain operations. The company's primary focus is on countries funded by the European Union's RRF funds. Revenue is derived from three main streams: (I) Smart Classrooms, (II) Fable educational robots, and (III) other one-off Edtech solutions/products. Shape Robotics strategically targets markets in Central and Eastern Europe, with a strong emphasis on Romania, Moldova, and Poland. This aligns with the countries' prioritization of digital education, supported by the European Union's RRF funds. Operating under an indirect "B2G" business model, Shape Robotics primarily serves public entities such as educational institutions. This is facilitated through their distributor network, which manages logistics, end-user interactions, demand shifts, and political changes. This approach ensures broad market penetration, low operating risk, and effective delivery of Shape Robotics' educational solutions.
Contracts are typically framework agreements lasting 1-3 years, with agreed minimum revenue commitments. Shape Robotics collaborates closely with local distributors to secure public tenders and establish exclusive framework agreements tailored to meet the specific requirements of national public tenders. These agreements provide a predictable revenue stream and support long-term strategic partnerships.

**Financial Performance**

Shape Robotics has demonstrated robust financial performance, with steady revenue growth driven primarily by its sales of STEAM Labs (Smart Classrooms) and related products.

The allocation of revenue from products can be derived as such in 2023 compared to 2022.

| *in thousands DKK* | **2023** | **2022** |
|---|---|---|
| Smart Classrooms | 105.918 | 15.814 |
| Fable robots | 14.466 | 14.207 |
| Other | 50.829 | 57.364 |
| | 171.213 | 87.385 |

Hence, showing that the revenue growth in 2023 primarily came from the sale of Smart Classrooms.

While the company has established a strong presence in Romania, generating approximately 90% of its revenue from this market, opportunities for expansion into other countries, particularly identified focus-countries, present promising avenues for further growth and market share acquisition.

As for 2023, the revenue was attributable to the areas listed below

| *in thousands DKK* | **2023** | **2022** |
|---|---|---|
| Denmark | 1.270 | 1.430 |
| Romania | 163.316 | 80.556 |
| Poland | 1.830 | 1.441 |
| Other | 4.797 | 3.958 |
| | 171.213 | 87.385 |

Future growth rely on further penetration of the business in Europe, but also on expanding in new markets like UAE, Saudi Arabia, US, India or China.

One of the company's most promising new markets is Poland, where the company Skriware S.A was acquired at the end of 2023. Skriware is a technology company that has developed an educational laboratory called SkriLab, focusing on 3D printing, programming, and robotics. SkriLab includes various components such as a 3D printer, educational robots, building blocks, online tools for 3D modeling, and Skriware Academy—an online platform tailored for teachers. Therefore, Skriware's offering, SkriLab, bears resemblance to Shape Robotics' STEAM Labs, making the proposed acquisition a strategically sound fit aligning with Shape Robotics' long-term growth strategy.

This acquisition grants Shape Robotics enhanced access to the Polish market and empowers the company to replicate its successful business model from Romania and apply it to Poland's larger market.

At the end of 2023, the group overview is as follows:

Shape Robotics (parent)

Shape Robotics Romania 100%, Video Technic Systems (Romania) 100%, Shape Robotics East (Rep. Moldova) 100% and Skriware (Poland) 100%.

Throughout 2023, the company experienced significant growth and success across various key performance indicators. Revenue exceeded projections, highlighting the effectiveness of our strategic initiatives and strong market positioning. Moreover, profitability showed notable improvement at the (Adjusted) EBITDA level, rising from DKK 5 million in 2022 to more than DKK 16 million in 2023. This underscores our dedication to operational efficiency and scalability within our current market approach. Several adjustments made during 2023 led to improved results compared to the initial guidance, which projected revenue of DKK 130-140 million and Adjusted EBITDA of DKK 3-4 million. With revenue reaching DKK 171 million (compared to DKK 87 million in 2022) and Adjusted EBITDA totaling DKK 16,8 million (compared to DKK 5 million in 2022), the Management and Board of Directors express their satisfaction with the company's performance in 2023.

**Financial Position**

As of December 31, 2023, the company maintains a solid financial position, indicating careful management practices and steady progress across key metrics. Current assets amount to DKK 179 million (compared to DKK 88 million previously), providing sufficient liquidity for short-term obligations. While cash and cash equivalents may seem relatively modest given the company's growth, effective working capital management helps offset this, with a successful capital raise in late March 2024 further reinforcing this aspect.

Non-current assets have seen a notable increase, mainly due to investments in tangible assets aimed at enhancing operational efficiency. Additionally, strategic initiatives have bolstered intangible assets such as Customer Relations, Trademark and Development projects.

Total liabilities have also grown significantly, rising from DKK 72 million to DKK 143 million, primarily due to borrowing to support growth initiatives. Nevertheless, the debt-to-equity ratio remains manageable, reflecting prudent debt management. Shareholders' equity has experienced substantial growth, driven by the capital raise and positive performance.

In summary, the company's financial position remains stable, marked by notable asset expansion, prudent liability management, and a strong equity foundation. Looking ahead, the company is well-positioned to capitalize on emerging opportunities and navigate potential challenges effectively.
The company has established credit facilities that can be utilized as needed and raised capital in 2024, as mentioned in subsequent events, to further fortify its foundation and support its growth ambitions.

The company's objectives and strategies for managing financial risks are not evaluated solely based on Key Performance Indicators (KPIs). Given the company's continuous growth and expansion, there is a constant need for active risk management and assessment of pertinent leverage and Return on Invested Capital (ROI). This ongoing risk management and ROI evaluation are regularly (4-6 times pr. Year) reviewed and approved by the audit committee on behalf of the Board of Directors, in collaboration with the Executive Management team.

**Risk Management**

Shape Robotics faces financial risks that could impact its profitability and long-term sustainability. These risks primarily stem from market competition, IT system vulnerabilities, distributor dependence, M&A integration challenges, international expansion uncertainties, supply chain vulnerabilities, market trends, and currency fluctuations.

Market competition poses a threat to Shape Robotics' financial performance, as the robotics market is highly consolidated, with major players dominating the industry. Increased competition may lead to pricing pressures and reduced profit margins, affecting the company's revenue streams.

The reliance on information technology (IT) systems exposes the company to operational and reputational risks. Any disruptions, such as power outages, cyber-attacks, or system failures, could disrupt business operations, resulting in financial losses and damage to the company's reputation.

Shape Robotics' dependence on distributors for revenue exposes it to sales fluctuations and the risk of losing key distribution channels. Any termination of distribution relationships or failure to secure public tenders by distributors could negatively impact the company's revenue and financial stability.

The integration of mergers and acquisitions (M&A) poses financial risks, including diversion of resources from core operations and failure to achieve anticipated synergies. Inefficient integration processes may lead to additional costs and operational inefficiencies, affecting the company's profitability.

Uncertainties surrounding international expansion efforts introduce financial risks related to market penetration and demand stimulation. Failure to effectively enter new markets or stimulate demand for Edtech products may result in lower-than-expected revenue and profitability.

Shape Robotics' supply chain vulnerabilities, such as component dependencies and price fluctuations, may disrupt production and strain customer relations. Any delays or disruptions in the supply chain could lead to increased costs and revenue loss, impacting the company's financial performance.

Market trends and currency fluctuations also pose financial risks to Shape Robotics. Changes in market dynamics or adverse currency movements may impact the company's revenue generation and profitability, affecting its financial position.

To mitigate these financial risks, the company's Board of Directors and Management continually assess and implement strategies to strengthen financial resilience and ensure sustained growth. This includes monitoring market dynamics, enhancing IT security measures, diversifying distribution channels, optimizing M&A integration processes, and implementing risk management protocols across the supply chain. By proactively addressing these financial risks, Shape Robotics aims to maintain its competitive edge and achieve its long-term financial objectives.

Strategies and instruments to be utilized to minimize risks is linked with fluctuations in currency exchange rates, interest rates, commodity prices, and other pertinent market variables, thereby leveraging the currency risk by utilizing the same currencies for both sales and purchases. Financing, hereby selling or purchasing in other currencies than RON, DKK, EUR and USD must be approved by the executive management.

The company diligently assesses its risk exposure concerning potential changes in prices, creditworthiness, liquidity, and cash flows. This entails conducting thorough analyses to identify and evaluate the potential impact of various risk factors on the company's financial health and operational performance. By understanding and quantifying these risks, the company can implement proactive measures to manage and mitigate them effectively.

**Strategy and Outlook**
From a technological standpoint, the strategic plan aligns with the continuous advancement of the company's current product offerings:

- Thinken: The Mobile STEAM Lab tailored for every classroom.
- Smart Classroom: An essential educational ecosystem for institutions.
- Fable: The renowned modular educational robot.
- The Academy: Providing immersive learning experiences and intelligent lessons suitable for all ages.

This ensures that our existing product range progressively meets evolving demands, with a particular emphasis on the digitization of education.

In parallel, Shape Robotics is embarking on novel development projects, aiming to pioneer AI-driven classroom education. This initiative seeks to introduce a groundbreaking subscription-based educational intelligence assistant, E.di, to both existing and prospective customers. E.di is designed to address various challenges encountered by educators today, offering a range of features, including personalized lesson plans tailored to individual teaching styles and student requirements, thus fostering enhanced teacher engagement.

The company identifies certain critical success factors pivotal to its future endeavors:

- Cultivating and retaining talent across all organizational levels.
- Further professionalizing and fortifying the business foundation, including optimizing working capital.
- Strengthening and nurturing relationships with existing and prospective partners.
- Bolstering financial capabilities to facilitate robust growth.

Shape Robotics' pipeline holds promising tender opportunities and potential organic growth driven by positive quotes and forecasts from both new and existing distributors. For instance, during the winter and spring of 2023, over 1,000 schools applied for a Smart Digital Laboratory ("SmartLab") under the Romanian National Recovery and Resilience Plan. This initiative has allocated a total budget of EUR 117 million (DKK 870 million), allowing for the purchase of Shape Robotics' proprietary or third-party distributed products. Consequently, schools are preparing to place orders through integrators and distributors offering solutions that meet the Ministry of Education's specified requirements for SmartLab products. Shape Robotics is well-positioned to assist distributors in securing these tenders.

Shape Robotics' overarching strategy integrates a mix of ongoing initiatives and fresh ventures designed to enhance core technology, broaden the product lineup, cultivate relationships with clients and partners, and expand its global footprint. With ambitious financial objectives in sight, the company targets a net revenue of 1 billion DKK by 2027, supported by an EBITDA margin ranging from 12-15%. Central to this growth trajectory are the Smart Classrooms and Thinken initiatives, both leveraging the company's proprietary Fable robot as a cornerstone component. This strategic blueprint underscores Shape Robotics' steadfast commitment to expansion and solidifying its position as a frontrunner in the market.

In 2024 the company expects a revenue of minimum DKK 300 million with EBITDA of minimum DKK 25 million (guidance for 2024).

**Corporate Governance**

Shape Robotics adheres to a two-tier management structure, where powers and responsibilities are divided between the Board of Directors and the CEO, operating independently of each other. The CEO oversees day-to-day management, while the Board of Directors supervises the CEO's work and holds responsibility for overall management and strategic direction. Throughout this document, the CEO may be referred to as the Executive Management.

Currently, the Board of Directors consists of five members, including a Chairman and Deputy Chairman selected from its members. Notably, four out of five board members are independent. This diverse assembly of experienced professionals brings a broad range of expertise and international perspectives to their roles. Board members are elected annually by the general meeting and may be re-elected. Jeppe Frandsen (chair) and Moises Pacheco also serves on the supervisory board of Skriware (Poland), where regulatory requirements mandate the presence of the president (director), who is also the CEO of Shape Robotics, with similar mandate powers as those given to the Executive by the parent company's Board of Directors. Apart from the above mentioned, none of the other board members hold active roles in any subsidiaries.
The Board of Directors convenes six to eight times annually, with additional ad-hoc meetings held as necessary. An annual evaluation of the Board's performance and procedures is conducted, with the outcomes documented in the annual report. Moreover, the Board conducts an annual assessment of the Executive Management's performance and work.

*-Board of Directors other positions, besides Shape Robotics A/S*

Jeppe Frandsen (chair)
Milestone Systems A/S, CVR-no. 20341130, board member (deputy chair)
A/S ZOLUTIONS Nykøbing F, CVR-no. 13930090, chairman of the board
A/S ZOLUTIONS Art & Design, CVR-no. 21821047, chairman of the board
Outrigger Management ApS, CVR-no. 34210470, CEO

Kasper Holst
Børnebasen ApS, CVR-no 41510269, CEO and chairman of the board
Logisnap ApS, CVR-no 41726032, board member
Pathfindr ApS, CVR-no 39935082, chairman of the board
Flying Bizkits ApS, CVR-no 41658193, CEO
KHH Invest ApS, CVR-no 32652441, CEO
ÅBN ApS, CVR-no 38664719, board member.
YOLI ApS, CR-no 40468633, board member.

