

Veo Technologies ApS

Aldersrogade 6C, 4., 2100 Copenhagen

CVR no. 37 24 08 34

Annual report 2020

Approved at the Company's annual general meeting on 27 May 2021

Chairman:

.....
David Schøndorff

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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 2020.

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 2020 and of the results of their operations and consolidated cash flows for the financial year 1 January - 31 December 2020.

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, 27 May 2021
Executive Board:

.....
Henrik Teisbæk

Board of Directors:

.....
Lars Thinggaard
Chairman

.....
Tero Mennander

.....
Vasudev Kulkarni

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Mark Johnston

.....
Per Zachariassen

.....
Keld Reinicke

.....
Ulfa Brockenhuus-Schack

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 2020, 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 2020 and of the results of the Group's and the Parent Company's operations as well as consolidated cash flows for the financial year 1 January - 31 December 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 and 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, 27 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath
State Authorised Public Accountant
mne19718

Management's review

Financial highlights for the Group

t.DKK	2020	2019
Key figures		
Operating profit/loss	-29,819	-22,251
Profit/loss from net financials	-29,819	-22,293
Financial, net	-1,569	-438
Profit/loss for the year	-29,617	-20,759
Capitalized development projects for the year		
Investments in tangible assets	10,073	5,739
Total assets	1,266	1,552
Total equity	221,536	42,389
	158,417	29,909
Cash flows		
Cash flows from operating activities	-11,822	-14,718
Cash flows from investing activities	-11,363	-7,951
Cash flows from financing activities	181,163	38,765
Total cash flows	157,978	16,096
Financial ratios		
Equity ratio	72%	70%
Average number of full-time employees	57	27

In accordance with section 128(4) of the Danish Financial Statements Act, the Group have presented key figures for the current year and the previous year.

Key figures and financial ratios stated in the consolidated financial statements have been calculated in accordance with the Danish Finance Society's guidelines.

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

$$\text{Equity ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Principal activities

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

Development in activities and financial matters

2020 was a great year, where we saw significant growths in our customer base and in revenue. The income statement for 2020 shows a loss of DKK 29,617 thousand against a loss of DKK 20,759 thousand in 2019. The total assets at 31 December 2020 amounts to DKK 221,536 thousand and an equity of DKK 158,417 thousand.

In 2020, there was made good progress in our development of software and hardware products, and the completed projects in 2020 was received well by our users.

In Q4 of 2020 Veo received funding through series B round from existing investors and one new investor Chr. Augustinus fabrikker of a total of EUR 20 million or approx. DKK 148.6 million.

In March 2020, the global pandemic referred to as COVID-19 emerged. There was a negative impact on sales in the second quarter of 2020, however thereafter the activity have not been significantly impacted by COVID-19. Management will continue to actively monitor the situation to assess any impact on the Group's financial operations.

Research & Development and knowledge resources

Veo continued the process of acquiring talent for the research and development department in 2020. The R&D department is a key pillar to the Group, 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.

Environment impact

Veo is committed to reducing the adverse impact on the environment and climate from the company's own operations. In 2020 Veo introduced an eco-friendly canteen supplier to the headquarter office in Copenhagen and early in 2021 Veo established a partnership with Goodwings. Veo will continue to focus on reducing its climate footprint per employee and plan several additional initiatives in 2021.

Outlook

In 2021, the ambition in Veo is to pursue continued growth. We expect to generate an increase in our annual recurring revenue by growing our customer base with new customers. To achieve this, we will keep focusing on our existing markets (United States and Europe), and move into other types of sports like Basketball and Rugby. Internally, Veo will invest heavily in growth of full time employees. Especially in research and development to ensure a continued high level of product development for both our hardware and software products.

Events after the balance sheet date

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

Consolidated financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit	11,163	3,779
	Sales and marketing expenses	-15,130	-4,768
	Administrative expenses	-15,670	-12,394
	Research and development costs	-10,182	-8,868
	Operating profit/loss	-29,819	-22,251
	Other operating expenses	0	-42
	Profit/loss before net financials	-29,819	-22,293
2	Financial income	1,740	2
3	Financial expenses	-3,309	-440
	Profit/loss before tax	-31,388	-22,731
4	Tax for the year	1,771	1,972
	Profit/loss for the year	-29,617	-20,759

