Odico ApS

Peder Skrams Vej 5, 5220 Odense SØ

CVR no. 32 30 64 97

Annual report 2015/16

Approved at the annual general meeting of shareholders on 15 December 2016

Conductor:

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Anders Bundsgaard Petersen

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Odico ApS for the financial year 1 July 2015 - 30 June 2016.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 30 June 2016.

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

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

Odense, 15 December 2016
Executive Board:

Anders Bundsgaard
Petersen

Board of Directors:

Lars Baun Chairman	Anders Bundsgaard Petersen	Asbjørn Søndergaard

Independent auditors' report

To the shareholders of Odico ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Odico ApS for the financial year 1 July 2015 - 30 June 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of its operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

Emphasis of matter regarding matters in the financial statements

Without modifying our opinion, we wish to draw attention to note 2 to the financial statements, which describes the significant uncertainty associated with the recognition and measurement of the Companys development projects amounting to DKK 3,470 thousand. It is an essential precondition to the above matter that Management's expectations as to the future are met.

Report on other legal and regulatory requirements

Emphasis-of-matter paragraph concerning other matters

The Company has not complied with the requirements of the Danish Companies Act regarding registration in the Danish Business Authority's register of owners of considerable investments in the Company. Management may incur liability in this respect.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Odense, 15 December 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant

Management's review

Company details

Name	Odico ApS
Address, Postal code, City	Peder Skrams Vej 5, 5220 Odense SØ
CVR no.	32 30 64 97
Established	17 April 2012
Registered office	Odense
Financial year	1 July 2015 - 30 June 2016
Website	www.odico.dk
E-mail	anders@odico.dk
Board of Directors	Lars Baun, Chairman Anders Bundsgaard Petersen Asbjørn Søndergaard
Executive Board	Anders Bundsgaard Petersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P O Box 200, 5100 Odense C, Denmark

Management's review

Management commentary

Business review

Odico ApS is engaged in the development, production and sale of tailored robotic solutions for the construction and building industry. Odico ApS has achieved a technological break-through in the construction industry, while building a manufacturing company aimed at

1. Creating a revenue stream for funding further research,
2. Proving the concept in real-world, construction, and
3. Building a solid organisational team and structure, ready to expand and support our strategy going forward.

Recognition and measurement uncertainties

In 2015/16, development projects totalling DKK 721,681 were capitalised, and the Company's development projects thus totalled DKK 3,470,292 at 30 June 2016. Due to the uncertainty surrounding the financial development in society in general, the realisation of expectations as to the coming year must be deemed to be uncertain. However, in the opinion of Management, the development projects will generate considerable future income, which may justify the accounting treatment and measurement of the development costs. The continued execution of the Company's development activities will, however, require that the Company succeeds in its plans for a capital injection.

Financial review

The income statement for 2015/16 shows a profit of DKK 1,062,975 against a DKK 16,929 last year, and the balance sheet at 30 June 2016 shows equity of DKK 1,075,866. Management considers the Company's financial performance in the year satisfactory.

Research and development activities

In the financil year 2015/16, Odico ApS was involved in a large range of both internal and external R&D activities, and based thereon, the Company received grants from among others The Innovation Fund Denmark, and The Market Development Fund. It is our expectations that these development activities in the coming years will contribute positively and are in-line with our strategy of launching the first prototype series of a moveable robotic construction cell. We expect to continue our development activities, and to the extent that additional financial capital is successfully added, we expect to accelerate and increase all aspects of our R&D activities.

The Company is structured in two independent, Cash Generating Units. Unit A generates income through provision of consultancy services and formwork manufacturing, using existing technologies on the market. This unit is currently the only one to provide a net positive income. Unit B entails development of new, proprietary manufacturing technologies, which is expected to generate revenue upon their completion through technology sales, licensing and IPR royalties. The primary target of development is a new, mobile robotic platform solution – the robotic Transportable Manufacturing Cell, rTMC - which can be used on construction site by non-skilled construction workers using an intuitive Graphical User Interface. The mobile units constructed from standard industrial components in combination with proprietary process tools and software.

