# Annual Report 2023

**CVR No. 29 52 01 51**

Karupvej 2D, 3. Th. | 8000 Aarhus C | Denmark

The Annual General Meeting adopted the annual report on the 1st of May, 2024

**Conductor**

____________________________________

Mark S. Rasmussen

# Contents

# Entity details

## Entity

iPaper A/S
Karupvej 2D D, 3. th. th
8000 Aarhus C, Denmark

Business Registration No.: 29520151
Registered office: Aarhus
Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Nicholai Lambert Hindrichsen
Jesper Holm Joensen
Mark Sjøner Rasmussen

## Executive Board

Mark Sjøner Rasmussen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of iPaper A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Aarhus, 01.05.2024

**Executive Board**

**Mark Sjøner Rasmussen**

**Board of Directors**

**Nicholai Lambert Hindrichsen** **Jesper Holm Joensen**

**Mark Sjøner Rasmussen**

# Independent auditor’s extended review report

**To the shareholders of iPaper A/S**

## Conclusion

We have performed an extended review of the financial statements of iPaper A/S for the financial year 01.01.2023 - 31.12.2023, 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.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity’s financial position at. 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

## Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the ”Auditor’s responsibilities for the extended review of the financial statements” section. 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 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 Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 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 to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of Management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

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

### Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion 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 extended review 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 extended review 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 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.

Aarhus, 01.05.2024

**Deloitte**
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

**Lars Andersen**
State Authorised Public Accountant
Identification No (MNE) mne34506

# Management commentary

## Primary activities

iPaper's mission is to help high volume retailers and direct selling brands attract, inspire, engage, and convert those wanting to look around. We do this via our Flipbooks product that can digitize printed leaflets & catalogs, while also offering pure digital accessories like our Display product. With more than 1.000 customers across the globe, spanning some of the largest retailers and direct selling brands, iPaper is a leading player in the market.

## Development in activities and finances

In 2023 iPaper saw a minor increase in revenue, matching expectations. While growth and international expansion is a significant focus of iPaper, there's an equal focus on running a healthy & solid business. The bottom line before tax remains positive at DKK 7.2 million in 2023 compared to DKK 5.4 million in 2022.

## Outlook

We have and will continue to digitize retail leaflets & catalogs, while ensuring they're made shoppable online. Our goal is to challenge the very foundation on which these leaflets & catalogs are made. Rather than relying on an aging print-process, we will enable online leaflets & catalogs to be made from scratch, with a pure focus on digital. We want to automate the grunt work while supercharging the humans adding the touch that results in the feel and look that shoppers and retailers recognize and desire. In 2020 we launched our first version of Display, our initial take on a purely digital online retail leaflet format. In the following years we've continued to expand on the format and have made significant investments into the platform that is to replace Display and offer a fully automated, purely digital alternative to the printed leaflets. The investments will continue in 2024 while preparing for a public launch in 2025.

## Events after the balance sheet date

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

# Income statement for 2023

| | Notes | 2023 DKK | 2022 DKK |
|---|---|---|---|
| **Gross profit/loss** | | **35,186,602** | **30,548,611** |
| Staff costs | 1 | (24,616,503) | (19,590,666) |
| Depreciation, amortisation and impairment losses | | (4,250,811) | (3,572,380) |
| **Operating profit/loss** | | **6,319,288** | **7,385,565** |
| Other financial income | 2 | 1,584,955 | 26,858 |
| Other financial expenses | 3 | (682,118) | (1,980,992) |
| **Profit/loss before tax** | | **7,222,125** | **5,431,431** |
| Tax on profit/loss for the year | 4 | (1,596,914) | (1,024,529) |
| **Profit/loss for the year** | | **5,625,211** | **4,406,902** |

| | | | |
|---|---|---|---|
| **Proposed distribution of profit and loss** | | | |
| Ordinary dividend for the financial year | | 3,600,000 | 0 |
| Extraordinary dividend distributed in the financial year | | 5,100,000 | 6,500,000 |
| Retained earnings | | (3,074,789) | (2,093,098) |
| **Proposed distribution of profit and loss** | | **5,625,211** | **4,406,902** |

