Sønderup revisorer

Jyllandsgade 9
DK-4100 Ringsted

Strandesplanaden 110, 2
DK-2665 Vallensbæk

T: +45 5761 1210
CVR nr.: 31824559
mail@sonderuprevisorer.dk
www.sonderuprevisorer.dk

ANNUAL REPORT
1 January - 31 December 2023

Nerve Smart Systems A/S
Langebjergvænget 19 A
4000 Roskilde

CVR nr. 38137271

Submitter:
Sønderup I/S
Statsautoriserede revisorer
CVR no. 31824559

Presented and approved
at the company's annual generel meeting 27 May 2024

Chairman
Jesper Boie Rasmussen

Contents

Management's Statement on the Annual Report

The management have today considered and approved the annual report for Nerve Smart Systems A/S for the financial year 1 January to 31 December 2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In the managements opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of its financial performance for the financial year 1 January to 31 December 2023.

We believe that the management's review contains a fair review of the affairs and conditions refferred to therein.

We recommend the annual report for approval at the annual general meeting.

Roskilde, 25 April 2024

Executive Board

Jesper Boie Rasmussen

Board of Directors:

Stig Gert Ersgard	Jesper Boie Rasmussen
Jens Jacob Østergaard	James Thomas Ross Jackson
Ole Bjerre Christiansen	Morten Ravn Frederiksen

Independent Auditor's Report

To the shareholders of Nerve Smart Systems A/S

Opinion

We have audited the Financial Statements of Nerve Smart Systems A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Company. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations 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 the 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 Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 the 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 of accounting information taken on the basis of these Financial Statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Ringsted, 25 April 2024

SØNDERUP I/S
statsautoriserede revisorer
CVR 31824559

Tom Sønderup
State Authorised Public Accountant
mne10489

Management's review

Principal activities
Nerve Smart Systems ApS's main objective is to contribute to the transition from fossil fuel to electricity as easy and sustainable as possible. Over the coming years this transition is expected to play a key role in the remodeling of the infrastructure and equipment worldwide.

Output from renewable energy sources does not converge with the fluctuating consumption which is why affordable and efficient energy storage will be needed.

The main activity of the company is the development, manufacturing, sale and service of the superior Nerve Switch® which can be used in Battery Storage Solutions and High-Power Chargers.

Uncertainty in recognition or measurement
Recognition and measurement in the Annual Report have not been subject to any significant uncertainty.

Development in activities and financial position
During 2023 existing investors contributed 22.130 TDKK to the company. During the year, the company was transformed to an A/S and the share capital increased to 597 TDKK.

The income statement for 2023 shows a loss of 10.743 TDKK and the balance sheet an equity of 49.009 TDKK hereafter. The management does not consider the result for the year satisfactory.

During the year we have delivered the first certified battery buffered high power chargers - the B-HPC 1.6.

Expected development
At the beginning of 2024 we are experiencing solid interest for our solutions in the market.

Significant events after the end of the financial year
No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Accounting principles applied

The annual report for Nerve Smart Systems A/S 2023 has been prepared in accordance with the Danish Financial Statements Act for class B companies with application of individual rules from class C.

The income statement is presented by type of expenditure and the balance sheet is presented in account form. The measurement currency used is Danish kroner. All other currencies are considered foreign currency.

The accounting principles were applied consistently with the principles of last year's financial reporting.

General information on recognition and measurement

Income is recognized in the income statement as earned, including any value adjustments of financial assets and liabilities. Furthermore, all costs, including amortisation/depreciation and write-downs, are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits wil flow out of the company, and the value of the liabilities can be measured reliably.

The first recognition measures assets and liabilities at cost. Subsequently, assets and liabilities will be measured individually in respect of each accounting item as described below.

Anticipated risks and loses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income statement

Gross profit

In pursuance of section 32 (1) of the Danish Financial Statements Act, the first item in the income statement is the gross profit. The item gross profit is the result of revenue, cost of sales, other external cost and other operating income.

Revenue

Net sales in connection with sales of commercial products and finished products are recognized in the profit and loss account, if delivery has taken place and the risk has passed to the customer before the end of the year. Net sales are recognized ex. VAT and net of discounts related to the individual sale.

Accounting principles applied

Cost of goods sold
Cost of goods sold comprises the financial year's cost of sales measured to sales price, ajusted for ordinary inventory write-offs.

Direct operating costs
Direct operating costs include the year's costa for operating machinery foreign work, purchase of materials etc..

Other operating income and expenses
Other operating income and expenses comprise items of a secondary nature in relation to the company's core business.

Other external costs
Other external cost comprise costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing costs etc.