Consolidated financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	12,520	13,319
	Acquired intangible assets	165	94
	Development projects in progress	7,345	0
		<u>20,030</u>	<u>13,413</u>
6	Tangible assets		
	Fixtures and fittings, other plant and equipment	1,509	1,006
	Leasehold improvements	379	320
		<u>1,888</u>	<u>1,326</u>
7	Other fixed assets		
	Deposits	542	514
		<u>542</u>	<u>514</u>
	Total fixed assets	<u>22,460</u>	<u>15,253</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	10,886	3,156
		<u>10,886</u>	<u>3,156</u>
	Receivables		
	Trade receivables	797	2,435
	Other receivables	9,275	3,329
	Income tax receivables	1,800	0
8	Prepayments	491	727
		<u>12,363</u>	<u>6,491</u>
	Cash	<u>175,827</u>	<u>17,849</u>
	Total non-fixed assets	<u>199,076</u>	<u>27,496</u>
	TOTAL ASSETS	<u><u>221,536</u></u>	<u><u>42,749</u></u>

Consolidated financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	156	123
	Retained earnings	158,261	29,786
	Total equity	<u>158,417</u>	<u>29,909</u>
	Provision		
10	Other provisions	1,000	225
	Total provision	<u>1,000</u>	<u>225</u>
11	Non-current liabilities		
	Other credit institutions	21,305	0
	Other payables	0	538
	Total non-current liabilities	<u>21,305</u>	<u>538</u>
	Current liabilities		
11	Other credit institutions	461	414
	Deferred tax	671	0
	Trade payables	8,952	3,307
	Income tax payables	239	0
	Other payables	7,684	948
12	Deferred income	22,807	7,408
	Total current liabilities	<u>40,814</u>	<u>12,077</u>
	Total liabilities other than provision	<u>62,119</u>	<u>12,615</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>221,536</u></u>	<u><u>42,749</u></u>

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- 13 Contractual obligations and contingencies, etc.
- 14 Related parties
- 15 Staff costs
- 16 Amortisation and depreciation
- 17 Recommended appropriation of profit/loss
- 18 Cash-flow - Other adjustments
- 19 Cash-flow - Changes in working capital

Consolidated financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total equity
	Equity at 1 January 2020	123	29,786	29,909
	Capital increase	33	155,545	155,578
	Portion of convertible debt	0	3,265	3,265
	Portion of convertible debt (deferred tax)	0	-718	-718
17	Transfers through appropriate of loss	0	-29,617	-29,617
	Equity at 31 December 2020	156	158,261	158,417

Consolidated financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2020	2019
	Profit/loss before net financials	-31,388	-22,731
	Adjustments for:		
16	Amortisation and depreciation	3,891	3,041
2,3	Financial items, net (financial income and expenses)	1,569	438
17	Other non-cash items	-996	1,688
	Cash flow from operation activities before changes in working capital	-26,924	-17,564
18	Changes in working capital	14,340	3,172
	Cash flow from operations	-12,584	-14,392
	Financial costs, net - paid	-501	-326
	Income tax paid/received	1,263	0
	Cash flows from operating activities	-11,822	-14,718
5	Investments in intangible assets	-10,073	-5,843
6	Investments in tangible assets	-1,266	-1,552
	Gains from sale of tangible assets	0	-42
7	Investments in other fixed assets	-24	-514
	Cash flows from investing activities	-11,363	-7,951
	Repayment of subordinate loan capital	0	-2,900
	Proceeds from other credit institutions and subordinate loan capital	32,219	2,316
	Proceeds from Innovation Fund Denmark	787	550
	Proceeds from capital increases	148,807	38,799
	Expenses, capital increases	-650	0
	Cash flows from financing activities	181,163	38,765
	Net cash flow	157,978	16,096
	Cash, 1 January	17,849	1,753
	Cash, 31 December	175,827	17,849

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

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Consolidated financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of Veo Technologies ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 110(1) of the Danish Financial Statements Act, Veo Technologies ApS is not obligated to prepared consolidated financial statements. However, Veo Technologies ApS has voluntarily prepared a consolidated financial statement in accordance with the Danish Financial Statement Act section 113(4).

Effective from the financial year 2020, the Group has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Group's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

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 subsidiaries controlled by Veo Technologies ApS.

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 subsidiaries' 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 subsidiaries' 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

Notes

1 Accounting policies (continued)

Income statement

Revenue

The Company 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 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.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Group's core activities, including gains or losses on the sale of fixed assets.

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. Acquired intangible assets consists of patents.

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	7 years

Where individual components of an item of property, plant and equipment 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 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. The amortisation period is usually 5 years.

