Veo Technologies ApS

Rovsingsgade 68, 2100 Copenhagen

CVR no. 37 24 08 34

Annual report 2023

Approved at the Company's annual general meeting on 10 May 2024

Chairman:

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Christian Andersen

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 2023.

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 2023 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

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, 10 May 2024
Executive Board:

Henrik Teisbæk

Board of Directors:

Lars Thinggaard Chairman	Ulla Brockenhuus-Schack	Anja Bach Eriksson
Mark Johnston	Michael Toxværd Petersen	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 2023, 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 2023 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 2023 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, 10 May 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartmann
State Authorised
Public Accountant
mne40036

Management's review

Financial highlights for the Group

t.DKK	2023	2022	2021	2020	2019
Key figures					
Operating loss	-170,519	-204,771	-96,238	-29,819	-22,251
Financial, net	9,664	-6,042	-7,667	-1,569	-438
Loss for the year	-158,278	-207,047	-97,617	-29,617	-20,759
Capitalized development projects for the year	60,894	37,232	26,096	10,073	5,793
Investments in tangible assets	5,240	10,383	16,224	1,266	1,552
Total assets	535,875	648,524	257,589	221,536	42,389
Total equity	249,496	408,091	60,904	158,417	29,909
Cash flows from operating activities	-41,289	-108,387	-86,290	-11,822	-14,718
Cash flows from investing activities	-66,505	-48,968	-50,620	-11,363	-7,951
Cash flows from financing activities	4,241	532,229	41,368	181,163	38,765
Total cash flows	-103,554	374,874	-95,542	157,978	16,096
Financial ratios					
Equity ratio	47%	63%	24%	72%	70%
Average number of full-time employees	252	213	124	57	27

In 2023, the Group reintroduced IAS 18 “Revenue”, IAS 17 “Leases” and IAS 39 “Financial Instruments: Recognition and Measurement” as interpretation for accounting revenue, leases and write-down of financial assets under the Danish Financial Statements Act. The comparison figures for all four years in the financial highlights are adjusted.

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

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

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

2023 was a positive year for Veo, where we have experienced strong growth in all our major markets and continue our journey making sports technology accessible to all. Football continue being the largest sport category we service, and in addition we have seen strong traction within Rugby and Lacross.

Research & Development and knowledge resources

Veo continued acquiring talent for the research and development department in 2023, as being a key pillar to service our customers with the best and newest features in analytics, tracking and streaming to name a few. We continue our focus to provide a great experience within both software and hardware and seeking the best minds to help us in this journey. 2023 let to many new features launched, including Player Profile and advanced analytics for coaches, as well as preparation and hard work going into our newest generation camera Veo Cam 3, which launched in early 2024.

Financial performance

Veo experienced significant increase in gross profit in 2023 compared to 2022, a key milestone towards profitability for the years to come. The income statement shows a loss for the year of DKK 158,278 thousand against a loss of DKK 207,047 thousand in 2022. The total assets at 31 December 2023 amounts to DKK 535,875 thousand and an equity of DKK 249,496 thousand.

During 2023 Veo grew the number of average number of employees from 213 to 252.

In our outlook for 2023, we expected a strong growth in annual recurring revenue and increased investments in growth of FTE talent, and both expectations were met in full. Management considers Veo’s financial performance in the year satisfactory and in line with expectations of growth.

Changes in accounting standard

At 1 January 2023, the Group reintroduced IAS 11/18 Revenue, IAS 17 Leases and IAS 39 Financial Instruments as interpretation to the Danish Financial Statement Act. Last year, the consolidated financial statements were prepared using with IFRS 15 Revenue, IFRS 16 Leases and IFRS 9 Financial Instruments as interpretation to the Danish Financial Statement Act. The cumulative effect from the changes in accounting policy are recognised in the equity. The consolidated financial statements are prepared in accordance with the new accounting policies. The comparison figures are adjusted. For additional information, we refer to note 1 in the consolidated financial statements.

The description of the Group’s development in activities and financial matters are based on the new accounting policy.

