

FAQ KOBOTS

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1. COMPETITORS

How does KOBOTS differentiate itself from the competition?

- In the narrow sense there is no competition. KOBOTS has the only product on the market that can cut and be operated by voice or app. Moreover, it is protected by several and broad patents, which prevent any other company from entering the market with similar products. In addition, we see the major power and construction tool manufacturers as potential partners (buyers and distributors) of our products than as competitors.

What is the added value?

- Efficiency gains:
 - Speed of execution of work tasks (from 2-6x faster): Normally a cutting task requires 2 workers (one to mount the board, one to cut). with the Amigo the robot can cut for up to 5 workers.
 - created from the cutting. This limits the Cost savings: No expensive delays on projects: e.g., main expense are the hours workers spend on site; reduction of material waste and cutting mistakes.
- Health & Safety:
 - Significant reduction of the dust respiratory illnesses most workers experience, which result in expensive health insurance, sickness and leave. The best and most experienced workers retire before they finish their career in the industry - with KOBOTS this is unlikely to be such a dominant feature.
- Regulation:
 - Rules and governance increasingly require Public Tenders to address Sustainability, Health & Safety. KOBOTS is one of very few technologies that genuinely and evidenced provides practical solutions in this regard.
 - Governments and other authorities are increasingly offering subsidies and support (beyond encouragement and legislation) for the industry to adopt new technologies, such as digitization and automation.

2. MARKET APPROACH

Sales models:

- Direct / in-house,
- Distribution partners (Revenue Share based on sales in a defined geographical region and/or specific Introductions, White Label option for larger manufacturers).
- Joint-venture (geographic or customized product-specific; could involve co-production and/or White Labelling).
- Rental/Leasing (capital requirements),
- Subscription (Similar to a leasing contract, i.e., the customer pays a fixed monthly fee for a fixed period until they purchase the robot in its entirety. With an additional subscription fee, they automatically get any software or other updates).

Market, what is the size of the market?

- In Europe, the construction sector has approx. 3.3 million companies employing around 15 million workers, to which increasingly demanding European legislation applies in terms of improvements in occupational health and safety
- The construction sector is the leading industrial employer in Europe, representing 7.5% of total

European employment and 28.1% of industrial employment in the European Union. Approximately 15 million workers are directly employed in the European construction sector.

- Employment in the sector has a very powerful multiplier effect on employment as a whole; one job in the construction industry generates two new jobs in the overall economy.
- Compared with other industrial activities, the construction sector is by far the most labour-intensive industry. About 50% of turnover is achieved through the labour of the workers. For this reason, the work force of construction firms constitutes the main economic lever for the future survivability of the sector.

Which markets are we targeting next?

- The majority of the capital raise (60%) will go to scaling sales. To some extent we implement abroad (the initial key markets being the Nordics and Germany) the model which we have proven works domestically; namely direct sales, handled by our in-house people. This involves direct contact with the potential end-customers and trialing the robots (which, so far, has a 100% successful track-record).

Direct Sales vs Distribution?

- Initially the company plans to explore new markets by direct, in-house originated sales. We have attained a great deal of success already domestically, and recently started making sales abroad. To scale that, especially when it comes to exporting, we are looking to enter different types of partnerships, both for manufacturing and distribution. This will either be with a strongly connected local expert from within the construction Industry, or via a dominant corporate (typically a manufacturer).

Revenue streams? How does KOBOTS expect to generate revenue beyond general sales?

- Beyond direct sales, KOBOTS offers its customers the option to either rent or lease the devices. The lease option allows customers to make monthly payments on their device until it is fully purchased. Customers can also sell-back the robot at fixed dates and values, subject to amortization, based on use and labor intensity.

Furthermore, we have a license/subscription option that include software and product upgrades against a fixed monthly fee.

3. PRODUCT

Does Kobots have any patents?

- We decided on an 'aggressive' (read: comprehensive and deliberate) patent strategy from the very beginning. This meant that we have been able to secure IP on all the key areas we hoped for; as a matter of fact, we have managed to get protection on rather broad coverage, such as: "Controlling portable automated panel cutter", including the remote control for the same and marking panel parts
- The patents already in place are for the 'Amigo' robot, hence the above is very relevant, others relating to future products and add-ons are as mentioned pending and in the process of being filed.

What are the benefits vs. cost of technology? Reliability? Customer validation?

- Please refer to our website, LinkedIn and YouTube channels for several links to customer feedback.

Sustainability standpoint?

- We address four areas of the UN Sustainability Goals and have identified four goals that we are working with daily: 3 (Good health & wellbeing), 8 (decent work & economic growth), 9 (Industry, innovation & infrastructure) and 12 (responsible consumption & production) that support our main objectives.

Pricing?

- The average historical price of the 'Amigo' has been around DKK 140,000 (around EUR 20,000), although we have recently raised that price to DKK 200,000. However, we will likely drop the price fairly substantially, in line with the optimization in our cost of production. We estimate an ability to sell them at almost half of the current price within a couple of years.

What are the training expectations?

- Kobots recommends that all users go through a 2-day training program. This program can be done on-site, at KOBOTS' facilities, or online.

