

LuggageHero A/S

Pilestræde 28A
112 København K
Company reg. no. 37 61 13 28

Annual report for 1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 3 April 2024.

Simon Falbe-Hansen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of LuggageHero A/S for the financial year 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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

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

Copenhagen, 3 April 2024

Managing Director

Jannik Lawaetz

Board of directors

Tage Reinert

Allan Sønderskov Darre

Jannik Lawaetz

Kristian Løkkegaard

Ib Vagn Drachmann-Hansen

Independent auditor's report on extended review

To the Shareholders of LuggageHero A/S

Opinion

We have performed an extended review of the financial statements of LuggageHero A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the Financial Statements

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

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

Independent auditor's report on extended review

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

Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the Management's Review, and we do not express any form of assurance opinion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

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

Brøndby, 3 April 2024

ALBJERG

Statsautoriseret Revisionspartnerselskab
Company reg. no. 35 38 28 79

Anders Salomonsen

State Authorised Public Accountant
mne40143

Company information

The company

LuggageHero A/S
Pilestræde 28A
112 København K

Company reg. no. 37 61 13 28

Financial year: 1 January - 31 December

Board of directors

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

Managing Director

Jannik Lawaetz

Auditors

ALBJERG
Statsautoriseret Revisionspartnerselskab
Ringager 4C, 2. th.
2605 Brøndby

Subsidiaries

LuggageHero LLC, New York
Knock Knock City, Co, New York
Luggagehero Spain, Sociedad Limitada , Barcelona

Management's review

Description of key activities of the company

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 financial matters

The gross profit for the year totals DKK 6.813.319 against DKK 2.292.479 last year. Income from ordinary activities after tax totals DKK 591.398 against DKK -5.301.626 last year.

Throughout 2023, LuggageHero continued to grow revenue and tripled gross profit from 2022 to 2023. Our focus on making marketing efforts more efficient and cost-effective has borne fruit, allowing us to turn around our EBITDA from a loss in 2022 to a significant profit.

Our approach to expansion has become increasingly refined and data-driven. By focusing on profitability and leveraging data analytics, we have identified optimal locations within cities to expand our presence. This strategic selection process has encouraged more shops to join our network, enhancing the attractiveness of our marketplace for users. Our commitment to innovation and efficiency has not only bolstered our global footprint but also solidified our position.

A key milestone for 2023 was achieving a cash-positive status by the second quarter, a status we maintained throughout the year. This financial health allowed us to streamline operations and focus more resources on product innovation.

Expected developments

Our outlook for 2024 is focused on reinvestment and strategic growth. This move is designed to ensure that we remain at the forefront of the industry, offering cutting-edge solutions to our users and partners.

Moreover, we plan to extend our outsourcing efforts to include more support and service functions. This will enable us to allocate internal resources more effectively, focusing on core areas such as product development and market expansion. Our commitment to outsourcing is aimed at enhancing efficiency and scalability, ensuring that we can quickly adapt to market demands and customer needs.

Management's review

Going Concern

More than 50 % of the share capital has been lost. Management expects to re-establish the share capital through future operations.

Management acknowledges the challenges presented by the previous financial year's negative equity position and loss. The annual report for 2023 has been prepared on a going concern basis. This decision is underpinned by several key factors that signal a robust recovery and a positive outlook for the future.

A pivotal element supporting this outlook has been the surge in demand and sales growth experienced throughout 2023.

Observing the substantial uplift in overall sales and operational efficiencies, management projects this positive trend to continue in the forthcoming years. The budget and forecasts for future periods have been prepared with this anticipated growth in mind, reflecting our confidence in the company's strategic direction and market positioning.

Despite the historical financial setbacks, management is optimistic about the company's future. It is believed that the operational strategies and initiatives implemented throughout 2023 will generate sufficient cash flows and profitability to sustain the company's operations moving forward.