Environmental impact

Veo is committed to reducing the adverse impact on the environment and climate from the company’s own operations. Further, we work actively with our key suppliers on how we can reduce our climate footprint, hereunder looking at options of regional warehouses to reduce emissions converting shipping by plane to sea.

Outlook

In 2024, Veo’s ambition is to pursue continued growth and stronger profitability. We expect to generate high growth in our annual recurring revenue by growing our customer base with new customers and upsell new products, hereunder Veo Cam 3 and Analytics. We expect to continue the improvement of our profit margins towards profitability in the coming years through scale and further product cost efficiency.

Events after the balance sheet date

No events affecting the Group's financial position have occurred after the financial year-end.

Parent Company

Development in activities and financial matters

2023 was a very positive year, where we experienced strong growth in all our markets and customer segments. The income statement for 2023 shows a loss of DKK 167,708 thousand against a loss of DKK 207,025 thousand in 2022. The total assets at 31 December 2023 amounts to DKK 517.847 thousand and an equity of DKK 238,913 thousand.

During 2023 Veo grew the number of average number of employees from 189 to 227.

Events after the balance sheet date

No events affecting the Parent Company's financial position have occurred after the financial year-end.

Consolidated financial statements 1 January – 31 December

Income statement

Note	DKK'000	2023	2022
	Gross profit	91,302	6.598
	Sales and marketing expenses	-94,719	-88,130
	Administrative expenses	-129,316	-99,166
	Research and development costs	-37,786	-24.074
	Operating loss	-170,519	-204,771
2	Financial income	17,690	6,132
3	Financial expense	-8,026	-12,174
	Loss before tax	-160,855	-210,814
4	Tax for the year	2,557	3,767
	Loss for the year	-158,278	-207,047

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	47,624	47,400
	Acquired intangible assets	9,645	3,873
	Development projects in progress	59,491	20,920
		116,760	72,193
6	Tangible assets		
	Fixtures and fittings, other plant and equipment	8,989	8,375
	Leasehold improvements	9,195	12,208
		18,184	20,583
7	Other fixed assets		
	Deposits	6,810	6,439
		6,810	6,439
	Total fixed assets	141,754	99,215
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	5,108	39,710
	Finished goods and goods for resale	10,720	28,687
	Prepayments for goods	3,863	2,016
		19,691	70,413
	Receivables		
	Trade receivables	7,002	4,604
	Other receivables	2,269	1,143
	Income tax receivables	5,500	11,000
8	Prepayments	8,054	6,991
		22,825	23,738
	Cash	351,605	455,159
	Total non-fixed assets	394,121	549,309
	TOTAL ASSETS	535,875	648,525

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	192	192
	Reserve for exchange rate adjustments	-130	187
	Retained earnings	249,434	407,712
	Total equity	249,496	408,091
	Provision		
10	Other provisions	12,741	4,512
	Deferred tax	170	315
	Total provision	12,911	4,827
	Non-current liabilities		
11	Other credit institutions	24,620	34,797
11	Derivatives	1,715	2,046
12	Deferred Income	13,053	7,754
	Total non-current liabilities	39,388	44,597
	Current liabilities		
11	Other credit institutions	12,839	8,384
	Trade payables	32,168	49,730
	Income tax payables	1,914	896
	Other payables	15,647	9,575
12	Deferred income	171,512	122,425
	Total current liabilities	234,080	191,010
	Total liabilities other than provision	273,468	235,607
	TOTAL EQUITY AND LIABILITIES	535,875	648,525

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 2023	192	187	461,408	461,787
	Cumulative effect of change in accounting policies	0	0	-53,696	-53,696
	Adjusted equity at 1 January 2023	192	187	407,712	408,091
	Exchange rate adjustments on translation foreign subsidiaries	0	-317	0	-317
17	Transfers through appropriate of loss	0	0	-158,278	-158,278
	Equity at 31 December 2023	192	-130	249,434	249.496