# Balance sheet at 31.12.2023

## Assets

| | Notes | 2023<br>DKK | 2022<br>DKK |
|---|---|---|---|
| Completed development projects | 6 | 5,423,037 | 4,296,758 |
| **Intangible assets** | 5 | **5,423,037** | **4,296,758** |
| | | | |
| Other fixtures and fittings, tools and equipment | | 525,050 | 889,749 |
| Leasehold improvements | | 96,948 | 318,549 |
| **Property, plant and equipment** | 7 | **621,998** | **1,208,298** |
| | | | |
| Deposits | | 492,002 | 463,305 |
| **Financial assets** | 8 | **492,002** | **463,305** |
| | | | |
| **Fixed assets** | | **6,537,037** | **5,968,361** |
| | | | |
| Trade receivables | | 13,687,409 | 9,782,529 |
| Other receivables | | 369 | 1 |
| Prepayments | | 652,789 | 987,871 |
| **Receivables** | | **14,340,567** | **10,770,401** |
| | | | |
| Other investments | | 10,306,649 | 8,773,040 |
| **Other investments** | | **10,306,649** | **8,773,040** |
| | | | |
| **Cash** | | **2,578,226** | **7,410,894** |
| | | | |
| **Current assets** | | **27,225,442** | **26,954,335** |
| | | | |
| **Assets** | | **33,762,479** | **32,922,696** |

## Equity and liabilities

| | Notes | 2023 DKK | 2022 DKK |
|---|---|---|---|
| Contributed capital | | 500,000 | 500,000 |
| Reserve for development expenditure | | 4,229,970 | 3,351,473 |
| Retained earnings | | 91,083 | 4,044,369 |
| Proposed dividend | | 3,600,000 | 0 |
| **Equity** | | **8,421,053** | **7,895,842** |
| | | | |
| Deferred tax | | 1,133,008 | 968,525 |
| **Provisions** | | **1,133,008** | **968,525** |
| | | | |
| Bank loans | | 160,796 | 95,412 |
| Prepayments received from customers | | 347,754 | 471,277 |
| Trade payables | | 597,332 | 433,398 |
| Payables to group enterprises | | 2,054,818 | 1,986,273 |
| Joint taxation contribution payable | | 132,431 | 1,071,004 |
| Other payables | 9 | 2,338,287 | 2,698,965 |
| Deferred income | | 18,577,000 | 17,302,000 |
| **Current liabilities other than provisions** | | **24,208,418** | **24,058,329** |
| | | | |
| **Liabilities other than provisions** | | **24,208,418** | **24,058,329** |
| | | | |
| **Equity and liabilities** | | **33,762,479** | **32,922,696** |
| | | | |
| Fair value information | 10 | | |
| Unrecognised rental and lease commitments | 11 | | |
| Contingent liabilities | 12 | | |

# Statement of changes in equity for 2023

| | Contributed capital DKK | Reserve for development expenditure DKK | Retained earnings DKK | Proposed extraordinary dividend DKK | Proposed dividend DKK |
|---|---|---|---|---|---|
| Equity beginning of year | 500,000 | 3,351,473 | 4,044,369 | 0 | 0 |
| Extraordinary dividend paid | 0 | 0 | 0 | (5,100,000) | 0 |
| Transfer to reserves | 0 | 878,497 | (878,497) | 0 | 0 |
| Profit/loss for the year | 0 | 0 | (3,074,789) | 5,100,000 | 3,600,000 |
| **Equity end of year** | **500,000** | **4,229,970** | **91,083** | **0** | **3,600,000** |

| | Total DKK |
|---|---|
| Equity beginning of year | 7,895,842 |
| Extraordinary dividend paid | (5,100,000) |
| Transfer to reserves | 0 |
| Profit/loss for the year | 5,625,211 |
| **Equity end of year** | **8,421,053** |

# Notes

## 1 Staff costs

| | 2023<br>DKK | 2022<br>DKK |
|---|---:|---:|
| Wages and salaries | 23,373,355 | 18,570,157 |
| Pension costs | 902,039 | 725,892 |
| Other social security costs | 341,109 | 294,617 |
| | **24,616,503** | **19,590,666** |
| Average number of full-time employees | **39** | **33** |

