Veo Technologies ApS

Rovsingsgade 68, 2100 Copenhagen

CVR no. 37 24 08 34

Annual report 2022

Approved at the Company's annual general meeting on 4 May 2023

Chairman:

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David Schøndorff

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Veo Technologies ApS for the financial year 1 January – 31 December 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

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

Copenhagen, 4 May 2023
Executive Board:

Henrik Teisbæk

Board of Directors:

Lars Thinggaard
Chairman

Ulla Brockenhuus-Schack

Keld Reinicke

Anja Bach Eriksson

Mark Johnston

Tero Mennander

Vasudev Kulkarni

Independent auditor's report

To the shareholders of Veo Technologies ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Veo Technologies ApS for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs and additional requirements applicable in Denmark 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 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 auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 during our audit.

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 conclusion thereon.

In connection with our audit 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 audit, 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.

Independent auditor's report

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 of the Management's review.

Copenhagen, 4 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartmann State Authorised Public Accountant mne40036	Thomas Steen Andersen State Authorised Public Accountant mne47810

Management's review

Financial highlights for the Group

t.DKK	2022*	2021	2020	2019
Key figures				
Operating loss	-147,276	-96,238	-29,819	-22,251
Financial, net	-10,476	-7,667	-1,569	-438
Loss for the year	-153,985	-97,617	-29,617	-20,759
Capitalized development projects for the year	37,232	26,096	10,073	5,793
Investments in tangible assets	10,383	16,224	1,266	1,552
Total assets	862,145	257,589	221,536	42,389
Total equity	461,787	60,904	158,417	29,909
Cash flows from operating activities	-103,714	-86,290	-11,822	-14,718
Cash flows from investing activities	-48,968	-50,620	-11,363	-7,951
Cash flows from financing activities	527,556	41,368	181,163	38,765
Total cash flows	374,874	-95,542	157,978	16,096
Financial ratios				
Equity ratio	54%	24%	72%	70%
Average number of full-time employees	213	124	57	27

*In 2022, the Group adopted IFRS 15 “Revenue from contracts with customers”, IFRS 16 “Leases” and IFRS 9 “Write-down of financial assets” as interpretation for accounting revenue, leases and write-down of financial assets under the Danish Financial Statements Act. The adoption has no impact on the comparison figures.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio $\dfrac{\text{Equity x 100}}{\text{Total assets}}$

Management's review

Principal activities

Veo Technologies is a sports technology company offering a video and software service that can automatically capture, produce, and analyze video of sport matches based on AI.

Development in activities and financial matters

In 2022, we experienced strong growth in all our markets and customer segments and results developed as planned. The income statement for 2022 shows a loss of DKK 153,985 thousand against a loss of DKK 97,617 thousand in 2021. The total assets at 31 December 2022 amounts to DKK 862,145 thousand and an equity of DKK 461,787 thousand.

In 2022, there was good progress in our development of software and hardware products, and one of the major achievements was a new analytics product that was ready for release to existing and new customers by the end of the year.

Management considers Veo's financial performance in the year satisfactory.

In Q2 of 2022, Veo received funding through a series C round totalling DKK 557 million. The investors were a combination of existing investors and three new investors of which ATP was the largest.

During 2022 Veo grew the average number of employees from 124 to 213.

Follow up on outlook in annual report 2021

In our outlook in the annual report for 2021, we expected a strong growth in annual recurring revenue and increased investments in growth of FTEs, and both expectations were met in full.

Research & Development and knowledge resources

Veo continued acquiring talent for the research and development department in 2022. The R&D department is a key pillar to Veo, thus emphasizing the importance of strengthening the different R&D teams. The R&D teams at Veo Technologies are the primary drivers in development of both hardware and software projects.

Environmental impact

Veo is committed to reducing the adverse impact on the environment and climate from the company's own operations. As part of our ESG strategy, we will in 2023 start to measure our greenhouse gas emissions. Further, we work actively with our key suppliers on how we can reduce our climate footprint, hereunder setting up regional warehouses to reduce emissions from shipping by plane.

Outlook

In 2023, Veo's ambition is to pursue continued growth. We expect to generate significant growth in our annual recurring revenue by growing our customer base with new customers and upsell new products, hereunder Veo Analytics.

Events after the balance sheet date

Veo converted the Australian branch to a limited Company. Veo set up an Australian subsidiary in February 2023 to replace the Australian branch that is planned to be closed down during Q2 2023.

Management's review (continued)

Parent Company

Development in activities and financial matters

2022 was a very positive year, where we experienced strong growth in all our markets and customer segments. The income statement for 2022 shows a loss of DKK 157,588 thousand against a loss of DKK 99,101 thousand in 2021. The total assets at 31 December 2022 amounts to DKK 852,522 thousand and an equity of DKK 457,106 thousand.

During 2022 Veo grew the average number of employees from 112 to 189.

Foreign branches

Australian branch, Veo Technologies ApS, 135-151 Clarence Street, Sydney NSW 2000.

Events after the balance sheet date

Veo converted the Australian branch to a limited Company. Veo set up an Australian subsidiary in February 2023 to replace the Australian branch that is planned to be closed down during Q2 2023.

Consolidated financial statements 1 January – 31 December

Income statement

Note	DKK'000	2022	2021
	Gross profit	63,850	19,817
	Sales and marketing expenses	-88,130	-59,813
	Administrative expenses	-98,922	-41,941
	Research and development costs	-24.074	-14,301
	Operating loss	-147,276	-96,238
3	Financial income	6,132	2,787
4	Financial expense	-16,608	-10,454
	Loss before tax	-157,752	-103,905
5	Tax for the year	3,767	6,288
	Loss for the year	-153,985	-97,617