Consolidated financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	2023	2022
	Loss before tax	-160,855	-210,814
	Adjustments for:		
16	Amortisation and depreciation	23,675	17,780
2,3	Financial items, net (financial income and expenses)	-9,652	6,043
18	Other non-cash items	9,429	2,012
	Cash flow from operation activities before changes in working capital	-137,403	-184,979
19	Changes in working capital	89,030	81,933
	Cash flow from operations	-48,373	-103,046
	Financial costs, net – paid	9,820	-3,648
	Income tax paid/received	-2,736	-1.693
	Cash flows from operating activities	-41,289	-108,387
5	Investments in intangible assets	-60,894	-39,851
6	Investments in tangible assets	-5,240	-8,877
7	Investments in other fixed assets	-371	-240
	Cash flows from investing activities	-66,505	-48,968
	Repayment of other credit institutions and subordinate loan capital	-6,759	-2,733
	Proceeds from other credit institutions, other loans and subordinate loan capital	11,000	34,242
	Proceeds from capital increases	0	505,879
	Expenses, capital increases	0	-5,159
	Cash flows from financing activities	4,241	532,229
	Net cash flow	-103,553	374,874
	Cash, 1 January	455,159	80,285
	Cash, 31 December	351,605	455,159

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 2023 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

With effect from 1 January 2023, the Group has changed its accounting policy in the following areas:

- Revenue recognition
- Leases
- Write down of financial assets

Last year, IFRS 15 Revenue from Contract with Customers, IFRS 16 Leases and IFRS 9 Financial instruments was adopted as interpretation to the Danish Financial Statement Act as part of a plan to adopt IFRS Accounting Standards (IFRS) in the future. The plan for adoption of IFRS is postponed and therefore, Management has decided to prepare the consolidated financial statements in accordance with Danish Financial Statement Act reintroducing IAS 11/18, IAS 17 and IAS 39 as interpretations of Danish Financial Statement Act. In Management view this change does not change the true and fair view of the consolidated financial statements.

The cumulative effect of the changes in accounting policies can be specified as follows:

- Loss before tax, DKK -14,944 thousand (2022: DKK -53,063 thousand)
- Tax for the year, DKK 0 thousand (2022: DKK 0 thousand) and deferred tax of DKK 0 thousand (2022: DKK 0 thousand)
- Total assets, DKK -227,975 thousand (2022: DKK -213,621 thousand)
- Equity, DKK -68,641 thousand (2022: DKK -53,598 thousand)

In accordance with the Danish Financial Statement Act the comparison figures have been restated.

Revenue recognition

With effect from 1 January 2023, the Group recognise revenue using IAS 11/18 as interpretation of the Danish Financial Statement Act.

Last year, the Group recognised revenue using IFRS 15 as interpretation of the Danish Financial Statement Act. Under the IFRS 15, certain revenue and related costs was recognised over time. Deferred revenue and related costs were recognised as a contract asset and contract liabilities, respectively.

Under IAS 11/18 revenue certain revenue is recognised at a point in time upon transfer of control. Consequently, no contract asset or contract liability is recognised as no revenue or costs are deferred to future periods.

The effect from the change of the accounting policy can be specified as follows:

- Loss before tax, DKK -17,318 thousand (2022: DKK -57,251 thousand)
- Tax for the year, DKK 0 thousand (2022: DKK 0 thousand) and deferred tax of DKK 0 thousand (2022: DKK 0 thousand)
- Total assets, DKK -154,158 thousand (2022: DKK -130,788 thousand)
- Equity, DKK -75,204 thousand (2022: DKK -57,886 thousand)

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

With effect from 1 January 2023, the Group recognise leases using IAS 17 as interpretation of the Danish Financial Statement Act.

Last year, the Group recognised leases using IFRS 16 Leases as interpretation of the Danish Financial Statement Act. This means that a lease liability measured at the present value of the future lease payments and a corresponding right-of-use asset was recognised in the balance sheet. Lease payments was under IFRS 16 recognised as repayments of lease liability and interests. In addition, the right-of-use assets was depreciated over the lease term.

