



Piaster Revisorerne
vi giver bedre råd

WaveCrest Denmark ApS

Toldbodgade 18, 1253 København K

Company reg. no. 28 48 11 36

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 30 June 2023.

Jens Brinck
Chairman of the meeting

Piaster Revisorerne, statsautoriseret revisionsaktieselskab
Engholm Parkvej 8 3450 Allerød CVR nr. 25 16 00 37
telefon 45 81 45 91 www.piaster.dk

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of WaveCrest Denmark ApS for the financial year 1 January - 31 December 2022.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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

We recommend that the annual report be approved at the Annual General Meeting.

København K, 30 June 2023

Managing Director

Jens Brinck

Independent auditor's report on extended review

To the Shareholders of WaveCrest Denmark ApS

Report on extended review of the Financial Statements

Opinion

We have performed an extended review of the financial statements of WaveCrest Denmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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 (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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 an opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

Independent auditor's report on extended review

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.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the Management's Review, and we do not express any form of assurance opinion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review 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's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's Review 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's Review.

Non compliance with VAT rules

The company has not declared VAT in accordance with the company's bookkeeping, whereby the management can be held responsible. The company has declared VAT for the financial year as a whole in accordance with the bookkeeping.

Alleroed, 30 June 2023

Piaster Revisorerne

Statsautoriseret Revisionsaktieselskab
Company reg. no. 25 16 00 37

Kaspar Hartmann-Petersen
State Authorised Public Accountant
mne45833

Company information

| | |
|--------------------------|--|
| The company | WaveCrest Denmark ApS Toldbodgade 18 1253 København K |
| | Company reg. no. 28 48 11 36 Domicile: København Financial year: 1 January - 31 December |
| Managing Director | Jens Brinck |
| Auditors | Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab Engholm Parkvej 8 3450 Allerød |
| Parent company | WaveCrest Holding ApS |

Management's review

The principal activities of the company

The Company's main activities are promotion and demonstration activities aimed at distributors and end consumers focusing on knowledge-based projects.

Development in activities and financial matters

With effect from January 1 2022, the company merged with the companies SaleMate Europe ApS and Brandiators ApS. The comparative figures are not changed.

Late 2022 WaveCrest Denmark ApS received supplier invoices from 2021 which results in the group enterprises value of 2021 being wrong. The error has been corrected in the comparative figures. Furthermore, the former auditor made an error of misclassification of tDKK 800 between gross profit and staff costs. This has also been corrected in the comparative figures. It has no impact on profit or equity.

Management considers the net profit for the year satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

| <u>Note</u> | <u>2022</u> | <u>2021</u> |
|---|-------------------|------------------|
| Gross profit | 22.282.372 | 5.519.474 |
| 1 Staff costs | -19.391.490 | -4.677.235 |
| Depreciation, amortisation, and impairment | -563.241 | -577.596 |
| Other operating expenses | -74.777 | 0 |
| Operating profit | 2.252.864 | 264.643 |
| Other financial income | 72.638 | 12.394 |
| Other financial expenses | -272.341 | -171.483 |
| Pre-tax net profit or loss | 2.053.161 | 105.554 |
| 2 Tax on net profit or loss for the year | -318.987 | 52.825 |
| Net profit or loss for the year | 1.734.174 | 158.379 |
| Proposed distribution of net profit: | | |
| Transferred to retained earnings | 1.734.174 | 158.379 |
| Total allocations and transfers | 1.734.174 | 158.379 |

Balance sheet at 31 December

All amounts in DKK.

| Assets | | |
|--|--------------------------|-------------------------|
| <u>Note</u> | <u>2022</u> | <u>2021</u> |
| Non-current assets | | |
| Completed development projects, including patents and similar rights arising from development projects | 1.413.104 | 1.310.728 |
| Acquired concessions, patents, licenses, trademarks, and similar rights | 0 | 41.880 |
| Total intangible assets | <u>1.413.104</u> | <u>1.352.608</u> |
| Other fixtures, fittings, tools and equipment | 168.457 | 0 |
| Total property, plant, and equipment | <u>168.457</u> | <u>0</u> |
| Deposits | 124.044 | 0 |
| Total investments | <u>124.044</u> | <u>0</u> |
| Total non-current assets | <u>1.705.605</u> | <u>1.352.608</u> |
| Current assets | | |
| Trade receivables | 11.002.300 | 2.702.753 |
| Receivables from group enterprises | 2.660.544 | 1.079.145 |
| Prepayments | 205.178 | 0 |
| Total receivables | <u>13.868.022</u> | <u>3.781.898</u> |
| Cash and cash equivalents | 2.716.323 | 1.200.007 |
| Total current assets | <u>16.584.345</u> | <u>4.981.905</u> |
| Total assets | <u>18.289.950</u> | <u>6.334.513</u> |

Balance sheet at 31 December

All amounts in DKK.