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Completed development projects	47,400	10,062
	Acquired intangible assets	3,873	2,046
	Development projects in progress	20,920	32,119
		72,193	44,227
	Tangible assets		
7	Fixtures and fittings, other plant and equipment	8,375	5,114
7	Leasehold improvements	12,208	11,249
8	Right-of-use asset	82,832	0
		103,415	16,363
	Other fixed assets		
9	Deposits	6,439	6,816
10	Contract fulfilment assets	43,351	0
		49,790	6,816
	Total fixed assets	225,398	67,406
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	39,710	55,307
	Finished goods and goods for resale	28,687	18,391
	Prepayments for goods	2,016	2,888
		70,413	76,586
	Receivables		
	Trade receivables	4,604	3,247
	Other receivables	1,143	16,563
	Income tax receivables	11,000	5,500
10	Contract fulfilment assets	87,437	0
11	Prepayments	6,991	8,002
		111,175	33,312
	Cash	455,159	80,285
	Total non-fixed assets	636,747	190,183
	TOTAL ASSETS	862,145	257,589

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	192	156
	Reserve for exchange rate adjustments	187	104
	Retained earnings	461,408	60,644
	Total equity	461,787	60,904
	Provision		
13	Other provisions	4,512	2,500
	Deferred tax	315	461
	Total provision	4,827	2,961
	Non-current liabilities		
14	Other credit institutions	34,797	18,885
14	Lease liabilities	80,380	0
14	Derivatives	2,046	0
	Other loans	0	42,228
15	Contract liabilities	29,439	0
	Total non-current liabilities	146,662	61,113
	Current liabilities		
14	Other credit institutions	8,384	3,609
14	Lease liabilities	6,641	0
	Trade payables	49,730	35,160
	Income tax payables	896	840
	Other payables	9,575	6,447
15	Contract liabilities	173,643	86,555
	Total current liabilities	248,869	132,611
	Total liabilities other than provision	395,531	193,724
	TOTAL EQUITY AND LIABILITIES	862,145	257,589

1 Accounting policies
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Statement of changes in equity

Note	DKK'000	Share capital	Reserve for exchange rate adjustments	Retained earnings	Total equity
	Equity at 1 January 2022	156	104	60,644	60,904
	Changes in accounting policies (IFRS 15 impact)			634	634
	Exchange rate adjustments on translation foreign subsidiaries	0	83	0	83
	Capital increase	36	0	554,115	554,151
20	Transfers through appropriate of loss	0	0	-153,985	-153,985
	Equity at 31 December 2022	192	187	461,408	461,787

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Cash flow statement

Note	DKK'000	2022	2021
	Loss before tax	-157,752	-103,905
	Adjustments for:		
19	Amortisation and depreciation	26,641	5,532
3,4	Financial items, net (financial income and expenses)	10,476	7,667
21	Other non-cash items	2,012	406
	Cash flow from operation activities before changes in working capital	-118,623	-90,300
22	Changes in working capital	24,683	2,565
	Cash flow from operations	-93,940	-87,735
	Financial costs, net – paid	-3,648	-1,521
	Payment of lease interests	-4,433	0
	Income tax paid/received	-1.693	2,966
	Cash flows from operating activities	-103,714	-86,290
6	Investments in intangible assets	-39,851	-28,123
	Investments in tangible assets	-8,877	-16,224
	Investments in other fixed assets	-240	-6,273
	Cash flows from investing activities	-48,968	-50,620
	Repayment of other credit institutions and subordinate loan capital	-2,733	-860
	Repayment of lease commitments	-4,673	0
	Proceeds from other credit institutions, other loans and subordinate loan capital	34,242	42,228
	Proceeds from capital increases	505,879	0
	Expenses, capital increases	-5,159	0
	Cash flows from financing activities	527,556	41,368
	Net cash flow	374,874	-95,542
	Cash, 1 January	80,285	175,827
	Cash, 31 December	455,159	80,285

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements 1 January – 31 December

Notes to the consolidated financial statements

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Veo Technologies ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes in the accounting policies

In 2022, the Group adopted IFRS 15 “Revenue from contracts with customers”, IFRS 16 “Leases” and IFRS 9 “Write-down of financial assets” as interpretation for accounting revenue, leases and write-down of financial assets under the Danish Financial Statements Act.

IFRS 15 - Revenue from contracts with customers

With effect from 1 January 2022, the Group has chosen to implement IFRS 15, Revenue from Contracts with Customers, as the basis for interpretation of the provisions of the Danish Financial Statements Act on revenue accounting. The Group has implemented IFRS 15 applying the modified retrospective approach (the cumulative effect method). The cumulative impact of IFRS 15 implementation is recognised directly on equity as of 1 January 2022. The comparison figures for 2021 are not adjusted and continues to be presented in accordance with the accounting policy based on IAS 11/18. In addition, under the modified retrospective approach, completed subscription contracts are not restated. IFRS 15 will be applied retrospectively only to subscription contracts that are not completed contracts at the date of initial application (1 January 2022).

The most significant changes in IFRS 15 are in relation to previous accounting policies:

- Revenue from contracts with customers is recognised when control (which can happen either at a point in time or over time) of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The previous "risk and rewards" concept from IAS 11 and IAS 18 has been replaced by a control concept. The Group has now accounted for its revenue from subscription contracts over time from point in time revenue recognition. The Group has restated ongoing subscription contracts to defer the revenue component from camera sales as contract liability and correspondingly, recognizing contract fulfilment cost for the cost of camera delivered to the customer.
- More detailed guidance on how to identify multiple sales transactions in a customer contract and how to recognize and measure each component.

Impact of implementing IFRS 15

In implementing IFRS 15, the Group has recognised as of 1 January 2022 an accumulated equity effect of DKK 634 thousand as the effect of recognising a non-current contract asset of DKK 12,843 thousand, current contract asset of DKK 31,417 thousand, non-current contract liability of DKK 11,369 thousand and a current contract liability of DKK 32,257.

IFRS 16 - Leases

With effect from 1 January 2022, the Group has implemented IFRS 16, Leases, for the interpretation of the provisions of the Danish Financial Statements Act for lease agreements. The Group has implemented IFRS 16 with modified retrospective approach (the cumulative effect method). Lease assets and liabilities have been recognised in the balance sheet as of 1 January 2022, and no adjustment has been made to comparative information that continues to be presented in accordance with the accounting policy based on IAS 17.

In the future, the Group, with a few exceptions, recognises all leases in the balance sheet. This means that a lease liability measured at the present value of the future lease payments, as described below, and a corresponding right-of-use asset adjusted for payments made to the lessor prior to the start of the lease agreement, and incentive payments received from the lessor, must be recognised.