Applying IAS 17 and based on contract review, the Group recognises all its leases as operational leases meaning that no lease liability or right-of-use assets are recognised in the balance sheet. Lease payments are recognised as expenses in the profit/loss and no depreciations are recognised as no right-of-use asset is recognised under IAS 17.

The effect from the change of accounting policies can be specified as follows:

- Loss before tax, DKK 2,374 thousand (2022: DKK 4,189 thousand)
- Tax for the year, DKK 0 thousand (2022: DKK 0 thousand) and deferred tax of DKK 0 thousand (2022: DKK 0 thousand)
- Total assets, DKK -73,817 thousand (2022: DKK -82,832 thousand)
- Equity, DKK 6,563 thousand (2022: DKK 4,189 thousand)

Write down of financial assets

With effect from 1 January 2023, the Group recognise write-down on financial assets measured at amortised cost using IAS 39 as interpretation of the Danish Financial Statement Act.

Last year, the Group recognised write-down on financial assets measured at amortised cost using IFRS 9 as interpretation of the Danish Financial Statement Act.

The assessed impact from the change in the accounting policy is deemed as immaterial, hence no material adjustment is made.

Apart from the above areas, the annual accounts are presented according to the same accounting policies as last year.

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 7 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 months, 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 IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

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.

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 incurred in the year for company Management and administration, including expenses 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

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 IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Group are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Group's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Other fixed assets

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

Impairment of fixed assets

The carrying amount of intangible assets, tangible assets 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.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 IAS 39 as interpretation for impairment write-down of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis. Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Group’s risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

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".

Provision

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.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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).

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Consolidated financial statements 1 January – 31 December

Notes

	DKK'000	2023	2022
2	Financial income		
	Interest income	9,210	726
	Foreign exchange gains	8,149	5,399
	Fair value changes in derivatives	331	7
		17,690	6,132
3	Financial expense		
	Interest expenses, other credit institutions and other loans	-2,694	-3,178
	Interest expenses, other	-2,470	-1,404
	Foreign exchange losses	-2,862	-7,592
		-8,026	-12,174
4	Tax for the year		
	Current income tax charge for the year	1,761	3,621
	Deferred tax adjustment for the year	146	146
	Prior year tax adjustment	670	0
		2,577	3,767

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.

5 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2023	69,009	4,842	20,920	94,771
Additions	0	6,729	54,165	60,894
Disposals	0	0	0	0
Transferred	15,594	0	-15,594	0
Cost at 31 December 2023	84,603	11,571	59,491	155,665
Impairment losses and amortisation at 1 January 2023	21,609	969	0	-22,578
Amortisation for the year	15,370	957	0	-16,327
Impairment losses and amortisation at 31 December 2023	36,979	1,926	0	-38,905
Carrying amount at 31 December 2023	47,624	9,645	59,491	116,760

Consolidated financial statements 1 January – 31 December

Notes

5 Intangible assets (continued)

Completed development projects

Completed development projects included developments and improvements to the Veo software suite. In Management's opinion, the development progressed as planned. Projects completed during 2023 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 Veo Cam 3 and 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 2023 totalled DKK 59,491 thousand. Several development projects are expected to be completed in beginning of 2024.

6 Tangible assets

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improve-ments	Total
Cost at 1 January 2023	14,236	15,630	29,866
Additions	5,162	78	5,240
Disposals	-11	0	-11
Cost at 31 December 2023	19,387	15,708	35,095
Impairment losses and depreciation at 1 January 2023	5,861	3,422	9,283
Depreciation for the year	4,544	3,091	7,635
Reversal of accumulated depreciation and impairment of assets disposed	-7	0	-7
Impairment losses and depreciation at 31 December 2023	10,398	6,513	16,911
Carrying amount at 31 December 2023	8,989	9,195	18,184

7 Other fixed assets

DKK'000	Deposits
Cost at 1 January 2023	6,433
Additions	19
Disposals	0
Cost at 31 December 2023	6,452
Adjustments 1 January 2023	6
Adjustments	352
Adjustments 31 December 2023	358
Carrying amount at 31 December 2023	6,810

Consolidated financial statements 1 January – 31 December

Notes

8 Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years, totalling DKK 8,054 thousand (2022: DKK 6,991 thousand).

