raffle.ai ApS

Højbro Plads 10, 3.
2100 København K
Denmark

CVR no. 39 74 71 89

Annual report for the period 26 July 2018 – 31 December 2019

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

23 April 2020

Mogens Munkholm Elsberg
chairman

Contents

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 period 26 July 2018 – 31 December 2019.

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 2019 and of the results of the Company's operations for the financial period 26 July 2018 – 31 December 2019.

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.

Copenhagen, 23 April 2020
Executive Board:

Suzanne Lauritzen
CEO

Board of Directors:

Mogens Munkholm Elsberg Chairman	Claus Troels Hansen	Jacob Christian Bratting Pedersen

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 period 26 July 2018 – 31 December 2019 comprising income statement, balance sheet 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 2019 and of the results of the Company's operations for the financial period 26 July 2018 – 31 December 2019 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

Copenhagen, 23 April 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Management's review

Company details

raffle.ai ApS
Højbro Plads 10, 3.
2100 København K
Denmark

CVR no.:	39 74 71 89
Established:	26 July 2018
Registered office:	Copenhagen
Financial period:	26 July 2018 – 31 December 2019

Board of Directors

Mogens Munkholm Elsberg, Chairman
Claus Troels Hansen
Jacob Christian Bratting Pedersen

Executive Board

Suzanne Lauritzen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

raffle.ai is building AI powered Search tools that are based on advanced Natural Language Processing and Deep Learning models, that were not possible to utilize just 2 years ago. The right combination of these AI models have shown great performance in understanding all kinds of datasets from different client use cases. This makes us capable of making a unique scalable AI powered Search tool dedicated different business units. raffle.ai is constantly working to build out-of-the-box AI Powered Search tools for businesses which doesn't require software programming, rules, intentions or keyword-based decision trees, thereby going against the trends of most of our competitors. Our main differentiators are that we make scalable tools with very limited requirements of human labour, quick implementation and very high accuracy, that self-learns in time.

Development in activities and financial position

The Company's income statement for the financial year 2018/19 shows a profit of TDKK 138. The Equity as of 31.12.2019 is TDKK 2.389.

Originally (in 2018 and 2019) raffle.ai was funded by two private investors and we succeeded in raising soft money through the Innovation Fund as well. Later, in the beginning of 2020 raffle.ai closed a Seed Round from Vækstfonden Venture and PreSeeds Venture along with four private investors (three of those new). Next year raffle.ai is looking to raise an A Round. Preparations for this have been initiated.

Product Development

This is the first annual accounts of raffle.ai. Already we have launched our first two scalable AI powered Search tools for Customer Service based on customer use cases:
1) the AutoPilot - a direct 24/7 support tool for the client website to instantly answer customer queries without the need of human hand and
2) the CoPilot - an AI powered tool that automatically looks into the company knowledge base and feed Customer Service employees with answers to customer queries that comes in by chat/email or phone.
This coming year raffle.ai is looking to finetune those two products and launch two other products as well.

Events after the balance sheet date

The investment made into the company in January 2020, has secured funding of activities until mid 2021, besides this, no events have occured after the financial year-end, which could significantly affect the company's financial position.

Financial statements 26 July – 31 December

Income statement

DKK	Note	26/7 2018- 31/12 2019
Gross profit		602,776
Staff costs	2	-433,237
Operating profit		169,539
Financial expenses		-6,944
Profit before tax		162,595
Tax on profit/loss for the year	3	-24,522
Profit for the year		138,073

Proposed profit appropriation

Reserve for development costs		2,683,413
Retained earnings		-2,545,340
		138,073

Financial statements 26 July – 31 December

Balance sheet

DKK	Note	31/12 2019
ASSETS		
Fixed assets		
Intangible assets	4	
Development projects in progress		3,408,835
Investments		
Deposits		47,984
Total fixed assets		3,456,819
Current assets		
Receivables		
Trade receivables		18,750
Other receivables		22,637
Tax receivable		725,422
		766,809
Cash at bank and in hand		443,701
Total current assets		1,210,510
TOTAL ASSETS		4,667,329

Financial statements 26 July – 31 December

Balance sheet

DKK	Note	31/12 2019
EQUITY AND LIABILITIES		
Equity		
Contributed capital	5	55,000
Reserve for development costs		2,683,413
Retained earnings		-349,340
Total equity		2,389,073
Liabilities		
Non-current liabilities		
Other credit institutions		990,000
Deffered tax		749,944
		1,739,944
Current liabilities		
Trade payables		146,593
Other payables		391,719
		538,312
Total liabilities		2,278,256
TOTAL EQUITY AND LIABILITIES		4,667,329
Contractual obligations, contingencies, etc.	6	

Financial statements 26 July – 31 December

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1 Accounting policies

The annual report of raffle.ai ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class B entites under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C

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 as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Financial statements 26 July – 31 December

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1 **Accounting policies (continued)**

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.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates 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.

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 or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

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

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1 Accounting policies (continued)

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. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

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 net realisable value.

Financial statements 26 July – 31 December

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2 Staff costs

DKK	26/7 2018-31/12 2019
Wages and salaries	3,263,371
Pensions	42,816
Other social security costs	39,856
Other staff costs	119,860
Transfered to development projects	-3,032,666
	433,237
Average number of full-time employees	6

Out of total wages DKK 3.465.903, DKK 3.032.666 has been capitalized as development costs.

3 Tax on profit/loss for the year

DKK	26/7 2018-31/12 2019
Current tax for the year	725,422
Deferred tax for the year	-749,944
	-24,522

4 Intangible assets

DKK	Development projects in progress
Cost at 26 July 2018	0
Additions for the year	3,408,835
Cost at 31 December 2019	3,408,835
Carrying amount at 31 December 2019	3,408,835

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5 Equity

DKK	Contributed capital	Reserves	Retained earnings	Total
Equity at 26 July 2018	55,000	0	0	55,000
Share premium	0	0	2,196,000	2,196,000
Transferred over the [profit appropriation/distribution of loss]	0	2,683,413	-2,545,340	138,073
Equity at 31 December 2019	55,000	2,683,413	-349,340	2,389,073

6 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into operating leases with 3 months termination notice, totalling TDKK 81.