
TattooDo ApS

Artillerivej 86, 2. th., DK-2300 København S

Annual Report for 2021

CVR No. 34 68 76 84

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/6 2022

Johan Urnes Plenge
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Tattodo ApS for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 30 June 2022

Executive Board

Johan Urnes Plenge
CEO

Board of Directors

René Efraim Rechtman
Chairman

Caspar Høgh

Daniel Munthe Agger

Errol Damelin

Independent Auditor's report

To the shareholder of Tattodo ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Tattodo ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

It should be noted that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. We refer to note 1 to the Financial Statements disclosing that, the company's continued operation is conditional on compliance with the budgets prepared by the management and that new liquidity is made available to the company.

It is management's assessment that the prepared budgets are complied with and the company is provided with the necessary liquidity, which is why the annual accounts have been prepared in accordance with the company's continued operations.

Our opinion has not been modified in respect of this matter.

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, in our view, 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 Management's Review.

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.

Independent Auditor's report

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 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 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.

Independent Auditor's report

Hellerup, 30 June 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Christopher Kowalczyk
State Authorised Public Accountant
mne47863

Company information

The Company	Tattodo ApS Artillerivej 86, 2. th. DK-2300 København S CVR No: 34 68 76 84 Financial period: 1 January - 31 December Incorporated: 13 August 2012 Financial year: 9th financial year Municipality of reg. office: København
Board of Directors	René Efraim Rechtman, Chairman Caspar Høgh Daniel Munthe Agger Errol Damelin
Executive board	Johan Urnes Plenge
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

Key activities

Tattoodo is an online community and booking platform for the global tattoo industry. The Company operates a digital marketplace that, first and foremost, facilitates a better interaction between tattoo professionals and tattoo clients. The Company offers digital services for the tattoo professionals to grow their business and a comprehensive media platform with booking functionality for tattoo clients.

Development in the year

The income statement of the Company for 2021 shows a loss of DKK 14,494,413, and at 31 December 2021 the balance sheet of the Company shows negative equity of DKK 7,106,021.

Development in activities

The Company has realized a loss of DKK 14,494 thousand compared to a loss of DKK 21,371 thousand in 2020. Management considers the loss to be in line with expectations, as a result of the setback the industry in general has experienced from the pandemic. The Company received new investments during 2021 from the existing investors. With the investments the Company has ensured liquidity to fund the next stages of development. Despite the pandemic, the Company continued to see encouraging growth both in terms of users and bookings in key markets. We expect to see continued growth in 2022, along with expansion in new geographies. Tattoodo is the world's largest tattoo marketplace and most downloaded tattoo app, with a community of 30 million users and artists worldwide.

Outlook

Management focus going forward is on scaling bookings and the transaction revenue further in selected key cities, while improving the unit economics and product market fit. The Company and its shareholders continue to invest into the underlying technology and platform to solidify the position as the global market leader. Management is positive about the outlook for the Company.

Capital resources

The balance sheet of the Company per 31 December 2021 shows negative equity of DKK 7,106,021. As Tattoodo is still in its growth stage, the Company expects negative cash flow in 2022 from operating activities, therefore, the company is dependent on being recapitalized to continue operations cf. Financial Statements note 1.

Income statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Gross loss		-2,834,207	-4,659,533
Staff expenses	2	-3,875,564	-6,147,184
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-7,162,049	-7,323,154
Other operating expenses	4	-10,000	0
Profit/loss before financial income and expenses		-13,881,820	-18,129,871
Income from investments in subsidiaries		0	-3,479,745
Financial income	5	5,826	5,845
Financial expenses	6	-1,833,351	-1,242,209
Profit/loss before tax		-15,709,345	-22,845,980
Tax on profit/loss for the year	7	1,214,932	1,474,801
Net profit/loss for the year		-14,494,413	-21,371,179

Distribution of profit

	2021 DKK	2020 DKK
Proposed distribution of profit		
Reserve for net revaluation under the equity method	0	-330,806
Transfer for the year to other reserves	-1,204,328	0
Retained earnings	-13,290,085	-21,040,373
	-14,494,413	-21,371,179

Balance sheet 31 December

Assets

	Note	2021	2020
		DKK	DKK
Completed development projects		8,989,506	10,533,517
Intangible assets	8	8,989,506	10,533,517
Other fixtures and fittings, tools and equipment		34,342	77,505
Leasehold improvements		60,546	113,003
Property, plant and equipment	9	94,888	190,508
Deposits	10	673,347	659,560
Fixed asset investments		673,347	659,560
Fixed assets		9,757,741	11,383,585
Trade receivables		1,229,729	1,232,524
Other receivables		473,062	263,569
Corporation tax		1,214,932	1,474,801
Prepayments		11,199	9,464
Receivables		2,928,922	2,980,358
Cash at bank and in hand		9,509,174	5,931,597
Current assets		12,438,096	8,911,955
Assets		22,195,837	20,295,540

Balance sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		521,602	378,232
Share premium account		14,326,312	0
Reserve for development costs		7,011,815	8,216,143
Retained earnings		-28,965,750	-15,675,665
Equity		-7,106,021	-7,081,290
Convertible and profit-yielding instruments of debt		0	2,497,888
Other payables		22,819,598	21,576,013
Long-term debt	11	22,819,598	24,073,901
Credit institutions		610	0
Convertible instruments of debt		2,497,888	0
Prepayments received from customers		1,211,391	1,377,843
Trade payables		310,262	70,719
Deposits		29,600	0
Other payables	11	2,432,509	1,854,367
Short-term debt		6,482,260	3,302,929
Debt		29,301,858	27,376,830
Liabilities and equity		22,195,837	20,295,540
Going concern	1		
Contingent assets, liabilities and other financial obligations	12		
Subsequent events	13		
Accounting Policies	14		