9 Share capital

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

DKK'000	2023	2022	2021	2020	2019
Opening balance	192	156	156	123	77
Capital increase	0	36	0	33	46
	192	192	156	156	123

Analysis of the share:

DKK'000	2023	2022
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	32
F-shares, 35,766 shares of nom. DKK 1 each	35	35
Total shares capital at 31 December	192	192

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 2023, the total granted warrants amounts to 2,111,872 of which 1,278,602 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.

10 Other provisions

Other provisions comprise provisions for warranty commitments, totalling DKK 3,741 (2022: DKK 4,512 thousand)- Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. In addition, a provision for repair of cameras not covered by warranty, totalling DKK 9,000 thousand (2022: 0 DKK) of which DKK 2,200 thousand is expected to settled after 12 months.

Consolidated financial statements 1 January – 31 December

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11 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	37,459	12,839	24,620	0
	37,459	12,839	24,620	0

Other credit institutions

In 2020, the Group has entered into a secured and convertible loan of nominal DKK 15,000 thousand. 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 771 thousand as of 31 December 2023 (2022: DKK 1,434 thousand).

In addition, a loan agreement was entered in 2020 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	2023	2022
Venture debt facility	20,527	23,114
Derivate liability	1,715	2,046
Recognised in the income statement:		
Fair value changes in derivatives	331	7

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

12 Deferred Income

Deferred income, DKK 184,565 thousand (2022: DKK 130,179 thousand), consists of payments received from customers and subscriptions that may not be recognised until the subsequent financial year.

13 Contractual obligation and contingencies, etc.

Operating lease commitments

Rent and lease liabilities include a rent obligation as of 31 December 2023 amounts to DKK 41,971 thousand (2022: 49,687 thousand) in interminable rent agreements with remaining contract terms of 1-4 years.

Pledges and securities

As security for the obligations with The Export & Investment Fund of Denmark, 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 Export & Investment Fund of Denmark 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.

14 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 15 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 2023 amounts to DKK 500 thousand (2022: 500 thousand).

Consolidated financial statements 1 January – 31 December

Notes

15 Staff costs

DKK'000	2023	2022
Wages and salaries	156,199	122,007
Pension	11,304	7,885
Other expenses for social security	2,148	1,422
Other employee expenses	12,403	8,605
	182,054	139,919
Development costs capitalized as intangible assets	-43,568	-37,232
	138,486	102,686
Average number of employees	252	213
Total remuneration to Management and Board of Directors	1,828	1,637

Pursuant to section 98b (3) (i), 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	8,245	7,718
Sales and marketing expenses	48,869	44,819
Administrative expenses	62,809	44,113
Research and development cost	18,563	6,036
	138,486	102,686

16 Amortisation and depreciation

Amortisation	16,327	11,885
Compensation received from Innovation Fund Denmark	-280	-269
Depreciation	7,628	6,164
	23,675	17,780

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

Administrative expenses	7,628	6,164
Research and development cost	16,047	11,616
	23,675	17,780

Consolidated financial statements 1 January – 31 December

Notes

Notes

	DKK'000	2023	2022
17	Recommended appropriation of loss		
	Retained earnings/accumulated loss	-158,278	-207,047
18	Cash-flow – Other adjustments		
	Other provision	8,229	2,012
	Other adjustments	1,200	0
		9,429	2,012
19	Cash-flow – Changes in working capital		
	Changes in inventories	50,722	6,174
	Changes in trade receivables	-2,398	-1,357
	Changes in other receivables and prepayments	-2,189	16,431
	Changes in trade payables	-17,562	14,570
	Changes in other payables	6,072	3,125
	Changes in contract liabilities	54,385	42,990
		89,030	81,933