The Group chooses to measure the right-of-use asset on a lease-by-lease basis, at an amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

In accordance with the transitional relief measures in IFRS 16, when implementing IFRS 16 as interpretation, the group has chosen:

- Not to reassess whether a contract is or contains a lease agreement.
- Not to recognise leases with a maturity of less than 12 months or with a low value.
- Not to recognise leases with a residual maturity as of 1 January 2022 of less than 12 months.
- Not to recognise direct costs related to recognised lease assets.
- To set a discount rate on a portfolio of leases with similar characteristics.

Lease payments

In assessing future lease payments, Management has reviewed its leases and identified those lease payments that relate to a lease component and that is fixed or variable, but that change with fluctuations in an index or interest rate. The Group has chosen not to include payments related to service components as part of the leasing payments.

Lease term

In assessing the expected lease term, Management has identified the non-cancellable lease term in the agreement plus periods covered by an extension option, which Management reasonably expects to utilize and attribute to periods covered by a termination option.

Impact of implementing IFRS 16

Upon implementation of IFRS 16 as interpretation as of 1 January 2022, the Group has recognised a lease asset of DKK 90,769 thousand and a lease liability of DKK 90,769. The equity effect is thus DKK 0 as of 1 January 2022. At the end of 2022 year, amortisation and interest expense amount to DKK 8,861 thousand and DKK 4,433 thousand, respectively. The change to adopt IFRS 16 is an increase in expenses of DKK 4,189 thousand.

IFRS 9 - Write-down of financial assets

With effect from 1 January 2022, the Group has chosen to implement IFRS 9, Financial Instruments as interpretation of expected credit losses, based on the group's business model and types of financial assets and liabilities, the implementation of IFRS 9 has had an impact on the Group's write-downs of financial assets, which are measured at amortized cost.

For receivables from the sale of products and services, IFRS 9's simplified expected credit loss model is used, according to which the total expected loss is recognised immediately.

For receivables from affiliates, the general expected credit loss model is used, in which the Group continuously monitors changes in the credit quality of receivables over time.

The change from the previous impairment policy, where impairment was recognised only when there was an objective indication of incurred loss model to IFRS 9's expected credit loss model, has meant more timely recognition of expected credit losses both on initial recognition and after.

Impact of implementing IFRS 9

When calculating the impact by applying the expected credit loss model, the Group observed no material adjustments.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Veo Technologies ApS and the subsidiary controlled by Veo Technologies ApS. For information about the subsidiaries, we refer to note 9 in the parent financial statement.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiary's financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances are eliminated.

The subsidiary’s financial statement items are included 100% in the consolidated financial statements.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with foreign subsidiaries that are considered part of the total net investment in the subsidiary are recognised directly in the translation reserve under equity.

Consolidated financial statements 1 January – 31 December

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1 Accounting policies (continued)

Income statement

Revenue

The Group has chosen to use IFRS 15 to interpret the provisions of the Danish Financial Statements Act for revenue recognition.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

Revenue from sale of camera and subscription is recognised over-time while revenue from accessories is recognised at a point-in-time.

Production cost

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and expenses related to production staff.

Provision for warranty commitments is recognised in production costs as well.

Gross profit/loss

The items revenue and production costs have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Sales and marketing expenses

Sales and marketing expenses include costs associated with sales, marketing and product marketing personnel and consist of compensation and bonuses, promotional and advertising expenses, travel and entertainment expenses related to these personnel.

Administrative expenses

Administrative expenses include expenses and wages incurred in the year for company Management and administration, including expenses and wages relating to administrative staff, Management, office premises and expenses as well as depreciation of assets used for administrative purposes.

Research and development costs

The item includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Amortisation and depreciation

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:

Completed development projects	5 years
Acquired intangible assets	3-7 years

Where individual components of an item of tangible asset have different useful lives, they are accounted for as separate items, which are depreciated separately.

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:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	3-5 years
Right-of-use assets	5-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, exchange gains and losses and amortisation of financial assets and liabilities.

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.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 are identifiable and where the Group 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.

Acquired intangible assets consist of acquired patents and improvements related to the ERP-system and are measured at cost less accumulated amortisation and impairment losses. Acquired intangible assets are amortised on a straight-line basis.

Tangible assets

Items of tangible assets as well as leasehold improvements 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 tangible assets are recognised in the income statement as other operating income or other operating expenses.

Leases

The Group has chosen to use IFRS 16 to interpret the provisions of the Danish Financial Statements Act for the recognition of leases.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Other fixed assets

Other fixed assets comprise deposits, which are measured at cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and other fixed assets are assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

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 affect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

The cost of finished goods and work in progress includes the cost of materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour and expenses relating to plant administration and Management. Borrowing costs are not recognised in the sales price.

Receivables

Receivables are measured at amortised cost.

The Group has chosen IFRS 9 simplified expected credit loss model as interpretation for impairment write-down of receivables.

Allowance for expected credit loss is recognised based on the lifetime expected credit loss. In case of trade receivables, the lifetime is considered twelve months due to their short-term nature.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

In estimating the expected credit loss, the Group considers the historical default rates of its counterparties with reference to publicly available default rates, probable loss the Group will suffer if the default event occurs and the Group's exposure at default.

If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Contract fulfilment asset

The cost of the camera is recognised as a cost to fulfil the contract (contract fulfilment asset).

Costs to fulfil a contract are divided into: (i) costs that give rise to an asset and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognised under IFRS 15.

If other standards are not applicable, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's costs to fulfil mainly pertain to the cost of the camera.

The Group amortizes the costs to fulfil asset to cost of goods sold over the 24-month period following the pattern of the camera's revenue recognition. The amortization is included in the costs of cameras sold.

If subscription is cancelled prior to 24 months, the remaining costs related to the camera are released through the income statement.

Prepayments

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

Equity

Proposed dividend

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

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Notes

1 Accounting policies (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Convertible debt

Convertible debt is separated into liability and equity components based on the terms of the contract. On issuance of the convertible debt, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent accounting periods.