Acquired intangible assets consist of acquired patents and are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent but not exceeding 7 years.

Property, plant and equipment

Items of property, plant and equipment 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 property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

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.

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.

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 Company'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".

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.

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.

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.

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 investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment, other fixed assets and investments.

Consolidated financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

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.

Consolidated financial statements 1 January - 31 December

Notes

DKK'000	2020	2019
2 Financial income		
Interest income	0	1
Foreign exchange gain, net	1,740	1
Other financial income	0	0
	<u>1,740</u>	<u>2</u>
3 Financial expense		
Interest expenses, other credit institutions	-174	-175
Interest expenses, other	-1,145	-152
Foreign exchange losses, net	-1,990	-113
	<u>-3,309</u>	<u>-440</u>
4 Tax for the year		
Current income tax charge for the year	1,561	1,100
Deferred tax adjustment for the year	48	0
Prior year tax adjustment	162	872
	<u>1,771</u>	<u>1,972</u>

Current income tax charge for the year consist 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 consist of changes to the deferred tax liability.

Tax adjustments, prior years consist of contribution from tax credit research and development received from the Danish tax authorities.

5 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2020	16,620	104	0	16,724
Additions	0	92	9,981	10,073
Disposals	0	0	0	0
Transferred	2,636	0	-2,636	0
Cost at 31 December 2020	<u>19,256</u>	<u>196</u>	<u>7,345</u>	<u>26,797</u>
Impairment losses and amortisation at 1 January 2020	3,301	10	0	3,311
Amortisation for the year	3,435	21	0	3,456
Impairment losses and amortisation at 31 December 2020	<u>6,736</u>	<u>31</u>	<u>0</u>	<u>6,767</u>
Carrying amount at 31 December 2020	<u>12,520</u>	<u>165</u>	<u>7,345</u>	<u>20,030</u>

Consolidated financial statements 1 January - 31 December

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5 Intangible assets (continued)

Completed development projects

Completed development projects included developments and improvements to the Veo software platform. In Management's opinion, the development progressed as planned. The projects were completed and rolled out in the second half of 2020 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 both hardware and software products. The relating expenses primarily consist of internal expenses in the form of payroll costs and external expenses from consulting. The carrying amount at 31 December 2020 totalled DKK 7,345 thousand. Several of the development projects are expected to be completed in 2021.

6 Tangible assets

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improve- ments	Total
Cost at 1 January 2020	1,643	350	1,993
Additions	1,077	189	1,266
Disposals	0	0	0
Cost at 31 December 2020	2,720	539	3,259
Impairment losses and depreciation at 1 January 2020	637	30	667
Depreciation for the year	574	130	704
Reversal of accumulated depreciation and impairment of assets disposed	0	0	0
Impairment losses and depreciation at 31 December 2020	1211	160	1371
Carrying amount at 31 December 2020	1,509	379	1,888

7 Other fixed assets

DKK'000	Deposits
Cost at 1 January 2020	514
Additions	23
Disposals	0
Cost at 31 December 2020	537
Adjustments 1 January 2020	0
Adjustments	5
Adjustments 31 December 2020	5
Carrying amount at 31 December 2020	542

Consolidated financial statements 1 January - 31 December

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8 Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years, totalling DKK 491 thousand (2019: DKK 727 thousand).

9 Share capital

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

DKK'000	2020	2019	2018	2017	2016
Opening balance	123	77	77	63	50
Capital increase	33	46	0	14	13
	<u>156</u>	<u>123</u>	<u>77</u>	<u>77</u>	<u>63</u>

Analysis of the share:

DKK'000	2020	2019
A-shares, 60,572 shares of nom. DKK 1 each	61	60
B-shares, 4,859 shares of nom. DKK 1 each	5	4
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, 31,205 shares of nom. DKK 1 each	31	0
Total shares capital at 31 December	<u>156</u>	<u>123</u>

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. At 31 December 2020 the total granted warrants amounts to 9,086 of which 5,164 have vested. In 2020, 7,102 warrants have been granted. Each warrant entitles the warrant holder to subscribe for a specific agreed class of share of nominally DKK 1 in the Group. In the event of the occurrence of an exit event, 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 1,000 thousand (2019: DKK 225 thousand). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods.

11 Non-current liabilities

DKK'000	Total debt as of 31/12 2020	Repay- ment, next year	Long-term portion	Outstan- ding debt after 5 years
Other credit institutions	21,766	461	21,305	12,947
	<u>21,766</u>	<u>461</u>	<u>21,305</u>	<u>12,947</u>

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.