Parent company financial statements 1 January – 31 December

Income statement

Note	DKK'000	2023	2022
	Gross profit	58,597	-17,172
	Sales and marketing expenses	-77,204	-69,510
	Administrative expenses	-122,181	-93,869
	Research and development costs	-37,786	-24,074
	Operating loss	-178,574	-204,625
2	Financial income	17,622	6,052
3	Financial expense	-12,402	-14,035
	Loss before tax	-173,354	-212,608
4	Tax for the year	5,646	5,583
	Loss for the year	-167,708	-207,025

Parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	47,624	47,400
	Acquired intangible assets	9,645	3,873
	Development projects in progress	59,491	20,920
		116,760	72,193
6	Tangible assets		
	Fixtures and fittings, other plant and equipment	8,989	8,375
	Leasehold improvements	9,195	12,208
		18,184	20,583
	Other fixed assets		
7	Investments	0	0
8	Deposits	6,694	6,319
		6,694	6,319
	Total fixed assets	141,638	99,095
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	5,108	39,710
	Finished goods and goods for resale	5,105	28,687
	Prepayments for goods	3,863	2,016
		14,076	70,413
	Receivables		
	Trade receivables	3,163	3,606
	Tax receivables	5,500	11,000
	Other receivables	2,135	1,144
9	Prepayments	7,765	6,966
		18,563	22,716
	Cash	343,570	446,678
	Total non-fixed assets	376,209	539,807
	TOTAL ASSETS	517,847	638,902

Parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	192	192
	Reserve for development costs	107,114	68,436
	Retained earnings	131,607	337,993
	Total equity	238,913	406,621
	Provision		
11	Other provisions	12,741	4,512
	Deferred tax	170	315
	Total provision	12,911	4,827
	Non-current liabilities		
12	Other credit institutions	24,620	34,797
12	Derivatives	1,715	2,046
13	Deferred income	4,977	4,313
	Total non-current liabilities	31,312	41,156
	Current liabilities		
12	Other credit institutions	12,839	8,384
	Trade payables	30,526	49,288
	Payables to subsidiary	94,942	69,722
	Income tax payables	0	63
	Other payables	14,202	7,536
13	Deferred income	82,202	51,305
	Total current liabilities	234,711	186,298
	Total liabilities other than provision	266,023	227,454
	TOTAL EQUITY AND LIABILITIES	517,847	638,902

1 Accounting policies
14 Contractual obligations and contingencies, etc.
15 Related parties
16 Staff costs
17 Amortisation and depreciation
18 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 2023	192	68,436	388,478	457,106
	Cumulative effect of change in accounting policies	0	0	-50,485	-50,485
	Adjusted Equity at 1 January 2023	192	68,436	337,993	406,621
18	Transfers through appropriate of loss	0	38.678	-206,386	-167.708
	Equity at 31 December 2023	192	107.114	131.607	238.913

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 2023 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

With effect from 1 January 2023, the parent company has changed its accounting policy in the following areas:

- Revenue recognition
- Leases
- Write down of financial assets

For additional information, we refer to note 1 in the consolidated financial statements.

The cumulative effect of the changes in accounting policies can be specified as follows:

- Loss before tax, DKK -11,739 thousand (2022: DKK -49,437 thousand)
- Tax for the year, DKK 0 thousand (2022: DKK 0 thousand) and deferred tax of DKK 0 thousand (2022: DKK 0 thousand)
- Total assets, DKK -225,158 thousand (2022: DKK -213,621 thousand)
- Equity, DKK -63,214 thousand (2022: DKK -50,485 thousand)

In accordance with the Danish Financial Statement Act the comparison figures have been restated.

Revenue recognition

With effect from 1 January 2023, the parent company recognise revenue using IAS 11/18 as interpretation of the Danish Financial Statement Act.

Last year, the parent company recognised revenue using IFRS 15 as interpretation of the Danish Financial Statement Act. Under IFRS 15, certain revenue and related costs was recognised over time. Deferred revenue and related costs were recognised as a contract asset and contract liabilities, respectively.

Under IAS 11/18 revenue certain revenue is recognised at a point in time upon transfer of control. Consequently, no contract asset or contract liability is recognised as no revenue or costs are deferred to future periods.

