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ChronosHub ApS


Vesterbrogade 149, 1620 København V

Company reg. no. 38 29 22 42

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 18 June 2024.

DocuSigned by:

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Camilla Ebbesen
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the board of directors and the executive board have presented the annual report of ChronosHub ApS for the financial year 1 January - 31 December 2023.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2023 and of the company's results of activities in the financial year 1 January – 31 December 2023.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.


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

København V, 18 June 2024


Executive board

DocuSigned by:

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Christian Børk Grubak


DocuSigned by:

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Marianne Kjeldgaard Knudsen

Board of directors

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Ralph Eugene Youngen

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Christian Børk Grubak

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Sarah Beth Iegen

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Jessica Rucker Burchick

The independent practitioner's report

To the Shareholders of ChronosHub ApS

Conclusion

We have performed an extended review of the financial statements of ChronosHub ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. 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 conclusion

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 "Practitioner'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 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 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.

Practitioner'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 in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

The independent practitioner's report

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.

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 conclusion on the financial statements does not cover the Management's Review, 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'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.

Copenhagen, 18 June 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36



Michael Beuchert
State Authorised Public Accountant
mne32794

Company information

The company

ChronosHub ApS
Vesterbrogade 149
1620 København V

Company reg. no. 38 29 22 42
Financial year: 1 January - 31 December

Board of directors

Ralph Eugene Youngen
Christian Bork Grubak
Sarah Beth Tegen
Jessica Rucker Burchick

Executive board

Christian Bork Grubak
Marianne Kjeldgaard Knudsen

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Management's review

The principal activities of the company

The company is a software development company with the purpose of developing and delivering subscriptions to the ChronosHub platform that enables an end-to-end article publishing workflow for researchers, publishers, institutions, and research funders.

Development in activities and financial matters

The gross profit for the year totals DKK 12.863.181 against DKK 9.614.532 last year. Income or loss from ordinary activities after tax totals DKK -4.672.437 against DKK -38.009 last year. Management finds the results for 2023 satisfactory and as predicted.

In 2017, the company entered the market for grant management and compliance management and has since then added more services for publishers like journal finders, licenses management, management of article processing charges, and invoice management for the institutions.

During 2023, the company continued to invest in the platform with more features for the publishers, research funders, institutions, and researchers, and expanding the team with more capabilities with communication and marketing, customer care, and tech development.

The company started the year with a solid customer pipeline for execution in 2023, and more than 230,000 registered user profiles from thousands of institutions. The company was acquired by American Chemical Society as of August 31, 2023.

Management has positive expectations for next year's activities but is aware that there is uncertainty associated with entering markets with platform offerings. In 2023, the company has increased the customer base with 10 new companies mainly from the United Kingdom, Switzerland, and the United States, and it is expected to be able to double the customer base in 2024 based on the current traction and forecast.

The company owners will continue to support the company with capital to secure and enable the planned customer acquisition and the continuous platform development.

The expected development

The company's management expects the company to realize a profit from 2025 and onwards.

Management expects to have the necessary liquidity to finance the planned development and operating activity of the coming year. This in combination with that management expects to uphold existing credit facilities management presents the annual accounts on the assumption of the company as going concern.

Events subsequent to the financial year

No other events have occurred after the balance sheet date that have affected the company's activity or financial position significantly.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	12.863.181	9.614.532
1 Staff costs	-11.821.025	-10.344.747
Amortisation and impairment of intangible assets	-2.782.116	-39.644
Operating profit	-1.739.960	-769.859
Other financial income	202.986	42.740
Writedown relating to financial assets	0	-46.282
2 Other financial costs	-1.035.347	-1.019.260
Pre-tax net profit or loss	-2.572.321	-1.792.661
3 Tax on net profit or loss for the year	-2.100.116	1.754.652
Net profit or loss for the year	-4.672.437	-38.009
 Proposed distribution of net profit:		
Transferred to other statutory reserves	3.889.791	7.975.693
Allocated from retained earnings	-8.562.228	-8.013.702
Total allocations and transfers	-4.672.437	-38.009

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
4 Completed development projects, including patents and similar rights arising from development projects	11.128.464	0
7 Development projects under construction and prepayments for intangible assets	6.671.907	13.910.580
Total intangible assets	<u>17.800.371</u>	<u>13.910.580</u>
8 Investments in group enterprises	0	6.677
9 Deposits	301.613	273.487
Total investments	<u>301.613</u>	<u>280.164</u>
Total non-current assets	<u>18.101.984</u>	<u>14.190.744</u>
Current assets		
Trade receivables	6.209.582	6.550.566
Income tax receivables	0	1.754.652
Other receivables	202.520	238.287
Prepayments	44.790	36.379
Total receivables	<u>6.456.892</u>	<u>8.579.884</u>
Cash on hand and demand deposits	<u>3.313.292</u>	<u>3.223.682</u>
Total current assets	<u>9.770.184</u>	<u>11.803.566</u>
Total assets	<u>27.872.168</u>	<u>25.994.310</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	6.811.111	6.811.111
Share premium account	10.983.759	10.983.759
Other statutory reserves	17.800.371	13.910.580
Retained earnings	-30.605.804	-30.859.476
Total equity	<u>4.989.437</u>	<u>845.974</u>
Liabilities other than provisions		
10 Bank loans	0	7.972.043
Other payables	290.236	271.598
Total long term liabilities other than provisions	<u>290.236</u>	<u>8.243.641</u>
Current portion of long term liabilities	0	950.654
Bank loans	355	0
Trade payables	115.223	58.925
Payables to group enterprises	15.356.849	8.463.150
Corporate tax	345.464	0
Other payables	716.254	1.507.688
Accruals and deferred income	6.058.350	5.924.278
Total short term liabilities other than provisions	<u>22.592.495</u>	<u>16.904.695</u>
Total liabilities other than provisions	<u>22.882.731</u>	<u>25.148.336</u>
Total equity and liabilities	<u>27.872.168</u>	<u>25.994.310</u>