When the equity component is determined to be an embedded derivative because it does not represent the conversion of fixed amount of the loan to fixed number of shares, the convertible debt is bifurcated and accounted for separately with host debt being a financial liability and the embedded derivative being a derivative liability. The derivative liability is initially measured at fair value and deducted from the proceeds. The remainder of the proceeds is allocated to the host debt. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The derivative liability is subsequently measured at fair value with changes in fair value being recognised in income statement.

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Notes

1 Accounting policies (continued)

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

Contract liability

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. The contract liability arises from the deferral of revenue from the camera over the remaining unfulfilled period from the 24-month term at the financial year-end as well as deferred revenue from subscriptions which are recognised over the period of the subscription.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1:	Value in an active market for similar assets/liabilities
Level 2:	Value based on recognised valuation methods on the basis of observable market information
Level 3:	Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid or received.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt.

Cash

Cash comprise cash that are not subject to any restrictions.

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2 Judgements, estimates and assumptions

The preparation of the consolidated financial statements requires Management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Group's accounting policies, Management has made the following judgments as described below.

Determining the timing of revenue recognition
The Group determines that the customer benefits from the group's subscription service (i.e., subscription and camera) making the access to the service over a period of 24 months. Consequently, the Group concludes that the best measure of progress towards complete satisfaction of the performance obligation over-time is a time–based measure and it recognizes revenue on a straight–line basis throughout 24 months.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Amortisation period of contract fulfillment costs
The Group amortises the contract fulfillment costs over 24 months which is based on the anticipation that customers will renew a subscription contract and the costs also relate to the services that are expected to be transferred during the renewal period. This estimate is reviewed annually based on the customer subscription life cycle.

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Notes

	DKK'000	2022	2021
3	Financial income		
	Interest income	726	0
	Foreign exchange gains	5,406	2,787
		6,132	2,787
4	Financial expense		
	Interest expenses, other credit institutions and other loans	-3,178	-2,334
	Interest expenses, other	-1,404	-1,024
	Interest on lease liabilities	-4,433	0
	Foreign exchange losses	-7,593	-7,096
		-16,608	-10,454
5	Tax for the year		
	Current income tax charge for the year	3,621	4,695
	Deferred tax adjustment for the year	146	210
	Prior year tax adjustment	0	1,383
		3,767	6,288

Current income tax charge for the year mainly consists of income tax and contribution to be received from the Danish tax authorities related to tax credit research and development.

Deferred tax adjustment for the year consists of changes to the deferred tax liability.

Prior year tax adjustment consists of contribution from tax credit research and development received from the Danish tax authorities.

6 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2022	20,578	2,223	32,119	54,920
Additions	0	2,619	37,232	39,851
Disposals	0	0	0	0
Transferred	48,431	0	-48,431	0
Cost at 31 December 2022	69,009	4,842	20,920	94,771
Impairment losses and amortisation at 1 January 2022	10,516	177	0	10,693
Amortisation for the year	11,093	792	0	11,885
Impairment losses and amortisation at 31 December 2022	21,609	969	0	22,578
Carrying amount at 31 December 2022	47,400	3,873	20,920	72,193

Consolidated financial statements 1 January – 31 December

Notes

6 Intangible assets (continued)

Completed development projects

Completed development projects included developments and improvements to the Veo software suite as well as Veo Cam 2. In Management's opinion, the development progressed as planned. Projects completed during 2022 and will be amortised over 5 years. Management has assessed that there are no indications of impairment in relation to the carrying amount.

Development projects in progress

Development projects in progress include development of software products related to the Veo software suite. The relating expenses primarily consist of internal expenses in the form of payroll costs and external expenses from consulting. The carrying amount as of 31 December 2022 totalled DKK 37,232 thousand. Several development projects are expected to be completed in beginning of 2023.

7 Tangible assets

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improve-ments	Total
Cost at 1 January 2022	7,711	11,772	19,483
Additions	6,525	3,858	10,383
Disposals	0	0	0
Cost at 31 December 2022	14,236	15,630	29,866
Impairment losses and depreciation at 1 January 2022	2,597	523	3,120
Depreciation for the year	3,264	2,899	6,163
Impairment losses and depreciation at 31 December 2022	5,861	3,422	9,283
Carrying amount at 31 December 2022	8,375	12,208	20,583

8 Leases

	Buildings and parking spaces
Cost at 1 January 2022	90,769
Additions during the year	924
Cost at 31 December 2022	91,693
Impairment losses and depreciation at 1 January 2022	0
Depreciation for the year	8,861
Depreciation and impairment losses at 31 December 2022	8,861
Carrying amount at 31 December 2022	82,832

The Group has lease contracts for buildings and parking spaces used in its operations. Leases of buildings and parking spaces generally have lease terms of 5 to 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased asset.

Consolidated financial statements 1 January – 31 December

Notes

8 Leases (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

DKK'000	2022	2021
Balance at 1 January	90,769	0
Additions during the year	924	0
Accretion of interest	4,433	0
Payments	-9,105	0
Balance at 31 December	87,021	0

Current	6,641	0
Non-current	80,380	0
Total	87,021	0

The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	8,861	0
Interest expense on lease liabilities	4,433	0
Expenses relating to short-term leases	978	0
Total amount recognised in profit or loss	14,272	0

The Group also has certain leases of buildings with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

9 Other fixed assets

DKK'000	Deposits
Cost at 1 January 2022	6,810
Additions	120
Disposals	-497
Cost at 31 December 2022	6,433
Adjustments 1 January 2022	6
Adjustments	0
Adjustments 31 December 2022	6
Carrying amount at 31 December 2022	6,439

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10 Contract fulfilment assets

Contract fulfilment assets are comprised of costs to fulfil the contract with customers which is the cost of cameras used by the customers throughout the subscription period. These contract assets are amortised over a period of 24 months.

DKK'000	2022	2021
Non-current portion of contract fulfilment assets related to camera component	43,351	0
Current portion of contract fulfilment assets related to camera component	87,437	0

11 Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years, totalling DKK 6,991 thousand (2021: DKK 8,002 thousand).

