



LuggageHero A/S

Erik Menveds Vej 2A
1965 Frederiksberg C
CVR No. 37611328

Annual report 2021

The Annual General Meeting adopted the
annual report on 01.06.2022

Jannik Lawaetz

Chairman of the General Meeting

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Entity details

Entity

LuggageHero A/S
Erik Menveds Vej 2A
1965 Frederiksberg C

Business Registration No.: 37611328
Registered office: Frederiksberg
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Tage Reinert
Allan Sønderkov Darre
Jannik Lawaetz
Kristian Løkkegaard
Ib Vagn Drachmann-Hansen

Executive Board

Jannik Lawaetz

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of LuggageHero A/S for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 01.06.2022

Executive Board

Jannik Lawaetz

Board of Directors

Tage Reinert

Allan Sønderskov Darre

Jannik Lawaetz

Kristian Løkkegaard

Ib Vagn Drachmann-Hansen

Independent auditor's extended review report

To the shareholders of LuggageHero A/S

Conclusion

We have performed an extended review of the financial statements of LuggageHero A/S for the financial year 01.01.2021 - 31.12.2021, 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.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion 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 extended review 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 extended review 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 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.

Aarhus, 01.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Fauerskov

State Authorised Public Accountant
Identification No (MNE) mne35428

Sune Pagh Sølvsteen

State Authorised Public Accountant
Identification No (MNE) mne47819

Management commentary

Primary activities

The purpose of the company is to conduct the business of luggage storage to the public, as well as businesses associated with this.

Development in activities and finances

The company started the second half-year of 2021 with expanding presence in the North American market and the UK following the increase in domestic travel. The second half of 2021 showed immediate results of this expansion.

Development of the POInter technology has continued in 2021 with funding secured from Innovation Fund Denmark. POInter has proven to be a reliable technology for choosing which areas of a city to expand into. Further development of POInter is expected in 2022.

During the year, the company received compensation packages from the Danish State in the form of salary compensation and coverage of fixed costs.

The company obtained financing of DKK 4 million in Q1 of 2021. The company has secured its operations for a minimum of the next 12 months.

Gross profit for the company amounted to DKK 1.391k compared to a negative gross profit for 2020 of DKK 5.884k. The improvement was made possible following cost savings implemented in 2020 combined with covid-19 compensation from the Danish State.

The net loss for 2021 amounted to DKK 1.696k compared to a loss of DKK 6.204k in 2020.

The company views the performance of the company in 2021 as satisfactory given the difficult external circumstances for the travel industry.

Management expects in 2022 to still grow simultaneously as travel restrictions are lifted around the globe.

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.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss	1	2,980,864	(290,746)
Staff costs	2	(1,996,985)	(4,032,073)
Depreciation, amortisation and impairment losses		(2,374,493)	(1,561,438)
Operating profit/loss		(1,390,614)	(5,884,257)
Other financial income	3	109,052	3,444
Impairment losses on financial assets		(210,747)	(309,618)
Other financial expenses		(800,311)	(572,211)
Profit/loss before tax		(2,292,620)	(6,762,642)
Tax on profit/loss for the year	4	596,542	558,691
Profit/loss for the year		(1,696,078)	(6,203,951)
Proposed distribution of profit and loss			
Retained earnings		(1,696,078)	(6,203,951)
Proposed distribution of profit and loss		(1,696,078)	(6,203,951)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	6	6,677,078	6,201,504
Intangible assets	5	6,677,078	6,201,504
Investments in group enterprises		0	0
Deposits		98,000	125,518
Financial assets	7	98,000	125,518
Fixed assets		6,775,078	6,327,022
Manufactured goods and goods for resale		971	0
Inventories		971	0
Receivables from group enterprises		1,379,564	146,614
Other receivables	8	2,363,468	951,148
Income tax receivable		596,542	559,020
Prepayments		88,397	23,952
Receivables		4,427,971	1,680,734
Cash		3,703,884	2,839,135
Current assets		8,132,826	4,519,869
Assets		14,907,904	10,846,891

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		910,027	910,027
Translation reserve		(28,507)	0
Reserve for development expenditure		5,208,119	4,837,173
Retained earnings		(5,189,897)	(3,122,873)
Equity		899,742	2,624,327
Debt to other credit institutions		6,744,667	5,431,720
Convertible and dividend-yielding debt instruments		3,193,315	0
Payables to shareholders and management	9	1,419,641	0
Other payables		317,633	322,367
Deferred income		475,088	233,628
Non-current liabilities other than provisions	10	12,150,344	5,987,715
Current portion of non-current liabilities other than provisions	10	705,346	1,323,900
Trade payables		802,851	251,594
Other payables	11	349,621	659,355
Current liabilities other than provisions		1,857,818	2,234,849
Liabilities other than provisions		14,008,162	8,222,564
Equity and liabilities		14,907,904	10,846,891
Unrecognised rental and lease commitments	12		
Assets charged and collateral	13		

Statement of changes in equity for 2021

	Contributed capital DKK	Translation reserve DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	910,027	0	4,837,173	(3,122,873)	2,624,327
Exchange rate adjustments	0	(28,507)	0	0	(28,507)
Transfer to reserves	0	0	370,946	(370,946)	0
Profit/loss for the year	0	0	0	(1,696,078)	(1,696,078)
Equity end of year	910,027	(28,507)	5,208,119	(5,189,897)	899,742

Notes

1 Gross profit/loss

Other operating income includes compensation received from the wage and fixed cost aid schemes established as a result of the outbreak and the spread of COVID-19 in 2020, amounting to DKK 1.449k for 2020 and DKK 2.958k for 2021.