Events after the balance sheet date

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

Management's review

Management commentary

Outlook

Up until now Odico A/S have conducted the research based on funding and revenue is obtained through the application of our technology, while proving the technology's worth in real-world construction. The plan is to launch the next step in the strategy to make a transition from being an R&D facility with an associated proof-of-concept, manufacturing company, to offering our technology as a mobile, on-site manufacturing solution for the building and construction industry. Therefore, the goal for the coming financial year will be to finalize an agreement with one or more investors to accelerate the transition.

The Company expects to finalize the R&D projects within the coming years, and generate sales of the first rTMC cells in 2018. From 2019 unit B is expected to generate a positive cashflow.

Financial statements for the period 1 July 2015 - 30 June 2016

Income statement

Note	DKK	2015/16	2014/15
	Gross margin	4,520,602	2,125,965
3	Staff costs	-3,134,365	-1,820,529
	Depreciation of property, plant and equipment	-70,433	-24,671
	Profit before net financials	1,315,804	280,765
	Income from investments in group entities	187,111	-75,284
4	Financial income	59	7,957
5	Financial expenses	-221,377	-205,351
	Profit before tax	1,281,597	8,087
6	Tax for the year	-218,622	8,842
	Profit for the year	1,062,975	16,929

	Proposed profit appropriation		
	Net revaluation reserve according to the equity method	72,740	0
	Retained earnings	990,235	16,929
		1,062,975	16,929

Financial statements for the period 1 July 2015 - 30 June 2016

Balance sheet

Note	DKK	2015/16	2014/15
	ASSETS		
	Non-current assets		
7	**Intangible assets**		
	Development projects in progress	3,470,292	2,748,611
		3,470,292	2,748,611
8	**Property, plant and equipment**		
	Plant and machinery	173,918	83,640
	Other fixtures and fittings, tools and equipment	72,776	50,672
		246,694	134,312
9	**Investments**		
	Investments in group entities, net asset value	152,740	0
		152,740	0
	Total non-current assets	3,869,726	2,882,923
	Current assets		
	Inventories		
	Raw materials and consumables	200,840	146,291
		200,840	146,291
	Receivables		
	Trade receivables	0	337,500
	Receivables from group entities	1,290,834	291,417
	Income taxes receivable	201,192	219,646
10	Other receivables	510,904	853,740
	Deferred income	82,950	68,382
		2,085,880	1,770,685
	Total current assets	2,286,720	1,916,976
	TOTAL ASSETS	6,156,446	4,799,899

Financial statements for the period 1 July 2015 - 30 June 2016

Balance sheet

Note	DKK	2015/16	2014/15
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	80,000	80,000
	Net revaluation reserve according to the equity method	72,740	0
	Retained earnings	923,126	-67,109
	Total equity	1,075,866	12,891
	Provisions		
	Deferred tax	697,850	447,193
	Total provisions	697,850	447,193
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Other credit institutions	1,713,107	1,989,851
	Trade payables	300,317	487,017
	Payables to associates	1,474,971	1,354,971
	Payables to shareholders and management	41,372	0
	Other payables	852,963	507,976
		4,382,730	4,339,815
	Total liabilities other than provisions	4,382,730	4,339,815
	TOTAL EQUITY AND LIABILITIES	6,156,446	4,799,899

1 Accounting policies
2 Recognition and measurement uncertainties
12 Collateral

Financial statements for the period 1 July 2015 - 30 June 2016

Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 July 2014	80,000	0	-84,038	-4,038
Profit/loss for the year	0	0	16,929	16,929
Equity at 1 July 2015	80,000	0	-67,109	12,891
Profit/loss for the year	0	72,740	990,235	1,062,975
Equity at 30 June 2016	80,000	72,740	923,126	1,075,866

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 **Accounting policies**

Odico ApS' annual report for 2015/16 has been prepared in accordance with the provisions which apply to reporting class B entities under the Danish Financial Statements Act.

