BUUS JENSEN
Statsautoriserede
Revisorer

# Sensae ApS

**Fruebjergvej 3, 2100 København Ø**

**Company reg. no. 41 23 45 20**

## Annual report

## 1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 30 June 2023.

Olivier de Simone
Chairman of the meeting

## Contents


| | Page |
|---|---|
| **Reports** | |
| Management's statement | 1 |
| Independent auditor's report | 2 |
| **Management's review** | |
| Company information | 5 |
| Management´s review | 6 |
| **Financial statements 1 January - 31 December 2022** | |
| Income statement | 7 |
| Balance sheet | 8 |
| Statement of changes in equity | 10 |
| Notes | 11 |
| Accounting policies | 14 |


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 board of directors and the managing director have presented the annual report of Sensae ApS for the financial year 1 January - 31 December 2022.

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 2022 and of the company's results of activities in the financial year 1 January – 31 December 2022.

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, 30 June 2023

**Managing Director**

Olivier de Simone
Chief Executive Officer

**Board of directors**

Daniel Lyngholm

Olivier de Simone

# 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 2022, 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

**Material Uncertainty Related to Going Concern**

As stated in note 1, it is a material condition for the company's ability to continue as a going concern that funding is provided to the company in 2023. When the financial statements are issued, the management is working on raising a bridge round in June/July 2023 to extend the runway while we position the company to get the milestones necessary to raise an important round in Q4, 2023 - Q1, 2024. It is a material condition for the company's ability to continue as a going concern that funding from these two rounds is provided. Based on the above actions and assumptions, Management expects to have the necessary liquidity to finance the planned activities for the coming year. Our opinion is not modified in respect of this matter.

**Emphasis of Matter**

We draw attention to note 2 of the financial statements, which describe the uncertainty and unpredictability related to the recognized intangible assets arising from development projects with a carrying amount of 6.512 T.DKK, cf. note 6. Our opinion is not modified in respect of this matter.

**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.

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, 30 June 2023

**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<br>Fruebjergvej 3<br>2100 København Ø | |
| | Company reg. no. | 41 23 45 20 |
| | Established: | 10 March 2020 |
| | Domicile: | Copenhagen |
| | Financial year: | 1 January - 31 December |
| **Board of directors** | Daniel Lyngholm<br>Olivier de Simone | |
| **Managing Director** | Olivier de Simone, Chief Executive Officer | |
| **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.

### Uncertainties about recognition or measurement

Management refers to note 1 in the financial statements, in which the management describes the uncertainties concerning the company's ability to continue as a going concern.

Management refers to note 2 in the financial statements, in which the management describes the uncertainties concerning the recognition and measurement of the recognized intangible assets arising from development projects with a carrying amount of 6.512 T.DKK as on 31 December 2022, cf. note 6.

### Development in activities and financial matters

Income or loss from ordinary activities after tax totals T.DKK -720 against T.DKK -257 last year. Management considers the net profit or loss for the year as expected.

Sensae has experienced an eventful and rewarding year in 2022, accomplishing significant milestones. Our achievements not only strengthen the foundations of our company but also place us at the forefront of the next generation of wearables technology.

Key achievements of the year included the finalization of our Hardware Minimum Viable Product (MVP), the successful manufacture of our initial batch of 100 units, and the demonstration of the efficacy of our technological approach. Each of these milestones has contributed significantly to advancing our strategic goals.

In addition to these operational achievements, we have secured additional capital investment of 5,4 M.DKK in 2022. Prominent local business angels have shown their confidence in our business strategy and potential by investing in Sensae, leading to matching loan opportunities from Vækstfonden.

In a crucial development for protecting our unique technology and business model, we have secured a US patent for our Intellectual Property (IP). This not only safeguards our technology but also underscores our leadership in innovation in the burgeoning field of wearable technology.

Securing the patent is a significant step towards our long-term goals, reinforcing our belief in our technology's potential to shape the future of the wearable technology industry. With this strong base established in 2022, we look forward to driving forward our mission, reaching new markets and achieving further success in the coming years.

2022 was undoubtedly a transformative year for Sensae, featuring critical operational achievements, successful capital raising, and crucial IP protection. Our achievements place us in a strong position to face the challenges and opportunities ahead, confident in the promise of our technology and the potential for growth in the wearables sector.

