

ANNUAL REPORT

Beginning of financial year: 1 January 2021

End of financial year: 31 December 2021

Business name: OÜ Airobot

Registry code: 12405854

Street name, building and flat number: Pardi 32-1

City/town: Pärnu

Municipality: Pärnu

County: Harju County Pärnu County

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Management Report

OÜ Airobot is an air technology company established in 2013, which is engaged in the development and production of intelligent self-regulating heat recovery ventilation equipment, air analytics and indoor climate technology.

In recent years, OÜ Airobot has been successful in active sales alongside product development. The company's sales revenue in 2021 was €479 thousand. The volume of the company's turnover is calculated in accordance with accounting rules where the sale of a product is considered as turnover only after payment for the entire product. In the current situation where 50% of an order is paid for confirmation and 50% is paid on receipt of the goods, there is usually a certain number of confirmed orders that remain unrecognised in turnover at the end of the year, i.e. the volume and cash flow of confirmed orders is higher compared to turnover. The loss for 2021 was mainly due to the move to new premises and the costs of preparation for the planned faster growth. Overall, the year was very good and the results were on target. Active investment in the development and marketing of new products and software will continue in 2022.

Enterprise Estonia has supported the product development project of Airobot OÜ with the aim of developing a new generation of smart ventilation equipment, which included hardware and software development. The total cost of the project was €311,173, of which €186,704 was co-financed and €124,469 was subsidised.

The seasonal nature of the company's business or the cyclical nature of its economic activities can be considered low and there are no significant environmental or social impacts associated with the activity. No risks related to fluctuations in currency exchange, interest and stock exchange rates have emerged during the financial year and the period of preparation of the report.

In 2021, the emergency situation caused by the COVID-19 virus continued to affect the activities of OÜ Airobot – this time in the second half of the year, where the international supply difficulties caused by the crisis have affected the increase in the company's sales. The recognition and awareness of the Airobot brand has, however, increased remarkably in 2021, allowing for a significant increase in volume forecast for the following year.

The management board of the company consists of one member and the management board member was not paid any remuneration or benefits in the financial year.

Key financial ratios:

	2021	2020
Sales revenue	478,708	407,074
Increase (decrease) in sales revenue	18%	32%
Net profit	-86,924	9,191
Net profit margin	-18%	2%
Current ratio	122%	243%
Return on assets (ROA)	-30%	3%
Return on equity (ROE)	-3477%	56%

Formulas used to calculate the ratios:

Sales revenue growth (%) = (sales revenue 2021 – sales revenue 2020) / sales revenue 2020 * 100

Net profit margin (%) = net profit/sales revenue * 100

Current ratio = current assets / current liabilities

ROA (%) = net profit / total assets * 100

ROE (%) = net profit / equity * 100

Financial statements

Balance sheet

(euros)

	31.12.2021	31.12.2020	Note No
Assets			
Current assets			
Cash	8,297	76,618	
Receivables and prepayments	80,942	74,657	
Trade receivables	17,958	73,006	
Prepaid and deferred taxes	4,097	0	
Other receivables	56,449	0	
Prepayments	2,438	1,651	
Total inventories	91,668	39,146	
Goods, raw material and services	69,319	36,340	
Finished production	18,243	1,990	
Prepayments for inventories	4,106	816	
Total current assets	180,907	190,421	
Fixed assets			
Property, plant and equipment	14,994	4,704	2
Intangible assets	92,478	109,632	3
Total fixed assets	107,472	114,336	
Total assets	288,379	304,757	
Liabilities and equity			
Liabilities			
Current liabilities			
Receivables and prepayments	148,851	78,305	
Trade creditors	90,880	23,815	
Payables to contractors	18,963	12,854	
Taxes payable	13,278	22,614	
Other payables	11,385	9,378	
Other prepayments received	14,345	9,644	
Total current liabilities	148,851	78,305	
Long-term liabilities			
Loans payable	137,028	210,029	6
Total long-term liabilities	137,028	210,029	
Total liabilities	285,879	288,334	
Equity			
Share capital at nominal value	2,500	2,500	
Other reserves	230,751	157,750	
Retained earnings (loss)	-143,827	-153,018	
Profit (loss) for financial year	-86,924	9,191	
Total equity	2,500	16,423	
Total liabilities and equity	288,379	304,757	

Income statement

(euros)

