

raffle.ai ApS

c/o Suzanne Lauritzen
Toldbodgade 51D, 2.
1253 København
Denmark

CVR no. 39 74 71 89

Annual report 2021

The annual report was presented and approved at
the Company's annual general meeting on

10 May 2022

Claus Kotasek

Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

raffle.ai ApS
Annual report 2021
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of raffle.ai ApS for the financial year 1 January – 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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

We recommend that the annual report be approved at the annual general meeting.

København, 10 May 2022
Executive Board:

Suzanne Lauritzen
CEO

Board of Directors:

Claus Erland Kotasek
Chairman

Jacob Christian Bratting
Pedersen

Kasper Mule Scott Struve

Kellen Collins Haines

Jared Evan Moberg

Independent auditor's report

To the shareholders of raffle.ai ApS

Opinion

We have audited the financial statements of raffle.ai ApS for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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.

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.

Management's responsibility 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 that 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 audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

Independent auditor's report

- 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.

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 conclusion thereon.

In connection with our audit 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 audit, 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 of the Management's review.

København, 10 May 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

raffle.ai ApS
Annual report 2021
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Management's review

Company details

raffle.ai ApS
c/o Suzanne Lauritzen
Toldbodgade 51D, 2.
1253 København
Denmark

CVR no.:	39 74 71 89
Established:	26 July 2018
Registered office:	København
Financial year:	1 January – 31 December

Board of Directors

Claus Erland Kotasek, Chairman
Jacob Christian Bratting Pedersen
Kasper Mule Scott Struve
Kellen Collins Haines
Jared Evan Moberg

Executive Board

Suzanne Lauritzen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

Raffle.ai is an AI powered Search tool based on advanced Natural Language Processing and Deep Learning models, which were not possible earlier. Raffles unified AI has great performance and truly understands all kinds of datasets, languages and formats proven by multiple client use cases. Raffles unique scalable AI powered Search tool can be used in many different business units and across units.

It is an out-of-the-box tool, which doesn't require software programming, rules, intentions or keyword-based decision trees, thereby going against the trends of our current competitors that are based on traditional labor-intensive keyword search methods. Our main differentiators are that we have made a scalable tool with very limited requirements of human labor, quick implementation and outstanding accuracy from day 1.

Development in activities and financial position

The Company's income statement for 2021 shows a loss of DKK -2,737,989 as against DKK 27,041 in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 9,803,211 as against DKK 12,541,200 at 31 December 2020.

Product Development

Raffle Search is today packaged into 3 products:

raffle Web: A customer facing search tool for your website or application, that gives fast, correct answers 24/7 and automatic guidance to customer self- service. raffle resolves customer queries on the website that would normally be handled by humans.

raffle Employee: An employee facing search tool that gives employees the ability to search cross systems in free text, releasing the time employees spent on finding information in their different systems.

raffle Interactive: Like raffle Employee and with an interactive tool that gives Customer Service Employees direct guidance to the right answers to customer queries that comes in by email, live chat or phone.

This coming year Raffle.ai is focusing on further expansion in Western Europe, with the aim to gain a strong foothold in Europe over time. We continue our focus on our platform, security and compliance as always.

Events after the balance sheet date

Subsequent to the balance sheet date, the company secured an investment round of DKK 120 million, including financing from the Danish Vækstfond, which will be released in tranches according to milestones, at time of signing the annual report the first tranche of DKK 40 million had been released to the company.

