



PixelPai ApS

Applebys Plads 7, 2.
1411 København K
CVR No. 44479397

Annual report 30.11.2023 - 31.12.2024

The Annual General Meeting adopted the
annual report on 04.07.2025

Ulrik Lehrskov-Schmidt
Chairman of the General Meeting

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Entity details

Entity

PixelPai ApS

Applebys Plads 7, 2.

1411 København K

Business Registration No.: 44479397

Date of foundation: 30.11.2023

Registered office: København

Financial year: 30.11.2023 - 31.12.2024

Board of Directors

Morten Michael Røngaard

Jesper Theill Eriksen

Ulrik Lehrskov-Schmidt

Executive Board

Morten Michael Røngaard

Henrik Bjørn Axelsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of PixelPai ApS for the financial year 30.11.2023 - 31.12.2024.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 30.11.2023 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 04.07.2025

Executive Board

Morten Michael Røngaard

Henrik Bjørn Axelsen

Board of Directors

Morten Michael Røngaard

Jesper Theill Eriksen

Ulrik Lehrskov-Schmidt

Independent auditor's report

To the shareholders of PixelPai ApS

Opinion

We have audited the financial statements of PixelPai ApS for the financial year 30.11.2023 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 30.11.2023 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken 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 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.
- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 04.07.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lica Lyngsø Møller

State Authorised Public Accountant
Identification No (MNE) mne47801

Símun Petur Arge Poulsen

State Authorised Public Accountant
Identification No (MNE) mne51489

Management commentary

Primary activities

The company was incorporated on November 30, 2023, but development activities commenced in earnest in February 2024, following initial setup and strategy formulation. Our first breakthrough came with the successful development of a Proof of Concept for a client in Singapore, centered on identity verification and a GDPR-compliant data architecture. This engagement progressed to commercial sales, including onboarding fees, and laid the groundwork for our broader platform vision. Building on this momentum, we expanded our platform to support digital asset infrastructure, including the implementation of a custodial solution that supports tokenized money. This strategic move enabled us to segregate customer funds and assets in compliance with regulatory requirements, providing a strong foundation for broader Web3 financial services.

While market interest in a comprehensive compliance platform for Web3 remained high throughout the year, monetization proved slower than anticipated. In response, we adapted our product strategy mid-year by focusing development on analytical tooling for NFT transaction monitoring. Leveraging publicly available data from OpenSea, we analyzed all NFT collections to build a comparative benchmark, especially targeting use cases in gaming where suspicious trading activity is on average around 5% compared to the broader NFT market, which on average is around 20 %, but in some collections or platforms up to 90%. This pivot enabled us to launch a product that also functions as a lead generator for future premium compliance services.

Description of material changes in activities and finances

Throughout 2024, we achieved a series of strategic and operational milestones:

- **Launched Identity as a Service (IDaaS):** In May 2024, we launched a secure identity and credentials management system that is live and generating revenue. This marked our first product going from prototype to production with commercial traction.
- **Fraud detection toolkit released:** In November 2024, we released a freemium analytical toolkit for detecting fraud and wash trading in NFT markets. This toolkit serves as an entry point for client engagement and is central to our analytical product strategy.
- **Secured pre-seed funding and EIFO support:** We successfully raised pre-seed capital from four angel investors and secured a match loan from the Danish Export and Investment Fund (EIFO), validating our business model and attracting institutional support.
- **PXPAI – platform token launch:** In December 2024, we launched PXPAI, our platform's utility token, as part of our ecosystem rollout. The token supports engagement, rewards, and cross-platform interoperability.
- **MVP for MSME gaming studios:** We completed development of a Minimum Viable Product tailored to micro and small game studios, with functionality supporting compliance and analytics. The MVP was released in December 2024 and forms the core of our go-to-market strategy in 2025.
- **Regulatory licensing achievements:** We were formally registered as a Virtual Asset Service Provider (VASP) under the Danish Financial Supervisory Authority, enabling us to operate custodial wallet and compliance services. Additionally, we submitted our MiCA CASP application in December 2024 to grandfather our existing VASP license under the new EU framework.

Outlook

With a fully operational IDaaS product, solid analytical foundations, a compliant digital asset platform, and an MVP tailored for the gaming sector, the company enters 2025 with multiple validated use cases and growing market interest. However, we acknowledge that 2024 was marked by significant headwinds, particularly in terms of customer demand and access to capital. The changing global regulatory climate, especially following the U.S. presidential election, has shifted investor sentiment. Many venture funds are refocusing on US-based Web3 opportunities, where regulatory pathways are perceived to becoming much clearer and compliance costs lower. This shift has also influenced the behaviour of gaming studios, some of which are pivoting away from the EU or repositioning their EU focus to reduce regulatory overhead. Despite these external challenges, our early regulatory alignment within the EU, combined with our tokenized platform infrastructure, positions us well for sustainable growth. The PXPAL token launch lays the groundwork for new Web3-native monetization models, and we believe our strategic focus on compliance-as-a-service and digital identity infrastructure remains highly relevant, especially as EU regulations such as MiCA has now come into full effect.