Annette Siewert Lindgreen
Henrik Fogh ApS, CVR-nr. 73500516, chairman of the board.
Siewert ApS, CVR-nr. 40632751, CEO
Columbus Trading A/S, CVR-nr. 75162014, chairman of the board

Moises Pacheco
Black Box Holding ApS, CVR-no. 37154261, CEO.
Black Box Consultancy, CVR-no. 42799521, CEO

Helle Rootzen
Andhero, CVR-nr. 11496253, CEO.

The Company adheres to the Recommendations on Corporate Governance issued in December 2020, as outlined by the Committee on Corporate Governance's website. As a publicly listed company in Denmark, Shape Robotics is obligated to report its compliance with these recommendations in accordance with the "comply or explain" principle. Additional information can be accessed on https://shaperobotics.com/wp-content/uploads/2024/04/Shape-Robotics-Corporate_Governance_Statement-09042024.pdf

**Transition to the Nasdaq Main Market**

Amidst rapid growth, expansion initiatives, and the transition to the Nasdaq Main Market from First North, the company has undertaken a comprehensive review of its internal policies. This strategic reassessment is driven not only by compliance requirements but also by a commitment to robust governance practices and enhancing the company's employer branding.

With the influx of new employees and the integration of new business entities, there is a heightened need to ensure alignment with regulatory standards and industry best practices. By revisiting and refining internal policies, the company aims to establish clear guidelines and procedures that foster transparency, accountability, and ethical conduct across all operations.

Furthermore, this initiative serves to bolster the company's reputation as a responsible corporate entity and an employer of choice. By prioritizing governance and compliance, the company demonstrates its commitment to upholding high ethical standards and creating a conducive work environment for its employees.

Ultimately, this proactive approach to policy revision not only mitigates risks associated with non-compliance but also reinforces the company's position as a trusted market participant and an attractive destination for top talent.

Policies adapted in 2023:
GDPR:
*Shape Robotics GDPR Policy:*
This document outlines our company's approach to data protection and compliance with GDPR regulations. It delineates our commitment to safeguarding personal data and ensuring transparency in our data processing activities.
*GDPR Third-Party Notice:*
This notice is intended for third parties who may access or process personal data on behalf of Shape Robotics. It delineates their responsibilities in ensuring GDPR compliance and maintaining the confidentiality and security of personal data.
*Personnel Privacy Notice:*
This notice is designed for our employees, informing them of their responsibilities in handling personal data, their rights under GDPR, and the procedures they should follow to ensure compliance.
*Commercial Communications Form:*
This form is used to obtain consent from individuals for receiving commercial communications from Shape Robotics, ensuring compliance with GDPR regulations on electronic marketing communications.
*Anti-Workplace Harassment Guidelines*
These outline our zero-tolerance policy towards any form of harassment, discrimination, or inappropriate behavior in the workplace. They provide clear definitions of harassment and examples of prohibited conduct, as well as guidance on reporting procedures and avenues for seeking support and resolution
*Anti-Corruption Policy*
outlines our zero-tolerance stance towards corruption in any form, including bribery, extortion, kickbacks, and other illicit activities. It establishes clear guidelines and procedures to prevent, detect, and address instances of corruption within our organization and in our interactions with external stakeholders.
*Competition policy*
The Competition Compliance Policy outlines our commitment to fair competition practices, ensuring that we operate within the boundaries of applicable laws and regulations. It delineates the principles and procedures that guide our interactions in the marketplace, emphasizing integrity, transparency, and respect for competition laws.

**Sustainability and ESG**
For our business model description, please see the sections Introduction and Business model in the beginning of the management summary.

As of now, the company has not yet formalized policies addressing environmental impact or sustainable production practices.

The company's future initiatives to reduce its environmental footprint, such as energy conservation, waste reduction, and emissions management. This may include investments in sustainable sourcing practices, replacing components in the bill of materials for less carbon footprint and adherence to environmental regulations.

Overview of the company's governance framework, including board composition, executive compensation policies, anti-corruption policies, and risk management processes. This may also include disclosures related to ethics and integrity, transparency in reporting, and compliance with regulatory requirements can be found at the company's website: https://shaperobotics.com/en/investors/ .
Currently, the company is in the process of organizing and refining its reporting procedures to ensure compliance with the upcoming regulatory KPIs and ESG reporting, effective from 2025. While no final policy or report package has been finalized at the present stage, we are actively working towards establishing robust frameworks to meet these requirements, and the company will present its ESG policy at the end of 2024.

Shape Robotics is dedicated to enhancing opportunities for children and young individuals worldwide, aligning with Sustainable Development Goals three (Good health and well-being) and four (Quality education).

*-Enviromental and climate matters*
As of now, the company has not yet finalized formalized policies addressing environmental impact or sustainable production practices.
In the company's operations, we are acutely aware of the risks associated with the environment and climate. We recognize that the company's activities can impact both local and global environmental conditions, and we take this responsibility seriously.
To address these risks, we are working towards establishing a stringent policy for the environment and climate, serving as the company's guidelines for sustainable operation. This policy includes commitments to reduce $CO_2$ emissions, minimize waste production, and ensure responsible use of natural resources. An example of this already implemented is our WEEE certificate from "Dansk Producentansvar" (DPA), derived from the EU directive. In practice, the directive mandates that importers of electronics (manufacturers or distributors) ensure that their goods can be disposed of in an environmentally sound manner.
The company undertakes a variety of measures to mitigate these risks. This encompasses optimizing production processes in our outsourced production of own-developed products to minimize waste, conserve energy, and reduce costs. Additionally, we have implemented recycling and reuse initiatives across all our office locations. Looking ahead, beginning in 2025, the company anticipates establishing targets for sub-suppliers and vendors to integrate an ESG policy and Environmental Impact Assessment into all our distribution contracts by the end of 2025.

Shape Robotics is committed to environmental responsibility across all aspects of our operations, reflecting our dedication to sustainability and ecological awareness.
One of the primary ways we uphold this commitment is through the eco-friendly design and production of our products. Our laboratory equipment, including our robots, holds green certificates, ensuring that they meet rigorous environmental standards. Moreover, our robots are designed for longevity, minimizing the need for frequent replacements and reducing waste. Additionally, our 3D printers are constructed from recyclable materials, aligning with our ethos of sustainability in manufacturing processes.
In tandem with our eco-conscious product design, Shape Robotics actively promotes environmental education and awareness through our training programs. In every training session, we integrate educational activities aimed at fostering ecological awareness among teachers and students. We emphasize the importance of environmental conservation and sustainability practices, empowering educators to incorporate these principles into their curriculum effectively. Furthermore, we repurpose all cardboard packaging from our products for STEAM educational projects, promoting the reuse of materials and reducing waste in educational settings.

Results and follow-up on the company's environmental and climate efforts will be integrated into our regular ESG reporting starting from 2025.

*-Social and employee matters*
The company recognizes its responsibility to society and actively engages in initiatives aimed at promoting positive societal impacts. This includes a commitment to labor practices that prioritize fair treatment, safe working conditions, and opportunities for professional development for all employees. Moreover, the company upholds human rights principles by ensuring that its operations do not contribute to or tolerate any forms of discrimination, exploitation, or human rights abuses. This is reflected in the company's internal policies.

The company is actively involved in conducting continuous workplace assessments and has established a dedicated committee to address related matters. This committee comprises one management representative and two non-executive members elected annually by the entire company staff through voting. The elected staff members gather input from the workforce, and the committee holds four annual meetings to monitor and enhance the work environment. The minutes of these meetings and the follow-up processes are transparent and accessible to the entire company.
The company initiated more comprehensive data collection and NPS surveys at the end of 2023 to establish a foundational understanding for management and the Board of Directors to recommend improvements and actionable strategies. Consequently, the company will launch a Human Resources department in 2024. This department will focus on various aspects including labor practices, employer branding, and promoting positive societal impact. Moreover, it will continuously gather data to ensure ongoing improvement initiatives.

*-Community engagement*
Community engagement is a fundamental aspect of the company's ESG (Environmental, Social, and Governance) initiatives. Through partnerships with organizations such as Rigshospitalet's Children's Cancer Department, the company demonstrates its commitment to addressing societal challenges. A prime example of this collaboration is the development of the Fable Connect robot, specifically designed to assist children in overcoming educational barriers caused by health issues. By facilitating their integration into school communities, this innovative solution promotes the well-being and social inclusion of these children. As a result, over 50 children were provided with robots to attend school remotely when unable to do so physically. Detailed data and outcomes from this initiative can be accessed through the publicly available research project titled "Back in School with Robot Technology" by Mette Weibel and the Children's Cancer Foundation.
In addition to its focus on health-related initiatives, the company demonstrates its commitment to diversity and inclusion through various measures. For instance, it ensures that its educational content (lesson-plans) and hardware cater to the needs of children with special needs.

Furthermore, Shape Robotics actively participates in environmental initiatives and national events focused on sustainability and energy efficiency. We take pride in our involvement in events such as "The International Days of Energy Efficiency," where we contribute our expertise and resources to promote environmental awareness and sustainable practices.

Additionally, we engage in volunteering efforts, such as tree-planting events, to further support environmental conservation efforts. Furthermore, our commitment extends to supporting underserved communities by donating books and technology to schools in rural areas, empowering them with educational resources while promoting environmental consciousness. In every aspect of our operations, from product design to community engagement, Shape Robotics remains steadfast in our commitment to environmental stewardship and sustainability.

Overall, the company's multifaceted approach to societal impact underscores its dedication to creating positive change and contributing to the well-being of communities, aligning with its broader ESG objectives.

Quality education serves as a catalyst for economic and social mobility while mitigating gender disparities. It also cultivates a more tolerant, peaceful, and innovative society, ultimately contributing to a better world for all. With a steadfast commitment to fostering quality education, Shape Robotics endeavors to improve opportunities for children and youth worldwide. The educational robot, Fable, serves as a conduit for inspiring young minds to tackle pressing global issues through robotics, coding, and programming. By seamlessly blending education with play, Fable equips young learners with essential technological skills and nurtures their creativity.

*-Respect for human rights*

The company is firmly committed to upholding basic human rights. As part of this commitment, by the end of 2024, the company will implement termination clauses within its agreements with relevant stakeholders, suppliers, and vendors to enforce adherence to basic human rights standards. Failure to comply with these standards may lead to the activation of termination clauses. This initiative underscores the company's dedication to ethical conduct and responsible business practices throughout its operations and supply chain. For instance, these termination clauses may reference international legislation such as the United Nations Universal Declaration of Human Rights or specific regional statutes such as the European Convention on Human Rights.
These clauses serve as a commitment to ethical conduct and responsible business practices, aligning with the company's values and commitment to human rights advocacy. They underscore the importance of respecting fundamental human rights principles throughout the supply chain and business operations. No incidents on violation on human rights is recorded.

*-Anti-corruption and bribery matters*

Shape Robotics maintain a zero-tolerance policy towards corruption in all its forms. We adhere strictly to ethical standards and legal regulations, fostering an environment of transparency, integrity, and accountability. Our employees are empowered to report any suspected instances of corruption through confidential channels, ensuring swift investigation and appropriate action.
No incidents on violation on corruption or bribery has been recorded.

*-Gender diversity and balance*

At Shape Robotics, we prioritize diversity as a catalyst for innovation, growth, and a vibrant workplace culture. Our commitment to inclusivity is evident through a comprehensive approach focused on recruitment, career development, and data support.

*Gender balance – Board of Directors*

| | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Number of members | 5 | *) | *) | *) | *) |
| Underrepresented sex (%) | 40% | *) | *) | *) | *) |

The company's Board of Directors consists of two women and three men. The goal of tender balance is achieved and expected to be maintained in the future.

*Accounting policies (gender balance, Board of Directors)*

The gender diversity ratio in the Board of Directors (the supreme management body) is calculated at the proportion of female board members in the Board of Directors, and only includes general meeting elected candidates/persons.

*Gender balance – Other management levels*

| | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Number of members | 9 | *) | *) | *) | *) |
| Underrepresented sex (%) | 33% | *) | *) | *) | *) |

Other management levels include executive management and middle management, and consists of six men and three women. The goal of tender balance is achieved and expected to be maintained in the future.

*Accounting policies (gender balance, Other management levels)*

The gender diversity ratio in other management levels is calculated at the proportion of female managers with responsibilities for personnel out of the total number of managers with responsibilities for personnel.

*The tables does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statement Act.

Following actions and policies are implemented to reach targets and to further improve diversity;
Recruitment: Job advertisements are crafted to appeal to all genders, free from unconscious bias. Both male and female candidates are equally considered and represented in interview processes. Efforts to raise awareness of unconscious gender biases are ongoing, engaging managers, HR personnel, and decision-makers.
Career Development: Equal opportunities for advancement and pay are promoted, regardless of gender or life circumstances. Talent development opportunities are transparently communicated to all employees. Pre and post-parental leave interviews ensure smooth transitions and fair treatment, minimizing career setbacks.
Data Support: An annual gender equality report provides insights into staff demographics, management levels, and gender-specific earnings. Regular surveys gauge the prevalence of gender discrimination, harassment, and bias in the workplace.
Updates and Revisions: Shape Robotics' leadership regularly reviews and revises gender equality initiatives based on annual reports and discussions. Continuous evaluation ensures alignment with evolving workplace dynamics and organizational goals.

