



## Twentythree ApS

Sortedam Dossering 7 E  
2200 København N  
CVR No. 30070860

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 31.08.2020

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**Thomas Madsen-Mygdal**

Chairman of the General Meeting

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# Entity details

## Entity

Twentythree ApS  
Sortedam Dossering 7 E  
2200 København N

CVR No.: 30070860  
Registered office: Copenhagen  
Financial year: 01.01.2019 - 31.12.2019

## Executive Board

Steffen Fagerström Christensen  
Thomas Madsen-Mygdal

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P. O. Box 1600  
0900 Copenhagen C

# Statement by Management

The Executive Board have today considered and approved the annual report of Twentythree ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 31.08.2020

**Executive Board**

**Steffen Fagerström Christensen**

**Thomas Madsen-Mygdal**

# Independent auditor's report

## To the shareholders of Twentythree ApS

### Opinion

We have audited the financial statements of Twentythree ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 31.08.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Nikolaj Frausing Borch**

State Authorised Public Accountant  
Identification No (MNE) mne44062

# Management commentary

## Primary activities

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

## Description of material changes in activities and finances

Loss for the year amounts to DKK 562,261, which was expected by management.

The Company has invested significantly in internationalization, technological development as well as organizational development during 2019. The Company expects to reap the benefits on these investments during 2020.

The company has lost its share capital. Management expects to reestablish the share capital by future profits.

## Events after the balance sheet date

Subsequent to the balance sheet date, the COVID-19 outbreak has had a major impact on all markets of TwentyThree. However, at the moment revenue has not been impacted significantly, as the activity of TwentyThree is to supply tools for visual communication, of which there have been an increased demand during the outbreak, due to the need to communicate remotely. Expectations for 2020 are therefore still positive and Management expects that TwentyThree will experience growth in revenue.

No other 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 2019. The shares are held as a part of the Company's ongoing growth strategy.



# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>16,173,212</b>	<b>10,408,019</b>
Staff costs	1	(12,659,402)	(11,744,916)
Depreciation, amortisation and impairment losses	2	(3,812,869)	(3,569,702)
<b>Operating profit/loss</b>		<b>(299,059)</b>	<b>(4,906,599)</b>
Other financial expenses		(429,568)	(223,100)
<b>Profit/loss before tax</b>		<b>(728,627)</b>	<b>(5,129,699)</b>
Tax on profit/loss for the year	3	166,366	1,113,182
<b>Profit/loss for the year</b>		<b>(562,261)</b>	<b>(4,016,517)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(562,261)	(4,016,517)
<b>Proposed distribution of profit and loss</b>		<b>(562,261)</b>	<b>(4,016,517)</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	5	10,329,523	8,935,335
<b>Intangible assets</b>	4	<b>10,329,523</b>	<b>8,935,335</b>
Other fixtures and fittings, tools and equipment		498,345	659,418
Leasehold improvements		8,273	15,113
<b>Property, plant and equipment</b>	6	<b>506,618</b>	<b>674,531</b>
Investments in group enterprises		650	650
Deposits		50,627	50,627
<b>Other financial assets</b>	7	<b>51,277</b>	<b>51,277</b>
<b>Fixed assets</b>		<b>10,887,418</b>	<b>9,661,143</b>
Trade receivables		4,500,813	4,774,744
Receivables from group enterprises		2,041,563	2,036,563
Deferred tax	8	439,718	273,352
Other receivables		340,508	429,487
Prepayments		362,967	257,846
<b>Receivables</b>		<b>7,685,569</b>	<b>7,771,992</b>
<b>Cash</b>		<b>906,011</b>	<b>387,051</b>
<b>Current assets</b>		<b>8,591,580</b>	<b>8,159,043</b>
<b>Assets</b>		<b>19,478,998</b>	<b>17,820,186</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Contributed capital		125,000	125,000
Reserve for development expenditure		7,880,790	6,217,562
Retained earnings		(11,430,880)	(9,205,391)
<b>Equity</b>		<b>(3,425,090)</b>	<b>(2,862,829)</b>
Subordinate loan capital		3,000,000	3,000,000
Other payables		4,360,056	0
<b>Non-current liabilities other than provisions</b>	<b>9</b>	<b>7,360,056</b>	<b>3,000,000</b>
Current portion of non-current liabilities other than provisions	9	71,101	54,700
Bank loans		2,845,620	5,225,265
Trade payables		1,377,104	1,600,337
Payables to group enterprises		41,601	182,256
Other payables		2,915,387	2,763,464
Deferred income	10	8,293,219	7,856,993
<b>Current liabilities other than provisions</b>		<b>15,544,032</b>	<b>17,683,015</b>
<b>Liabilities other than provisions</b>		<b>22,904,088</b>	<b>20,683,015</b>
<b>Equity and liabilities</b>		<b>19,478,998</b>	<b>17,820,186</b>
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Assets charged and collateral	13		

# Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	6,217,562	(9,205,391)	(2,862,829)
Transfer to reserves	0	1,663,228	(1,663,228)	0
Profit/loss for the year	0	0	(562,261)	(562,261)
<b>Equity end of year</b>	<b>125,000</b>	<b>7,880,790</b>	<b>(11,430,880)</b>	<b>(3,425,090)</b>

# Notes

## 1 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	11,804,095	10,702,724
Other social security costs	252,005	251,045
Other staff costs	603,302	791,147
	<b>12,659,402</b>	<b>11,744,916</b>
Average number of full-time employees	<b>30</b>	<b>28</b>

## 2 Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Amortisation of intangible assets	3,435,375	2,863,116
Depreciation of property, plant and equipment	377,494	706,586
	<b>3,812,869</b>	<b>3,569,702</b>

## 3 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Change in deferred tax	(166,366)	(1,113,182)
	<b>(166,366)</b>	<b>(1,113,182)</b>

## 4 Intangible assets

	Completed development projects DKK
Cost beginning of year	18,589,377
Additions	4,829,563
<b>Cost end of year</b>	<b>23,418,940</b>
Amortisation and impairment losses beginning of year	(9,654,042)
Impairment losses for the year	(3,435,375)
<b>Amortisation and impairment losses end of year</b>	<b>(13,089,417)</b>
<b>Carrying amount end of year</b>	<b>10,329,523</b>

## 5 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.

## 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	3,322,596	354,473
Additions	209,581	0
<b>Cost end of year</b>	<b>3,532,177</b>	<b>354,473</b>
Depreciation and impairment losses beginning of year	(2,663,178)	(339,360)
Impairment losses for the year	(370,654)	(6,840)
<b>Depreciation and impairment losses end of year</b>	<b>(3,033,832)</b>	<b>(346,200)</b>
<b>Carrying amount end of year</b>	<b>498,345</b>	<b>8,273</b>
Recognised assets not owned by entity	66,867	0

## 7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	650	50,627
<b>Cost end of year</b>	<b>650</b>	<b>50,627</b>
<b>Carrying amount end of year</b>	<b>650</b>	<b>50,627</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
TwentyThree Inc.	USA	Inc.	100	33,166	(2,191)

## 8 Deferred tax

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

## 9 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK
Subordinate loan capital	0	0	3,000,000
Finance lease liabilities	1,600	54,700	0
Other payables	69,501	0	4,360,056
	<b>71,101</b>	<b>54,700</b>	<b>7,360,056</b>

### 10 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.

### 11 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	<b>757,897</b>	<b>1,054,074</b>

### 12 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.

### 13 Assets charged and collateral

The Company's bank has posted a payment guarantee on the amount of DKK 647,167 and DKK 148,574 which relates to deposit for the Company's premises.

Other payables (non-current) of 4,360,056 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 certain 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.

### **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**

### **Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed.

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 under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

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

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.

**Finance lease liabilities**

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**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.