	2021	2020	Note No
Sales revenue	478,708	407,074	
Other operating revenue	124,469	8,028	4
Goods, raw material and services	-216,778	-152,095	
Miscellaneous operating expenses	-249,082	-114,492	
Staff costs	-201,171	-118,186	5
Depreciation and impairment of fixed assets	-20,057	-18,599	2.3
Other operating costs	-1,014	-413	
Operating profit (loss)	-84,925	11,317	
Interest income	8	9	
Interest expenses	-2,007	-2,135	6
Profit (loss) before income tax	-86,924	9,191	
Profit (loss) for financial year	-86,924	9,191	

Notes to financial statements

Note 1 Accounting policies

General information

The financial statements of Airobot OÜ have been prepared in compliance with the Estonian financial reporting standard. The basic requirements of the standard have been established in the Accounting Act of the Republic of Estonia, which is supplemented by the guidelines issued by the Estonian Accounting Standards Board. The company has prepared an abridged report according to the requirements established for small companies in the Accounting Act.

The financial statements have been prepared in euros.

Correction of errors

The data of the previous periods have been corrected in the annual report as follows:

- 1) recognition of the holiday pay reserve increased the payables to contractors in the balance sheet for 2020 and the staff costs in the income statement by €3,338; the costs of previous periods increased by €1,262;
- 2) inclusion of interest expenses under loan agreements increased other payables in the 2020 balance sheet and interest charges in the profit and loss account by €2,135, while charges for prior periods increased by €7,243;
- 3) reclassification of costs in the 2020 income statement increased the costs directly related to production and decreased operating costs by €745.

Name of additional item	31.12.2020	Change	31.12.2020
Payables to contractors	8,254	4,600	12,854
Other payables	0	9,378	9,378
Retained earnings (loss)	-144,513	-8,505	-153,018
Profit for financial year (loss)	14,664	-5,473	9,191
Goods, raw material and services	-151,350	-745	-152,095
Miscellaneous operating expenses	-115,237	745	-114,492
Staff costs	-114,848	-3,338	-118,186
Interest expenses	0	-2,135	-2,135

Financial assets

Cash, trade receivables and other long- and short-term receivables are deemed to be financial assets in this annual report.

Financial assets are initially registered at their acquisition cost that is equal to the fair value of the consideration paid for the financial asset in question.

The initial acquisition cost includes all costs directly attributable to the financial assets.

Financial assets are recognised in the balance sheet at the adjusted acquisition cost.

Financial assets are derecognised when the company loses the right to the cash flow generated by the financial asset or transfers the cash flow generated by the financial asset and most of the risks and benefits attributable to the financial asset to a third party.

Cash

Cash in hand and balances of current accounts are recognised as cash.

Receivables and prepayments

Receivables are recognised at their adjusted acquisition cost (i.e. nominal value less repayments and write-downs, if any).

Inventories

Inventories are registered at acquisition cost, which comprises the purchase price, other non-refundable taxes and direct costs associated with acquisition. The FIFO method is used for the accounting of inventories.

Inventories are recognised in the balance sheet according to which is lower, their acquisition cost or net realisable value.

As at the balance sheet date, the company had €5,550 worth of goods belonging to customers in storage with liability.

Property, plant and equipment, and intangible assets

Plant, property and equipment mean assets with a useful life of more than one year whose cost exceeds €600 and that are used in the company's own economic activities. Assets whose useful life is more than one year but whose cost is lower have been written off.

An item of property, plant and equipment is initially recognised at cost, which comprises its purchase price and any costs directly attributable to acquisition, which are necessary for bringing the assets to their operating condition and location. Property, plant and equipment are recognised in the balance sheet at their acquisition cost less accumulated depreciation and potential write-downs resulting from impairment.

The straight-line method is used to calculate depreciation. Depreciation is charged from the month in which the asset is placed in service and ceases when the asset is no longer used or when its residual value exceeds its carrying amount.

Intangible assets (development expenses, patents, licences, trademarks, software) are recognised in the balance sheet if the asset can be controlled by the company, economic benefit is gained from its use in the future, and the acquisition cost of the asset can be reliably measured.

Acquired intangible assets are initially recognised at their acquisition cost, which consists of the purchase price and the expenses directly attributable to the acquisition. Intangible assets are recognised on the balance sheet at their acquisition cost, less the accumulated depreciation and any write-downs arising from decreases in the value of the assets.

Intangible assets with a definite useful life are depreciated by the straight-line method according to the expected useful lives of the assets. Assessment of whether the depreciation periods and method of the assets are justified is conducted on every balance sheet date. The impairment of assets with definite useful lives is evaluated if certain circumstances imply that impairment may have taken place.

Threshold for recognition of fixed assets €600

Useful lives by groups of non-current assets (in years)

Name of fixed asset group	Useful life
Intangible assets	10 years
Other fixed assets	3–10 years

Financial liabilities

All financial liabilities (trade creditors, loans raised, accrued expenses, bonds issued and other current and non-current payables) are initially registered at their acquisition cost, which also includes all the expenses directly associated with the acquisition.