Statement of changes in equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	378,232	0	8,216,143	-15,675,665	-7,081,290
Capital increase	143,370	14,326,312	0	0	14,469,682
Development costs for the year	0	0	-1,204,328	0	-1,204,328
Net profit/loss for the year	0	0	0	-13,290,085	-13,290,085
Equity at 31 December	521,602	14,326,312	7,011,815	-28,965,750	-7,106,021

Notes to the Financial Statements

1. Going concern

As of 31 December 2021, the Company's equity is negative by DKK 7,106,021. The company has lost the entire nominal share capital. The Company's management has complied with the provision of section 119 of the Companies act.

Management has initiated several initiatives to reestablish the subscribed capital. Material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Management has prepared liquidity forecast showing, that the Company is capable of fulfilling all financial obligations as they fall due. It is management's assessment that this is sufficient to ensure the Company's capital resources and, therefore, the annual report is submitted based on a going concern assumption.

	2021	2020
	DKK	DKK
2. Staff Expenses		
Wages and salaries	7,486,965	10,894,983
Pensions	141,600	170,600
Other social security expenses	100,942	101,187
Other staff expenses	425,007	303,536
	8,154,514	11,470,306
Transfer to production wages	-4,278,950	-5,323,122
	3,875,564	6,147,184
Average number of employees	11	18

	2021	2020
	DKK	DKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	7,066,429	7,159,020
Depreciation of property, plant and equipment	95,620	164,134
	7,162,049	7,323,154

	2021	2020
	DKK	DKK
4. Other operating expenses		
Other expenses	10,000	0
	10,000	0

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	DKK
5. Financial income		
Exchange rate adjustments	<u>5,826</u>	<u>5,845</u>
	<u>5,826</u>	<u>5,845</u>
	<u>2021</u>	<u>2020</u>
	DKK	DKK
6. Financial expenses		
Other financial expenses	1,780,824	1,230,442
Exchange adjustments, expenses	<u>52,527</u>	<u>11,767</u>
	<u>1,833,351</u>	<u>1,242,209</u>
	<u>2021</u>	<u>2020</u>
	DKK	DKK
7. Income tax expense		
Current tax for the year	<u>-1,214,932</u>	<u>-1,474,801</u>
	<u>-1,214,932</u>	<u>-1,474,801</u>

Notes to the Financial Statements

8. Intangible fixed assets

	Completed development projects
	DKK
Cost at 1 January	47,036,478
Additions for the year	5,522,419
Cost at 31 December	<u>52,558,897</u>
Impairment losses and amortisation at 1 January	36,502,961
Amortisation for the year	7,066,430
Impairment losses and amortisation at 31 December	<u>43,569,391</u>
Carrying amount at 31 December	<u>8,989,506</u>

The Entity's development projects relate to costs incurred to the continuous improvement of an online community and booking platform for the global tattoo industry. This is the foundation of the Entity's activities and long term strategy. All projects initiated during 2021 have been completed and are now an integrated part of the platform. It is Management's assessment that the value of the Company primarily lies with the platform and the users of the platform and expects that the value can be recovered either through future profits or a sale of the Company or platform.

9. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	374,185	585,378
Cost at 31 December	<u>374,185</u>	<u>585,378</u>
Impairment losses and depreciation at 1 January	296,680	472,375
Depreciation for the year	43,163	52,457
Impairment losses and depreciation at 31 December	<u>339,843</u>	<u>524,832</u>
Carrying amount at 31 December	<u>34,342</u>	<u>60,546</u>

Notes to the Financial Statements

10. Other fixed asset investments

	Deposits DKK
Cost at 1 January	659,560
Additions for the year	13,787
Cost at 31 December	<u>673,347</u>
Carrying amount at 31 December	<u>673,347</u>

11. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2021 DKK	2020 DKK
Convertible and profit-yielding instruments of debt		
After 5 years	0	0
Between 1 and 5 years	0	2,497,888
Long-term part	0	2,497,888
Within 1 year	2,497,888	0
	<u>2,497,888</u>	<u>2,497,888</u>
Other payables		
After 5 years	0	2,077,103
Between 1 and 5 years	22,819,598	19,498,910
Long-term part	22,819,598	21,576,013
Within 1 year	0	0
Other short-term payables	2,432,509	1,854,367
	<u>25,252,107</u>	<u>23,430,380</u>

Notes to the Financial Statements

	2021	2020
	DKK	DKK

12. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with *Vækstfonden*:

Danske Bank, DKK Account	9,385,441	4,009,654
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As continuing security for the loan, discharge and performance in full of the Secured Obligations, *Vækstfonden* charges with first priority to and in favour of the Company all of its rights, title and interest, present and future, in and to the Floating Charge and over the Charged Assets in the amount of kDKK 7,000.

13. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

14. Accounting policies

The Annual Report of Tattodo ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Net sales

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and as well as office expenses, etc.

Notes to the Financial Statements

Gross loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Intangible fixed assets

Development projects

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.