Consolidated financial statements 1 January - 31 December

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11 Non-current liabilities (continued)

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.

12 Deferred income

Deferred revenue, DKK 22,807 thousand (2019: DKK 7,408 thousand), consists of payments received from costumers that may not be recognised until the subsequent financial year.

13 Contractual obligation and contingencies, etc.

Operating lease commitments

The Group has entered into lease agreement. The lease agreement cannot be terminated before the 1 August 2021. Hereafter the lease can be terminated with 6-month notice. The total lease obligation as of 31 December 2020 amounts to DKK 1,198 thousands (2019: 2,180 thousand).

The Group have entered a new lease agreement regarding a new headquarter. The lease agreement was signed at 23 December 2020. The Group will move to the new headquarter at 15 October 2021 from which the Group will start paying rent. The lease agreement cannot be terminated before the 31 October 2027. Hereafter the lease can be terminated with 6-month notice. The total lease obligation as of 31 December 2020 amounts to DKK 58,458 thousand.

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 15,000 thousand over certain of its assets, which is registered in favor of The Danish Growth Fund in the business of the Group in the Danish Personal Register.

Contingent liabilities

In 2020, a loan agreement was entered 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		
Related party	Domicile	Basis for control
Veo Angels ApS	Dragoer, Denmark	Participating interest
Courtside Manager LLC	New York, USA	Participating interest
Ventech Capital V S.L.P	Paris, France	Participating interest
Primus Corpus ApS	Copenhagen, Denmark	Participating interest
SEED Capital Denmark III K/S	Copenhagen, Denmark	Participating interest
TEISBÆK HOLDING ApS	Frederiksberg, Denmark	Participating interest
ERDMANN Group ApS	Copenhagen, Denmark	Participating interest
Chr. Augustinus Fabrikker Aktieselskab	Copenhagen, Denmark	Participating interest

Transactions with the above-mentioned related parties consists of capital increases in the Group.

Consolidated financial statements 1 January - 31 December

Notes

14 Related parties (continued)

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.

15 Staff costs

DKK'000	2020	2019
Staff costs		
Wages and salaries	31,373	14,433
Pension	586	68
Other expenses for social security	435	142
Other employee expenses	2,054	280
	34,448	14,923
Development costs capitalized as intangible assets	-8,652	-5,059
	25,796	9,864
Average number of employees	57	27
Staff costs have been recognized in the income statement as follows:		
Production cost	2,666	640
Sales and marketing expenses	10,739	3,509
Administrative expenses	6,711	2,280
Research and development cost	5,680	3,435
	25,796	9,864

16 Amortisation and depreciation

Amortisation	3,456	2,647
Compensation received from Innovation Fund Denmark	-269	-104
Depreciation	704	394
	3,891	2,937

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

Administrative expenses	525	446
Research and development cost	3,366	2,491
	3,891	2,937

Consolidated financial statements 1 January - 31 December

Notes

DKK'000	<u>2020</u>	<u>2019</u>
17 Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-29,617	-20,759
	<u> </u>	<u> </u>
18 Cash-flow - Other adjustments		
Other provision	775	225
Deposits	-5	161
Other adjustments	-1,766	1,302
	<u> </u>	<u> </u>
	-996	1,688
	<u> </u>	<u> </u>
19 Cash-flow - Changes in working capital		
Changes in inventories	-7,730	-1,804
Changes in trade receivables	1,638	-1,702
Changes in other receivables	-6,809	-2,877
Changes in trade payables	5,646	2,126
Changes in other payables	6,734	21
Changes in deferred revenue	14,861	7,408
	<u> </u>	<u> </u>
	14,340	3,172
	<u> </u>	<u> </u>

Parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit/loss	9,414	3,779
	Sales and marketing expenses	-14,366	-4,768
	Administrative expenses	-15,593	-12,394
	Research and development costs	-10,182	-8,868
	Operating profit/loss	-30,727	-22,251
	Other operating expenses	0	-42
	Profit/loss before net financials	-30,727	-22,293
2	Financial income	1,292	2
3	Financial expenses	-3,005	-440
	Profit/loss before tax	-32,440	-22,731
4	Tax for the year	2,010	1,972
	Profit/loss for the year	-30,430	-20,759

Parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	12,520	13,319
	Acquired intangible assets	165	94
	Development projects in progress	7,345	0
		<u>20,030</u>	<u>13,413</u>
6	Tangible assets		
	Fixtures and fittings, other plant and equipment	1,509	1,006
	Leasehold improvements	379	320
		<u>1,888</u>	<u>1,326</u>
	Other fixed assets		
7	Investments	0	0
8	Deposits	542	514
		<u>542</u>	<u>514</u>
	Total fixed assets	<u>22,460</u>	<u>15,253</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	10,886	3,156
		<u>10,886</u>	<u>3,156</u>
	Receivables		
	Trade receivables	771	2,435
	Tax receivables	1,800	0
	Other receivables	9,275	3,329
9	Prepayments	491	727
		<u>12,337</u>	<u>6,491</u>
	Cash	<u>175,793</u>	<u>17,849</u>
	Total non-fixed assets	<u>199,016</u>	<u>27,496</u>
	TOTAL ASSETS	<u><u>221,476</u></u>	<u><u>42,749</u></u>

Parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	156	123
	Reserve for development costs	19,728	13,182
	Retained earnings	137,720	16,604
	Total equity	<u>157,604</u>	<u>29,909</u>
	Provision		
11	Other provisions	1,000	225
	Total provision	<u>1,000</u>	<u>225</u>
12	Non-current liabilities		
	Other credit institutions	21,305	0
	Other payables	0	538
	Total non-current liabilities	<u>21,305</u>	<u>538</u>
	Current liabilities		
12	Other credit institutions	461	414
	Deferred tax	671	0
	Trade payables	8,952	3,307
	Payables to subsidiaries	14,554	0
	Other payables	7,684	948
13	Deferred income	9,245	7,408
	Total current liabilities	<u>41,567</u>	<u>12,077</u>
	Total liabilities other than provision	<u>62,872</u>	<u>12,615</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>221,476</u></u>	<u><u>42,749</u></u>

- 1 Accounting policies
- 14 Contractual obligations and contingencies, etc.
- 15 Related parties
- 16 Staff costs
- 17 Amortisation and depreciation
- 18 Recommended appropriation of profit/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 2020	123	13,182	16,604	29,909
	Capital increase	33	0	155,545	155,578
	Portion of convertible debt	0	0	3,265	3,265
	Portion of convertible debt (deferred tax)	0	0	-718	-718
18	Transfers through appropriate of loss	0	6,546	-36,976	-30,430
	Equity at 31 December 2020	156	19,728	137,720	157,604

Parent company financial statements 1 January - 31 December

Notes to the parent company financial statements

- 1 Accounting policies
- 2 Financial income
- 3 Financial expenses
- 4 Tax for the year
- 5 Intangible assets
- 6 Tangible assets
- 7 Investments
- 8 Other fixed assets
- 9 Prepayments
- 10 Share capital
- 11 Other provisions
- 12 Non-current liabilities
- 13 Deferred income
- 14 Contractual obligations and contingencies, etc.
- 15 Related parties
- 16 Staff costs
- 17 Amortisation and depreciation
- 18 Recommended appropriation of profit/loss

Parent company financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of Veo Technologies ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to 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.

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.

Parent company financial statements 1 January - 31 December

Notes

DKK'000	2020	2019
2 Financial income		
Interest income	0	1
Foreign exchange gain, net	1,292	1
Other financial income	0	0
	<u>1,292</u>	<u>2</u>
3 Financial expenses		
Interest expenses, other credit institutions	-385	-175
Interest expenses, other	-923	-152
Foreign exchange losses, net	-1,697	-113
Other financial expenses	0	0
	<u>-3,005</u>	<u>-440</u>
4 Tax for the year		
Current income tax charge for the year	1,800	1,100
Deferred tax adjustment for the year	47	0
Prior year tax adjustment	163	872
	<u>2,010</u>	<u>1,972</u>

Current income tax charge for the year consist 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 consist of changes to the deferred tax liability.

Tax adjustments, prior years consist of contribution from tax credit research and development received from the Danish tax authorities.

