BUUS JENSEN
Statsautoriserede
Revisorer

Sensae ApS

Fruebjergvej 3, 2100 København Ø

Company reg. no. 41 23 45 20

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 8 July 2022.

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Olivier de Simone
Chairman of the meeting

Contents

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

Management's statement

Today, the executive board has presented the annual report of Sensae ApS for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

København Ø, 28 June 2022

Executive board

Olivier de Simone Chief Executive Officer	Daniel Lyngholm Managing Director

Independent auditor's report

To the Shareholders of Sensae ApS

Opinion

We have audited the financial statements of Sensae ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies,, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the 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 taken on the basis of these financial statements.

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.

Statement on Management’s Review

Management is responsible for Management’s Review.

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

Independent auditor's report

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 28 June 2022

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Michael Markussen
State Authorised Public Accountant
mne34295

Company information

The company	Sensae ApS Fruebjergvej 3 2100 København Ø	
	Company reg. no.	41 23 45 20
	Established:	10 March 2020
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Executive board	Olivier de Simone, Chief Executive Officer Daniel Lyngholm, Managing Director	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	

Management´s review

The principal activities of the company

Sensae ApS is a Danish startup combining neuroscience, psychology and haptics with AI to create smart biofeedback technology for managing stress and improving mental wellness.

Development in activities and financial matters

Income or loss from ordinary activities after tax totals T.DKK -257 against T.DKK -152 last year. Management considers the net profit or loss for the year as expected.

We spent 2021 on development activities, and the development will continue in 2022 as planned. The expectation is to go to market during 2022.

Income statement

All amounts in DKK.

Note		1/1 - 31/12 2021	10/3 - 31/12 2020
	Gross profit	**416.026**	**-12.567**
1	Staff costs	-919.316	-193.223
	Profit before net financials	**-503.290**	**-205.790**
3	Other financial costs	-72.257	-19.570
	Pre-tax net profit or loss	**-575.547**	**-225.360**
2	Tax on net profit or loss for the year	319.000	73.750
	Net profit or loss for the year	**-256.547**	**-151.610**
	Proposed appropriation of net profit:		
	Transferred to other reserves	2.291.343	594.764
	Allocated from retained earnings	-2.547.890	-746.374
	Total allocations and transfers	**-256.547**	**-151.610**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2021	2020
	Non-current assets		
4	Development projects in progress and prepayments for intangible assets	3.700.137	762.518
	Total intangible assets	3.700.137	762.518
	Total non-current assets	**3.700.137**	**762.518**
	Current assets		
	Income tax receivables	646.000	167.750
	Other receivables	89.173	99.363
	Prepayments	17.068	0
	Total receivables	752.241	267.113
	Cash on hand and demand deposits	95.730	37.464
	Total current assets	**847.971**	**304.577**
	Total assets	**4.548.108**	**1.067.095**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		2021	2020
	Equity		
	Contributed capital	430.782	430.782
	Reserve for development costs	2.886.107	594.764
	Retained earnings	-3.110.814	-562.924
	Total equity	**206.075**	**462.622**
	Provisions		
	Provisions for deferred tax	421.000	94.000
	Total provisions	**421.000**	**94.000**
	Long term labilities other than provisions		
	Other payables	13.250	0
5	Total long term liabilities other than provisions	13.250	0
5	Current portion of long term payables	2.866.506	149.084
	Trade payables	628.001	192.077
	Payables to shareholders and management	56.898	96.749
	Other payables	168.188	72.563
	Deferred income	188.190	0
	Total short term liabilities other than provisions	3.907.783	510.473
	Total liabilities other than provisions	**3.921.033**	**510.473**
	Total equity and liabilities	**4.548.108**	**1.067.095**

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 10 March 2020	40.000	0	0	-594.764	-554.764
Cash capital increase	390.782	183.450	0	0	574.232
Retained earnings for the year	0	0	0	-151.610	-151.610
Transferred to retained earnings	0	-183.450	0	183.450	0
Development costs for the year	0	0	594.764	0	594.764
Equity 1 January 2021	430.782	0	594.764	-562.924	462.622
Retained earnings for the year	0	0	0	-2.547.890	-2.547.890
Development costs for the year	0	0	2.291.343	0	2.291.343
	430.782	**0**	**2.886.107**	**-3.110.814**	**206.075**

Notes

All amounts in DKK.

		1/1 - 31/12 2021	10/3 - 31/12 2020
1.	**Staff costs**		
	Salaries and wages	907.150	191.330
	Other costs for social security	12.166	1.893
		919.316	**193.223**
	Average number of employees	2	1
2.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	-646.000	-167.750
	Adjustment of deferred tax for the year	327.000	94.000
		-319.000	**-73.750**
3.	**Other financial costs**		
	Other financial costs	72.257	19.570
		72.257	**19.570**
4.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2021	762.518	0
	Additions during the year	2.937.619	762.518
	Cost 31 December 2021	**3.700.137**	**762.518**
	Carrying amount, 31 December 2021	**3.700.137**	**762.518**

Notes

All amounts in DKK.

5. Liabilities other than provision

	Total payables 31 Dec 2021	Current portion of long term payables	Long term payables 31 Dec 2021	Outstanding payables after 5 years
Convertible and profit sharing debt instruments	2.866.506	2.866.506	0	0
Other payables	13.250	0	13.250	0
	2.879.756	**2.866.506**	**13.250**	**0**

6. Contingencies

Contingent liabilities

	DKK in thousands
Total contingent liabilities	18

Accounting policies

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

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises work performed for own account and capitalised, and other external costs.

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible fixed assets.

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

Staff costs

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

Financial income and expenses

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

Tax on net profit or loss for the year

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

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly or indirectly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Impairment loss relating to non-current assets

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

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

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

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Receivables

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

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

Prepayments and accrued income

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for development costs

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

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

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

Income tax and deferred tax

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

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

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

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

Liabilities other than provisions

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

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.