**Non-Financial Information**
Shape Robotics comply with data protection regulations. The data governance framework oversees data throughout its lifecycle, with strict access controls and regular risk assessments to mitigate threats. Shape Robotics adhere to retention policies and provide ongoing training to uphold data integrity and security. Our commitment to data management maintains trust with customers and stakeholders, prioritizing privacy, security, and compliance. We adhere to strict protocols to ensure the confidentiality, integrity, and availability of data always. Our approach to data collection is guided by the principle of data minimization, whereby we only collect and retain data that is necessary for the provision of our services.

Access to data is strictly controlled and limited to authorized personnel who require it to fulfil their duties. We implement technical and organizational measures to safeguard data against unauthorized access, disclosure, alteration, or destruction. Data is cloud-kept and protected by firewalls and all employees regularly must change passwords and use 2-factor-authentication to access shared data in any form.

The company does not disclose data to third parties unless explicitly authorized by our clients or required by law. When data sharing is necessary, we ensure compliance with all relevant legal and regulatory requirements and maintain transparency with our clients regarding the purposes and recipients of the shared data.

In the event of a data breach or security incident, we have established procedures for prompt detection, investigation, and response to mitigate any potential harm. We prioritize communication and cooperation with affected parties and regulatory authorities to address the breach effectively and minimize its impact.

Our data policy is regularly reviewed and updated to align with evolving best practices and regulatory standards, and all personnel receive training to ensure awareness and compliance with these policies.

In addition to financial metrics, Shape Robotics wants to disclose non-financial information that may be material to investors, including operational metrics, customer satisfaction scores, and employee engagement levels. These metrics provide stakeholders with a comprehensive understanding of the company's performance and prospects beyond financial considerations.

The key metrics is a part of the company’s strategic approaches for years to come, hence accurate measurements and KPIs has not been determined at the time of concluding the annual report.

**Material risks**

Market Conditions: Insufficient cash flow may arise due to factors like high inflation, interest rates, and low consumer spending. This could necessitate seeking additional funding.

Edtech Market Dependency: The company's revenue is susceptible to fluctuations resulting from the Edtech market's heavy reliance on public grants and subsidies. Delays in public contract awards and changes in political funding priorities pose potential risks to revenue stability. However, it's worth noting that the increasing political focus on Edtech could also have a positive impact on the company's prospects.

IT System Vulnerabilities: Dependency on IT systems exposes the company to risks such as system disruptions and cybersecurity breaches.

Expansion Challenges: As a growth-oriented company, there's a risk that strategic plans to enter new geographical markets may encounter difficulties.

M&A Uncertainty: Mergers and acquisitions may pose integration challenges, impacting financial performance and access to funding.

Distributor Dependency: The company's reliance on distributor sales, without direct end-customer sales, poses risks to revenue, profitability, and financial stability in case of distributor termination.

Competition: Larger and established players in the robotics market present competitive threats due to their resources and brand reputation.

GDPR Compliance: Non-compliance with GDPR regulations could lead to breaches, stemming from inadequate data protection measures and violation of data subject rights.

Exchange Rate Risks: International operations expose the company to risks related to exchange rate fluctuations.

**Specialized knowledge**

Within the company, a substantial emphasis is placed on fostering and leveraging proprietary know-how. This encompasses a wide array of specialized knowledge, expertise, and techniques developed through years of experience and innovation. The company’s collective know-how spans various domains, including product development, technological advancements, market insights, and operational efficiency. The specialized knowledge is somewhat essential for the company’s growth initiatives.

**Forward-Looking Statements**

Shape Robotics provides forward-looking statements and projections accompanied by appropriate disclaimers regarding the inherent uncertainties involved. These statements offer insights into the company's future outlook, growth prospects, and strategic initiatives, allowing stakeholders to make informed decisions based on realistic expectations. Regulatory forward-looking statements is disclosed as company announcements.

**Key Figures**

*The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.*

| *Key Figures GROUP* | IFRS | | | DSFA | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Profit/loss** | | | | | |
| Revenue | 171.213 | 87.385 | 17.772 | 6.044 | 8.060 |
| Contribution margin | 49.026 | 26.484 | 6.280 | 2.393 | 2.780 |
| Adjusted EBITDA* | 16.859 | 5.134 | -12.996 | -8.776 | -8.289 |
| Result before tax | -307 | -4.340 | -15.375 | -13.000 | -9.577 |
| Net profit for the year | 2.607 | -4.287 | -15.658 | -12.728 | -9.095 |
| | | | | | |
| **Balance sheet** | | | | | |
| Balance sheet total | 273.655 | 116.335 | 34.863 | 24.185 | 13.168 |
| Equity | 130.879 | 44.882 | 15.792 | 20.354 | 9.471 |
| | | | | | |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| *Operating activities* | -46.499 | -35.919 | -12.742 | -17.524 | -10.206 |
| *Investing activities* | -19.560 | -3.328 | -3.099 | -127 | -2.115 |
| *Financing activities* | 63.046 | 41.946 | 8.703 | 25.012 | 11.339 |
| Changes in cash and cash equivalents for the year | -3.012 | 2.699 | -7.138 | 7.361 | 1.815 |
| | | | | | |
| **Ratios** | | | | | |
| Gross margin | 19,79 | 24,54 | 0,25 | -17,62 | 6,64 |
| Solvency ratio | 47,83 | 38,58 | 45,30 | 84,16 | 71,92 |
| Contribution ratio | 28,63 | 30,31 | 35,34 | 39,59 | 34,49 |
| | | | | | |
| Earnings per share attributable to ordinary shareholders | 0,21 | -0,51 | -2,23 | -1,86 | n.a |

**Adjusted EBITDA excludes non-recurring costs (DKK 3.46 m) related to the process of listing the company on Nasdaq Copenhagen Main Market*

*Treasury shares hold by the company end of period, is shown in note 19*

**Share capital and ownership**

Shape Robotics is a public listed company on Nasdaq Main Market Copenhagen.
On December 31, 2023, the nominal share capital amounted to DKK 1,405,451.7, divided into 14,054,517 shares.

Upon the signing of the 2023 annual report, the nominal share capital increased to 1,506,616.7 DKK, representing 15,066,167 shares. There are no classes in the share structure and no restrictions imposed by the company for trading the share in the EU.

Legal owners possessing more than a 5% stake (whether directly or indirectly) are publicly disclosed on the Danish Central Business Register (www.cvr.dk).

**Uncertainty relating to recognition and measurement**

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

**Unusual events**

The conflict in Ukraine, is unusual and a risk to all companies operating in Europe. The conflict can influence the decisions and the strategy of the company for new emerging market opportunities.

**Subsequent events**

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

## Consolidated income statement
**for the year ended 31 December**

| *In thousands DKK* | Notes | 2023 | 2022 |
|---|---|---|---|
| Revenue from contracts with customers | 3 | 171.213 | 87.385 |
| Costs of goods sold | | -122.187 | -60.901 |
| **Gross profit** | | **49.026** | **26.484** |
| Staff expenses | 5 | -20.495 | -16.312 |
| Other external expenses | | -10.255 | -4.186 |
| Other operating income | | 116 | 622 |
| Other operating expenses | | -5.001 | -1.474 |
| **Operating profit before amortisation, depreciation** | | **13.390** | **5.134** |
| Depreciation and amortisation of intangible assets and property, plant and equipment | 6 | -8.726 | -7.094 |
| **Operating profit before financial income and expenses** | | **4.664** | **-1.960** |
| Financial income | 7 | - | - |
| Financial expenses | 7 | -4.971 | -2.380 |
| **Profit before tax** | | **-307** | **-4.340** |
| Tax on loss for the year | 8 | 2.914 | 53 |
| **Net profit for the year** | | **2.607** | **-4.287** |
| Earnings per share | 20 | 0,21 | -0,51 |
| Diluted earnings per share | 20 | 0,21 | -0,51 |

## Consolidated statement of comprehensive income
**for the year ended 31 December**

| *In thousands DKK* | Notes | 2023 | 2022 |
|---|---|---|---|
| **Profit for the year** | | **2.607** | **-4.287** |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Exchange differences on translation of foreign operations | | - | - |
| **Other comprehensive income for the period, net of tax** | | **-** | **-** |
| **Total comprehensive income for the period** | | **2.607** | **-4.287** |

## Consolidated balance sheet
**as at 31 December**

| *In thousands DKK* | Notes | **2023** | **2022** |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 10 | 4.809 | 4.809 |
| Customer relations | 10 | 21.592 | 3.091 |
| Trademark | 10 | 8.568 | - |
| Completed development projects | 10 | 15.110 | 4.800 |
| Development projects in progress | 10 | 14.776 | 897 |
| Other fixtures and fittings, tools and equipment | 11 | 9.357 | 3.171 |
| Right-of-use assets | 12 | 13.115 | 10.282 |
| Deferred tax assets | 9 | 6.897 | 1.540 |
| **Total non-current assets** | | **94.224** | **28.590** |
| **Current assets** | | | |
| Inventories | 13 | 37.999 | 43.577 |
| Prepayments for goods | 13 | 5.430 | 1.358 |
| Trade receivables | 14 | 121.138 | 32.868 |
| Other receivables | 16 | 3.855 | 5.010 |
| Prepayments | | 6.501 | - |
| Corporation tax | | 2.005 | 194 |
| Cash and cash equivalents | | 2.503 | 4.738 |
| **Total current assets** | | **179.431** | **87.745** |
| **Total assets** | | **273.655** | **116.335** |

## Consolidated balance sheet
**as at 31 December**

| *In thousands DKK* | Notes | **2023** | **2022** |
|---|---|---|---|
| **Equity** | | | |
| Share capital and share premium | 19 | 1.405 | 1.046 |
| Other reserves | | -367 | -155 |
| Retained earnings | | 129.841 | 43.991 |
| **Total equity** | | **130.879** | **44.882** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 16 | 22.365 | 925 |
| Lease liabilities | 12 | 6.554 | 4.584 |
| Other payables | 16 | 272 | 511 |
| Deferred tax liabilities | 9 | 6.632 | 774 |
| **Total non-current liabilities** | | **35.823** | **6.793** |
| **Current liabilities** | | | |
| Lease liabilities | 12 | 5.555 | 4.510 |
| Borrowings | 16 | 25.548 | 24.222 |
| Trade payables | 16 | 62.884 | 27.750 |
| Other payables | 16 | 10.732 | 8.178 |
| Prepayments from customers | | 622 | - |
| Other prepayments | 16 | 1.611 | - |
| **Total current liabilities** | | **106.952** | **64.660** |
| **Total liabilities** | | **142.775** | **71.453** |
| **Total liabilities and equity** | | **273.655** | **116.335** |

## Consolidated statement of changes in equity

**for the year ended 31 December 2023**

| *In thousands DKK* | Share capital | Share premium | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **As at 1 January 2023** | **1.046** | **-** | **-155** | **43.991** | **44.882** |
| Profit for the period | - | - | - | 2.607 | 2.607 |
| Other comprehensive income | - | - | -212 | 212 | - |
| **Total comprehensive income** | **-** | **-** | **-212** | **2.819** | **2.607** |
| ***Transactions with owners in their capacity as owners*** | | | | | |
| Capital increase | 359 | 86.389 | - | - | 86.749 |
| Capital increase costs | - | - | - | -847 | -847 |
| Transfer of share premium to retained earnings | - | -86.389 | - | 86.389 | - |
| Share-based payments | - | - | - | 910 | 910 |
| Purchase of treasury shares | - | - | - | -4.045 | -4.045 |
| Sale of treasury shares | - | - | - | 624 | 624 |
| **As at 31 December 2023** | **1.405** | **-** | **-367** | **129.841** | **130.879** |

## Consolidated statement of changes in equity

**for the year ended 31 December 2022**

| *In thousands DKK* | Share capital | Share premium | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **As at 1 January 2022** | **797** | **-** | **-** | **14.995** | **15.792** |
| Profit for the period | - | - | - | -4.287 | -4.287 |
| Other comprehensive income | - | - | -155 | 155 | - |
| **Total comprehensive income** | **-** | **-** | **-155** | **-4.132** | **-4.287** |
| ***Transactions with owners in their capacity as owners*** | | | | | |
| Capital increase | 249 | 33.903 | - | - | 34.152 |
| Capital increase costs | - | - | - | -2.192 | -2.192 |
| Revaluation of treasury shares in relation to business combination | - | - | - | 281 | 281 |
| Transfer of share premium to retained earnings | - | -33.903 | - | 33.903 | - |
| Share-based payments | - | - | - | 65 | 65 |
| Purchase of treasury shares | - | - | - | -124 | -124 |
| Sale of treasury shares | - | - | - | 1.195 | 1.195 |
| **As at 31 December 2022** | **1.046** | **-** | **-155** | **43.991** | **44.882** |

## Consolidated statement of cash flows
**for the year ended 31 December**

| *In thousands DKK* | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit for the period | | 2.607 | -4.287 |
| Adjustments | 18 | 10.404 | 9.501 |
| Changes in net working capital | 18 | -53.212 | -38.060 |
| Financial income received | | - | - |
| Financial expenses paid | | -4.995 | -1.726 |
| Corporation tax paid | | -1.302 | -1.347 |
| **Net cash inflow (outflow) from operating activities** | | **-46.499** | **-35.919** |
| **Cash flows from investing activities** | | | |
| Proceeds for the sale of intangible assets | | - | - |
| Payments for intangible assets | | -12.392 | -896 |
| Payments for property, plant and equipment | | -7.168 | -2.432 |
| **Net cash inflow (outflow) from investing activities** | | **-19.560** | **-3.328** |
| **Cash flows from financing activities** | | | |
| Increase in borrowings | | - | 878 |
| Change in loans from credit institutions | | 24.112 | 20.850 |
| Principal elements of lease liabilities | | -5.668 | -5.724 |
| Cost of Capital increase | | -924 | -2.189 |
| Purchase/sale of treasury shares | | -3.374 | 669 |
| Capital increase | | 48.900 | 27.462 |
| **Net cash inflow (outflow) from financing activities** | | **63.046** | **41.946** |
| **Net increase (decrease) in cash and cash equivalents** | | **-3.012** | **2.699** |
| Cash and cash equivalents at the beginning of the financial year | | 4.738 | 2.039 |
| Exchange rate adjustments on cash and cash equivalents | | 5 | - |
| Cash and cash equivalents from aqutition of Skriware | | 773 | - |
| **Cash and cash equivalents at end of year** | | **2.503** | **4.738** |

## Contents of the notes to the consolidated financial statements

# Contents of the notes to the consolidated financial statements

## Note 1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Shape Robotics A/S and its subsidiaries ('the Group').

### Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional the Danish disclosure requirements applying to entities of reporting class D.