2 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	4,158,163	5,830,610
Pension costs	24,000	24,000
Other social security costs	69,607	60,429
Other staff costs	126,990	105,646
	4,378,760	6,020,685
Staff costs classified as assets	(2,381,775)	(1,988,612)
	1,996,985	4,032,073
Average number of full-time employees	6	9

3 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	15,106	3,442
Other interest income	0	2
Exchange rate adjustments	93,946	0
	109,052	3,444

4 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	(596,542)	(559,020)
Adjustment concerning previous years	0	329
	(596,542)	(558,691)

5 Intangible assets

	Completed development projects DKK
Cost beginning of year	8,905,405
Additions	2,850,067
Cost end of year	11,755,472
Amortisation and impairment losses beginning of year	(2,703,901)
Amortisation for the year	(2,374,493)
Amortisation and impairment losses end of year	(5,078,394)
Carrying amount end of year	6,677,078

6 Development projects

Throughout 2021, the company has invested in development with a Grant received from Innovationsfonden (2020-2021) to further develop POInter, an automated platform for optimization of expansion and marketing in LuggageHero.

New development completed on POInter includes:

- Feature to pause and enable (automatically) different marketing and demand-driven activities based on internal metrics in a market analyzed by the POInter algorithm. The function enables the company to focus and run activities only when it meets the internal score identified by POInter.
- Automatically synchronizing PPC (Pay-Per-Click) ads keywords from different providers, ad descriptions, and ad headlines by using API endpoints.
- Data synchronization between the internal administration system and PPC ads to centralize important information that is relevant between multiple markets.

Apart from developing marketing automation within POInter, the company has heavily in further development of:

1. The LuggageHero innovative market platform (Web, Native) that allow travelers to find and book relevant storage locations online all around the world (Airbnb and Uber model for storage).
2. Integrating multiple and allowing storage location to create and manage their storage location(s) within the platform; and
3. The LuggageHero Admin dashboard to analyze results of the efforts deployed from development and follow-up with partners and customers.

New development and experiments carried out in these areas include:

- Support for local payment methods in all markets
- Integrated internal database with BI tool enabling everyone in the company to extract and analyze relevant data related to innovate and itinerate based on feedback from partners, customers and shops.
- Built internal messaging system to ensure continued ability to communicate with customers signing up with any preferred way of communication
- Introduced a new dynamic pricing model and booking summary UI allowing travelers to choose a price plan that suits their need and providing the company with a platform for selling add-on products/services to the customers.
- Refactored all LuggageHero API endpoints leading to an improved stability enabling the company to create a traveler-specific app and partner app.
- Experimented with speed performance of the LuggageHero apps to help improve the user experience.

- Added detection of system errors and outages, and more robust notifications including phone call alerts in case of suspected system downtime.

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	2,486,911	125,518
Additions	0	16,455
Disposals	0	(43,973)
Cost end of year	2,486,911	98,000
Impairment losses beginning of year	(2,486,911)	0
Exchange rate adjustments	(28,507)	0
Impairment losses for the year	(210,747)	0
Investments with negative equity value depreciated over receivables	239,254	0
Impairment losses end of year	(2,486,911)	0
Carrying amount end of year	0	98,000

Investments in subsidiaries	Registered in	Equity interest %
LuggageHero LLC	New York	100.00
Knock Knock City, Co	New York	100.00

8 Other receivables

	2021 DKK	2020 DKK
Other receivables	2,363,468	951,148
	2,363,468	951,148

Other receivables comprise VAT, receivables from Innovation Fund Denmark, prepaid expenses and Stripe accounts.

9 Payables to shareholders and management

Payables to shareholders and management comprise convertible debt.

10 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Debt to other credit institutions	117,615	1,178,388	6,744,667	262,362
Convertible and dividend-yielding debt instruments	0	0	3,193,315	0
Payables to shareholders and management	0	0	1,419,641	0
Other payables	0	0	317,633	0
Deferred income	587,731	145,512	475,088	0
	705,346	1,323,900	12,150,344	262,362

Deferred income relates to grants received in connection with the development projects. Received grants are recognized on a straight-line basis over the depreciation period of the development project.

11 Other payables

	2021 DKK	2020 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	122,958	514,667
Holiday pay obligation	158,782	144,688
Other costs payable	67,881	0
	349,621	659,355

12 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	62,620	93,868

13 Assets charged and collateral

To guarantee debt to credit institutions, company charge has been pledged at nominal value DKK 6.500k in simple claims, intangibles and Property, plant, and equipment.

The carrying amount of the pledged assets amounts to a total of DKK 6.677k as of 31.12.2021.

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.

Changes in accounting policies

The Entity has changed its accounting policies with regard to deferred income from received public grants.

Income from grants received for development projects according to the Danish Financial Statements Act's requires gross presentation in the income statement. Previous year the presentation of deferred income has been recognized in line with depreciation, amortisation and impairment loss.

The change in accounting policies has led to an increase in depreciation and gross profit/loss of DKK 57 for annual year 2020. The change in accounting policy have had no effect on the profit or loss, balance sheet or equity for 2021 and 2020.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year however, with some reclassifications.

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.

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 recognised directly in the translation reserve in equity.

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

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. 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.

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 intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises etc.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses 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.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed with related 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. 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 3-5 years.

Intellectual property rights etc 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.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts. Stripe accounts requires presentation as receivables from sales. Previous year the presentation of Stripe accounts has been as cash.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises bank deposits.

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.