Staff costs
Staff costs contains salaries and wages, including holiday payment, pensions and other social security costs etc. to the company's employees.

Financial items
Financial income and expenses are regognized in the income statement with the amounts relating to the financial year. The financial items comprise interest income and expense, realized and unrealized exchange rate, gains and losses resulting from transactions in foreign currencies, surcharges and refunds regarding corporation tax.

Tax for the year
The company is jointly taxed with other group companies. The current corporation tax is divided between the jointly taxed companies pro rata to their taxable incomes. The parent company functions as the management company for the joint taxation and handles the tax payments to the danish tax authorities.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries directly on equity.

Accounting principles applied

Balance sheet

Intangible fixed assets
Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising develompent projects as intangible assets, an amount equalling the costs lex deferred tax incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are measured at cost and amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years.

Development projects in progress is not subject to depreciation.

Patents and licenses are measured at cost less accumulated depreciation and the recoverable amount, whichever is lower. Patents are amortized over the remaining patent period, and licenses are amortized over the period, not exceeding 10 years.

Earnings or loss on disposal of intangible fixed assets is calculated as the difference between the sales price less sales costs and the book value at the time of sale. Profit and losses are entered in the income statement under other operating income and -costs.

Tangible fixed assets
Operating equipment, tools and fixtures as well as leasehold improvements are measured at cost price less accumulated depreciation and write-down.

Depreciation is based on cost price less expected residual value after end of service life. The cost price includes acquisition price and costs directly linked to the acquisition until the time when the asset is ready for commencement of use.

Straight-line depreciation is based on the following assesment of the assets expected useful lives:

- Other fixtures and fittings, tools and equipment: Life cycle 3-10 years, residual value 0-20%.
- Leasehold improvements: Life cycle 3-10 years, residual value 0-20%.

Assets with a cost per unit under the tax threshold for small assets are recognized as expenses in the year of acquisition.

Accounting principles applied

Profits or losses in connection with disposal of tangible fixed assets are calculated as the difference between the sales price less sales costs and the book value at the time of sale. Profits and losses are entered in the income statement under other operating income and -costs.

Leases
Rental and lease contracts is considered as operating leases. Payments in connection with operating lease and other rental agreements are recognized in the income statement over the lease term. The company's total liabilities concerning operating leases are disclosed in connection with contingent items etc.

Financial fixed assets

Other receivables
Deposits are measured at cost.

Impairment of fixed assets
The carrying value of fixed assets are assessed annually for indications of impairment beyond what is expressed by depreciation.

If there are indications of impairment, an impairment test of each asset or group of assets will be made. Impairment will be made to its recoverable amount if this is lower than the carrying value.

Inventories
Inventories are valued at cost using the FIFO method. In cases where net realizable value is lower than cost, it will be written down to this lower value.

Cost of goods for resale, raw materials and consumables comprise of purchase price plus transportation costs.

The cost of finished goods and work in progress comprises raw materials, direct labor and direct production costs.

The net realizable value of inventories is calculated as the selling price less costs of completion and costs to be incurred to make the sale and is determined taking into account marketability, obsolescence and development in expected sales.

Receivables
Receivables are measured at amortized cost, which usually corresponds to the nominal value. Value is reduced by provisions for bad debts.

Contract work in progress
Contract work in progress is measured at market value of the work performed. Revenue is measured at the stage of completion at the balance sheet date and the total estimated income from the contract work.

Accounting principles applied

Work in progress for third parties is recognized in the balance sheet under receivables or liabilities. Net assets consist of the sum of the work in progress, where the sales value of the work performed exceeds the invoicing on account. Net liabilities are the sum of the work in progress where invoicing on account exceeds the sales value.

Prepayments
Prepaid expenses are recorded as assets.

Cash funds
Cash funds are measured at nominal value.

Dividend
Proposed dividend for the financial year is recognized as a separate component of the equity. Proposed dividends are recognized as a liability at the time of adoption.

Tax payable and deferred tax
Current tax liabilities and current tax assets are recognized in the balance sheet as tax calculated on the taxable income allocated with the current tax rate, and adjusted for tax on prior years taxable income and prepaid taxes.

Deferred tax is measured by the liability method concerning temporary differences between the caffying value and tax value of assets and liabilities, calculated based on the planned use of the assets and settlement of the obligation, respectively.

Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are measured at the value at which the asset is expected to be realisable, either through elimanation in tax on future earnings or through offsetting in deferred tax liabilities in the same legal tax unit. Any deferred net tax assets are measured at their net realisation values.