## 2 Other financial income

| | 2023<br>DKK | 2022<br>DKK |
|---|---:|---:|
| Other interest income | 51,345 | 26,858 |
| Fair value adjustments | 1,533,610 | 0 |
| | **1,584,955** | **26,858** |

## 3 Other financial expenses

| | 2023<br>DKK | 2022<br>DKK |
|---|---:|---:|
| Financial expenses from group enterprises | 78,025 | (1,015) |
| Other interest expenses | 50,737 | 70 |
| Exchange rate adjustments | 279,561 | (123,124) |
| Fair value adjustments | 0 | 1,884,635 |
| Other financial expenses | 273,795 | 220,426 |
| | **682,118** | **1,980,992** |

## 4 Tax on profit/loss for the year

| | 2023<br>DKK | 2022<br>DKK |
|---|---:|---:|
| Current tax | 1,432,431 | 1,071,004 |
| Change in deferred tax | 164,483 | (46,475) |
| | **1,596,914** | **1,024,529** |

## 5 Intangible assets

| | Completed development projects DKK |
|---|---|
| Cost beginning of year | 21,858,086 |
| Additions | 4,700,799 |
| **Cost end of year** | **26,558,885** |
| Amortisation and impairment losses beginning of year | (17,561,328) |
| Amortisation for the year | (3,574,520) |
| **Amortisation and impairment losses end of year** | **(21,135,848)** |
| **Carrying amount end of year** | **5,423,037** |

## 6 Development projects

The capitalized development costs are related to our development of the iPaper platform. We've stengthened our focus on eCommerce use cases and have invested in introducing new integrations to existing eCommerce platforms. Alongside feature expansions, we've continuously improved our infrastructure to support even higher demanding clients' needs. The expansion of the existing platform is needed to support our continued growth & focus on international markets.

## 7 Property, plant and equipment

| | Other fixtures and fittings, tools and equipment DKK | Leasehold improvements DKK |
|---|---|---|
| Cost beginning of year | 2,520,599 | 1,215,530 |
| Additions | 89,991 | 0 |
| **Cost end of year** | **2,610,590** | **1,215,530** |
| Depreciation and impairment losses beginning of year | (1,630,850) | (896,981) |
| Depreciation for the year | (454,690) | (221,601) |
| **Depreciation and impairment losses end of year** | **(2,085,540)** | **(1,118,582)** |
| **Carrying amount end of year** | **525,050** | **96,948** |

## 8 Financial assets

| | Deposits DKK |
|---|---|
| Cost beginning of year | 463,305 |
| Additions | 28,697 |
| **Cost end of year** | **492,002** |
| **Carrying amount end of year** | **492,002** |

### 9 Other payables

| | 2023 DKK | 2022 DKK |
|---|---|---|
| VAT and duties | 634,712 | 450,520 |
| Wages and salaries, personal income taxes, social security costs, etc. payable | 760,162 | 30,291 |
| Holiday pay obligation | 943,413 | 2,218,154 |
| | **2,338,287** | **2,698,965** |

### 10 Fair value information

| | Listed shares DKK |
|---|---|
| Fair value end of year | 10,306,649 |
| Unrealised fair value adjustments recognised in the income statement | 1,533,610 |

### 11 Unrecognised rental and lease commitments

| | 2023 DKK | 2022 DKK |
|---|---|---|
| Liabilities under rental or lease agreements until maturity in total | **1,350,166** | **1,224,582** |

### 12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where NZ Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

# 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.

The accounting policies applied to these financial statements are consistent with those applied last year with some classifcation changes.
Due to a change in the classification of staff costs in relation to development projects, there has been a shift in the comparative figures between gross profit and staff costs. From 2023 staff costs related to capitalized development costs are classified as own work capitalised in the gross profit.

## 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.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other 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.

### Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

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

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

### Other financial income

Other financial income comprises interest income,  net capital or exchange gains on securities, payables and transactions in foreign currencies etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with NZ holding ApS all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

**Intellectual property rights etc.**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

**Property, plant and equipment**
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | Useful life |
|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 5 years |

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**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.

**Other investments**
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

**Cash**
Cash comprises bank deposits.

**Dividend**
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Deferred tax**
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

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

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.