5 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2020	16,620	104	0	16,724
Additions	0	92	9,981	10,073
Disposals	0	0	0	0
Transferred	2,636	0	-2,636	0
Cost at 31 December 2020	<u>19,256</u>	<u>196</u>	<u>7,345</u>	<u>26,797</u>
Impairment losses and amortisation at 1 January 2020	3,301	10	0	3,311
Amortisation for the year	3,435	21	0	3,456
Impairment losses and amortisation at 31 December 2020	<u>6,736</u>	<u>31</u>	<u>0</u>	<u>6,767</u>
Carrying amount at 31 December 2020	<u>12,520</u>	<u>165</u>	<u>7,345</u>	<u>20,030</u>

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

Parent company financial statements 1 January - 31 December

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6 Tangible assets

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improve- ments	Total
Cost at 1 January 2020	1,643	350	1,993
Additions	1,077	189	1,266
Disposals	0	0	0
Cost at 31 December 2020	2,720	539	3,259
Impairment losses and amortisation at 1 January 2020	637	30	667
Depreciation for the year	574	130	704
Impairment losses and depreciation at 31 December 2020	1211	160	1371
Carrying amount at 31 December 2020	1,509	379	1,888

7 Investments

DKK'000	Invest- ments in subsidiaries
Cost at 1 January 2020	0
Additions	0
Disposals	0
Cost at 31 December 2020	0
Adjustments 1 January 2020	0
Adjustments	0
Adjustments 31 December 2020	0
Carrying amount at 31 December 2020	0

Name	Legal form	Domicile	Basis for control
<i>Subsidiaries</i>			
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

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8 Other fixed assets	
DKK'000	<u>Deposits</u>
Cost at 1 January 2020	514
Additions	23
Disposals	<u>0</u>
Cost at 31 December 2020	<u>537</u>
Adjustments 1 January 2020	0
Adjustments	<u>5</u>
Adjustments 31 December 2020	<u>5</u>
Carrying amount at 31 December 2020	<u><u>542</u></u>

9 Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years, totalling DKK 491 thousand (2019: DKK 727 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 1,000 thousand (2019: DKK 225 thousand). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods.

12 Non-current liabilities

DKK'000	Total debt as of 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	<u>21,766</u>	<u>461</u>	<u>21,305</u>	<u>12,947</u>
	<u>21,766</u>	<u>461</u>	<u>21,305</u>	<u>12,947</u>

13 Deferred income

Deferred revenue, DKK 9,245 thousand (2019: DKK 7,408 thousand), consists of payments received from costumers that may not be recognised until the subsequent financial year.

Parent company financial statements 1 January - 31 December

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14 Contractual obligation and contingencies, etc.

Operating lease commitments

The Company has entered into lease agreement. The lease agreement cannot be terminated before the 1 August 2021. Hereafter the lease can be terminated with 6-month notice. The total lease obligation as of 31 December 2020 amounts to DKK 1,198 thousands (2019: 2,180 thousand).

The Company have entered a new lease agreement regarding a new headquarter. The lease agreement was signed at 23 December 2020. The Group will move to the new headquarter at 15 October 2021 from which the Company will start paying rent. The lease agreement cannot be terminated before the 31 October 2027. Hereafter the lease can be terminated with 6-month notice. The total lease obligation as of 31 December 2020 amounts to DKK 58,458 thousand.

Pledges and securities

As security for the obligations with The Danish Growth Fund, the parent company has granted a floating charge in the amount of DKK 15,000 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 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 Technology Inc.

Related party transactions with subsidiary

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

DKK'000	2020	2019
Sales of products to subsidiary	20,722	0
Payables to subsidiary	14,544	0

Parent company financial statements 1 January - 31 December

Notes

16 Staff costs		
DKK'000	2020	2019
Wages and salaries	30,809	14,433
Pension	586	68
Other expenses for social security	435	142
Other employee expenses	2,053	280
	<u>33,883</u>	<u>14,923</u>
Development costs capitalized as intangible assets	-8,652	-5,059
	<u>25,231</u>	<u>9,864</u>
Average number of employees	<u>53</u>	<u>27</u>
Staff costs have been recognized in the income statement as follows:		
Production cost	2,666	640
Sales and marketing expenses	10,174	3,509
Administrative expenses	6,711	2,280
Research and development cost	5,680	3,435
	<u>25,231</u>	<u>9,864</u>
17 Amortisation and depreciation		
Amortisation	3,456	2,647
Compensation received from Innovation Fund Denmark	-269	-104
Depreciation	704	394
	<u>3,891</u>	<u>2,937</u>
Amortisation and depreciation have been recognised in the income statement as follows:		
Administrative expenses	525	446
Research and development cost	3,366	2,491
	<u>3,891</u>	<u>2,937</u>
18 Recommended appropriation of profit/loss		
Reserve for development costs	6,546	2,981
Retained earnings/accumulated loss	-36,976	-23,740
	<u>-30,430</u>	<u>-20,759</u>