Any further recognition takes place pursuant to the amortised cost method (except for the financial liabilities acquired for the purpose of resale and derivative instruments of negative fair value that are recognised at their fair value). The amortised cost of short-term financial liabilities is generally equal to their nominal value, due to which short-term financial liabilities are recognised in the balance sheet in the amounts subject to payment. To calculate the amortised cost of long-term financial liabilities, they are initially registered at the fair value of the amount received (less any transaction costs) and thereafter, in future periods, interest expenses on the liabilities are calculated using the effective interest method.

A financial liability is classified as short-term when it is due to be settled within twelve months after the balance sheet date; or the company does not have an unconditional right to defer settlement of the liability for more than 12 months after the balance sheet date. Loans payable that are due within 12 months after the balance sheet date, but which are refinanced as long-term after the balance sheet date, but before the approval of the financial statements, are recognised as short-term. Loans payable that the lender had the right to recall on the balance sheet date due to a breach of the terms and conditions provided by the loan agreement are also recognised as short-term.

Targeted financing

Targeted financing is recognised as revenue over the periods when the expenses are incurred, for the compensation of which the targeted financing is intended. Targeted financing which is received for accrued expenses or which is not accompanied by additional terms and conditions aimed at the future are recognised as revenue in the period during which the targeted financing was received. Targeted financing is not recognised as revenue until there is adequate certainty that the company meets the criteria for the targeted financing and the financing will take place. Any liabilities arising from targeted financing are recognised in the report under provisions or contingent liabilities.

Revenue

Revenue from the sale of goods is recognised when all material risks related to ownership have passed to the buyer, the sales revenue and the expenses related to the transaction can be reliably established and the proceeds arising from the transaction are likely to be collected.

Income from sales of services is recognised after the provision of the service or, if the service is provided over a longer period, in compliance with the percentage of completion method.

Interest income and dividend income are recognised when the receipt of the income is likely and the amount of the income can be reliably evaluated.

Interest income is recognised using the effective interest rate of assets unless the receipt of interest is uncertain. In the latter case, interest income is recognised on a cash basis.

Related parties

Owners, executive management, close family members of the aforementioned persons and companies that are controlled by them or under their significant influence were deemed related parties when these financial statements were prepared.

Note 2 Property, plant and equipment

(euros)

					Total
	Computers and computer systems	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	
31.12.2019					
Acquisition cost	4,728	0	4,728	4,184	8,912
Accumulated depreciation	-896	0	-896	-2,541	-3,437
Residual value	3,832	0	3,832	1,643	5,475
Purchases and improvements	674	0	674	0	674
Other purchases and improvements	674	0	674	0	674
Depreciation expenses	-609	0	-609	-836	-1,445
31.12.2020					
Acquisition cost	5,402	0	5,402	4,184	9,586
Accumulated depreciation	-1,505	0	-1,505	-3,377	-4,882
Residual value	3,897	0	3,897	807	4,704
Purchases and improvements	1,065	3,895	4,960	8,234	13,194
Other purchases and improvements	1,065	3,895	4,960	8,234	13,194
Depreciation expenses	-1,488	-130	-1,618	-1,286	-2,904
31.12.2021					
Acquisition cost	6,467	3,895	10,362	12,418	22,780
Accumulated depreciation	-2,993	-130	-3,123	-4,663	-7,786
Residual value	3,474	3,765	7,239	7,755	14,994

Note 3 Intangible assets

(euros)

	Other intangible assets	Total
31.12.2019		
Acquisition cost	171,533	171,533
Accumulated depreciation	-44,748	-44,748
Residual value	126,785	126,785
Depreciation expenses	-17,153	-17,153
31.12.2020		
Acquisition cost	171,533	171,533
Accumulated depreciation	-61,901	-61,901
Residual value	109,632	109,632
Depreciation expenses	-17,154	-17,154
31.12.2021		
Acquisition cost	171,533	171,533
Accumulated depreciation	-79,055	-79,055
Residual value	92,478	92,478

Note 4 Other operating revenue

(euros)

	2021	2020
Revenue from targeted financing	124,469	8,028
Total other operating expenses	124,469	8,028

Note 5 Staff costs

(euros)

	2021	2020
Wages and salaries	-150,352	-88,446
Social tax	-50,819	-29,740
Total staff costs	-201,171	-118,186
Average number of employees in full-time equivalents	5	3
Average number of employees by type of work:		
Person working under employment contract	5	3

Note 6 Related parties

(euros)