Besides the above, no other events have occurred after the financial year-end, which could significantly affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2021	2020
Gross profit/loss		1,780,827	-89,385
Staff costs	2	-4,421,164	-610,478
Depreciation, amortisation and impairment losses		-34,771	-9,085
Loss before financial income and expenses		-2,675,108	-708,948
Other financial expenses		-62,881	-51,078
Loss before tax		-2,737,989	-760,026
Tax on loss for the year	3	0	787,067
Profit/loss for the year		-2,737,989	27,041
Proposed profit appropriation/distribution of loss			
Reserve for development costs		5,468,112	6,015,507
Retained earnings		-8,206,101	-5,988,466
		-2,737,989	27,041

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	4		
Development projects in progress		<u>18,162,861</u>	<u>11,152,461</u>
Property, plant and equipment	5		
Leasehold improvements		<u>129,999</u>	<u>164,770</u>
Investments			
Deposits		<u>151,061</u>	<u>148,261</u>
Total fixed assets		<u>18,443,921</u>	<u>11,465,492</u>
Current assets			
Receivables			
Trade receivables		1,769,246	229,363
Corporation tax		0	1,703,598
Prepayments		<u>155,895</u>	<u>0</u>
		<u>1,925,141</u>	<u>1,932,961</u>
Cash at bank and in hand		<u>2,125,112</u>	<u>10,907,414</u>
Total current assets		<u>4,050,253</u>	<u>12,840,375</u>
TOTAL ASSETS		<u><u>22,494,174</u></u>	<u><u>24,305,867</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		77,840	77,840
Reserve for development costs		14,167,032	8,698,920
Retained earnings		-4,441,661	3,764,440
Total equity		<u>9,803,211</u>	<u>12,541,200</u>
Provisions			
Provisions for deferred tax		1,666,475	1,666,475
Total provisions		<u>1,666,475</u>	<u>1,666,475</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Other credit institutions		7,952,500	7,952,500
Current liabilities other than provisions			
Trade payables		332,710	26,743
Corporation tax		69	0
Other payables		2,059,284	2,118,949
Deferred income		679,925	0
		<u>3,071,988</u>	<u>2,145,692</u>
Total liabilities other than provisions		<u>11,024,488</u>	<u>10,098,192</u>
TOTAL EQUITY AND LIABILITIES		<u><u>22,494,174</u></u>	<u><u>24,305,867</u></u>
Contractual obligations, contingencies, etc.	6		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	<u>Contributed capital</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2021	77,840	8,698,920	3,764,440	12,541,200
Transferred over the profit appropriation	<u>0</u>	<u>5,468,112</u>	<u>-8,206,101</u>	<u>-2,737,989</u>
Equity at 31 December 2021	<u>77,840</u>	<u>14,167,032</u>	<u>-4,441,661</u>	<u>9,803,211</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of raffle.ai ApS for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external costs

Other external costs comprise costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities. Capitalized development costs are in progress, and are not depreciated, before the technology becomes commercial.

Property, plant and equipment

Leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Leasehold improvements	5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

DKK	<u>2021</u>	<u>2020</u>
2 Staff costs		
Wages and salaries	10,388,539	7,316,778
Pensions	40,351	33,500
Other social security costs	88,274	51,797
Transferred to development projects	<u>-6,096,000</u>	<u>-6,791,597</u>
	<u>4,421,164</u>	<u>610,478</u>
Average number of full-time employees	<u>18</u>	<u>13</u>
3 Tax on loss for the year		
Current tax for the year	0	-1,703,598
Deferred tax for the year	<u>0</u>	<u>916,531</u>
	<u>0</u>	<u>-787,067</u>
4 Intangible assets		
DKK		Development projects in progress
Cost at 1 January 2021		11,152,461
Additions for the year		<u>7,010,400</u>
Cost at 31 December 2021		<u>18,162,861</u>
Carrying amount at 31 December 2021		<u>18,162,861</u>
5 Property, plant and equipment		
DKK		Leasehold improvements
Cost at 1 January 2021		<u>173,855</u>
Cost at 31 December 2021		<u>173,855</u>
Depreciation and impairment losses at 1 January 2021		-9,085
Depreciation for the year		<u>-34,771</u>
Depreciation and impairment losses at 31 December 2021		<u>-43,856</u>
Carrying amount at 31 December 2021		<u>129,999</u>

Financial statements 1 January – 31 December

Notes

6 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 6 months and an average monthly lease payments of DKK 50 thousand, totalling DKK 300 thousand.