Events occurring after the end of the financial year

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

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	6.813.319	2.292.479
3 Staff costs	-2.941.242	-3.640.040
Amortisation and impairment of intangible assets	-3.448.299	-3.184.620
Other operating expenses	-70.311	0
Operating profit	353.467	-4.532.181
Other financial income from group enterprises	67.495	65.128
Other financial income	8.020	17.818
Impairment of financial assets	1.113.798	-538.467
Other financial expenses	-1.152.717	-889.876
Pre-tax net profit or loss	390.063	-5.877.578
4 Tax on net profit or loss for the year	201.335	575.952
Net profit or loss for the year	591.398	-5.301.626
Proposed distribution of net profit:		
Transferred to retained earnings	591.398	0
Allocated from retained earnings	0	-5.301.626
Total allocations and transfers	591.398	-5.301.626

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
5 Completed development projects	6.227.611	6.685.098
Total intangible assets	<u>6.227.611</u>	<u>6.685.098</u>
6 Investments in group enterprises	73.131	0
7 Deposits	27.299	97.717
Total investments	<u>100.430</u>	<u>97.717</u>
Total non-current assets	<u>6.328.041</u>	<u>6.782.815</u>
Current assets		
Manufactured goods and goods for resale	21.462	3.347
Total inventories	<u>21.462</u>	<u>3.347</u>
Receivables from group enterprises	858.858	1.004.886
Income tax receivables	201.335	575.952
Other receivables	2.211.140	1.849.858
Prepayments	201.296	125.161
Total receivables	<u>3.472.629</u>	<u>3.555.857</u>
Cash and cash equivalents	1.627.304	738.339
Total current assets	<u>5.121.395</u>	<u>4.297.543</u>
Total assets	<u>11.449.436</u>	<u>11.080.358</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity and liabilities		
Equity		
Contributed capital	916.009	910.027
Reserve for development costs	4.857.534	5.214.374
Reserve for foreign currency translation	-28.507	-28.507
Retained earnings	-9.145.103	-10.497.778
Total equity	-3.400.067	-4.401.884
 Liabilities other than provisions		
Other mortgage debt	6.017.740	6.288.602
Convertible and profit sharing debt instruments	3.724.683	3.448.780
Prepayments received from customers	0	157.192
Other payables	335.654	324.303
Payables to shareholders and management	1.248.015	1.534.399
8 Total long term liabilities other than provisions	<u>11.326.092</u>	<u>11.753.276</u>
8 Current portion of long term liabilities	879.410	1.167.918
Trade payables	2.180.144	1.508.019
Other payables	463.857	1.053.029
Total short term liabilities other than provisions	<u>3.523.411</u>	<u>3.728.966</u>
Total liabilities other than provisions	<u>14.849.503</u>	<u>15.482.242</u>
 Total equity and liabilities	 <u>11.449.436</u>	 <u>11.080.358</u>
 1 Uncertainties relating to going concern		
2 Special items		
9 Charges and security		
10 Contingencies		

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Share premium</u>	<u>Reserve for development costs</u>	<u>Reserve for foreign currency translation</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	910.027	0	5.214.374	-28.507	-10.497.778	-4.401.884
Cash capital increase	5.982	404.437	0	0	0	410.419
Profit or loss for the year brought forward	0	0	0	0	591.398	591.398
Transferred to retained earnings	0	-404.437	0	0	404.437	0
Transferred from results brought forward	0	0	-356.840	0	356.840	0
	<u>916.009</u>	<u>0</u>	<u>4.857.534</u>	<u>-28.507</u>	<u>-9.145.103</u>	<u>-3.400.067</u>

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Uncertainties relating to going concern		
Management acknowledges the challenges presented by the previous financial year's negative equity position and significant loss. The annual report for 2023 has been prepared on a going concern basis. This decision is underpinned by several key factors that signal a robust recovery and a positive outlook for the future.		
For 2023 the company for the first time realised a net profit and a positive cash flow. The management is convinced that this positive development will continue.		
2. Special items		
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 -70k for 2023 and DKK 407k for 2022. Furthermore other operating income includes recognition of received public grants, of which the recognition amounting to DKK 424k for 2023 and DKK 658k for 2022.		
3. Staff costs		
Salaries and wages	2.714.644	3.455.916
Pension costs	176.865	136.794
Other costs for social security	49.733	47.330
	<u>2.941.242</u>	<u>3.640.040</u>
Average number of employees	<u>5</u>	<u>6</u>
4. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	<u>-201.335</u>	<u>-575.952</u>
	<u>-201.335</u>	<u>-575.952</u>

Notes

All amounts in DKK.