The consolidated financial statements are presented in thousands Danish Kroner ('DKK') and all values are rounded to the nearest thousand, except when otherwise indicated.

**New standards and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### Principles of consolidation

**Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- equity interests issued by the group
- fair values of assets transferred
- liabilities incurred to the former owners of the acquired business
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

## Note 1 Summary of significant accounting policies

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.
The board of the Group has appointed a strategic steering committee which assesses the financial performance and position of the group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the Chief Executive Officer and the Board of Directors.

### Foreign currency translation

#### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in DKK, which is the Group's presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of a net investment in a foreign operation.

## Contents of the notes to the consolidated financial statements

### Note 1 Summary of significant accounting policies

The results and financial position of foreign operations that have a functional currency different from Danish Kroner are translated into Danish Kroner as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.
Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

***Income statement***

### Revenue from contracts with customers

Revenue from contracts with customers comprises sale of goods (educational robots). Revenue from the sale of goods is recognised when a group entity sells a good to the customer. Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which generally takes place on delivery.

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Amounts disclosed as net revenue exclude discounts, VAT and other duties.

### Costs of goods sold

Costs of goods sold used comprise the raw materials and consumables consumed to achieve revenue for the year.

### Staff costs

Staff expenses comprise direct wages and salaries, pension contributions, social security contributions, sick leave, bonuses, and share-based payments which are recognized in the year in which the associated services are rendered by employees of the Group.

**Employee benefits - Pensions**

For pensions, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Share-based payments**

A number of employees have been granted equity-settled share options. Issued share options become exercisable after a certain period of time or upon an earlier exit event subject to the employee still being employed at the exercise date. The grant date fair value is recognized as a compensation expense over the vesting period with a corresponding entry to equity.

### Other operating expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and equipment.

## Note 1 Summary of significant accounting policies

### Other external expenses

Other external expenses comprise expenses for sales and distribution as well as office expenses, etc.

### Financial income and expenses

Financial income and expenses (net financial items) include interest income and expenses calculated in accordance with the effective interest method as well as exchange rate gains and losses on foreign currency transactions.

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

### Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

**Deferred tax assets and liabilities**

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## Contents of the notes to the consolidated financial statements

### Note 1 Summary of significant accounting policies

***Assets***

**Goodwill**

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, but not lower than the level of operating segments as shown in note 4.

**Development projects**

Costs associated with research are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software and products controlled by the Group are recognised as intangible assets where the following criteria are met:
- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and products and use or sell it
- there is an ability to use or sell the software and products
- it can be demonstrated how the software and products will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software and products are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of a development project include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are amortised from the point at which the asset is ready for use.

## Contents of the notes to the consolidated financial statements

### Note 1 Summary of significant accounting policies

**Customer relations & trademark**

Customer relations and trademark refer to intangible assets acquired as part of a business combination. These assets represent the value of existing relationships with customers that the acquired entity brings to the acquiring company. Customer relations encompass the goodwill generated from loyal customer bases, brand recognition, and customer contracts or agreements. Following initial recognition, customer relations are typically measured at cost less accumulated amortization and impairment losses.
The systematic recognition of amortization for customer relations occurs over their estimated useful lives, reflecting the pattern of economic benefits derived from these relationships. The determination of the amortization period is based on factors such as the expected duration of customer relationships, industry norms, and management's judgment.

**Amortisation methods and useful lives**

The group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

| | |
|---|---|
| Completed development projects | 4-10 years |
| Development projects in progress | Not amortized |
| Goodwill | Not amortized |
| Customer relations & trademark | 10 years |

### Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

## Note 1 Summary of significant accounting policies

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

**Depreciation methods and useful lives**

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

| | |
|---|---|
| Other fixtures, fittings and equipment | 3-5 years |

### Leases

The Group's lease agreements relate primarily to leases of properties, vehicles and other equipment. Leases of vehichles are typically made for fixed periods of 2-4 years. Leases of properties are negotiated on an individual basis and contain a wide range of different terms and conditions. Other equipment is are typically leased for fixed periods of 2-4 years. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- lease payments to be made under reasonably certain extension options, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
To determine the incremental borrowing rate, the Group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

### Note 1 Summary of significant accounting policies

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Extension options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

#### Impairment of assets

Goodwill and development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### Inventories

Inventories are measured at the lower of cost and net realisable value under the FIFO method. 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 goods for resale equals landed cost. The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

#### Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss.

#### Other receivables

Other receivables comprise deposita, VAT, prepayments operational costs.

#### Prepayments

Prepayments comprise incurred costs related to the following financial years. Prepayments are measured at cost.

#### *Liabilities*

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## Note 1 Summary of significant accounting policies

**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

**Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**Prepayments from customers**

Prepayments from customers comprise amounts received by the company in advance, where the delivery of services or goods has not yet been completed as of the balance sheet date. These amounts are recognized as prepayments in the balance sheet. Prepayments from customers are recognized at cost price.

## Note 1 Summary of significant accounting policies

### *Equity reserves*

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

**Share premium**

Premium on issue of shares are recognised as share premium and subsequently transferred to retained earnings.

**Foreign currency translation reserve**

Exchange differences arising on translation of the parent company and of foreign controlled entities into DKK, are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

### *Statement of cash flows*

The cash flow statement shows the group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as share-based payment expenses, depreciation, amortisation and impairment losses. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Note 1 Summary of significant accounting policies

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

**Cash and cash equivalents**

Cash and cash equivalents comprises cash and bank balances.

### Key figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Gross margin: $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Solvency ratio: $$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

Contribution ratio: $$\frac{\text{Contribution margin}}{\text{Revenue}}$$

## Contents of the notes to the consolidated financial statements

### Note 2 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

### Critical estimates

*Deferred tax*

*Recognition of deferred tax assets*

The Group holds a deferred tax asset of DKK 12.4 million, of which DKK 3.7 million has been recognized in the balance sheet as of December 31, 2023. The deferred tax asset primarily relates to tax losses carried forward. The valuation and recognition of the deferred tax asset was based on budgets for the period 2024 to 2026. Based on expected tax results for the next 2 years, the deferred tax asset is expected to be utilized at the present time for DKK 3.0 million.

*Purchase price allocation*

*Fair value of intangibles*

During the year, a business acquisition has been completed according to the information in note 23 on business combinations. As part of this process, a purchase price allocation has been performed, identifying intangibles and fair value adjustments allocated to customer relations, trademark, and development projects. Critical accounting estimates have been applied in connection with fair value assessments of the aforementioned assets.

## Contents of the notes to the consolidated financial statements

### Note 3 Revenue from contracts with customers

#### Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time for the following product categories:

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| Smart Classrooms | 105.918 | 15.814 |
| Fable robots | 14.466 | 14.207 |
| Other | 50.829 | 57.364 |
| **Total revenue** | **171.213** | **87.385** |

Information about revenue derived in individual countries and geographical areas has been included in note 4.

Normal payment terms for the sale of products ranges between 30-120 days depending on customer relation and framework agreement in quantity and price.

### Note 4 Operating segments

#### Description of segments and principal activities

The Group serves one segment, which is inherent in the way Executive Management considers and operates the Company. The costs related to the main nature of the business, being development and production of robots for the educational sector, are not attributable to any specific revenue stream or customer type and are therefore borne centrally. The results of the single reporting segment, comprising the entire company, are shown in the statements of comprehensive income.

The Chief Executive Officer and the Board of Directors is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas and is responsible for the strategic decision making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment. Segment performance is evaluated by the CODM based on profit or loss for the single segment and is measured consistently with profit or loss in the financial statements of the Company.

The CODM monitors revenue which is attributable to the geographical areas listed below:

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| Denmark (domicile) | 1.270 | 1.430 |
| Romania | 163.316 | 80.556 |
| Poland | 1.830 | 1.441 |
| United States | 456 | 255 |
| Other | 4.341 | 3.703 |
| **Total revenue** | **171.213** | **87.385** |

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Non-current assets other than financial instruments and deferred tax assets are distributed as the following:

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| Denmark (domicile) | 10.286 | 10.481 |
| Romania | 10.659 | 7.698 |
| Poland | - | - |
| United States | - | - |
| **Non-current assets** | **20.945** | **18.179** |

#### Information about major customers

The Group has one major customer in 2023 (2022: two). Revenue from the customer during 2023 was DKK 107,047 thousands. Revenue from the two customers during 2022 was DKK 11,532 thousands and DKK 16,890 thousands respectively. The Group has long standing relationships with the major customers.

## Contents of the notes to the consolidated financial statements

### Note 5 Staff costs

| *In thousands DKK* | 2023 | 2022 |
|---|---|---|
| Wages and salaries | 20.349 | 15.982 |
| Pension cost, defined contribution plans | 3.135 | 729 |
| Other social security costs | 1.439 | 158 |
| Share-based payments | 910 | 65 |
| Employee cost capalised as intangible assets | -5.338 | -622 |
| | **20.495** | **16.312** |
| Average number of employees | 37 | 28 |

### Key management personnel compensation

Key management personnel consists of the Executive Board and the Board of Directors. The compensation paid or payables to key management personnel for employee services is shown below:

| *In thousands DKK* | Executive Board | Board of Directors | Total |
|---|---|---|---|
| **2023** | | | |
| Wages and salaries | 1.444 | 600 | 2.044 |
| Other social security costs | 3 | - | 3 |
| Share-based payments | 228 | 82 | 310 |
| **Total** | **1.675** | **682** | **2.357** |

| *In thousands DKK* | Executive Board | Board of Directors | Total |
|---|---|---|---|
| **2022** | | | |
| Wages and salaries | 1.217 | 533 | 1.750 |
| Other social security costs | 2 | - | 2 |
| Share-based payments | 12 | 11 | 23 |
| **Total** | **1.231** | **544** | **1.775** |

### Description of share-based payments

The Group has introduced share-based payment programs to members of the Board of Directors, Executive Management and selected key employees. The Group's current share option program was introduced in 2020.

Under the share option programme, share options of the parent company are granted to executives of the parent and selected key employees at the sole discretion of the Board of Directors. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant.

## Note 5 Staff costs

The share options vests automatically (service condition), on a graded schedule which is typically three financial years, if the selected employee is in an unterminated position. Furthermore, accelerated vesting can occur if certain non-market conditions are met. The non-market conditions are the following: liquidation or a merger of the parent company. If any of the non-market conditions are met, all share options vests automatically at once.

Share options granted by the Group to the employees are acquired on-market prior to the issue. Shares held by the Group and not yet issued to employees at the end of the reporting period are shown as treasury shares note 19.

The share options can only be exercised in a four week window following the publication of the annual report. The share option programme contains no cash settlement alternatives. The Group accounts for the share option programme as an equity-settled plan. The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions on which the share options were granted.