11 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1					
January 2023	6.811.111	10.983.759	13.910.580	-30.859.475	845.975
Provisions of the results for the year	0	0	3.889.791	-8.562.228	-4.672.437
Contribution of capital	0	0	0	8.815.899	8.815.899
	6.811.111	10.983.759	17.800.371	-30.605.804	4.989.437

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	10.487.432	9.310.656
Pension costs	1.197.857	907.895
Other costs for social security	52.542	54.151
Other staff costs	83.194	72.045
	<u>11.821.025</u>	<u>10.344.747</u>
Average number of employees	<u>15</u>	<u>16</u>
2. Other financial costs		
Financial costs, group enterprises	421.617	325.506
Other financial costs	613.730	693.754
	<u>1.035.347</u>	<u>1.019.260</u>
3. Tax on net profit or loss for the year		
Tax credit, LL § 8B	0	-1.754.652
Adjustment of tax for previous years	2.100.116	0
	<u>2.100.116</u>	<u>-1.754.652</u>
4. Completed development projects, including patents and similar rights arising from development projects		
Transfers	13.910.580	0
Cost 31 December 2023	<u>13.910.580</u>	<u>0</u>
Amortisation for the year	-2.782.116	0
Amortisation and write-down 31 December 2023	<u>-2.782.116</u>	<u>0</u>
Carrying amount, 31 December 2023	<u>11.128.464</u>	<u>0</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
	<u>31/12 2023</u>	<u>31/12 2022</u>
5. Concessions, patents, licenses, trademarks, and similar rights acquired		
Cost 1 January 2023	877.500	877.500
Cost 31 December 2023	877.500	877.500
Amortisation and writedown 1 January 2023	-877.500	-877.500
Amortisation and writedown 31 December 2023	-877.500	-877.500
6. Goodwill		
Cost 1 January 2023	1.072.500	1.072.500
Cost 31 December 2023	1.072.500	1.072.500
Amortisation and writedown 1 January 2023	-1.072.500	-1.072.500
Amortisation and writedown 31 December 2023	-1.072.500	-1.072.500
Carrying amount, 31 December 2023	0	0
7. Development projects under construction and prepayments for intangible assets		
Cost 1 January 2023	13.910.580	5.934.887
Additions during the year	6.671.907	7.975.693
Transfers	-13.910.580	0
Cost 31 December 2023	6.671.907	13.910.580
Carrying amount, 31 December 2023	6.671.907	13.910.580
8. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2023	0	6.677
Carrying amount, 31 December 2023	0	6.677

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
9. Deposits		
Cost 1 January 2023	0	280.828
Additions during the year	301.613	0
Disposals during the year	<u>0</u>	<u>-7.341</u>
Cost 31 December 2023	<u>301.613</u>	<u>273.487</u>
Carrying amount, 31 December 2023	<u>301.613</u>	<u>273.487</u>
10. Bank loans		
Total bank loans	0	8.922.697
Share of amount due within 1 year	<u>0</u>	<u>-950.654</u>
	<u>0</u>	<u>7.972.043</u>

11. Contingencies

Joint taxation

With ChronosHub Technologies Holding A/S, company reg. no 40211233 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company has entered into rent agreements with a total liability of 955 tDKK

Accounting policies

The annual report for ChronosHub ApS 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.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, 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. Staff costs are less government reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

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.

Results from investments in subsidiaries and associates

Dividend from investments in subsidiaries and associates 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.

Accounting policies

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

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.

Cryptocurrencies

Acquired intangible assets comprising cryptocurrencies are measured at cost less accumulated amortisations.

Since it is impossible to reliably estimate future impairment of cryptocurrencies and to determine a useful life, residual values are determined as equalling cost and no similarly acquired rights are therefore amortised.

Cryptocurrencies are written down for impairment to a lower recoverable amount. This means that if the price (fair value) drops to below cost, they must be written down for impairment to a lower value in the income statement.

If the price (fair value) subsequently rises, write down for impairment must be wholly or partly reversed in the income statement.

Gains of losses on sale of cryptocurrencies (the difference between selling price and carrying amount) is recognised in the income statement, normally under other operating income and other operating charges, respectively.

Accounting policies

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries og associates 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. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

Financial fixed assets

Investments in subsidiaries and associates

Investments in subsidiaries and associates 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 rent deposits, etc.

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.

Accounting policies

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

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.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

According to the rules of joint taxation, ChronosHub ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

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.

Accounting policies

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.