The effect from the change of the accounting policy can be specified as follows:

- Loss before tax, DKK -14,113 thousand (2022: DKK -53,625 thousand)
- Tax for the year, DKK 0 thousand (2022: DKK 0 thousand) and deferred tax of DKK 0 thousand (2022: DKK 0 thousand)
- Total assets, DKK -151,341 thousand (2022: DKK -130,788 thousand)
- Equity, DKK -69,777 thousand (2022: DKK -54,674 thousand)

Parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

With effect from 1 January 2023, the parent company recognise leases using IAS 17 as interpretation of the Danish Financial Statement Act.

Last year, the parent company recognised leases using IFRS 16 Leases as interpretation of the Danish Financial Statement Act. This means that a lease liability measured at the present value of the future lease payments and a corresponding right-of-use asset was recognised in the balance sheet. Lease payments was under IFRS 16 recognised as repayments of lease liability and interests. In addition, the right-of-use assets was depreciated over the lease term.

Applying IAS 17 and based on contract review, the parent company recognises all its leases as operational leases meaning that no lease liability or right-of-use assets are recognised in the balance sheet. Lease payments are recognised as expenses in the profit/loss and no depreciations are recognised as no right-of-use asset is recognised under IAS 17.

The effect from the change of accounting policies can be specified as follows:

- Loss before tax, DKK 2,374 thousand (2022: DKK 4,189 thousand)
- Tax for the year, DKK 0 thousand (2022: DKK 0 thousand) and deferred tax of DKK 0 thousand (2022: DKK 0 thousand)
- Total assets, DKK -73,817 thousand (2022: DKK -82,832 thousand)
- Equity, DKK 6,563 thousand (2022: DKK 4,189 thousand)

Write down of financial assets

With effect from 1 January 2023, the parent company recognise write-down on financial assets measured at amortised cost using IAS 39 as interpretation of the Danish Financial Statement Act.

Last year, the parent company recognised write-down on financial assets measured at amortised cost using IFRS 9 as interpretation of the Danish Financial Statement Act.

The assessed impact from the change in the accounting policy is deemed as immaterial, hence no material adjustment is made.

Apart from the above areas, the annual accounts are presented according to the same accounting policies as last year.

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.

Parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Parent company financial statements 1 January – 31 December

Notes

	DKK'000	2023	2022
2	Financial income		
	Interest income	9,186	726
	Foreign exchange gains	8,105	5,319
	Fair value changes in derivatives	331	7
		17,622	6,052
3	Financial expenses		
	Interest expenses, other credit institutions and other loans	-2,781	-3,177
	Interest expenses, subsidiaries	-4,087	-2,160
	Interest expenses, other	-2,470	-2,701
	Foreign exchange losses	-2,874	-5,997
	Other financial expenses	-190	0
		-12,402	-14,035
4	Tax for the year		
	Current income tax charge for the year	5,500	5,437
	Deferred tax adjustment for the year	146	146
		5,646	5,583

Current income tax charge for the year consists of 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.

5 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2023	69,009	4,842	20,920	94,771
Additions	0	6,729	54,165	60,894
Disposals	0	0	0	0
Transferred	15,594	0	-15,594	0
Cost at 31 December 2023	84,603	11,571	59,491	155,665
Impairment losses and amortisation at 1 January 2023	21,609	969	0	22,578
Amortisation for the year	15,370	957	0	16,327
Impairment losses and amortisation at 31 December 2023	36,979	1,926	0	38,905
Carrying amount at 31 December 2023	47,624	9,645	59,491	116,760

Further information about intangible assets is disclosed in note 5 in the consolidated financial statements.