Set out below are summaries of options granted under the plan:

| | **2023** | | **2022** | |
|---|---|---|---|---|
| | Average exercise price per share option | Number of share options | Average exercise price per share option | Number of share options |
| As at 1 January | 10,4 | 31.416 | 9,9 | 72.754 |
| Granted during the year | 22,0 | 260.694 | 15,0 | 3.532 |
| Exercised during the year | 10,9 | -16.454 | 9,9 | -31.948 |
| Expired during the year | 9,8 | -14.962 | 9,8 | -12.922 |
| **As at 31 December** | **22,2** | **260.694** | **10,4** | **31.416** |

No share options have vested and are exercisable at 31 December 2023 (2022: 0)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

| *In thousands DKK* | Expiry date | Exercise price | Share options 31 December 2023 | Share options 31 December 2022 |
|---|---|---|---|---|
| **Grant date** | | | | |
| 25 June 2020 | 6/25/2023 | 9,8 | - | 27.884 |
| 21 January 2022 | 1/21/2024 | 15,0 | - | 3.532 |
| 26 April 2023 | 4/30/2024 | 22,0 | 101.898 | - |
| 26 April 2023 | 4/30/2025 | 22,0 | 79.398 | - |
| 26 April 2023 | 4/30/2026 | 22,0 | 79.398 | - |
| **Total** | | | **260.694** | **-** |
| Weighted average remaining contractual life of options outstanding at end of period: | | | **1.25 years** | **0.5 years** |

The fair value at grant date is determined using a Black-Scholes Model calculation that takes into account the share price at grant date, the exercise price, the risk free interest rate for the term of the warrants, the expected volatility and the term of the share option (the expected maturity).

## Contents of the notes to the consolidated financial statements

### Note 5 Staff costs

The average model inputs for the share options granted during the year ended 31 December 2023 (2022) included:

a. Share price at grant date: DKK 24.9 (2022: DKK 15)

b. Exercise price: DKK 22,2 (2022: DKK 15)

c. Expected price volatility of shares: 50% (2022: 50%)

d: Risk-free interest rate: 3% (2022: 1%)

e. Expected maturity: 1,25 years (2022: 1 - 1.8 years)

f. Probabiliy of non-market conditions: 0% (2022: 0%)

Total expenses arising from share-based payment transactions recognised during the period as part of staff cost were as follows:

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| Equity-settled programme | 910 | 65 |

## Note 6 Depreciation, amortisation and impairment

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Depreciation and amortisation** | | |
| Depreciation of property, plant and equipment | 1.772 | 1.167 |
| Depreciation of right-of-use assets | 6.020 | 4.804 |
| Amortisation of intangible assets | 934 | 1.123 |
| | **8.726** | **7.094** |

## Contents of the notes to the consolidated financial statements

### Note 7 Financial income and expenses

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Financial income** | | |
| Other financial income | - | - |
| **Total financial income** | **-** | **-** |
| **Financial expenses** | | |
| Interest on borrowings | -4.129 | -1.566 |
| Interest on lease liabilities | -778 | -674 |
| Foreign exchange rate losses | -86 | -155 |
| | **-4.992** | **-2.395** |
| Amount capitalized as borrowing costs on development projects | 21 | 15 |
| **Finance costs expensed** | -4.971 | -2.380 |
| **Net finance costs** | **-4.971** | **-2.380** |

### Capitalised borrowing costs

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the group's general borrowings during the year, in this case 3.5% (2022 – 3.5%).

## Contents of the notes to the consolidated financial statements

### Note 8 Income tax expense

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Current tax** | | |
| Current tax on profits for the year | -703 | -934 |
| Deferred tax | -2.210 | 987 |
| **Income tax gain/expense** | **-2.914** | **53** |

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Reconcilliation of effective tax rate** | | |
| Tax at the Danish tax rate of 22% (2022: 22%) | 67 | -955 |
| Less tax in foreign operations in relation to the Danish tax rate of 22% rate (2022: 22%) | -1.100 | -661 |
| *Tax effects of amounts which are not deductible (taxable) in calculating taxable income:* | | |
| Tax exempt income | -831 | -2.432 |
| Non-deductible expenses | 307 | 929 |
| Unrecognised deferred tax asset | -851 | 1.706 |
| Other adjustments | -156 | 1.413 |
| **Income tax expense** | **-2.914** | **53** |

## Note 9 Deferred tax

| *In thousands DKK* | 2023 | 2022 |
|---|---|---|
| **Deferred tax** | | |
| Deferred tax at the beginning of period | 766 | -221 |
| Deferred tax from business combinations | -295 | |
| Deferred tax recognised in the statement of profit or loss | -2.210 | 987 |
| **Deferred tax at year end** | **-1.739** | **766** |
| **Deferred tax relates to:** | | |
| Intangible assets | -7.984 | -902 |
| Property, plant and equipment | -3 | -41 |
| Right-of-use assets | 267 | 262 |
| Tax losses carried forward | 18.577 | 12.185 |
| Other | 257 | - |
| **Total** | **11.114** | **11.503** |
| **Deferred tax, recognised** | **-1.739** | **766** |
| Of which presented as deferred tax assets | 4.893 | 1.540 |
| Of which presented as deferred tax liabilities | 6.632 | 774 |
| Deferred tax asset not recognised in the balance sheet | 12.853 | 9.190 |
| **Deferred tax at 31 December** | **11.114** | **11.503** |

In line with the requirements if IAS 12, the deferred tax assets and liabilities are offset as they have a legal right to set off and relate to income tax with the same taxation authority.

The Group holds a deferred tax asset of DKK 12,8 million, of which net DKK 1.7 million has been recognised as a tax liability in the balance sheet as of December 31, 2023. The net deferred tax asset primarily relates to tax losses carried forward. The valuation and recognition of the deferred tax asset was based on budgets for the period 2024 to 2026. Based on expected tax results for the next 3 years, the tax losses carried forward is expected to be utilised at the present time for DKK 3.8 million for the Group.

## Contents of the notes to the consolidated financial statements

### Note 10 Intangible assets

| *In thousands DKK* | Goodwill | Completed development projects | Customer relations | Development projects in progress | Trademark | Total |
|---|---|---|---|---|---|---|
| *Cost:* | | | | | | |
| At 1 January 2022 | 372 | 8.042 | - | - | - | 8.414 |
| Additions | - | - | - | 897 | - | 897 |
| Additions from business combinations | 4.437 | - | 3.198 | - | - | 7.635 |
| Disposals | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - |
| Exchange differences | - | 12 | - | - | - | 12 |
| **At 31 December 2022** | **4.809** | **8.054** | **3.198** | **897** | **-** | **16.958** |
| *Accumulated depreciation and impairment:* | | | | | | |
| At 1 January 2022 | - | 2.192 | - | - | - | 2.192 |
| Amortisation charge | - | 1.016 | 107 | - | - | 1.123 |
| Impairment | - | - | - | - | - | - |
| Exchange differences | - | 46 | - | - | - | 46 |
| **At 31 December 2022** | **-** | **3.254** | **107** | **-** | **-** | **3.361** |
| **Carrying amount 31 December 2022** | **4.809** | **4.800** | **3.091** | **897** | **-** | **13.597** |
| *Cost:* | | | | | | |
| At 1 January 2023 | 4.809 | 8.054 | 3.198 | 897 | - | 16.958 |
| Additions | - | 3.637 | - | 9.663 | - | 13.300 |
| Additions from business combinations | - | 7.722 | 18.821 | 5.113 | 8.568 | 40.223 |
| Disposals | - | - | - | -897 | - | -897 |
| Transfers | - | - | - | - | - | - |
| Exchange differences | - | 3 | - | - | - | 3 |
| **At 31 December 2023** | **4.809** | **19.416** | **22.019** | **14.776** | **8.568** | **69.587** |
| *Accumulated depreciation and impairment:* | | | | | | |
| At 1 January 2023 | - | 3.254 | 107 | - | - | 3.361 |
| Amortisation charge | - | 614 | 320 | - | - | 934 |
| Impairment | - | - | - | - | - | - |
| Transfers from/(to) other items | - | 437 | - | - | - | 437 |
| Exchange differences | - | 1 | - | - | - | 1 |
| **At 31 December 2023** | **-** | **4.306** | **427** | **-** | **-** | **4.733** |
| **Carrying amount 31 December 2023** | **4.809** | **15.110** | **21.592** | **14.776** | **8.568** | **64.854** |

## Contents of the notes to the consolidated financial statements

### Note 10 Intangible assets

**Development projects**

To meet the growing demand for teaching with digital technologies in the 21st century, Shape Robotics continues to develop new products and solutions to complement, enhance, and expand existing products. In 2023, the company worked on multiple projects including redefining the Fable software, the development of the new STEAM Lab in Denmark, devloping a Mobile STEAM Lab in Romania, and The Marketing Project. Once projects are completed and put into production, they are amortised over a period of 4-10 years. If the value is impaired, it will be written down.

*Fable Joint module*

Developed in 2017 and 2018. Cost price of DKK 1.9 million. The Joint module is the "robot-arm" in the Group's best selling product "Fable Explore". The cost price is derived from internal hours spent on development of hardware and software capitalized as asset, consultancy fees, certifications and molds for production. Book value end of 2023 is DKK 0,8 million.

*Fable Spin Module*

Developed in 2019 and 2020. Cost price of DKK 3.2 million. The Spin Module is the "driving unit" in the Group's second best selling product "Fable Go". The cost price is derived from internal hours spend on development of hardware and software capitalized as asset, consultancy fees, certifications and molds for production. Book value end of 2023 is DKK 1.9 million.

*Fable Blockly for Tizen OS*

Developed in 2022 and 2023. Cost prise of DKK 1.4 million. The Blockly for Tizen is the re-development of the software platform that controls the companys robots on Samsungs OS system Tizen, reenabling users to control the robot firectly from Samsungs interactive displays, with JavaScrip as coding syntax instead of Python. The cost price is derived from internal hours spend on development of software capitalized as asset. Book value end of 2023 is DKK 1.3 milion.

*Fable 3.0*

Ongoing project end of 2023. Book value end of 2023 DKK 4.4 million. Fable 3.0 is a redefining of the software products and services Shape Robotics is offering to its customers. Opening new avenues for integrating more technology, delivering better user expenerience across all main platforms Windows, Android, Chrome OS, Tizen, and iOS.

*The new STEAM Lab Concept*

Ongoing project end of 2023. Book value end of 2023 DKK 4.3 million. The new STEAM Lab Concept is a new STEAM Lab with several locations in key markets, with the objective of providing potential partners and customers with a visual and functional representation of the STEAM lab with the purpose of better attracting interest in the Product and demonstrating its capabilities and applications.

*The Lumina Project*

Ongoing project end of 2023. Book value end of 2023 DKK 2.6 million. The purpose of the Project is related to the necessity of providing use cases for the products the Company commercializes within a school environment, additionally ensuring increased awareness of the product lineup in the process and granting technicians on staff the opportunity to proactively find and resolve any potential technical issues that might arise in the actual use of the products.

### Note 10 Intangible assets

*The Thinken Project*

Ongoing project end of 2023. Book value end of 2023 DKK 2.0 million. The purpose of the Project is quite plainly related to building a new product as a Mobile Steam Lab, including new brand and awareness for the product offering targeted to increase sales. The project mostly relates to prototyping, consultants, new landingpages on the website, new graphics software implemented, intellectual property on designs, logo and names.

**Research and development expenditure**

The Group is researching prototypes of educational robots. The Group has incurred research and development expenses of DKK 279 thousands (2022: DKK 830 thousands), which are included in other external expenses in the statement of profit or loss.

## Contents of the notes to the consolidated financial statements

### Note 11 Property, plant and equipment

| *In thousands DKK* | Other fixtures, fittings and equipment | Total |
|---|---|---|
| *Cost:* | | |
| At 1 January 2022 | 2.140 | 2.140 |
| Additions | 2.432 | 2.432 |
| Additions from business combinations | 447 | 447 |
| Transfers | - | - |
| Disposals | - | - |
| Exchange differences | 98 | - |
| **At 31 December 2022** | **5.117** | **5.019** |
| *Accumulated depreciation and impairment:* | | |
| At 1 January 2022 | 749 | 749 |
| Depreciation charge | 1.167 | 1.167 |
| Impairment | - | - |
| Exchange differences | 30 | - |
| **At 31 December 2022** | **1.946** | **1.916** |
| **Carrying amount 31 December 2022** | **3.171** | **3.103** |
| *Cost:* | | |
| At 1 January 2023 | 5.117 | 5.117 |
| Additions | 7.622 | 7.622 |
| Additions from business combinations | - | - |
| Transfers | - | - |
| Disposals | - | - |
| Exchange differences | 3 | 3 |
| **At 31 December 2023** | **12.742** | **12.742** |
| *Accumulated depreciation and impairment:* | | |
| At 1 January 2023 | 1.946 | 1.946 |
| Depreciation charge | 1.772 | 1.772 |
| Transfers from/(to) other items | -342 | -342 |
| Exchange differences | 8 | 8 |
| **At 31 December 2023** | **3.385** | **3.385** |
| **Carrying amount 31 December 2023** | **9.357** | **9.357** |

## Contents of the notes to the consolidated financial statements

**Note 12 Leases**

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|

### Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

| | | |
|---|---|---|
| *Right-of-use assets* | | |
| Properties | 2.877 | 1.024 |
| Vehicles | 3.800 | 1.149 |
| Other equipment | 6.438 | 8.109 |
| | **13.115** | **10.282** |
| | | |
| Additions to the right-of-use assets | 4.854 | 6.316 |
| | | |
| *Lease liabilities* | | |
| Current | 5.555 | 4.510 |
| Non-current | 6.554 | 4.584 |
| | **12.109** | **9.094** |

### Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

| | | |
|---|---|---|
| *Depreciation charge of right-of-use assets* | | |
| Properties | 833 | 932 |
| Vehicles | 911 | 357 |
| Other equipment | 4.275 | 3.543 |
| | **6.020** | **4.832** |
| | | |
| Interest expense on lease liabilities | 778 | 674 |
| Expense relating to short-term leases | 38 | 45 |
| Expense relating to low-value assets | 3 | 1 |
| Total cash outlow for leases | 5.668 | 5.693 |

*Practical expedients*
The Group applies the practical expedient of low-value assets and short-term leases. As a consequence, no right-of-use asset or lease liability arises from the contracts.