What is the ROI for customers of the robots?

- Depending on how frequently the robots are used, and the cost of labor, the amortization can vary from a few days to 6 months. All our clients, however, have seen substantial increases in productivity immediately. As a result, we have 100% track-record so far in turning a trial into a sale.

4. PRODUCTION

Additional resources required (staff, space, machinery)?

- We have sufficient room at the current locations to scale up production. Once we exceed maximum, we have already a plan for how to upscale the production which include an agreed lease on the neighboring space at our current facilities, which will enable a higher production capacity.
- Similarly, we can cover the first stage of upscaling with the existing staff-resources. We have a well-documented instruction program that ensures that we can adapt our production to market demand within short time.

Co-production (with third-party manufacturers/distributors)?

- We will consider co-production / assembly with third-party partners in other geographic locations (such as the US, Japan, etc.), particularly if those markets are of a sufficiently large size to also enable efficiency gains.
- Another feature will be the CO2 footprint of transporting parts as well as to address any supply chain challenges.

Assembly vs own manufacturing?

- We have very strong relationships with all our main suppliers, and work with one for specialist parts and two others for more generic components. They have all over-ordered to cover any supply disruptions and are comfortable with being able to meet their customer's requirements in the short- mid-term.

5. FUTURE

What are our future plans for fundraising?

- We have made a detailed Business Plan and budget (Financial Projection) for the next 8 years and based on this we expect to do 3 capital raises (of which this is one) of, respectively, between €1.5-2.5m.
- Each of those is based on the funding requirements we have estimated to support the growth we expect for the business.
- In other words, rather than take in one lump sum up-front, we prefer to raise according to the company needs, in order not to dilute too aggressively. Having said that, we are progressed talks with both VC's and several Blue Chip global manufacturers and distributors. All of those could very well represent an either partial, or full exit. Another avenue could be the Stock Market via an IPO,
- However, in the interest of our existing and future shareholders, we believe they will attain a far higher valuation (and thereby maximization of their investment) by doing the smaller incremental raises (each at consecutively higher valuations) before an eventual exit.

What will the money be spent on?

- Primarily scaling up (in the various key areas). We estimate 60% to be spent on Sales (staff, client training / CRM, marketing, travel, etc.); 30% Production; 10% Product development and other.

Exit strategy, what is the outlook for Investors?

- We do not have a fixed date in mind for a major exit, according to our projections, we expect that we have reached revenue of around €70m by 2025, which should relatively comfortably give a valuation of the business in excess of DKK1bn (€130m+).
- Hence, we plan to do a significant exit within the coming 4-odd years. Of course, should the opportunity present itself before, we will consider it, but as per above, we have a certain valuation in mind that we believe we can achieve in a reasonable time frame, so will build for that.

6. PREVIOUS FUNDING

Amount raised & valuation?

- We have a fairly comprehensive valuation document which we can send you against an NDA (contact us directly), but essentially, it's based on a mix of comparables (similar type companies have raised more money at higher valuations, despite being less developed in terms of product, product protection, immediate and direct market relevance), conservative forecasts, and a PE/VC IRR of 15+ derived from those forecasts.

- At the speed with which things are going now, we expect to comprehensively beat those forecasts already in the coming 12-24 months, so the IRR will in fact be much higher based on this current valuation (we have assumed an average Revenue and EBITDA multiple of similar companies and general IPO's on the Growth Markets).
- Now that the Construction sector is (finally and suddenly) waking up to automation, robotics and sustainability principles/governance, it will likely see exponential (catch-up) growth. And we are the only one that can provide a genuine and ready solution in the cutting area, which is an enormous market (and why we are already in talks with almost all the major global producers).

Last round?

- DKK 2 raised at a DKK85m pre-valuation.
- DKK 10 raised at a DKK60m pre-valuation.

7. TEAM

What is the managements previous experience?

- Peter/CEO & Founder has 20+ years of management and founder experience from the construction industry. Previously, he was one of the first employees (management role as Head of Sales) for a very successful leisure group, which was sold in 2018.
- Most recently, prior to founding Kobots Peter was the CEO of a carpentry company, where he conceived of the idea of the Amigo and turning workers into "super-carpenters" with the help of an automated cutting tool.
- Christina has extensive managerial experience, as well as the financing of technology development projects. Prior to that she held similar senior leadership roles within the Marine Industry.

Team/founders ownership?

- Currently the owner of Kobots holds 65% with 'insiders' representing a total of 74%, reflecting Kobots' alignment with external investors.

8. THE CROWDFUNDING CAMPAIGN

What is the overfunding cap?

- Between €1.5-2.5m.

Do you have share classes and rights?

- We only have one share class.

Will there be investor rewards?

- This is not relevant. However, we will be able to offer a discount for potential customers investing.

Who is the lead investor?

- Niels Jul Jacobsen founder of MIR (Mobile Industrial Robots) & CEO at Capra Robotics

How did you come up with the valuation?

- With the current financial projections, we made a DFC, using the average discount rates expected by VC funds for successful investments.

Burn rate?

- Approx. EUR 2million/year