12 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK'000	2022	2021	2010	2019	2018
Opening balance	156	156	123	77	77
Capital increase	36	0	33	46	0
	192	156	156	123	77

Analysis of the share:

DKK'000	2022	2021
A-shares, 60,572 shares of nom. DKK 1 each	61	61
B-shares, 4,859 shares of nom. DKK 1 each	5	5
C-shares, 12,650 shares of nom. DKK 1 each	13	13
D-shares, 45,820 shares of nom. DKK 1 each	46	46
E-shares, 32,205 shares of nom. DKK 1 each	32	31
F-shares, 35,766 shares of nom. DKK 1 each	35	0
Total shares capital at 31 December	192	156

Veo Technologies ApS has established incentive programmes under which certain employees of the Parent Company and its subsidiary have been granted warrants. Warrants can be exercised by the employees by cash purchase of shares. As of 31 December 2022, the total granted warrants amounts to 1,654,900 of which 1,268,100 have vested. Each warrant entitles the warrant holder to subscribe for a specific agreed class of share of nominally DKK 0.01 in the Group. In the event of an exit, all warrants can be exercised to the extent that the warrants have not lapsed.

13 Other provisions

Other provisions comprise provisions for warranty commitments, totalling DKK 4,512 (2021: DKK 2,500 thousand). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods.

Consolidated financial statements 1 January – 31 December

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14 Non-current liabilities

DKK'000	Total debt as of 31/12	Repay-ment, next year	Long-term portion	Outstan-ding debt after 5 years
Other credit institutions	43,181	8,384	34,797	0
Lease liabilities	87,021	6,641	80,380	47,835
	130,202	15,025	115,177	47,835

Other credit institutions

Other credit institutions consist of several loans from The Danish Growth Fund.

In 2020, the Group has entered into a secured and convertible loan of nominal DKK 15,000 thousand with The Danish Growth Fund. The loan has an interest rate of 9 % per year. In order to calculate the fair value of the liability component, Management has estimated that the interest rate on an equivalent non-convertible instrument would be in range of 12 % - 15 %, which corresponds to the interest rate on a non-convertible loan provided to the Group in 2020. Based on this, the fair value of the equity component has been calculated to DKK 3,265 thousand at the time of the loan date. The amount has been recognised under equity, while the remaining amount has been recognised as other credit institutions, non-current. The equity component element amounts to DKK 1,434 thousand as of 31 December 2022 (2021: DKK 2,096 thousand).

In addition, a loan agreement was entered in 2020 between the Group and The Danish Growth Fund of total DKK 10,286 thousand.

In March 2022, the Group obtained a venture debt facility of DKK 25.000 thousand with an option for lender to convert up to 10% of the loan into equity shares at an agreed exercise price. The loan is repayable in 5 years and the interest thereon is payable at a fixed interest rate with a fixed margin. The embedded conversion feature of the facility is recognised as a derivative liability. The venture debt facility is included in “Other credit institutions”.

Analysis of the convertible debt:

DKK'000	2022	2021
Venture debt facility	23,114	0
Derivate liability	2,046	0
Recognised in the income statement:		
Fair value changes in derivatives	7	0

The fair value change in derivatives has been computed in comparison to fair value at initial recognition amounting to DKK 2,052 thousand.

The fair value of the embedded conversion option (derivate liability) is estimated using Black-Scholes Model with inputs such as: the strike price of the conversion option, the share price, time to maturity, risk-free rate and share price volatility. These inputs to the model are taken from observable markets where possible, but where this is not feasible, a degree of judgement is applied.

Consolidated financial statements 1 January – 31 December

Notes

15 Contract liabilities

Contract liabilities are comprised of i) payments received from the customers that relate to the camera component of the subscription which is deferred and recognised as revenue over 24 months, ii) revenue from subscription which is recognised over the period of the subscription period and iii) prepayments received from customers

DKK'000	2022	2021
Non-current portion of contract liabilities related to camera component	21,685	0
Current portion of contract liabilities related to camera component	51,218	0
Non-current portion of contract liabilities related to subscription	7,754	0
Current portion of contract liabilities related to subscription	119,380	45,493
Prepayments received from customers	3,045	41,062

16 Contractual obligation and contingencies, etc.

Pledges and securities

As security for the obligations with The Danish Growth Fund, the Group has granted a floating charge in the amount of DKK 38,000 thousand over certain of its assets, which is registered in favour of The Danish Growth Fund in the business of the parent company in the Danish Personal Register.

Contingent liabilities

In 2020, a loan agreement was entered in between the Group and The Danish Growth Fund of total DKK 10,286 thousand. The loan provisions required an investor to invest in the Group at the same time as draw down is made on the loan (the investment). The loan agreement includes no conversion rights for The Danish Growth Fund, but if an exit is transferred for a gross proceeds per share, which is more than four times as high as the price per share in connection with the investment, a bonus payment will be activated. The bonus payment consists of the loan value excluding any interests paid.

Due to the uncertainty of the probability and expected payment of the bonus element, the Group has not recognised any provision.

17 Related parties

The Group's related parties comprise the following:

Parties exercising control

The Group does not have any related parties which exercises control.

Significant influence

The Group does not have any related parties which have significant influence.

Other related parties

Other related parties of the Group with significant influence include the Board of Directors, Executive Board and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

Transactions with other related parties consists of salary to the Executive Board and Board of Directors. We refer to note 18 for additional information.

In addition, the Group have acquired consultant services from F3 Management ApS, which is owned by the Chairman of the Group. The total consultant services for 2022 amounts to DKK 500 thousand (2021: 458 thousand).

Consolidated financial statements 1 January – 31 December

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18 Staff costs

DKK'000	2022	2021
Wages and salaries	107,364	72,789
Pension	7,745	4,182
Other expenses for social security	1,422	836
Other employee expenses	8,025	3,498
	124,556	81,305
Development costs capitalized as intangible assets	-37,232	-25,673
	87,324	55,632
Average number of employees	213	124
Total remuneration to Management and Board of Directors	1,637	1,506

Pursuant to section 98b (3) (ii), of the Danish Financial Statement Act, remuneration to the Executive Board and Board of Directors is disclosed on a combined level.