*Variable lease payments*
During 2023 and 2022 there are no variable lease payments not included in lease liabilities.

*Extension and termination options*
Lease contracts for the Group are on a fixed time basis and does not include extension or termination options. A maturity analysis for the lease liabilities can be found in note 17.

## Contents of the notes to the consolidated financial statements

### Note 13 Inventories

The Group's inventories comprise the following:

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Amounts recognised in the balance sheet** | | |
| Raw materials and stores | 688 | 836 |
| Finished goods | 37.311 | 42.741 |
| Prepayments for goods | 5.430 | 1.358 |
| | **43.429** | **44.935** |

There have been no write downs on inventory in 2023 or 2022.

*Amounts recognised in profit or loss*

Inventories recognised as an expense during the year ended 31 December 2023 amounted to DKK 122,187 thousands (2022: DKK 60,901 thousands). These were included in cost of sales.

## Contents of the notes to the consolidated financial statements

### Note 14 Trade Receivables

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| Trade receivables from contracts | 121.138 | 32.868 |

Due to the short-term nature of the current receivables, the carrying amount is considered to be the same as the fair value.

The Group has historically not incurred any material losses from trade receivables. On that basis, Managment has concluded that the Company's credit risk from trade receivables is not material, and has therefore not recognised any significant allowance for expected credit losses related to trade receivables.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk, and therefore continues to recognise the transferred assets in their entirety in its balance sheet.

## Note 15 Impairment tests

### Impairment tests for goodwill

The carrying amount of goodwill amounts to DKK 4,809 thousands (2022: DKK 4,809 thousands) and relates to the acquisitions of Video Technic Systems SRL and Shape Robotics Romania SRL. The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions.

The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with the average growth rates in the economy.

The following table sets out the key assumptions for the goodwill:

| *Key assumptions* | **2023** | **2022** |
|---|---|---|
| Long-term growth rate for terminal period: | 5,5% | 5,0% |
| Pre-tax discount rate: | 16,0% | 16,0% |
| Budgeted annual revenue growth rate: | 8,0% | 8,0% |
| Budgeted EBIT margin | 7,5% | 10,7% |

Management has determined the values assigned to each of the above key assumptions as follows:

- Long-term growth rate for terminal period: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
- Pre-tax discount rate: Reflect specific risks relating to the relevant segments and the countries in which they operate.
- Budgeted annual revenue growth rate: Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for Romania.
- Budgeted EBIT margin: Based on past performance and management's expectations for the future.

The impairment test shows headroom from value in use to the carrying amount. Management is of the opinion that the assumptions applied are sustainable

## Contents of the notes to the consolidated financial statements

### Note 16 Financial assets and financial liabilities

The Group holds the following financial instruments:

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Financial assets** | | |
| Financial assets at amortised cost | | |
| Trade receivables | 121.138 | 32.868 |
| Other receivables | 3.855 | 5.010 |
| Cash and cash equivalents | 2.503 | 4.738 |
| | **127.496** | **42.616** |
| **Financial liabilities** | | |
| Liabilities at amortised cost | | |
| Trade payables | 62.884 | 27.750 |
| Other payables | 11.004 | 8.689 |
| Prepayments from customers | 622 | - |
| Other prepayments | 1.611 | - |
| Borrowings | 47.913 | 25.147 |
| Lease liabilities | 12.109 | 9.094 |
| | **136.143** | **70.680** |

The Group's exposure to various risks associated with the financial instruments is explained in note 17.

**Borrowings**

| | | **2023** | | | **2022** | |
|---|---|---|---|---|---|---|
| *In thousands DKK* | Current | Non-current | Total | Current | Non-current | Total |
| Bank overdrafts | 25.548 | 22.365 | **47.913** | 24.222 | 925 | **25.147** |

For the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The borrowings comprise an overdraft account agreement, which is renegotiated yearly after the publication of the annual report. The overdraft account carries a fixed interest rate of 3.5% with the addition of the DANBOR rate.

## Contents of the notes to the consolidated financial statements

### Note 17 Financial risk management

The Group's principal financial liabilities, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and cash equivalents.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Group. The Board of Directors provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, trade receivables, and trade payables.

**Interest rate risk**

The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The Group conducts sensitivity analyses to assess the potential impact of interest rate changes on the Group's financial statements. This analysis helps in understanding the vulnerability of the Group's financial position to interest rate fluctuations. Furthermore, the Group continuously monitor interest rate trends and market conditons to antcipate potental changes and regularly assess the impact of interest rate fluctuations on financial statements and adjust financial strategies accordingly.

The Group's policy seeks, as much as possible, to have fixed interest rates where applicable to better mitigate the risk and make accurate forecasting decisions. The Group has not hedged its interest rate risk.

A reasonably possible change in the market interest rate compared to the interest rates as of the end of the reporting period will have the following hypothetical impact on profit after tax and equity:

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Impact on post tax profit and equity** | | |
| Interest rate - increase of 5% | -1.004 | -1.100 |
| Interest rate - decrease of 5% | 1.004 | 1.100 |

The sensitivity analysis is based on the assumption that all other variables and exposures remains constant.

**Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

## Note 17 Financial risk management

The Group operates internationally and is exposed to foreign exchange risk, primarily EUR and USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group is managing the risk by actively trying to generate sales in the same currency as it is incurring expenses. The Group has not hedged its currency risk.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The Group's exposure to changes in EUR is not material due to DKK/EUR fixed rate policy.

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Impact on post tax profit and equity** | | |
| Change in USD rate - increase of 20% | -44 | -30 |
| Change in USD rate - decrease of 20% | 40 | 30 |

The sensitivity analysis is based on the assumption that all other variables and exposures remains constant.

### Credit risk

Credit risk arises primarily from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Credit risk is managed on a group basis. For banks and financial institutions, the Group havs established relationships with reliable banks. Furthermore, the Group maintains adequate cash reserves and identifies risks while ensuring proper segregation of duties where possible.

The Company's exposure and policy for managing credit risk from trade receivables has been described in note 14.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, the Company maintains flexibility in funding by maintaining availability under committed credit lines. To obtain the flexibility in funding the Group has selected to obtain short term overdraft facilities which are renegotiated within every 12 month period.

The Group's policy is to secure adequate liquidity to always meet the planned future financial and operational payment obligations for minimum the next 12 months period. The Group has an adequate liquidity position allowing management to carry out the planned growth strategy. The Group monitors the liquidity risk through follow up against plans and forecasting of cash flow.

**Maturities of financial liabilities**

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

## Note 17 Financial risk management

| Contractual maturities of financial liabilities | > 1 year | 1 - 2 years | 2 - 5 years | < 5 years | Total contractual cash flows | Carrying amount |
|---|---|---|---|---|---|---|
| At 31 December 2023 | | | | | | |
| Trade payables | 62.884 | - | - | - | 62.884 | 62.884 |
| Borrowings | 25.548 | 22.365 | - | - | 47.913 | 47.913 |
| Other payables | 10.732 | - | - | 272 | 11.004 | 11.004 |
| Prepayments from customers | 622 | - | - | - | 622 | 622 |
| Other prepayments | 1.611 | - | - | - | 1.611 | 1.611 |
| Deferred tax liabilities | - | 6.632 | - | - | 6.632 | 6.632 |
| Lease liabilities | 5.038 | 7.071 | - | - | 12.109 | 12.109 |
| | **106.435** | **36.068** | **-** | **272** | **142.775** | **142.775** |
| At 31 December 2022 | | | | | | |
| Trade payables | 27.750 | - | - | - | 27.750 | 27.750 |
| Borrowings | 24.222 | 925 | - | - | 25.147 | 25.147 |
| Other payables | 8.178 | - | - | 511 | 8.689 | 8.689 |
| Deferred tax liabilities | - | 774 | - | - | 774 | 774 |
| Lease liabilities | 4.690 | 5.299 | - | - | 9.989 | 9.989 |
| | **64.840** | **6.998** | **-** | **511** | **72.349** | **72.349** |

The amounts disclosed in the following table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## Contents of the notes to the consolidated financial statements

### Note 18 Cash flow specifications

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Adjustments** | | |
| Financial income | - | - |
| Financial expenses | 818 | 2.395 |
| Depreciation, amortisation and impairment charges | 8.727 | 7.094 |
| Income tax | -51 | -53 |
| Other adjustments | 910 | 65 |
| | 10.404 | 9.501 |
| **Changes in net working capital** | | |
| Change in inventories | 6.952 | -24.446 |
| Change in receivables | -94.577 | -23.157 |
| Change in provisions | 473 | -3.745 |
| Change in trade payables | 33.940 | 13.288 |
| | -53.212 | -38.060 |

### Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

| *In thousands DKK* | Borrowings | Leases | Total |
|---|---|---|---|
| *Net debt:* | | | |
| At 1 January 2022 | 90 | 7.827 | 7.917 |
| Cash flows | 21.728 | -5.724 | 16.004 |
| Additions | 4.985 | - | 4.985 |
| New leases | - | 6.317 | 6.317 |
| Interest expense | -1.566 | 674 | -892 |
| **At 31 December 2022** | **25.237** | **9.094** | **34.331** |
| Cash flows | 24.112 | -5.668 | 18.444 |
| Additions | 3.473 | - | 3.473 |
| New leases | - | 9.461 | 9.461 |
| Interest expense | -4.129 | -778 | -4.906 |
| **At 31 December 2023** | **47.913** | **12.109** | **60.022** |

## Contents of the notes to the consolidated financial statements

### Note 19 Share capital

| *Nominal value in DKK* | 2023 Number of shares | 2023 Nominal value | 2022 Number of shares | 2022 Nominal value |
|---|---|---|---|---|
| **The share capital comprise:** | | | | |
| Ordinary shares (fully paid) | 14.054.517 | 1.405.452 | 10.462.619 | 1.046.262 |

No shares carry any special rights.

| *In thousands DKK* | 2023 | 2022 |
|---|---|---|
| **Changes in share capital** | | |
| Opening balance | 1.046 | 797 |
| Capital increase | 359 | 249 |
| **Total** | 1.405 | 1.046 |

| *Nominal value in DKK* | Number of shares | Nominal value |
|---|---|---|
| **Treasury shares** | | |
| At 1 January 2022 | 167.156 | 16.716 |
| Additions during the year | 12.907 | 1.291 |
| Sold during the year | -139.029 | -13.903 |
| **At 31 December 2022** | **41.034** | **4.103** |
| Additions during the year | 166.932 | 16.693 |
| Sold during the year | -81.258 | -8.126 |
| **At 31 December 2023** | **126.708** | **12.671** |

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## Note 20 Earnings per share

| | 2023 | 2022 |
|---|---|---|
| Net profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share | 2.607 | -4.287 |
| **Weighted average number of ordinary shares*** | **12.254.304** | **8.325.719** |
| **Weighted average number of ordinary shares adjusted for the effect of dilution*** | **12.127.596** | **8.325.719** |

*The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year. The calculation of diluted earnings per share does not include potential ordinary shares that are anti-dilutive.

## Note 21 Capital management

The Group's objectives when managing capital are to:
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group has not adopted a specific key ratio. During 2023, the Group's strategy, which was unchanged from 2022, was to monitor the share and capital structure to ensure that the Group's capital resources support the strategic goals. The overall target is to have secured long term financing with fixed interest rates at competitive rates. During the year, through a close dialogue with its main lenders and with the shareholders, the Group was able to decide on funding of current operation and future strategic initiatives in line with the overall target.

## Note 22 Contingent liabilities, commitments and contingencies

### Guarantees and security

In compliance with financial regulations and to facilitate financing arrangements, the company has pledged certain assets under a floating charge. These assets primarily consist of movable property, including inventory, machinery, equipment, vehicles, and potentially intangible assets such as intellectual property rights. The group has provided floating charge of nominally DKK 14,000 thousands. The floating charge serves as security for loans or credit facilities obtained by the company. In the event of default on these obligations, the lender holds the right to seize and sell the secured assets to recover outstanding debts.