5. Completed development projects

Cost 1 January 2023	14.948.112	11.755.473
Additions during the year	<u>2.990.812</u>	<u>3.192.639</u>
Cost 31 December 2023	<u>17.938.924</u>	<u>14.948.112</u>
Amortisation and write-down 1 January 2023	-8.263.014	-5.078.394
Amortisation for the year	<u>-3.448.299</u>	<u>-3.184.620</u>
Amortisation and write-down 31 December 2023	<u>-11.711.313</u>	<u>-8.263.014</u>
Carrying amount, 31 December 2023	<u>6.227.611</u>	<u>6.685.098</u>

In 2023, Luggagehero pursued an ambitious research and development agenda, underscoring our commitment to innovation and excellence in the luggage storage industry. Our R&D efforts have been comprehensive, enhancing every aspect of our platform from security and user experience to partnership expansion and pricing strategies. Here's how we've pushed the boundaries of innovation over the past year:

Enhanced Security and Data Management: Recognizing the critical importance of data security, we've implemented advanced data management protocols, including innovative staging environments to mirror our production data. This ensures robust security measures are in place to protect our users' information.

Seed Scanner for Strategic Partnerships: A hallmark of our R&D efforts has been the development of the Seed Scanner technology. This tool automates the creation of a potential leads database, identifying businesses that align with our partnership criteria, thereby streamlining our expansion and enhancing our service offerings.

Dynamic Pricing Technology: Moving beyond traditional pricing models, we have introduced a dynamic pricing technology designed to automatically match available storage capacity with customer demand, ensuring the price point reflects the highest value of our service. This technology facilitates a more efficient allocation of resources, ensuring customers have access to storage when and where they need it, while also providing competitive rates that adapt to market conditions.

Innovating Sustainability: In 2023, Luggagehero embarked on an ambitious project to extend our platform's utility and societal impact by addressing the growing need for efficient and sustainable solutions in the e-commerce sector. This initiative seeks to leverage the unused space in local retail shops, combined with the challenges of e-commerce logistics, to create a more streamlined and environmentally friendly approach to e-commerce logistics. By transforming our network of partner locations, we facilitate a more effective use of space and resources, significantly enhancing the operational efficiency of businesses and reducing the carbon footprint associated with logistics. This effort is a testament to Luggagehero's commitment to sustainability and innovation, offering a forward-thinking solution that benefits both our partners and the planet

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
6. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2023	2.549.982	2.549.982
Cost 31 December 2023	<u>2.549.982</u>	<u>2.549.982</u>
Writedown, opening balance 1 January 2023	-2.549.982	-2.549.982
Reversal of prior writedown	73.131	0
Writedown 31 December 2023	<u>-2.476.851</u>	<u>-2.549.982</u>
Carrying amount, 31 December 2023	<u>73.131</u>	<u>0</u>

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity DKK	Results for the year DKK
LuggageHero LLC, New York	100 %	436.038	1.386.137
Knock Knock City, Co, New York	100 %	0	0
Luggagehero Spain, Sociedad Limitada , Barcelona	100 %	-43.836	19.668

7. Deposits

Cost 1 January 2023	97.717	98.000
Additions during the year	27.299	630
Disposals during the year	-97.717	-913
Cost 31 December 2023	<u>27.299</u>	<u>97.717</u>
Carrying amount, 31 December 2023	<u>27.299</u>	<u>97.717</u>

8. Long term liabilities other than provisions

	<u>Total payables 31 Dec 2023</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2023</u>	<u>Outstanding payables after 5 years</u>
Other mortgage debt	6.739.899	722.159	6.017.740	0
Convertible and profit sharing debt instruments	3.724.683	0	3.724.683	0
Prepayments received from customers	157.251	157.251	0	0
Transferred to next page	<u>10.621.833</u>	<u>879.410</u>	<u>9.742.423</u>	<u>0</u>

Notes

All amounts in DKK.

8. Long term liabilities other than provisions (continued)

	<u>Total payables 31 Dec 2023</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2023</u>	<u>Outstanding payables after 5 years</u>
Transferred from previous page	10.621.833	879.410	9.742.423	0
Other payables	335.654	0	335.654	0
Payables to shareholders and management	<u>1.248.015</u>	<u>0</u>	<u>1.248.015</u>	<u>0</u>
	<u>12.205.502</u>	<u>879.410</u>	<u>11.326.092</u>	<u>0</u>

9. Charges and security

To guarantee debt to credit institutions, company charge has been pledged at nominal value DKK 6.500k in simple claims, inventory, intangibles and property, plant, and equipment. This security comprises the assets below, stating the carrying amounts:

	<u>DKK in thousands</u>
Inventories	21
Completed development projects	6.227

Notes

All amounts in DKK.

10. Contingencies

Contingent liabilities

	DKK in thousands
Total contingent liabilities	<u>64</u>

Accounting policies

The annual report for LuggageHero A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross profit

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.

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and write-down for impairment

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

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Results from investments in group enterprises

Dividend from investments in group enterprises is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Deposits

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

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.