Executive Board and members of the Board of Directors have received warrants.

Staff costs have been recognised in the income statement as follows:

Production cost	7,718	7,457
Sales and marketing expenses	30,471	29,726
Administrative expenses	43,099	15,853
Research and development cost	6,036	2,596
	87,324	55,632

19 Amortisation and depreciation

Amortisation	11,885	4,052
Compensation received from Innovation Fund Denmark	-269	-269
Depreciation	15,025	1,749
	26,641	5,532

Amortisation and depreciation have been recognised in the income statement as follows:

Administrative expenses	15,025	1,749
Research and development cost	11,616	3,783
	26,641	5,532

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	DKK'000	2022	2021
20	Recommended appropriation of loss		
	Retained earnings/accumulated loss	-153,985	-97,617

		2022	2021
21	Cash-flow – Other adjustments		
	Other provision	2,012	1,500
	Deposits	0	-1
	Other adjustments	0	-1,093
		2,012	406

		2022	2021
22	Cash-flow – Changes in working capital		
	Changes in inventories	6,174	-65,700
	Changes in trade receivables	-1,357	-2,449
	Changes in other receivables and prepayments	16,431	-18,004
	Changes in trade payables	14,570	26,208
	Changes in other payables	3,125	-1,238
	Changes in contract fulfilment assets	-130,788	0
	Changes in contract liabilities	116,528	63,748
		24,683	2,565

Parent company financial statements 1 January – 31 December

Income statement

Note	DKK'000	2022	2021
	Gross profit	36,453	7,570
	Sales and marketing expenses	-69,510	-52,185
	Administrative expenses	-93,625	-40,008
	Research and development costs	-24,074	-14,301
	Operating loss	-150,756	-98,924
3	Financial income	6,052	2,509
4	Financial expense	-18,467	-9,799
	Loss before tax	-163,171	-106,214
5	Tax for the year	5,583	7,113
	Loss for the year	-157,588	-99,101

Parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Completed development projects	47,400	10,062
	Acquired intangible assets	3,873	2,046
	Development projects in progress	20,920	32,119
		72,193	44,227
	Tangible assets		
7	Fixtures and fittings, other plant and equipment	8,375	5,114
7	Leasehold improvements	12,208	11,249
8	Right-of-use assets	82,832	0
		103,415	16,363
	Other fixed assets		
9	Investments	0	0
10	Deposits	6,319	6,816
11	Contract fulfilment assets	43,351	0
		49,670	6,816
	Total fixed assets	225,278	67,406
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	39,710	55,307
	Finished goods and goods for resale	28,687	18,358
	Prepayments for goods	2,016	2,888
		70,413	76,553
	Receivables		
	Trade receivables	3,606	2,332
	Tax receivables	11,000	5,500
	Other receivables	1,144	16,563
11	Contract fulfilment assets	87,437	0
12	Prepayments	6,966	8,002
		110,153	32,397
	Cash	446,678	75,577
	Total non-fixed assets	627,245	184,527
	TOTAL ASSETS	852,522	251,933

Parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	192	156
	Reserve for development costs	68,436	42,663
	Retained earnings	388,478	15,684
	Total equity	457,106	58,503
	Provision		
14	Other provisions	4,512	2,500
	Deferred tax	315	461
	Total provision	4,827	2,961
	Non-current liabilities		
15	Other credit institutions	34,797	18,885
15	Lease liabilities	80,380	0
	Derivatives	2,046	0
	Other loans	0	42,228
16	Contract liabilities	26,851	0
	Total non-current liabilities	144,074	61,113
	Current liabilities		
15	Other credit institutions	8,384	3,609
15	Lease liabilities	6,641	0
	Trade payables	49,288	35,160
	Payables to subsidiary	69,722	47,262
	Income tax payables	63	0
	Other payables	8,526	6,355
16	Contract liabilities	103,891	36,970
	Total current liabilities	246,515	129,356
	Total liabilities other than provision	390,589	190,469
	TOTAL EQUITY AND LIABILITIES	852,522	251,933

1 Accounting policies
2 Judgements, estimates and assumptions
17 Contractual obligations and contingencies, etc.
18 Related parties
19 Staff costs
20 Amortisation and depreciation
21 Recommended appropriation of loss

Parent company financial statements 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Total equity
	Equity at 1 January 2022	156	42,663	15,684	58,503
	Changes in accounting policies (IFRS 15 impact)	0	0	2,039	2,039
	Capital increase	36	0	554,116	554,152
21	Transfers through appropriate of loss	0	25,773	-183,361	-157,588
	Equity at 31 December 2022	192	68,436	388,478	457,106

Parent company financial statements 1 January – 31 December

Notes to the parent company financial statements

Parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Veo Technologies ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The parent company has the same accounting policies for recognition and measurement as Group. The parent company's accounting policies deviate from the Group's accounting policies as described below. For detailed description of the Group's accounting policies please refer to the consolidated financial statements, note 1.

Changes in the accounting policies

In 2022, the parent company adopted IFRS 15 "Revenue from contracts with customers", IFRS 16 "Leases" and IFRS 9 "Write-down of financial assets" as interpretation for accounting revenue, leases and write-down of financial assets under the Danish Financial Statements Act.

IFRS 15 - Revenue from contracts with customers

With effect from 1 January 2022, the parent company has chosen to implement IFRS 15, Revenue from Contracts with Customers, as the basis for interpretation of the provisions of the Danish Financial Statements Act on revenue accounting. The parent company has implemented IFRS 15 with modified retrospective approach (the cumulative effect method). The cumulative impact of IFRS 15 implementation is recognised directly on equity as of 1 January 2022. The comparison figures for 2021 are not adjusted. In addition, under the modified retrospective approach, completed subscription contracts are not restated. IFRS 15 will only be applied retrospectively only to subscription contracts that are not completed contracts at the date of initial application (1 January 2022).