| Equity and liabilities | | <u>2022</u> | <u>2021</u> |
|--|--|--------------------------|-------------------------|
| <u>Note</u> | | | |
| Equity | | | |
| | Contributed capital | 150.000 | 125.000 |
| | Reserve for development costs | 1.102.221 | 1.022.368 |
| | Retained earnings | 2.991.131 | -391.777 |
| | Total equity | <u>4.243.352</u> | <u>755.591</u> |
| Provisions | | | |
| | Provisions for deferred tax | 254.075 | 67.320 |
| | Total provisions | <u>254.075</u> | <u>67.320</u> |
| Liabilities other than provisions | | | |
| 3 | Other payables | 1.476.239 | 424.835 |
| | Total long term liabilities other than provisions | <u>1.476.239</u> | <u>424.835</u> |
| | Bank loans | 4.354.215 | 102.449 |
| | Prepayments received from customers | 1.226.618 | 1.989.596 |
| | Trade payables | 1.764.733 | 1.401.330 |
| | Payables to group enterprises | 206.133 | 325.057 |
| | Income tax payable | 298.454 | 0 |
| | Other payables | 4.466.131 | 1.268.335 |
| | Total short term liabilities other than provisions | <u>12.316.284</u> | <u>5.086.767</u> |
| | Total liabilities other than provisions | <u>13.792.523</u> | <u>5.511.602</u> |
| | Total equity and liabilities | <u>18.289.950</u> | <u>6.334.513</u> |
| 4 | Charges and security | | |
| 5 | Contingencies | | |

Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Reserve for development costs | Retained earnings | Total |
|---------------------------------------|--------------------------------|--|------------------------------|------------------|
| Equity 1 January 2021 | 125.000 | 835.726 | -363.513 | 597.213 |
| Retained earnings for the year | 0 | 0 | 158.378 | 158.378 |
| Transferred from retained earnings | 0 | 186.642 | -186.642 | 0 |
| Equity 1 January 2022 | 125.000 | 1.022.368 | -391.777 | 755.591 |
| Cash capital increase | 25.000 | 0 | 0 | 25.000 |
| Retained earnings for the year | 0 | 0 | 1.515.991 | 1.515.991 |
| Transferred from retained earnings | 0 | 65.501 | 0 | 65.501 |
| Merger | 0 | 14.352 | 1.866.917 | 1.881.269 |
| | 150.000 | 1.102.221 | 2.991.131 | 4.243.352 |

Notes

All amounts in DKK.

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|-------------------------|
| 1. Staff costs | | |
| Salaries and wages | 17.561.994 | 4.096.501 |
| Pension costs | 1.417.515 | 522.143 |
| Other costs for social security | <u>411.981</u> | <u>58.591</u> |
| | <u>19.391.490</u> | <u>4.677.235</u> |
| | | |
| Average number of employees | <u>39</u> | <u>7</u> |
| | | |
| 2. Tax on net profit or loss for the year | | |
| Tax on net profit or loss for the year | 241.912 | 0 |
| Adjustment of deferred tax for the year | 77.075 | 26.320 |
| Adjustment of tax for previous years | <u>0</u> | <u>-79.145</u> |
| | <u>318.987</u> | <u>-52.825</u> |

3. Other payables

Other payables contains long term holiday obligations.

4. Charges and security

The company has undertaken joint and several guarantee of payment for the agreement entered into by the group, maximising bankdebt of t.DKK 1.000.

As security for the company's bank commitment, a corporate mortgage of t.DKK 6.500. The corporate mortgage includes the company's tangible fixed assets which constitutes a total value of t.DKK. 1.271 pr. December 31, 2022

Notes

All amounts in DKK.

5. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into leases with an average annual lease payment of t.DKK 240. The leases have maximum 22 months to maturity and total outstanding lease payments total t.DKK 405.

The company has rent obligations with an average annual payment of t.DKK 514. The notice period is 3 months, with a maximum obligation of t.DKK 129.

Joint taxation

With WaveCrest Holding ApS, company reg. no 41832630 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for WaveCrest Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Mistakes relating to last year

Last year, the company's group enterprise WaveCrest Denmark ApS received supplier invoices from 2021, which had to be paid in 2022. WaveCrest Denmark ApS was not notified about these outstanding invoices before late 2022, which results in the group enterprises value of 2021 being wrong. The recognised amount has been corrected in 2022. Management have corrected the mistake in the comparative figures. The corrections have had the following impact on last year.

As of 31. December 2021, the monetary effects of the corrections estimates to:

- Profit for the year is reduced by t.DKK 541
- The total assets are reduced by t.DKK 541
- Equity is reduced by t.DKK 541

Furthermore, the former auditor made an error of misclassification of tDKK 800 between gross profit and staff costs. This has also been corrected in the comparative figures. It has no impact on profit or equity.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Accounting policies

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 8 years.

Accounting policies

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

| | Useful life | Residual value |
|--|-------------|----------------|
| Other fixtures and fittings, tools and equipment | 3-5 years | 0-20 % |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

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

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, WaveCrest Denmark ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

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Jens Brinck

Direktør

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Jens Brinck

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Kaspar Hartmann-Petersen

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