In 2025, we concentrate on:

- Driving sales and onboarding early adopters.
- Securing additional funding to support runway and product scaling.
- Strengthening partnerships with gaming studios and Web3 platforms.
- Deepening our regulatory technology capabilities, including through the use of agentic AI for financial crime compliance and automation in general.
- Continuing to refine our platform for broader cross-vertical adoption.

While the macro environment remains somewhat uncertain, we believe our long-term positioning is sound, and that regulatory-grade infrastructure will become increasingly essential to the Web3 ecosystem.

In support of our 2025 capital strategy and MiCA licensing obligations, we recently signed a binding term sheet with leading investors in the UK-based Web3 gaming market. The agreement, which is subject to mutual due diligence, contemplates a potential merger with a gaming studio to consolidate capabilities, expand market access, and unlock eligibility for EIS-based investors in the UK, as well as access to global brands seeking to build Web3 games around their IP. If completed, this strategic alignment would provide the combined entity with enhanced financial and operational scale to serve the regulated Web3 sector across Europe and beyond. The successful completion of this transaction is considered critical to the company's ability to meet its capital requirements for 2025 and to continue as a going concern. The proceeds and synergies expected from the transaction are necessary to support the company's strategic roadmap, including the completion of its MiCA CASP licensing process, the planned Electronic Money Institution (EMI) license application, integration with Mastercard as a principal member, sponsor bank connectivity, and the issuance of branded stablecoins. Should the merger not be completed during the Summer of 2025, alternative sources of funding will be required to maintain operations and execute on the company's stated objectives. Management is actively evaluating such contingency options and remains committed to ensuring continuity of operations and regulatory compliance.

Events after the balance sheet date

After the balance sheet date the Company has received a capital increase of DKK 800 thousand.

The management has prepared the annual report on the assumption of going concern. This assessment is based on the company having entered into a binding, conditional investment agreement with a group of investors in June 2025. The investment is expected to be completed in July 2025, provided that certain conditions are met – which management believes are highly likely to be fulfilled.

The company has sufficient liquidity to maintain operations until the expected capital injection is received. On

this basis, management considers that the conditions for preparing the annual report on a going concern basis are present. Even in the event that the investment does not materialise as expected, management believes that the company will be able to continue its operations through a combination of available liquidity, cost adjustments, and access to alternative funding options. On this basis, management still considers the going concern assumption to be appropriate.

Income statement for 2023/24

	Notes	2023/24 DKK
Gross profit/loss		(905,457)
Staff costs	2	(2,233,272)
Operating profit/loss		(3,138,729)
Other financial income		6,339
Other financial expenses		(45,647)
Profit/loss for the year		(3,178,037)
Proposed distribution of profit and loss		
Retained earnings		(3,178,037)
Proposed distribution of profit and loss		(3,178,037)

Balance sheet at 31.12.2024

Assets

	Notes	2023/24 DKK
Deposits		15,000
Financial assets		15,000
Fixed assets		15,000
Other receivables		82,456
Prepayments		53,868
Receivables		136,324
Cash		689,211
Current assets		825,535
Assets		840,535

Equity and liabilities

	Notes	2023/24 DKK
Contributed capital		43,790
Share premium		1,747,208
Retained earnings		(3,178,037)
Equity		(1,387,039)
Other payables		1,500,000
Non-current liabilities other than provisions	3	1,500,000
Payables to owners and management		53,053
Other payables		674,521
Current liabilities other than provisions		727,574
Liabilities other than provisions		2,227,574
Equity and liabilities		840,535
Uncertainty related to going concern	1	

Statement of changes in equity for 2023/24

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	0	40,000
Increase of capital	3,790	1,747,208	0	1,750,998
Profit/loss for the year	0	0	(3,178,037)	(3,178,037)
Equity end of year	43,790	1,747,208	(3,178,037)	(1,387,039)

Notes

1 Uncertainty related to going concern

The annual financial statements have been prepared on a going concern basis. In June 2025, the company entered into a binding, conditional investment agreement, which is expected to be completed in July 2025. Management assesses that the conditions for completion are likely to be fulfilled. The company has sufficient liquidity to continue operations until the expected capital injection. Even in the event that the investment does not proceed as planned, management believes that operations can be maintained through a combination of existing liquidity, cost adjustments, and access to alternative financing.

On this basis, management considers the use of the going concern assumption to be appropriate in the preparation of the financial statements..

2 Staff costs

	2023/24 DKK
Average number of full-time employees	3

3 Non-current liabilities other than provisions

	Due after more than 12 months 2023/24 DKK
Other payables	1,500,000
	1,500,000

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

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

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Other financial income

Other financial income comprises exchange gains on transactions in foreign currencies and interest income.

Other financial expenses

Other financial expenses comprise interest expenses and exchange losses on transactions in foreign currencies.

Balance sheet**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises cash bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.