The most significant changes in IFRS 15 are in relation to previous accounting policies:

- Revenue from contracts with customers is recognised when control (which can happen either at a point in time or over time) of the goods or services are transferred to the customer at an amount that reflects the consideration to which the parent company expects to be entitled in exchange for those goods or services. The previous "risk and rewards" concept from IAS 11 and IAS 18 has been replaced by a control concept. The parent company has now accounted for its revenue from subscription contracts over time from point in time revenue recognition. The parent company has restated ongoing subscription contracts to defer the revenue component from camera sales as contract liability and correspondingly, recognizing contract fulfilment cost for the cost of camera delivered to the customer.
- More detailed guidance on how to identify multiple sales transactions in a customer contract and how to recognize and measure each component.

Impact of implementing IFRS 15

In implementing IFRS 15, the Group has recognised as of 1 January 2022 an accumulated equity effect of DKK 2,039 thousand comprised of a non-current contract asset of DKK 12,843 thousand, current contract asset of DKK 31,587 thousand, non-current contract liability of DKK 11,056 thousand and a current contract liability of DKK 31,335.

IFRS 16 - Leases

With effect from 1 January 2022, the parent company has implemented IFRS 16, Leases, for the interpretation of the provisions of the Danish Financial Statements Act for lease agreements. The parent company has implemented IFRS 16 with modified retrospective approach (the cumulative effect method). Lease assets and liabilities have been recognised in the balance sheet as of 1 January 2022, and no adjustment has been made to comparative information that continues to be presented in accordance with the accounting policy based on IAS 17.

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1 Accounting policies (continued)

In the future, the parent company, with a few exceptions, recognises all leases in the balance sheet. This means that a lease liability measured at the present value of the future lease payments, as described below, and a corresponding right-of-use asset adjusted for payments made to the lessor prior to the start of the lease agreement, and incentive payments received from the lessor, must be recognised.

The parent company chooses to measure the right-of-use asset on a lease-by-lease basis, at an amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments.

In accordance with the transitional relief measures in IFRS 16, when implementing IFRS 16, the entity has chosen:

- Not to reassess whether a contract is or contains a lease agreement.
- Not to recognise leases with a maturity of less than 12 months or with a low value.
- Not to recognise leases with a residual maturity as of 1 January 2022 of less than 12 months.
- Not to recognise direct costs related to recognised lease assets.
- To set a discount rate on a portfolio of leases with similar characteristics.

Lease payments
In assessing future lease payments, Management has reviewed its leases and identified those lease payments that relate to a lease component and that is fixed or variable, but that change with fluctuations in an index or interest rate. The parent company has chosen not to include payments related to service components as part of the leasing payments.

Lease term
In assessing the expected lease term, Management has identified the non-cancellable lease term in the agreement plus periods covered by an extension option, which Management reasonably expects to utilize and attribute to periods covered by a termination option.

Impact of implementing IFRS 16

Upon implementation of IFRS 16 as of 1 January 2022, the parent company has recognised a lease asset of
DKK 90,769 thousand and a lease liability of DKK 90,769. The equity effect is thus DKK 0 as of 1 January 2022. At the end of 2022 year, amortisation and interest expense amount to DKK 8,861 thousand and DKK 4,433 thousand, respectively. The change to adopt IFRS 16 would be an increase in expenses of DKK 4,189 thousand. The net impact is estimated based on the lease payment (as a proxy of rent expenses booked under Danish GAAP).

IFRS 9 - Write-down of financial assets

With effect from 1 January 2022, the parent company has chosen to implement IFRS 9, Financial Instruments, based on the parent company's business model and types of financial assets and liabilities, the implementation of IFRS 9 has had an impact on the parent company's write-downs of financial assets, which are measured at amortized cost.

For receivables from the sale of products and services, IFRS 9's simplified expected credit loss model is used, according to which the total expected loss is recognised immediately.

For receivables of affiliates, the general expected credit loss model is used, in which the parent company continuously monitors changes in the credit quality of receivables over time.

The change from the previous impairment policy, where impairment was recognised only when there was an objective indication of incurred loss model to IFRS 9's expected credit loss model, has meant more timely recognition of expected credit losses both on initial recognition and after.

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1 Accounting policies (continued)

Impact of implementing IFRS 9

When calculating the impact by applying the expected credit loss model, the parent company observed no material adjustments.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Supplementary accounting policies for the Parent Company

Balance sheet

Investment in subsidiaries

Investments in subsidiary is measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of investment in subsidiary

The carrying amount of investment in subsidiary is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount). The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

2 Judgements, estimates and assumptions

Reference is made to note 2 in the consolidated financial statements.

Parent company financial statements 1 January – 31 December

Notes

DKK'000		2022	2021
3	Financial income		
	Interest income	726	0
	Foreign exchange gains	5,326	2,509
		6,052	2,509
4	Financial expenses		
	Interest expenses, other credit institutions and other loans	-3,177	-2,334
	Interest expenses, subsidiaries	-2,160	0
	Interest expenses, other	-2,701	-1,024
	Interest on lease liabilities	-4,433	0
	Foreign exchange losses	-5,996	-6,441
		-18,467	-9,799
5	Tax for the year		
	Current income tax charge for the year	5,437	5,500
	Deferred tax adjustment for the year	146	210
	Prior year tax adjustment	0	1,403
		5,583	7,113

6 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2022	20,578	2,223	32,119	54,920
Additions	0	2,619	37,232	39,851
Disposals	0	0	0	0
Transferred	48,431	0	-48,431	0
Cost at 31 December 2022	69,009	4,842	20,920	94,771
Impairment losses and amortisation at 1 January 2022	10,516	177	0	10,693
Amortisation for the year	11,093	792	0	11,885
Impairment losses and amortisation at 31 December 2022	21,609	969	0	22,578
Carrying amount at 31 December 2022	47,400	3,873	20,920	72,193

Further information about intangible assets is disclosed in note 6 in the consolidated financial statements.