Name of the accounting entity's parent company	Airobot Technologies AS
Country where the parent company of the accounting entity is registered	Estonia

Balances with related parties by groups

CURRENT	31.12.2021	31.12.2020
Receivables and prepayments		
Executive and senior management and private owners with majority holdings and undertakings under their control or significant influence	0	60,000
Total receivables and prepayments	0	60,000
Receivables and prepayments		
Executive and senior management and private owners with majority holdings and undertakings under their control or significant influence	21,885	18,978
Total payables and prepayments	21,885	18,978
LONG-TERM	31.12.2021	31.12.2020
Loans payable		
Executive and senior management and private owners with majority holdings and undertakings under their control or significant influence	137,028	210,029
Total loans payable	137,028	210,029

LOANS PAYABLE	31.12.2019	Repayments of borrowings	31.12.2020	Interest calculated for the period
Executive and senior management and private owners with majority holdings and undertakings under their control or significant influence	210,029	0	210,029	2,136
Total loans payable	210,029	0	210,029	2,136

LOANS PAYABLE	31.12.2020	Repayments of borrowings	31.12.2021	Interest calculated for the period
Executive and senior management and private owners with majority holdings and undertakings under their control or significant influence	210,029	-73,001	137,028	2,007
Total loans payable	210,029	-73,001	137,028	2,007

SOLD	2021		2020	
	Goods	Services	Goods	Services
Executive and senior management and private owners with majority holdings and undertakings under their control or significant influence	2,988	100,000	0	50,349
Total sold	2,988	100,000	0	50,349
PURCHASED	2021		2020	
	Goods	Services	Goods	Services
Executive and senior management and private	3,221	3,000	0	3,000

owners with majority holdings and undertakings under their control or significant influence				
Total purchased	3,221	3,000	0	3,000

Loans received from related parties have an interest rate of 1% and repayment term of 31 December 2022. The loan is contractually renewable. The Management Board is of the opinion that this option will be used and the loan will be repaid in 2023 or later.

The voluntary reserve has been increased by €73,001 in the financial year on account of the loan received from the previous parent company.

Note 7 Events after reporting date

A voluntary reserve is recognised in the report, but this is subject to the existence of the possibility in the articles of association. An amendment to form a voluntary reserve was made to the articles of association by the decision of the shareholders of 6 January 2022, after which the reserve is lawfully a voluntary reserve.

INDEPENDENT CERTIFIED AUDITOR'S REPORT

To the shareholders of OÜ Airobot

Qualified Opinion

We have audited the financial statements of OÜ Airobot (the Company), which include the balance sheet as of 31.12.2021, the income statement concerning the year ended on the aforesaid date, and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, except for the effect of the possible circumstance described in the section Basis for the Qualified Opinion of our report, the present financial statements represents the financial status of OÜ Airobot fairly in all important parts as of 31 December 2021 as well as the financial result of the year that ended on this date, in accordance with the Estonian Financial Reporting Standard.

Basis for Qualified Opinion

A voluntary reserve of €230,751 has been recognised in the equity of OÜ Airobot as at 31 December 2021. In our opinion, the recognition of the voluntary reserve is not in accordance with the provisions of the Company's Articles of Association and this amount should be recognised as a liability instead of equity. As a result of this, equity would become negative by €228,251.

As we were selected as auditors after the end of the financial year, we were not physically able to verify the accuracy of the stock balance as at 31 December 2020 and 31 December 2021. We were also unable to verify the existence of inventories using alternative procedures. As a result of the above, we do not express an opinion on the inventories on the balance sheet as at 31 December 2020 and 31 December 2021.

We conducted our audit in accordance with the International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the Certified Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The management is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our sworn auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. In this regard we have nothing to report.

Emphasis of Matter

We draw attention to Note 7 to the financial statements, which provides information on the amendment of the articles of association after the reporting date regarding the creation of a voluntary reserve, except that this is a legally created voluntary reserve and there is no problem of negative equity.

Other Matter

The respective figures for the financial year ended on 31 December 2020 (comparative data) have not been audited or reviewed.

Responsibilities of the Management for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Estonian financial reporting standard and for such internal control as the 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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Certified Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a sworn 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 the ISAs (EE) 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 financial statements.

As part of an audit in accordance with the ISAs (EE), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- conclude on the appropriateness of management's use of the going concern basis of accounting 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 certified auditor's report to the related disclosures in 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 certified auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 in the course of the audit.

/digitally signed/
Tarmo Rahkama
Certified Auditor Number 614

Grant Thornton Baltic OÜ
Audit Firm's Activity Licence Number 3
Pärnu mnt 22, 10141 Tallinn, Harju County
2 June 2022