The following assets have been placed as security with bankers:
Payment guarantees in 2023 DKK 14,907 thousands (2022: DKK 9,300)

## Contents of the notes to the consolidated financial statements

### Note 23 Business combinations

### Summary of acquisition

At 19 December 2023, the Group, acquired 100% of the voting shares in Skriware S.A. (Skriware). Skriware is a technology company, which has created an educational laboratory – SkriLab – based on 3D printing, programming, and robotics. Skriware's offering, Skrilab, is comparable to Shape Robotics' STEAM Labs, and the acquisition represented a compelling strategic fit that aligns with Shape Robotics' long-term growth strategy. Moreover, The Acquisition provides Shape Robotics with stronger access to the Polish market and allows Shape Robotics to export the successful business model implemented in Romania and scale it to Poland's bigger market.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

| *In thousands DKK* | **2023** |
|---|---|
| Purchase consideration | |
| Shares issued, at fair value | 37.995 |
| Treasury shares | - |
| | **37.995** |

The assets and liabilities recognised as a result of the acquisition are as follows:

| *In thousands DKK* | **Fair value** |
|---|---|
| Customer relations | 18.821 |
| Trademark | 8.568 |
| Compleated development projects | 7.722 |
| Other fixtures, fittings | 465 |
| Inventories | 4.578 |
| Receivables | 2.391 |
| Other | 9.117 |
| Lease asset (right-of-use asset) | 1.423 |
| **Total assets** | **53.084** |
| Provisions | 559 |
| Deferred tax liability | 5.967 |
| Prepayments | 1.611 |
| Trade payables | 4.097 |
| Bank loans and other debt | 1.431 |
| Lease liability | 1.423 |
| **Total liabilities** | **15.089** |
| **Net identifiable assets acquired (tentative purchase price allocation)** | **37.995** |
| Goodwill arising from the acquisition | 0 |
| **Net assets acquired** | **37.995** |

**Acquired receivables**

The fair value of the trade receivables amounts to DKK 2.394 thousands and it is expected that the full contractual amounts can be collected.

## Note 23 Business combinations

**Skriwares Financial statements for 2023**
Skriware recorded a deficit of DKK 5.792 thousands for the fiscal year 2023. Given that the company was acquired on January 1st, 2023, and fully consolidated within the fiscal year, the group's consolidated financial statements would reflect a decrease of DKK 5.792 thousands from the actual Group results presented in the consolidated profit & loss.

**Acquired leases**
The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition.

**Revenue and profit contribution**

Due to the acquisition date, end of December 2023, the acquired business "Skriware" did not contribute revenues or net profit to the Group for the financial year ending 31 December 2023, and is therefore only represented in the consolidated balance sheet. In 2023 Skriware had a deficit of DKK 5.8 m.

**Acquisition-related costs**

Acquisition-related costs of DKK 100 thousands that were not directly attributable to the issue of shares are included in other external expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows in 2023.

## Contents of the notes to the consolidated financial statements

### Note 23 Business combinations

#### Summary of acquisition

At 31 August 2022, the Group, acquired 100% of the voting shares in Video Technic Systems (VTS), a Romanian technology company. The acquisition aimed to boost Shape Robotics' delivery capacity for turnkey EdTech solutions in Central and Eastern Europe, where demand for education technology is rapidly increasing. VTS's expertise in designing and implementing technology solutions in Romania and Bulgaria supported Shape Robotics' goal of becoming a leading international EdTech supplier. With 12 employees, VTS had a turnover of almost DKK 27 million in 2021 and a positive result of over DKK 1 million.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

| *In thousands DKK* | **2022** |
|---|---|
| Purchase consideration | |
| Shares issued, at fair value | 6.744 |
| Treasury shares | 610 |
| | **7.354** |

The assets and liabilities recognised as a result of the acquisition are as follows:

| *In thousands DKK* | **Fair value** |
|---|---|
| Customer relations | 3.198 |
| Other fixtures, fittings | 466 |
| Prepayments | 28 |
| Inventories | 13.148 |
| Trade receivables | 2.281 |
| Other receivables | 526 |
| Cash and cash equivalents | 1.300 |
| **Total assets** | **20.947** |
| Borrowings | 5.266 |
| Deferred tax liability | 512 |
| Prepayments | 584 |
| Trade payables | 9.898 |
| Other payables | 1.770 |
| **Total liabilities** | **18.030** |
| **Net identifiable assets acquired** | **2.917** |
| Goodwill arising from the acquisition | 4.437 |
| **Net assets acquired** | **7.354** |

#### Fair value of acquired net assets and goodwill

The fair value of the trade receivables amounts to DKK 2,281 thousands and it is expected that the full contractual amounts can be collected. The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities

## Note 24 Related party transactions

The Group has no related parties with control of the Group and no related parties with significant influence.

Information about remuneration to key management personnel has been disclosed in note 5.

Interests in subsidiaries are set out in note 26.

### Transactions with other related parties

No transactions with related parties have taken place in 2023 or 2022.

## Contents of the notes to the consolidated financial statements

### Note 25 Fee to auditors appointed at the general meeting

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Beierholm, Statsautoriseret Revisionspartnerselskab** | | |
| Audit fee | 320 | 390 |
| Other assurance services | - | - |
| Tax advisory service | | - |
| Other services | 6 | 6 |
| | **326** | **397** |

## Contents of the notes to the consolidated financial statements

### Note 26 Subsidiaries

The Group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| | | Ownership interests held by the group | |
|---|---|---|---|
| Name of entity | Place of business | **2023** | **2022** |
| ***Parent company*** | | | |
| Shape Robotics A/S | Denmark | 100% | 100% |
| ***Subsidiaries*** | | | |
| Skriware | Poland | 100% | 0% |
| Shape Robotics Romania | Romania | 100% | 100% |
| Video Technic Systems SRL | Romania | 100% | 100% |
| Shape Robotics East | Moldova | 100% | 0% |

## Contents of the notes to the consolidated financial statements

### Note 27 Subsequent events

**Subsequent Events**

During the preparation of this annual report, significant events have occurred subsequent to the year-end that require disclosure. The below mentioned highlights subsequent are disclosed as regulatory company announcements.

**Extraordinary General Meeting**

At an extraordinary general meeting of Shape Robotics A/S, shareholders approved a proposal granting the Board of Directors a new authorization. This authorization allows an increase in the share capital by up to a nominal amount of DKK 120,000 (1,200,000 shares) without pre-emption rights for existing shareholders. The detailed proposal can be found in the convening notice, and the updated Articles of Association reflecting this change will be available on the company's website.
The authorization was later, in March 2024, exercised in a direct issue (below).

**Direct Issue**

Shape Robotics announced a targeted emission in the beginning of 2024, aiming to raise DKK 30-35 million to finance growth and align with the company's long-term strategy for 2027. The issuance involved over 1 million new shares priced at approx. 35 DKK each, catering to a select group of domestic and international investors. The direct issue was successful and oversubscribed, contributing to the company's growth and strategic objectives, with cash injection of approx. DKK 33 million after issuing costs.

**Long Term Strategy**

Shape Robotics unveiled its long-term strategic plan, successfully boosting confidence among investors, partners, and employees. The executed plan focused on expanding and fortifying the business model, emphasizing core values, and maintaining disciplined, high-performance execution. Through a series of ongoing and new projects, Shape Robotics actively enhanced core technology, diversified the product portfolio, strengthened client/partner relationships, and expanded its global footprint, solidifying the company's position in the market.

Having set ambitious financial targets, the company achieved a significant milestone by reaching a net revenue of DKK 1 billion by 2027, coupled with an impressive EBITDA margin ranging from 12-15%. This strategic vision aligns with the company's commitment to sustained growth and excellence.

The dedication to continuous improvement extended to the development of existing product lines, including Thinken, Smart Classroom, Fable, and The Academy. Additionally, Shape Robotics ventured into new territories with the successful launch of E.di, an AI classroom education offering. This subscription-based educational intelligence assistant has revolutionized learning experiences by providing customized lesson plans, addressing the diverse challenges faced by educators, and positioning Shape Robotics at the forefront of educational technology innovation. The company's strategic initiatives and achievements in the past year underscore its commitment to shaping the future of education.

**Revised Guidance**

Shape Robotics adjusted its guidance for 2024, with an improved EBITDA result. The changes are influenced by technical accounting adjustments due to the transition from the Danish Financial Statements Act to IFRS. Guidance for 2024:
- Minimum Revenue: DKK 300 million (previously DKK 300-325 million)
- Minimum EBITDA: DKK 25 million (previously DKK 14-18 million)

**Change in management**

The company announced that the current CEO is stepping down to take the role as CFO, and the current CRO will instead take the CEO role. The reshuffle is in line with the company's long term growth strategy.

## Contents of the notes to the consolidated financial statements

### Note 28 General and other disclosures

**General disclosures**

The financial statements were authorised for issue by the directors on 12 April 2024. The directors have the power to amend and reissue the financial statements.

**Other disclosures**

The Company
Shape Robotics A/S
Lyskær 3c
DK-2730 Herlev

CVR No: 38 32 26 56
Financial period: 1 January - 31 December
Municipality of reg. office: Herlev

*Board of Directors*
Jeppe Frandsen
Helle Rootzén
Moises Pacheco
Annette Siewert Lindgreen
Kasper Holst-Hansen

*Executive Management*
André Reinhard Fehrn

*Auditors*
Beierholm
Statsautoriseret Revisionspartnerselskab
Knud Højgaards Vej 9
DK-2860 Søborg

*Shape Robotics A/S*

Lyskær 3C, 4, 2730 Herlev

# Financial statements 2023 - parent company

CVR No 38 32 26 56

## Income statement (parent company)

**for the year ended 31 December**

| *In thousands DKK* | Notes | **2023** | **2022** |
|---|---|---|---|
| **Revenue** | | 39.882 | 21.455 |
| Work performed for own account and capitalised | | 4.234 | 622 |
| Expenses for raw materials and consumables | | -25.414 | -15.131 |
| Other external expenses | | -10.670 | -5.682 |
| **Gross profit/loss** | | **8.032** | **1.264** |
| Staff expenses | 2 | -13.272 | -14.094 |
| Depreciation and amortisation of intangible assets and property, | | - | |
| plant and equipment | | -938 | -870 |
| Other operating expenses | | -3.469 | - |
| **Profit/loss before financial income and expenses** | | **-9.647** | **-13.700** |
| Income from investments in subsidiaries | | 12.526 | 8.992 |
| Financial income | 3 | 370 | 93 |
| Financial expenses | | -5.253 | -1.474 |
| **Profit/loss before tax** | | **-2.004** | **-6.089** |
| Tax on loss for the year | 4 | 4.175 | 1.734 |
| **Net profit/loss for the year** | | **2.170** | **-4.355** |

## Distribution of profit

**Proposed distribution of profit**

| | | |
|---|---|---|
| Reserve for net revaluation under the equity method | 12.583 | 8.978 |
| Retained earnings | -10.413 | -13.333 |
| | **2.170** | **-4.355** |

## Balance sheet (parent company)

**as at 31 December**

| *In thousands DKK* | Notes | **2023** | **2022** |
|---|---|---|---|
| **Assets** | | | |
| Completed development projects | | 3.999 | 3.238 |
| Development projects in progress | | 8.619 | 882 |
| **Intangible assets** | 5 | **12.619** | **4.120** |
| Other fixtures and fittings, tools and equipment | | 500 | 426 |
| **Property, plant and equipment** | 6 | **500** | **426** |
| Investments in subsidiaries | 7 | 84.489 | 33.911 |
| **Fixed assets investments** | | **84.489** | **33.911** |
| **Fixed assets** | | **97.608** | **38.457** |
| Finished goods and goods for resale | | 5.448 | 6.781 |
| Prepayments for goods | | 3.667 | - |
| **Inventories** | | **9.115** | **6.781** |
| Trade receivables | | 3.910 | 8.676 |
| Receivables from group enterprises | | 48.443 | 10.874 |
| Other receivables | | 330 | 1.789 |
| Prepayments | | 6.501 | - |
| Deferred tax asset | 8 | 3.710 | 1.540 |
| Corporation tax | | 2.005 | 194 |
| **Receivables** | | **64.898** | **23.073** |
| **Cash at bank and in hand** | | **156** | **2.693** |
| **Current assets** | | **74.169** | **32.547** |
| **Assets** | | **171.777** | **71.004** |

## Balance sheet (parent company)
**as at 31 December**

| *In thousands DKK* | Notes | 2023 | 2022 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | | 1.405 | 1.046 |
| Reserve for net revaluation under the equity method | | 23.410 | 10.827 |
| Reserve for development costs | | 9.843 | 3.214 |
| Other statutory reserves | | - | - |
| Retained earnings | | 93.361 | 28.281 |
| **Equity** | | **128.019** | **43.368** |
| Other payables | | 529 | 511 |
| **Long-term debt** | 9 | **529** | **511** |
| Credit institutions | | 25.333 | 18.172 |
| Trade payables | | 9.079 | 6.057 |
| Payables from group enterprises | | 1.702 | - |
| Other payables | 9 | 7.115 | 2.896 |
| **Short-term debt** | | **43.229** | **27.125** |
| **Debt** | | **43.758** | **27.636** |
| **Liabilities and equity** | | **171.777** | **71.004** |

## Statement of changes in equity (parent company)
**for the year ended 31 December 2023**

| *In thousands DKK* | Share capital | Reserve for net revaluation under the equity method | Reserve for development costs | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **As at 1 January 2023** | **1.046** | **10.827** | **3.214** | **28.281** | **43.368** |
| Capital increase | 359 | - | - | 86.390 | 86.749 |
| Capital increase costs | - | - | - | -847 | -847 |
| Sale of treasury shares | - | - | - | 624 | 624 |
| Purchase of treasury shares | - | - | - | -4.045 | -4.045 |
| Development costs for the year | - | - | 6.629 | -6.629 | - |
| Depreciation, amortisation and impairment for the year | - | - | - | - | - |
| Net profit/loss for the year | - | 12.583 | - | -10.413 | 2.170 |
| **As at 31 December 2023** | **1.405** | **23.410** | **9.843** | **93.361** | **128.019** |

## Statement of changes in equity (parent company)

**for the year ended 31 December 2022**

| *In thousands DKK* | Share capital | Reserve for net revaluation under the equity method | Reserve for development costs | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **As at 1 January 2022** | **797** | **1.852** | **2.998** | **9.346** | **14.993** |
| Capital increase | 249 | - | - | 33.903 | 34.152 |
| Capital increase costs | - | - | - | -2.490 | -2.490 |
| Sale of treasury shares | - | - | - | 1.071 | 1.071 |
| Purchase of treasury shares | - | - | - | - | - |
| Development costs for the year | - | - | 692 | -692 | - |
| Depreciation, amortisation and impairment for the year | - | - | -476 | 476 | - |
| Net profit/loss for the year | - | 8.975 | - | -13.333 | -4.358 |
| **As at 31 December 2022** | **1.046** | **10.827** | **3.214** | **28.281** | **43.368** |

## Contents of the notes to the parent financial statements

### Note 1 Accounting policies for the parent company

### Accounting Policies

The Annual Report of Shape Robotics A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class D.