Parent company financial statements 1 January – 31 December

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7 Tangible assets

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improve-ments	Total
Cost at 1 January 2022	7,711	11,772	19,483
Additions	6,525	3,858	10,383
Disposals	0	0	0
Cost at 31 December 2022	14,236	15,630	29,866
Impairment losses and amortisation at 1 January 2022	2,597	523	3,120
Depreciation for the year	3,264	2,899	6,163
Impairment losses and depreciation at 31 December 2022	5,861	3,422	9,283
Carrying amount at 31 December 2022	8,375	12,208	20,583

8 Leases

	Buildings and parking spaces
Cost at 1 January 2022	90,769
Additions during the year	924
Cost at 31 December	91,693
Amortisation and depreciation at 1 January 2022	0
Amortisation and depreciation for the year	8,861
Depreciation and write-down 31 December 2022	8,861
Carrying amount at 31 December 2022	82,832

Further information about intangible assets is disclosed in note 8 in the consolidated financial statements.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

DKK'000	2022	2021
Balance at 1 January 2022	90,769	0
Additions during the year	924	0
Accretion of interest	4,433	0
Payments	-9,105	0
Balance at 31 December 2022	87,021	0

Parent company financial statements 1 January – 31 December

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8 Leases (continued)

DKK'000	2022	2021
Current	6,641	0
Non-current	80,380	0
Total	87,021	0

The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	8,861	0
Interest expense on lease liabilities	4,433	0
Total amount recognised in profit or loss	13,294	0

9 Investments

DKK'000	Investments in subsidiaries
Cost at 1 January 2022	0
Additions	0
Disposals	0
Cost at 31 December 2022	0
Adjustments 1 January 2022	0
Adjustments	0
Adjustments 31 December 2022	0
Carrying amount at 31 December 2022	0

Name	Legal form	Domicile	Basis for control
Subsidiaries			
Veo Technologies	Inc.	Delaware, USA	100%

Veo Technologies, Inc. was established on the 5th of June 2019 for USD 1 or approx. DKK 7.

Parent company financial statements 1 January – 31 December

Notes

10 Other fixed assets

DKK'000	Deposits
Cost at 1 January 2022	6,810
Additions	0
Disposals	-497
Cost at 31 December 2022	6,313
Adjustments 1 January 2022	6
Adjustments	0
Adjustments 31 December 2022	6
Carrying amount at 31 December 2022	6,319

11 Contract fulfilment assets

Contract fulfilment assets are comprised of costs to fulfil the contract with customers which is the cost of cameras used by the customers throughout the subscription period. These contract assets are amortised over a period of 24 months.

DKK'000	2022	2021
Non-current portion of contract fulfilment assets related to camera component	43,351	0
Current portion of contract fulfilment assets related to camera component	87,437	0

12 Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years, totalling DKK 6,966 thousand (2021: DKK 8,002 thousand).

13 Share capital

Please refer to note 12 in the consolidated financial statements.

14 Other provisions

Other provisions comprise provisions for warranty commitments, totalling DKK 4,512 thousand (2021: DKK 2,500 thousand). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods.

15 Non-current liabilities

DKK'000	Total debt as of 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	43,181	8,384	34,797	0
Lease liabilities	87,021	6,641	80,380	47,835
	130,202	15,025	115,177	47,835

Further information about non-current liabilities is disclosed in note 14 in the consolidated financial statements.

Parent company financial statements 1 January – 31 December

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16 Contract liabilities

Contract liabilities are comprised of i) payments received from the customers that relate to the camera component of the subscription which is deferred and recognised as revenue over 24 months, ii) revenue from subscription which is recognised over the period of the subscription period and iii) prepayments received from customers.

DKK'000	2022	2021
Non-current portion of contract liabilities related to camera component	22,538	0
Current portion of contract liabilities related to camera component	52,586	0
Non-current portion of contract liabilities related to subscription	4,313	0
Current portion of contract liabilities related to subscription	48,828	17,208
Prepayments received from customers	2,477	19,762

17 Contractual obligation and contingencies, etc.

Pledges and securities

As security for the obligations with The Danish Growth Fund, the Group has granted a floating charge in the amount of DKK 38,000 thousand over certain of its assets, which is registered in favor of The Danish Growth Fund in the business of the parent company in the Danish Personal Register.

Contingent liabilities

In 2020, a loan agreement was entered in between the Group and The Danish Growth Fund of total DKK 10,286 thousand. The loan provisions required an investor to invest in the Group at the same time as draw down is made on the loan (the investment). The loan agreement includes no conversion rights for The Danish Growth Fund, but if an exit is transferred for a gross proceeds per share, which is more than four times as high as the price per share in connection with the investment, a bonus payment will be activated. The bonus payment consists of the loan value excluding any interests paid.

Due to the uncertainty of the probability and expected payment of the bonus element, the Group has not recognised any provision.

18 Related parties

In addition to the related parties as disclosed in note 17 in the consolidated financial statement, the parent company related party consist of its subsidiary, Veo Technology Inc.

Related party transactions with subsidiary

Veo Technologies ApS was engaged in the below related party transactions:

DKK’000	2022	2021
Sales of products to subsidiary etc.	122,350	54,333
Payables to subsidiary	72,177	47,262
Interests expenses	2,160	0

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19 Staff costs

DKK'000	2022	2021
Wages and salaries	104,998	66,976
Pension	7,746	4,096
Other expenses for social security	1,422	835
Other employee expenses	7,929	3,267
	122,095	75,174
Development costs capitalized as intangible assets	-37,232	-25,673
	84,863	49,501
Average number of employees	189	112
Total remuneration to Management and Board of Directors	1,637	1,506

Pursuant to section 98b (3) (ii), of the Danish Financial Statement Act, remuneration to the Executive Board and Board of Directors is disclosed on a combined level.

Executive Board and members of the Board of Directors have received warrants.

Staff costs have been recognised in the income statement as follows:

Production cost	7,718	7,457
Sales and marketing expenses	28,112	23,604
Administrative expenses	42,996	15,844
Research and development cost	6,037	2,596
	84,863	49,501

20 Amortisation and depreciation

Amortisation	11,885	4,052
Compensation received from Innovation Fund Denmark	-269	-269
Depreciation	15,024	1,749
	26,640	5,532

Amortisation and depreciation have been recognised in the income statement as follows:

Administrative expenses	15,024	1,749
Research and development costs	11,616	3,783
	26,640	5,532

21 Recommended appropriation of loss

Reserve for development costs	25,773	22,935
Retained earnings/accumulated loss	-183,361	-122,036
	-157,588	-99,101