Deferred tax is measured based on the tax rules and tax rates applicable in pursuance of the legislation in force on the balance sheet date when the deferred tax is expected to become payable as current tax. Changes in deferred tax due to change in tax rates is recognized in the income statement.

Liabilities
Other liabilities are measured at amortised cost corresponding to the nominal value.

Deferred revenue
Deferred revenue is received payments regarding income related to future financial years.

Accounting principles applied

Conversion of foreign currency
Transactions in foreign currencies are converted at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expence. If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognized directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are converted at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the receivable or payable is recognized in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are converted at the rate of exchange on the transaction date.

Income statement 1 January - 31 December

Note		2023	2022
	Gross profit	-1.735.666	-371.165
1.	Staff costs	-4.226.372	-3.380.614
2.	Depreciation and write-downs	-7.567.878	-5.764.198
	OPERATING PROFIT	**-13.529.916**	**-9.515.977**
	Other financial income	0	22.721
	Other financial costs	-402.059	-81.943
	PROFIT/-LOSS BEFORE TAX	**-13.931.975**	**-9.575.199**
	Tax for the year	3.189.220	2.660.916
	NET PROFIT/-LOSS FOR THE YEAR	**-10.742.755**	**-6.914.283**
	Appropriation of profit		
	Reserve for development costs	765.643	2.554.759
	Distribution of profit	-11.508.398	-9.469.042
	Total appropriation	**-10.742.755**	**-6.914.283**

Balance sheet 31 December

Note		2023	2022
	ASSETS		
3.	Completed development projects	67.259.410	66.277.816
	Acquired concessions, patents, licenses and similar	740.505	487.842
	Total intangible fixed assets	**67.999.915**	**66.765.658**
	Other fixtures and fittings, tools and equipment	3.885	53.697
	Leasehold improvements	0	94.195
	Total tangible fixed assets	**3.885**	**147.892**
	Financial fixed assets		
	Other receivables	556.520	540.342
	Total financial fixed assets	**556.520**	**540.342**
	TOTAL FIXED ASSETS	**68.560.320**	**67.453.892**
	Finished goods and merchandise	9.267.826	4.473.077
	Total inventories	**9.267.826**	**4.473.077**
	Receivables from sales and services	139.028	0
	Contract work in progress	0	21.000
	Other receivables	2.382.800	2.133.898
	Prepayments and accrued income	2.139.108	1.064.217
	Total receivables	**4.660.936**	**3.219.115**
	Cash funds	1.494.478	1.679.374
	Total cash funds	**1.494.478**	**1.679.374**
	TOTAL CURRENT ASSETS	**15.423.240**	**9.371.566**
	TOTAL ASSETS	**83.983.560**	**76.825.458**

Balance sheet 31 December

Note		2023	2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	596.787	152.000
	Reserve for development costs	52.462.340	51.696.697
	Retained earnings	-4.050.073	-14.475.467
	TOTAL EQUITY	**49.009.054**	**37.373.230**
	Provisions for pensions and similar obligations	532.000	0
	Provisions for deferred tax	2.240.054	3.600.390
	TOTAL PROVISIONS	**2.772.054**	**3.600.390**
4.	**Long-term liabilities**		
	Other payables	957.267	957.267
5.	Deferred income	24.722.820	28.345.039
	Total long-term liabilities	**25.680.087**	**29.302.306**
	Prepayments from customers	5.364.741	3.958.500
	Suppliers of goods and services	450.585	1.083.381
	Other payables	707.039	1.507.651
	Total short-term liabilities	**6.522.365**	**6.549.532**
	TOTAL LIABILITIES	**32.202.452**	**35.851.838**
	TOTAL EQUITY AND LIABILITIES	**83.983.560**	**76.825.458**

6. Uncertainty about the continued operation
7. Contingencies

Statement of changes in equity

	2023	2022
Share capital		
Beginning of year	152.000	50.000
Cash capital increase	444.787	102.000
End of year	**596.787**	**152.000**
Share premium by emission		
This years use of share premium	-21.933.792	-20.298.000
This years share premium	21.933.792	20.298.000
End of year	**0**	**0**
Reserve for development costs		
Beginning of year	51.696.697	49.141.938
Additions during the year	765.643	2.554.759
End of year	**52.462.340**	**51.696.697**
Retained earnings		
Beginning of year	-14.475.467	-42.209.238
Transferred from net profit	-11.508.398	-9.469.042
Grants from group companies	0	16.904.813
Transferred from share premium	21.933.792	20.298.000
End of year	**-4.050.073**	**-14.475.467**
Equity end of year	**49.009.054**	**37.373.230**