### Events occurring after the end of the financial year

The company completed a capital increase of 1,5 M.DKK in February 2023. The 1,2 M.DKK was paid in cash, and the 0,3 M.DKK was a debt conversion.

## Income statement 1 January - 31 December

All amounts in DKK.

| Note | | 2022 | 2021 |
|---|---|---|---|
| | **Gross profit** | **1.122.347** | **416.026** |
| 3 | Staff costs | -1.702.502 | -919.316 |
| | Amortisation and impairment of intangibleassets | -1.451 | 0 |
| | **Profit before net financials** | **-581.606** | **-503.290** |
| | Other financial costs | -142.073 | -72.257 |
| | **Pre-tax net profit or loss** | **-723.679** | **-575.547** |
| 4 | Tax on net profit or loss for the year | 337.482 | 319.000 |
| | **Net profit or loss for the year** | **-386.197** | **-256.547** |
| | | | |
| | **Proposed distribution of net profit:** | | |
| | Transferred to other reserves | 2.139.616 | 2.291.343 |
| | Allocated from retained earnings | -2.525.813 | -2.547.890 |
| | **Total allocations and transfers** | **-386.197** | **-256.547** |

## Balance sheet at 31 December

All amounts in DKK.

| Note | Assets | 2022 | 2021 |
|---|---|---|---|
| | **Non-current assets** | | |
| 5 | Completed development projects, including patents and similar rights arising from development projects | 61.218 | 0 |
| 6 | Development projects in progress and prepayments for intangible assets | 6.450.856 | 3.700.137 |
| | Total intangible assets | 6.512.074 | 3.700.137 |
| | **Total non-current assets** | **6.512.074** | **3.700.137** |
| | **Current assets** | | |
| | Income tax receivables | 603.482 | 646.000 |
| | Other receivables | 18.493 | 89.173 |
| | Prepayments | 10.514 | 17.068 |
| | Total receivables | 632.489 | 752.241 |
| | Cash on hand and demand deposits | 1.035.433 | 95.730 |
| | **Total current assets** | **1.667.922** | **847.971** |
| | **Total assets** | **8.179.996** | **4.548.108** |

## Balance sheet at 31 December

All amounts in DKK.

| Note | Equity and liabilities | 2022 | 2021 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 535.496 | 430.782 |
| | Share premium | 0 | 0 |
| 7 | Reserve for development costs | 5.025.723 | 2.886.107 |
| | Retained earnings | -372.214 | -3.110.814 |
| | **Total equity** | **5.189.005** | **206.075** |
| | **Provisions** | | |
| | Provisions for deferred tax | 687.000 | 421.000 |
| | **Total provisions** | **687.000** | **421.000** |
| | **Long term labilities other than provisions** | | |
| | Other payables | 1.511.953 | 13.250 |
| 8 | Total long term liabilities other than provisions | 1.511.953 | 13.250 |
| 8 | Current portion of long term payables | 0 | 2.866.506 |
| | Trade payables | 340.222 | 628.001 |
| 9 | Payables to shareholders and management | 322.275 | 56.898 |
| | Other payables | 129.541 | 168.188 |
| | Deferred income | 0 | 188.190 |
| | Total short term liabilities other than provisions | 792.038 | 3.907.783 |
| | **Total liabilities other than provisions** | **2.303.991** | **3.921.033** |
| | **Total equity and liabilities** | **8.179.996** | **4.548.108** |

**1 Uncertainties relating to going concern**

**2 Uncertainties concerning recognition and measurement**

**10 Charges and security**

**11 Contingencies**

## Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Share premium | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|---|
| 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 |
| Equity 1 January 2022 | 430.782 | 0 | 2.886.107 | -3.110.814 | 206.075 |
| Cash capital increase | 104.714 | 5.264.413 | 0 | 0 | 5.369.127 |
| Retained earnings for the year | 0 | 0 | 0 | -2.525.813 | -2.525.813 |
| Transferred to retained earnings | 0 | -5.264.413 | 0 | 5.264.413 | 0 |
| Development costs for the year | 0 | 0 | 2.139.616 | 0 | 2.139.616 |
| | **535.496** | **0** | **5.025.723** | **-372.214** | **5.189.005** |

## Notes

All amounts in DKK.

| | 2022 | 2021 |
|---|---|---|

**1. Uncertainties relating to going concern**

The company has incurred a net loss of 386 T.DKK during the year ended 31 December 2022. The company is still in the pre-revenue phase and, therefore, not cash-positive in 2023 when the financial statements are issued. Therefore the liquidity is tight.

