KVIST & JENSEN
STATSAUTORISEREDE REVISORER

Kvantify ApS

Amagerfælledvej 106, 2300 København S

Company reg. no. 42 95 80 93

Annual report

7 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 28 June 2023.

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Hans Henrik Hernesniemi Knudsen
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 Board of Directors and the Managing Director have approved the annual report of Kvantify ApS for the financial year 7 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and 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 7 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

København S, 28 June 2023

Managing Director

Hans Henrik Hernesniemi
Knudsen

Board of directors

Hans Henrik Hernesniemi Knudsen	Clive William Eley	Nikolaj Thomas Zinner

Allan Grønlund

Independent auditor's report on extended review

To the Shareholders of Kvantify ApS

Opinion

We have performed an extended review of the financial statements of Kvantify ApS for the financial year 7 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for the financial year 7 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the extended review 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 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 extended review of the Financial Statements

Our responsibility is to express a opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

Independent auditor's report on extended review

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

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 opinion thereon.

In connection with our extended review 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 extended review, 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.

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 in the Management’s Review.

DK-8000 Aarhus, 28 June 2023

Kvist & Jensen
Kvist & Jensen State Authorized Public Accountants
Company reg. no. 36 71 77 85

Brian Christensen
State Authorized Public Accountant
mne35438

Company information

The company	Kvantify ApS Amagerfælledvej 106 2300 København S	
	Company reg. no.	42 95 80 93
	Established:	7 January 2022
	Financial year:	7 January - 31 December
Board of directors	Hans Henrik Hernesniemi Knudsen Clive William Eley Nikolaj Thomas Zinner Allan Grønlund	
Managing Director	Hans Henrik Hernesniemi Knudsen	
Auditors	Kvist & Jensen Statsautoriseret Revisionspartnerselskab	

Management´s review

Description of key activities of the company

The company's purpose is to develop knowledge about the practical use of quantum computers and software that utilizes quantum computers for relevant industries, as well as related business at the management's discretion.

Development in activities and financial matters

The result for the year amounts to DKK -7.453.000 which is expected since it is the company's first financial year.

In 2023, the focus was primarily on product development and customer-specific projects. The company's primary income is expected to come from grants and research grants, but will increasingly be supplemented with project income.

The company is currently testing products in collaboration with customers while other products are expected to be ready for customer testing in mid-2024.

The company's liquidity and capital availability in 2023 will consist of already existing capital as well as already approved grants from various actors. The management considers the company's capital availability to be reassuring.

Events occurring after the end of the financial year

From the balance sheet date until today, no circumstances have arisen that upset the assesment of the annual report.

Income statement

All amounts in DKK.

Note		7/1 2022 - 31/12 2022
	Gross profit	**-2.581.229**
1	Staff costs	-6.372.444
	Depreciation and impairment of property, land, and equipment	-101.273
	Operating profit	**-9.054.946**
	Other financial income	383
	Other financial expenses	-10.723
	Pre-tax net profit or loss	**-9.065.286**
	Tax on net profit or loss for the year	1.612.309
	Net profit or loss for the year	**-7.452.977**
	Proposed distribution of net profit:	
	Allocated from retained earnings	-7.452.977
	Total allocations and transfers	**-7.452.977**

Balance sheet

All amounts in DKK.

Note	Assets	31/12 2022
	Non-current assets	
	Other fixtures, fittings, tools and equipment	608.555
	Total property, plant, and equipment	608.555
	Deposits	293.859
	Total investments	293.859
	Total non-current assets	**902.414**
	Current assets	
	Trade receivables	285.012
	Income tax receivables	1.612.309
	Other receivables	283.539
	Total receivables	2.180.860
	Cash and cash equivalents	5.094.802
	Total current assets	**7.275.662**
	Total assets	**8.178.076**

Balance sheet

All amounts in DKK.

Note	**Equity and liabilities**	31/12 2022
	Equity	
	Contributed capital	85.140
	Retained earnings	7.081.883
	Total equity	**7.167.023**
	Liabilities other than provisions	
	Trade payables	125.963
	Other payables	885.090
	Total short term liabilities other than provisions	1.011.053
	Total liabilities other than provisions	**1.011.053**
	Total equity and liabilities	**8.178.076**
2	**Contingencies**	

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 7 January 2022	85.140	0	85.140
Cash capital expansion	0	14.534.860	14.534.860
Retained earnings for the year	0	-7.452.977	-7.452.977
	85.140	**7.081.883**	**7.167.023**

Notes

All amounts in DKK.

		7/1 2022 - 31/12 2022
1.	**Staff costs**	
	Salaries and wages	6.298.842
	Pension costs	2.360
	Other costs for social security	71.242
		6.372.444
	Average number of employees	12

2. Contingencies

Contingent liabilities

Rent obligations:

The company has entered into tenancy agreements with a notice of termination of 3-6 months. The annual rent constitutes T.DKK. 1.408.

Accounting policies

The annual report for Kvantify 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 annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

Income statement

Gross loss

Gross loss comprises the revenue, cost of sales, other operating income and external costs.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible 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 expenses comprise expenses incurred for distribution, sales, advertising, administration and premises.

Staff costs

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

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of tangible assets, respectively.

Accounting policies

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, 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

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of tangible 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. Write-down 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.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Accounting policies

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.