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

Income statement

Revenue

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

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The cost net of the expected residual value for completed development projects is amortised over the expected useful life.

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

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 **Accounting policies (continued)**

Completed development projects	3 years

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

Plant and machinery	3 years
Other fixtures and fittings, tools and equipment	3 years

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

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

Tax

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

The Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income.

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years and cannot exceed 5 years.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

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

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

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

Receivables

Receivables are measured at amortised cost.

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

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

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

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

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

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

2 Recognition and measurement uncertainties

The recognition of development projects is based on the assessment that the Company's expectations as to the future can be met. Due to the uncertainty surrounding the financial development in society in general, the realisation of expectations as to the coming years must be deemed to be uncertain. However, in the opinion of Management, the development projects will generate considerable future income as of 2018. The Company expects to generate a positive EBITDA and cashflow as of 2019. Management is of the opinion that the budgeted earnings may justify the accounting treatment and measurement of the development costs. The continued execution of the Company's development activities will, however, require that the Company succeeds in its plans for a capital injection.

Reference is also made to the Management's review.

	DKK	2015/16	2014/15
3	**Staff costs**		
	Wages/salaries	2,643,513	1,678,127
	Pensions	269,606	66,877
	Other social security costs	221,246	75,525
		3,134,365	1,820,529
4	**Financial income**		
	Interest receivable, group entities	0	7,929
	Other financial income	59	28
		59	7,957
5	**Financial expenses**		
	Interest expenses, associates	120,000	120,000
	Other financial expenses	101,377	85,351
		221,377	205,351
6	**Tax for the year**		
	Current tax charge for the year	11,095	-174,480
	Deferred tax adjustments in the year	237,324	102,274
	Tax adjustments, prior years	-29,797	63,364
		218,622	-8,842

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

7 Intangible assets

DKK	Development projects in progress
Cost at 1 July 2015	2,748,611
Additions in the year	721,681
Cost at 30 June 2016	3,470,292
Impairment losses and amortisation at 1 July 2015	0
Impairment losses and amortisation at 30 June 2016	0
Carrying amount at 30 June 2016	3,470,292

8 Property, plant and equipment

DKK	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 July 2015	83,640	92,224	175,864
Additions in the year	250,000	57,815	307,815
Disposals in the year	-125,000	0	-125,000
Cost at 30 June 2016	208,640	150,039	358,679
Impairment losses and depreciation at 1 July 2015	0	41,552	41,552
Depreciation in the year	34,722	35,711	70,433
Impairment losses and depreciation at 30 June 2016	34,722	77,263	111,985
Carrying amount at 30 June 2016	173,918	72,776	246,694

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

9 Investments

DKK	Investments in group entities, net asset value
Cost at 1 July 2015	80,000
Cost at 30 June 2016	80,000
Value adjustments at 1 July 2015	-80,000
Share of the profit for the year	187,111
Reversal of prior year impairment losses	-34,371
Value adjustments at 30 June 2016	72,740
Carrying amount at 30 June 2016	152,740

DKK	Domicile	Interest	Equity	Profit/loss
Subsidiaries				
Odico Formworks ApS	Odense	100.00 %	152,740	187,111

10 Other receivables

Other receivables	510,904	853,740
	510,904	853,740

Other receivables comprise of grant receivables regarding the development projects.

11 Share capital

Analysis of the share capital:

80,000 shares of DKK 1.00 nominal value each	80,000
	80,000

The Company's share capital has remained DKK 80,000 over the past 4 years.

12 Collateral

As security for the Company's debt to banks the Company has provided security or other collateral in its assets for at total amount of DKK 2,000 thousand. The carrying amount of these assets totals DKK 448 thousand.