The financial statements are presented in thousands Danish Kroner ('DKK') and all values are rounded to the nearest thousand, except when otherwise indicated.

### 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 deprecia tion, amortisation, impairment losses and provisions as well as reversals due to changed accounting esti mates 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.
Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### 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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Contents of the notes to the parent financial statements

### Note 1 Accounting policies for the parent company

### 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 econo- mic benefits relating to the sale will flow to the Group.

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 indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### 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 equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and equipment.

### Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

### 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.

## Contents of the notes to the parent financial statements

### Note 1 Accounting policies for the parent company

### Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Development costs include costs, salaries and wages as well as depreciation that can be directly attributed todevelopment activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficientresources and a potential future market or development opportunity in the business can be identified and where it isthe intention to manufacture, market or use the project is recognized as intangible fixed assets, ifthe cost price can be calculated reliably, and there is sufficient certainty that future earnings can cover itproduction, selling and administrative costs.

Other development costs are recognized in the income statement,as costs are incurred. Development costs recognized in the balance sheet are measured at cost less accumulated depreciationwritings. After the completion of the development work, capitalized development costs are written off on a straight-line basis over the assessed economic useful life. The depreciation period is usually 4-10 years.

### Property, plant and equipment

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

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 |

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Investments in subsidiaries

Business acquisitions carried through on or after 1 July 2018
Shares in subsidiary companies are initially measured at cost and subsequently at the proportionate share of the subsidiaries' net assets determined in accordance with the accounting policies of the parent company, adjusted for unrealized intra-group profits and losses, and with the addition or deduction of the remaining value of positive or negative goodwill determined under the acquisition method.

Subsidiaries with a negative net asset value are measured at zero, and any receivables from these companies are written down by the parent company's share of the negative net asset value, to the extent it is deemed irrecoverable. If the negative net asset value exceeds receivables, the remaining amount is recognized as provisions, to the extent that the parent company has a legal or constructive obligation to cover the subsidiary's deficit.

Net increases in the value of investments in subsidiaries are transferred to equity as a revaluation reserve based on the fair value method, to the extent that the accounting value exceeds the acquisition cost.

Newly acquired or established entities are included in the financial statements from the acquisition date. Disposed of or liquidated entities are included until the disposal date.

Profit or loss on disposal of subsidiary and associated companies is calculated as the difference between the disposal proceeds and the accounting value of net assets at the time of sale, including any unamortized goodwill, and expected costs of sale or liquidation.

## Contents of the notes to the parent financial statements

### Note 1 Accounting policies for the parent company

Profit and loss are recognized in the income statement under financial items.

Upon the acquisition of new subsidiary companies, the acquisition method is applied, whereby the assets and liabilities of the newly acquired entities are measured at fair value at the acquisition date.

A provision is recognized to cover the costs of decided restructuring in the acquired entity in connection with the purchase.

The tax effect of the revaluations is taken into account. Positive differences (goodwill) between the cost and fair value of identifiable assets and liabilities, including provisions for restructuring, are recognized under investments in subsidiary and associated companies and amortized over the estimated economic useful life, determined based on management's experience in the respective business areas.

The amortization period is a maximum of 10 years and is longest for strategically acquired companies with a strong market position and long earnings profile.

The accounting value of goodwill is continually assessed and written down through the income statement in cases where the accounting value exceeds the expected future net income from the business or activity to which goodwill is attributed.

### 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 goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### 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.

### Equity

Reserve for net revaluation according to the intrinsic value method includes net revaluation of capital shares in affiliated companiescompanies, associated companies and capital interests in relation to cost price.The reserve can be eliminated by losses, realization of capital shares or changes in accounting estimates.The reserve cannot be recognized with a negative amount.

Reserve for development costs includes recognized development costs with deduction of associated deferred tax liabilities. The reserve cannot be used for dividends or to cover losses. The reserve is reduced or dissolved if the recognized development costs are written off or exit from the company's operations.
This is done by transferring directly to the equity's free reserves.

Purchases and sales of own shares are recognized directly in equity. Any profit or loss from a later sale of equity shares is also recognized directly in equity.

## Contents of the notes to the parent financial statements

### Note 1 Accounting policies for the parent company

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differen- ces arising between the tax bases of assets and liabilities and their carrying amounts for financial repor- ting 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 elimi- nation in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that 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 de- ferred 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

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

### Prepayments from customers

Prepayments from customers comprise amounts received by the company in advance, where the delivery of services or goods has not yet been completed as of the balance sheet date. These amounts are recognized as prepayments in the balance sheet. Prepayments from customers are recognized at cost price.

## Contents of the notes to the parent financial statements

### Note 2 Staff expenses

| *In thousands DKK* | 2023 | 2022 |
|---|---|---|
| Wages and salaries | 12.627 | 13.829 |
| Pensions | 498 | 729 |
| Other social security expenses | 147 | 158 |
| Employee costs capitalised as intangible assets | -4.234 | -622 |
| | **9.038** | **14.094** |
| Average number of employees | 19 | 18 |

Compensation to key personnel and management is stated in note 5 in the consolidated (group) financial statements

### Note 3 Financial income

| | | |
|---|---|---|
| Interest received from group enterprises | 370 | 93 |
| Exchange gains | - | - |
| | **370** | **93** |

### Note 4 Tax on profit/loss for the year

| | | |
|---|---|---|
| Current tax for the year | -2.005 | -194 |
| Deferred tax for the year | -2.170 | -1.540 |
| | **-4.175** | **-1.734** |

### Note 5 Intangible assets

| *In thousands DKK* | Completed development projects | Development projects in progress | Total |
|---|---|---|---|
| *Cost:* | | | |
| At January 2022 | 6.035 | - | 6.035 |
| Additions | - | 882 | 882 |
| At 31 December 2022 | 6.035 | 882 | 6.917 |
| *Accumulated depreciation and impairment:* | | | |
| At January 2022 | 2.797 | - | 2.797 |
| Amortisation charge | - | - | - |
| At 31 December 2022 | 2.797 | - | 2.797 |
| **Carrying amount at 31 December 2022** | **3.238** | **882** | **4.120** |
| *Cost:* | | | |
| At January 2023 | 6.035 | 882 | 6.917 |
| Additions | 1.375 | 7.737 | 9.112 |
| At 31 December 2023 | 7.410 | 8.619 | 16.029 |
| *Accumulated depreciation and impairment:* | | | |
| At January 2023 | 2.797 | - | 2.797 |
| Amortisation charge | 614 | - | 614 |
| At 31 December 2023 | 3.411 | - | 3.411 |
| **Carrying amount at 31 December 2023** | **3.999** | **8.619** | **12.619** |

## Contents of the notes to the parent financial statements

### Note 6 Property, plant and equipment

| In thousands DKK | Other fixtures and fittings, tools and equipment | Total |
|---|---|---|
| *Cost:* | | |
| At January 2022 | 1.272 | 1.272 |
| Additions | 67 | 67 |
| At 31 December 2022 | 1.339 | 1.339 |
| *Accumulated depreciation and impairment:* | | |
| At January 2022 | 648 | 648 |
| Amortisation charge | 265 | 265 |
| At 31 December 2022 | 913 | 913 |
| **Carrying amount at 31 December 2022** | **426** | **426** |
| *Cost:* | | |
| At January 2023 | 1.339 | 1.339 |
| Additions | 398 | 398 |
| At 31 December 2023 | 1.737 | 1.737 |
| *Accumulated depreciation and impairment:* | | |
| At January 2023 | 914 | 914 |
| Amortisation charge | 323 | 323 |
| At 31 December 2023 | 1.237 | 1.237 |
| **Carrying amount at 31 December 2023** | **500** | **500** |

### Note 7 Investments in subsidiaries

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| Cost at 1 January | 23.084 | 825 |
| Additions for the year | 37.995 | 22.259 |
| Cost at 31 December | 61.079 | 23.084 |
| Value adjustments at 1 January | 10.827 | 1.835 |
| Exchange adjustment | 58 | -155 |
| Net profit/loss for the year | 13.556 | 9.527 |
| Amortisation of goodwill | -1.031 | -380 |
| Value adjustments at 31 December | 23.410 | 10.827 |
| **Carrying amount at 31 December** | **84.489** | **33.911** |
| Positive differences arising on initial measurement of subsidiaries at net asset value | - | 6.817 |

Subsidiaries Video Technic Systems S.R.L and Shape Robotics Romania S.R.L are not audited by the group auditor (auditor in the parent company).

## Contents of the notes to the parent financial statements

### Note 7 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

| Name of entity | Place of registered office | Votes and ownership | Equity | Net profit/loss for the year |
|---|---|---|---|---|
| Shape Robotics Romania | Romania | 100% | 28.872 | 9.378 |
| Video Technic Systems SRL | Romania | 100% | 10.258 | 1.647 |
| Shape Robotics East | Moldova | 100% | 1.639 | 1.639 |
| Skriware | Poland | 100% | 12.559 | -5.801 |

### Note 8 Deferred tax asset

The company holds a deferred tax asset of DKK 13 million, of which DKK 3.7 million net has been recognized in the balance sheet as of December 31, 2023. The deferred tax asset primarily relates to carried forward losses. The valuation and recognition of the deferred tax asset was based on budgets for the period 2024 to 2027. Based on expected tax results for the next 3 years, the deferred tax asset is expected to be utilized at the present time in the Danish (parent) company.

### Note 9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| **Other payables** | | |
| Between 1 and 5 years | 529 | 511 |
| Long-term part | 529 | 511 |
| Within 1 year | 7.115 | 2.896 |
| | **7.644** | **3.407** |

### Note 10 Contingent liabilities

| | | |
|---|---|---|
| Rent | 187 | 82 |
| Leasing | - | - |
| | **187** | **82** |

### Note 11 Related parties

In accordance with the Danish Financial Statement act section 98c (7) related party transactions are not disclosed as they are carried out at an arm's length basis.

For information on remuneration to Group Management of Shape Robotics, please refer to note 5 'Staff Costs', in the consolidated financial statements.

## Contents of the notes to the parent financial statements

### Note 12 Fee to statutory auditors

| *In thousands DKK* | **2023** | **2022** |
|---|---|---|
| Statutory audit | 100 | 156 |
| Other assurance engagements | - | - |
| Tax advisory services | - | - |
| Other services | 6 | 6 |
| | **106** | **397** |

### Note 13 Contingent liabilities, commitments and contingencies

In compliance with financial regulations and to facilitate financing arrangements, the company has pledged certain assets under a floating charge. These assets primarily consist of movable property, including inventory, machinery, equipment, vehicles, and potentially intangible assets such as intellectual property rights. The group has provided floating charge of nominally DKK 14,000 thousands. The floating charge serves as security for loans or credit facilities obtained by the company. In the event of default on these obligations, the lender holds the right to seize and sell the secured assets to recover outstanding debts.

The following assets have been placed as security with bankers:
Payment guarantees in 2023 DKK 14,907 thousands (2022: DKK 9,300)

### Note 14 Shareholders who own more than 5%

On December 31, 2023, following owners was registered in the Central Business Register, owning more than 5% of the company (direct or indirect):
-Michael Voss-Jensen
-Black Box Holding ApS
-TAG Holding ApS