Parent company financial statements 1 January – 31 December

Notes

6 Tangible assets

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improve-ments	Total
Cost at 1 January 2023	14,236	15,630	29,866
Additions	5,162	78	5,240
Disposals	-11	0	-11
Cost at 31 December 2023	19,387	15,708	35,095
Impairment losses and amortisation at 1 January 2023	5,861	3,422	9,283
Depreciation for the year	4,544	3,091	7,635
Reversal of accumulated depreciation and impairment of assets disposed	-7	9	-7
Impairment losses and depreciation at 31 December 2023	10,398	6,513	16,911
Carrying amount at 31 December 2023	8,989	9,195	18,184

7 Investments

DKK'000	Invest-ments in subsi-diaries
Cost at 1 January 2023	0
Additions	0
Disposals	0
Cost at 31 December 2023	0
Adjustments 1 January 2023	0
Adjustments	0
Adjustments 31 December 2023	0
Carrying amount at 31 December 2023	0

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

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

Veo Technologies Australia Pty. Limited was etablished on the 1st February 2023 for AUD 100 or approx. DKK 453.

Parent company financial statements 1 January – 31 December

Notes

8 Other fixed assets

DKK'000	Deposits
Cost at 1 January 2023	6,313
Additions	19
Disposals	0
Cost at 31 December 2023	6,332
Adjustments 1 January 2023	6
Adjustments	356
Adjustments 31 December 2023	362
Carrying amount at 31 December 2023	6,694

9 Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years, totalling DKK 7,765 thousand (2022: DKK 6,966 thousand).

10 Share capital

Please refer to note 9 in the consolidated financial statements.

11 Other provisions

Other provisions comprise provisions for warranty commitments, totalling DKK 3,741 (2022: DKK 4,512 thousand)- Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. In addition, a provision for repair of cameras not covered by warranty, totalling DKK 9,000 thousand (2022: 0 DKK) of which DKK 2,200 thousand is expected to settled after 12 months.

12 Non-current liabilities

DKK'000	Total debt as of 31/12 2023	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	37.459	12.839	24.620	0
	37.459	12.839	24.620	0

Further information about intangible assets is disclosed in note 11 in the consolidated financial statements.

13 Deferred Income

Deferred income, DKK 87,179 thousand (2022: DKK 55,618 thousand), consists of payments received from customers and software subscription that may not be recognised until the subsequent financial year.

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14 Contractual obligation and contingencies, etc.

Operating Lease Commitments

Rent and lease liabilities include a rent obligation as of 31 December 2023 amounts to DKK 41,419 thousand (2022: 49,192 thousand) in interminable rent agreements with remaining contract terms of 1-4 years.

Pledges and securities

As security for the obligations with The Export & Investment Fund of Denmark, 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 Export & Investment Fund of Denmark 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.

15 Related parties

In addition to the related parties as disclosed in note 14 in the consolidated financial statement, the parent company related party consist of its subsidiary, Veo Technologies Inc. and Veo Technologies Australia Pty. Limited

Related party transactions with subsidiary

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

DKK'000	2023	2022
Sales of products to subsidiary etc.	173,425	122,350
Payables to subsidiary	94.942	69,722
Interests expenses	4.087	2,160
Sold net assets from the Australian Branch to Veo Technologies Australia Pty. Limited	190	0

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16 Staff costs

DKK'000	2023	2022
Wages and salaries	141.145	105,251
Pension	11.278	7,885
Other expenses for social security	2.148	1,422
Other employee expenses	11.583	7,930
	166.154	122,488
Development costs capitalized as intangible assets	-43.568	-37,232
	122.586	85,256
Average number of employees	227	189
Total remuneration to Management and Board of Directors	1.828	1,637

Pursuant to section 98b (3) (i), 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. For additional information, we refer to note 9 in the consolidated financial statements.

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

Production cost	8.245	7,718
Sales and marketing expenses	36,005	28,112
Administrative expenses	59,773	43,389
Research and development cost	18.563	6,037
	122.586	85,256

17 Amortisation and depreciation

Amortisation	16.327	11,885
Compensation received from Innovation Fund Denmark	-280	-269
Depreciation	7.628	6,163
	23.675	17,779

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

Administrative expenses	7.628	6,163
Research and development costs	16.047	11,616
	23.675	17,779

18 Recommended appropriation of loss

Reserve for development costs	38.678	25,773
Retained earnings/accumulated loss	-206,386	-232,798
	-167,708	-207,025