

SYD DYNAMICS APS
FORSKERPARKEN 10, 1., 5230 ODENSE M
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 26 June 2024**

Yinan Sang

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 36 94 87 52

CONTENTS

	Page
Company Details	
Company Details.....	2
Statement and Report	
Management's Statement.....	3
The Independent Auditor's Report.....	4-5
Management Commentary	
Management Commentary.....	6
Financial Statements 1 January - 31 December	
Income Statement.....	7
Balance Sheet.....	8-9
Equity.....	10
Notes.....	11
Accounting Policies.....	12-14

COMPANY DETAILS

Company	SYD Dynamics ApS Forskerparken 10, 1. 5230 Odense M
	CVR No.: 36 94 87 52
	Established: 1 July 2015
	Financial Year: 1 January - 31 December
Board of Directors	Zhuocheng Gong, chairman Jiannan Zhu Michael Rodan Chang
Executive Board	Yinan Sang
Auditor	DELOITTE STATSAUTORISERET REVISIONSPARTNERSELSKAB Østre Havnepromenade 26, 4. 9000 Aalborg

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of SYD Dynamics ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Odense, 26 June 2024

Executive Board

Yinan Sang

Board of Directors

Zhuocheng Gong
Chairman

Jiannan Zhu

Michael Rodan Chang

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SYD Dynamics ApS

Conclusion

We have performed an extended review of the Financial Statements of SYD Dynamics ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

We draw attention to the note "Information on uncertainty with respect to recognition and measurement" in the Financial Statements, which describes the uncertainty related to the recognized intangible fixed assets. Our opinion is not modified in relation to this matter.

Management's Responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

THE INDEPENDENT AUDITOR'S REPORT

Statement on the Management Commentary

Management is responsible for the Management Commentary.

Our conclusion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the Financial Statements, our responsibility is to read the Management Commentary and, in doing so, consider whether the Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management Commentary.

Aalborg, 26 June 2024

DELOITTE
STATSAUTORISERET REVISIONSPARTNERSELSKAB
CVR no. 33963556

Peter Nørrevang
State Authorised Public Accountant
MNE no. mne11706

MANAGEMENT COMMENTARY

Principal activities

The company's purpose is to develop and sell sensor technology primarily to the B2B market within automation, robots and automated Guided Vehicles (AGVs).

Recognition and measurement uncertainty

Due to its specific activity as a development company, there is inherent uncertainty in the calculation and measurement of the company's development activities.

Development in activities and financial and economic position

Developments in activities and economic circumstances the company's profit and loss account for 2023 shows a 260 K DKK and the company's balance sheet at 31 December 2023 shows an equity of -4.077 K DKK

The company has been continuing its focus during 2023 on B2B market, as a result of customer feedback and the company's internal development competence. The earlier product in consumer electronics, MARA PEN, has had a longer market penetration curve as expected in the previous year. The strategy changed towards B2B markets has been laid down since 2017.

The product family TransducerM, introduced in 2017, focusing on B2B market, has been continuing its development and maintenance during 2023, including a series of product sub-model offerings - TransducerM TM100, TM200, TM300 and TM500 series, ranging from low-cost, standard and high-performance versions. The products have been gradually penetrating the mobile robot and construction vehicle industry since 2019 and the company has developed a set of key customers both in Europe and China. There has been considerable interest in the products offerings for the performances the customer acquires versus the cost.

In addition to the standard products, the company has also in 2023 be involved in developing customized TransducerM products in terms of improved interface protection. The customization activities also serve as a pre-investigation of the TransducerM products into more agriculture automation applications.

The company is dependent on additional financing in the form of capital increases or financing for its expansion or acceleration. However, for maintaining and operating the existing business, including product delivery, maintenance and service, the company operates even without additional financing.

The management is in the process ensuring necessary liquidity for the accelerated operation and development of the company according to the strategy approved by the Board of Directors.

