Deloitte.

TwentyThree ApS

Sortedam Dossering 7E E
2200 København N
CVR No. 30070860

Annual report 2022

The Annual General Meeting adopted the annual report on 14.07.2023

Thomas Madsen-Mygdal
Chairman of the General Meeting

Contents

Entity details

Entity

TwentyThree ApS

Sortedam Dossering 7E E

2200 København N

Business Registration No.: 30070860

Registered office: Copenhagen

Financial year: 01.01.2022 - 31.12.2022

Executive Board

Thomas Madsen-Mygdal

Steffen Fagerström Christensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of TwentyThree ApS for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14.07.2023

Executive Board

Thomas Madsen-Mygdal **Steffen Fagerström Christensen**

Independent auditor's report

To the shareholders of TwentyThree ApS

Opinion

We have audited the financial statements of TwentyThree ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’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 Entity’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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 14.07.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Management commentary

Primary activities
The primary actvites of TwentyThree ApS is to develop and supply tools for visual communication.

Description of material changes in activities and finances
Profit for the year amounts to DKK 2,570,110, which was expected by management.

The Company has invested significantly in internationalization, technological development as well as organizational development during 2022.

The Company expects to reap the benefits on these investments during 2023.

As of December 31, 2022 the company has reestablished its share capital. The company's profit is planned to be invested into the Company's continued development of product, platform and organization.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Treasury shares
The Company owns nominally 6.250 treasury shares which corresponds to 5 % of the total share capital at 31 December 2022. The shares are held as a part of the Company's ongoing growth strategy.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		**33,657,209**	**32,603,470**
Staff costs	1	(24,516,515)	(26,313,108)
Depreciation, amortisation and impairment losses	2	(5,984,945)	(5,397,455)
Operating profit/loss		**3,155,749**	**892,907**
Other financial expenses	3	(631,073)	(335,863)
Profit/loss before tax		**2,524,676**	**557,044**
Tax on profit/loss for the year	4	45,434	273,000
Profit/loss for the year		**2,570,110**	**830,044**
Proposed distribution of profit and loss			
Retained earnings		2,570,110	830,044
Proposed distribution of profit and loss		**2,570,110**	**830,044**

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	6	10,963,284	11,541,485
Acquired intangible assets		564,438	633,202
Goodwill		902,105	1,417,595
Development projects in progress	6	7,331,759	3,086,035
Intangible assets	5	**19,761,586**	**16,678,317**
Other fixtures and fittings, tools and equipment		715,438	725,565
Leasehold improvements		2,208,592	1,567,381
Property, plant and equipment	7	**2,924,030**	**2,292,946**
Investments in group enterprises		650	650
Deposits		5,902	4,652
Financial assets	8	**6,552**	**5,302**
Fixed assets		**22,692,168**	**18,976,565**
Trade receivables		7,478,357	6,486,525
Receivables from group enterprises		1,486,230	2,096,948
Deferred tax	9	30,000	484,000
Other receivables		8,692	192,693
Prepayments		287,427	343,648
Receivables		**9,290,706**	**9,603,814**
Cash		**911,290**	**3,435,767**
Current assets		**10,201,996**	**13,039,581**
Assets		**32,894,164**	**32,016,146**

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		125,000	125,000
Reserve for development expenditure		14,270,134	11,409,466
Retained earnings		(12,819,338)	(12,528,780)
Equity		**1,575,796**	**(994,314)**
Subordinate loan capital		3,000,000	3,000,000
Other payables		3,567,964	3,982,062
Deferred income		720,000	0
Non-current liabilities other than provisions	10	**7,287,964**	**6,982,062**
Current portion of non-current liabilities other than provisions	10	955,242	1,140,000
Bank loans		3,437,767	0
Trade payables		2,593,222	1,819,895
Payables to group enterprises		79,746	0
Other payables		3,257,552	8,829,449
Deferred income	11	13,706,875	14,239,054
Current liabilities other than provisions		**24,030,404**	**26,028,398**
Liabilities other than provisions		**31,318,368**	**33,010,460**
Equity and liabilities		**32,894,164**	**32,016,146**
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		

Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	11,409,466	(12,528,780)	(994,314)
Transfer to reserves	0	2,860,668	(2,860,668)	0
Profit/loss for the year	0	0	2,570,110	2,570,110
Equity end of year	**125,000**	**14,270,134**	**(12,819,338)**	**1,575,796**

Notes

1 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	22,660,083	24,985,374
Other social security costs	400,434	435,421
Other staff costs	1,455,998	892,313
	24,516,515	**26,313,108**

Average number of full-time employees	43	42

2 Depreciation, amortisation and impairment losses

	2022 DKK	2021 DKK
Amortisation of intangible assets	4,965,523	4,742,691
Depreciation of property, plant and equipment	1,030,867	528,936
Profit/loss from sale of intangible assets and property, plant and equipment	(11,445)	125,828
	5,984,945	**5,397,455**

3 Other financial expenses

	2022 DKK	2021 DKK
Financial expenses from group enterprises	35,014	0
Other interest expenses	420,700	326,480
Exchange rate adjustments	175,359	9,383
	631,073	**335,863**

4 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Change in deferred tax	66,000	(273,000)
Adjustment concerning previous years	(111,434)	0
	(45,434)	**(273,000)**

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	32,460,411	687,919	2,577,446	3,086,035
Transfers	1,493,440	0	0	(1,493,440)
Additions	2,309,628	0	0	5,739,164
Cost end of year	**36,263,479**	**687,919**	**2,577,446**	**7,331,759**
Amortisation and impairment losses beginning of year	(20,918,926)	(54,717)	(1,159,851)	0
Amortisation for the year	(4,381,269)	(68,764)	(515,490)	0
Amortisation and impairment losses end of year	**(25,300,195)**	**(123,481)**	**(1,675,341)**	**0**
Carrying amount end of year	**10,963,284**	**564,438**	**902,105**	**7,331,759**

6 Development projects

The Company's development projects relate to the Company's product, and as such is an integral part of the business strategy and management's future expectations.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	4,562,657	1,948,420
Additions	475,233	1,200,000
Disposals	(42,368)	0
Cost end of year	**4,995,522**	**3,148,420**
Depreciation and impairment losses beginning of year	(3,837,092)	(381,039)
Depreciation for the year	(472,078)	(558,789)
Reversal regarding disposals	29,086	0
Depreciation and impairment losses end of year	**(4,280,084)**	**(939,828)**
Carrying amount end of year	**715,438**	**2,208,592**

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	650	4,652
Additions	0	1,250
Cost end of year	**650**	**5,902**
Carrying amount end of year	**650**	**5,902**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
TwentyThree Inc.	USA	Inc.	100

9 Deferred tax

Deferred tax primarily related to intangible assets and carry-forward losses. Carry-foward losses are expected to be utilised in the coming 3-5 years.

10 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK
Subordinate loan capital	0	0	3,000,000
Other payables	955,242	1,140,000	3,567,964
Deferred income	0	0	720,000
	955,242	**1,140,000**	**7,287,964**

11 Deferred income

Deferred income consists of deferred revenue that will be recognised as revenue in the subsequent financial year.

Deferred income also consists of grants received in relation to development projects, which are recognised in the income statement over the relevant assets' depreciation period.

12 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	7,304,827	8,721,680

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Bootstrapping ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities,and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14 Assets charged and collateral

The Company’s bank has posted a payment guarantee for a total of DKK 795,741 which relates to deposit for the Company’s premises.

Other payables (non-current) of 3,947,841 is secured by way of a floating charge of nominally DKK 4,000 k.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses 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 is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised linearly over the contract period. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise costs directly related to revenue.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period used is 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

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 development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the 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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Treasury shares
Acquisition and selling prices and dividends for treasury shares are classified directly as equity under retained earnings. Gains and losses on sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to the nominal value.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.