The company completed a capital increase of 1,5 M.DKK in February 2023. The 1,2 M.DKK was paid in cash, and the 0,3 M.DKK was a debt conversion.

When the financial statements are issued, the management is working on raising a bridge round in June/July 2023 to extend the runway while we position the company to get the milestones necessary to raise an important round in Q4, 2023 - Q1, 2024. It is a material condition for the company's ability to continue as a going concern that funding from these two rounds is provided.

Based on the above actions and assumptions, Management expects to have the necessary liquidity to finance the planned activities for the coming year. The financial statements have been prepared in accordance with the going concern principle.

**2. Uncertainties concerning recognition and measurement**

The Company has recognized intangible assets arising from development projects with a carrying amount of T.DKK 6.512, cf. note 5 and 6. The estimates and judgments made are based on budgets and business plans for the coming years, as well as market conditions outside the company's control, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect.

**3. Staff costs**

| | 2022 | 2021 |
|---|---|---|
| Salaries and wages | 1.665.003 | 907.150 |
| Other costs for social security | 37.499 | 12.166 |
| | **1.702.502** | **919.316** |
| Average number of employees | 5 | 2 |

**4. Tax on net profit or loss for the year**

| | 2022 | 2021 |
|---|---|---|
| Tax on net profit or loss for the year | -615.482 | -646.000 |
| Adjustment of deferred tax for the year | 278.000 | 327.000 |
| | **-337.482** | **-319.000** |

## Notes

All amounts in DKK.

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **5.** | **Completed development projects, including patents and similar rights arising from development projects** | | |
| | Additions during the year | 62.669 | 0 |
| | **Cost 31 December 2022** | **62.669** | **0** |
| | Amortisation and depreciation for the year | -1.451 | 0 |
| | **Amortisation and write-down 31 December 2022** | **-1.451** | **0** |
| | **Carrying amount, 31 December 2022** | **61.218** | **0** |

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **6.** | **Development projects in progress and prepayments for intangible assets** | | |
| | Cost 1 January 2022 | 3.700.137 | 762.518 |
| | Additions during the year | 2.750.719 | 2.937.619 |
| | **Cost 31 December 2022** | **6.450.856** | **3.700.137** |
| | **Carrying amount, 31 December 2022** | **6.450.856** | **3.700.137** |

| | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **7.** | **Reserve for development costs** | | |
| | Reserve for development costs 1 January 2022 | 2.886.107 | 594.764 |
| | Development costs for the year | 2.139.616 | 2.291.343 |
| | | **5.025.723** | **2.886.107** |

**8. Liabilities other than provision**

| | Total payables 31 Dec 2022 | Current portion of long term payables | Long term payables 31 Dec 2022 | Outstanding payables after 5 years |
|---|---|---|---|---|
| Other payables | 1.511.953 | 0 | 1.511.953 | 527.841 |
| | **1.511.953** | **0** | **1.511.953** | **527.841** |

All amounts in DKK.

| | 31/12 2022 | 31/12 2021 |
|---|---|---|

**9. Payables to shareholders and management**

In February 2023, 308 T.DKK was converted into equity as part of the capital increase of 1,5 M.DKK, cf. note 1.

**10. Charges and security**

For other long term payables (Vækstfonden), 1.512 T.DKK, the company has provided security in company assets representing a nominal value of 1.500 T.DKK. This security comprises the assets below, stating the carrying amounts:

| | DKK in thousands |
|---|---|
| Development projects in progress | 6.516 |

**11. Contingencies**

**Contingent liabilities**

| | DKK in thousands |
|---|---|
| Total contingent liabilities | 19 |

## 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.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

**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, other operating income, and 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 and tangible fixed assets.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

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.

**Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

**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 18 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

### Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

### 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

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Debt to Vækstfonden is thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables.

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.