Expectations for the future

The company has built its strategy around the market segments, AGV, industrial vehicles and the agricultural segment to introduce the most relevant products. There is established in this connection commercial dialogue with several large companies. The company is also in the process of its local production close to its customers to improve efficiency. The management expects that the company's future operations will be positive.

Significant events after the end of the financial year

To the company management's knowledge, no significant events have occurred after the end of the financial year that have a material impact on the assessment of the Annual Report.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT		371.736	379.344
Staff costs.....	1	-38.712	-214.927
Depreciation, amortisation and impairment.....		-48.343	-60.860
OPERATING PROFIT		284.681	103.557
Other financial expenses.....		-1.607	-4.622
PROFIT BEFORE TAX		283.074	98.935
Tax on profit/loss for the year.....	2	-23.562	0
PROFIT FOR THE YEAR		259.512	98.935
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		259.512	98.935
TOTAL		259.512	98.935

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Development projects completed.....		368.925	453.931
Intangible assets.....	3	368.925	453.931
NON-CURRENT ASSETS.....		368.925	453.931
Raw materials and consumables.....		2.750	42.250
Inventories.....		2.750	42.250
Other receivables.....		7.726	29.625
Receivables.....		7.726	29.625
Cash and cash equivalents.....		657.335	400.429
CURRENT ASSETS.....		667.811	472.304
ASSETS.....		1.036.736	926.235

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share capital.....		53.000	53.000
Reserve for development costs.....		287.761	354.066
Retained profit.....		-4.418.050	-4.743.867
EQUITY.....		-4.077.289	-4.336.801
Debt instruments.....		4.944.066	4.944.066
Non-current liabilities.....	4	4.944.066	4.944.066
Trade payables.....		1.125	85.346
Other liabilities.....		13.000	41.127
Accruals and deferred income.....		155.834	192.497
Current liabilities.....		169.959	318.970
LIABILITIES.....		5.114.025	5.263.036
EQUITY AND LIABILITIES.....		1.036.736	926.235
Information on significant uncertainties and unusual circumstances	5		

EQUITY

	Share capital	Reserve for development costs	Retained profit	Total
Equity at 1 January 2023.....	53.000	354.066	-4.743.867	-4.336.801
Proposed profit allocation.....			259.512	259.512
Other legal bindings				
Capitalized development costs.....		-66.305	66.305	0
Equity at 31 December 2023.....	53.000	287.761	-4.418.050	-4.077.289

NOTES

			Note
Staff costs			1
Average number of employees	0	2	
Wages and salaries.....	35.296	203.667	
Social security costs.....	3.416	11.260	
	38.712	214.927	
Tax on profit/loss for the year			2
Adjustment of tax in previous years.....	23.562	0	
	23.562	0	
Intangible assets			3
		Development projects completed	
Cost at 1 January 2023.....		3.112.910	
Cost at 31 December 2023.....		3.112.910	
Amortisation at 1 January 2023.....		2.658.979	
Amortisation for the year.....		85.006	
Amortisation at 31 December 2023.....		2.743.985	
Carrying amount at 31 December 2023.....		368.925	
Completed development projects include the products MARA PEN, Transducer M, Transducer M Pro and Transducer G.			
The management has great expectations to the projects, and does not have an indication of the need for impairment in relation to the carrying amount.			
Long-term liabilities			4
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years
			31/12 2022 total liabilities
Convertible and interest-bearing debt instruments.....	4.944.066	0	0 4.944.066
	4.944.066	0	0 4.944.066
Information on significant uncertainties and unusual circumstances			5
Due to the company specific activity as a development company there is a natural uncertainty related to the measurement of the company's development. The carrying amount of the development project is based on the management's positive expectations to the future.			

ACCOUNTING POLICIES

The Annual Report of SYD Dynamics ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Financial non-current assets

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Cash and cash equivalents

Cash and cash equivalents includes cash and cash equivalents.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.