Noter

	2023	2022
1. Staff costs		
Salaries	9.923.989	9.062.367
Pension costs	229.500	439.674
Other social security costs	118.951	147.801
Capitalized development costs	-6.046.068	-6.269.228
Total staff costs	**4.226.372**	**3.380.614**
Persons employed on average	13	13
2. Depreciation and write-downs		
Depreciation and write-downs of fixed assets	7.567.878	5.764.198
Total depreciation and write-downs	**7.567.878**	**5.764.198**

3. Completed development projects

The development costs primarily include the development of new charging systems for electric cars. The systems are expected to be completed in the coming years, after which marketing and sales can begin. The new systems are expected to bring significant competitive advantages and thus a significant increase in activity level and result from 2023 onwards. Development costs are recognized under intangible assets.

4. Long-term liabilities

TDKK 957 of long-term debt are due after 5 years.

5. Deferred income

Prepayments and accrued income relate to grants received for development projects. It is selected, that these grants be listed as long-term debt. They will then be recognized as income from operations as the development projects are depreciated.

6. Uncertainty about the continued operation

The company's continued operation is subject to the retention of the credit available from suppliers and main shareholder, under the current conditions, and that fresh capital is contributed if needed. There is nothing that indicates that the credits would not be available and that there should not be given additional credit for at least 12 months from the balance sheet date. The annual report is prepared in accordance with the principle of continuous operation.

7. Contingencies

The company has entered into one operational leasing agreement. The remaining term time on the agreement is 12 months. The total liability is calculated at TDKK 10.

The company has entered into a lease with an annual rent cost of TDKK 1.080. Within the contract there is a clause stating that 6 months notice is required prior to termination of the lease.

The company is jointly and severally liable for all group companies for the total tax on joint taxation income and for certain possible withholding taxes, such as dividends and royalties.

Jesper Boie Rasmussen

Navnet returneret af dansk MitID var:
Jesper Boie Rasmussen
Direktør
ID: 2d768807-e096-4804-8468-a2df0250c978
Tidspunkt for underskrift: 23-05-2024 kl.: 15:03:19
Underskrevet med MitID

Jesper Boie Rasmussen

Navnet returneret af dansk MitID var:
Jesper Boie Rasmussen
Bestyrelsesmedlem
ID: 2d768807-e096-4804-8468-a2df0250c978
Tidspunkt for underskrift: 23-05-2024 kl.: 15:03:19
Underskrevet med MitID

James Thomas Ross Jackson

Navnet returneret af dansk MitID var:
James Thomas Ross Jackson
Bestyrelsesmedlem
ID: d43fb2c1-e019-4674-bdf1-59375d31c12b
Tidspunkt for underskrift: 24-05-2024 kl.: 10:40:01
Underskrevet med MitID

Jens Jacob Østergaard

Navnet returneret af dansk MitID var:
Jens Jacob Østergaard
Bestyrelsesmedlem
ID: a2a27469-ec35-4812-a682-10247c41f35f
Tidspunkt for underskrift: 26-05-2024 kl.: 16:59:37
Underskrevet med MitID

Morten Ravn Frederiksen

Navnet returneret af dansk MitID var:
Morten Ravn Frederiksen
Bestyrelsesmedlem
ID: 94235897-e3dc-4b39-9795-f15e5e4e1906
Tidspunkt for underskrift: 24-05-2024 kl.: 08:54:16
Underskrevet med MitID

Ole Bjerre Christiansen

Navnet returneret af dansk MitID var:
Ole Bjerre Christiansen
Bestyrelsesmedlem
ID: 819bdfe0-1687-44d2-b243-c9d5dc1c4169
Tidspunkt for underskrift: 23-05-2024 kl.: 15:11:38
Underskrevet med MitID

Stig Gert Ersgard

Navnet returneret af dansk MitID var:
Stig Gert Ersgard
Bestyrelsesformand
ID: fe7863b2-6694-497e-a387-dfb2568c42f5
Tidspunkt for underskrift: 23-05-2024 kl.: 17:14:42
Underskrevet med MitID

Tom Sønderup

Navnet returneret af dansk MitID var:
Tom Sønderup
Revisor
ID: f912a5ff-63ee-4054-bfe1-b6fe6350ab8a
Tidspunkt for underskrift: 27-05-2024 kl.: 07:55:40
Underskrevet med MitID

Jesper Boie Rasmussen

Navnet returneret af dansk MitID var:
Jesper Boie Rasmussen
Dirigent
ID: 2d768807-e096-4804-8468-a2df0250c978
Tidspunkt for underskrift: 27-05-2024 kl.: 08:23:02
Underskrevet med MitID