



iPaper

**CVR No.
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Karupvej 2D, 3. Th.
8000 Aarhus C
Denmark

Annual Report 2019

The Annual General Meeting adopted the annual report on the 21st of February, 2020

Chairman of the General Meeting

Mark S. Rasmussen

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Entity details

Entity

iPaper A/S

Karupvej 2, 3.

8000 Aarhus C, Denmark

CVR No.: 29520151

Registered office: Aarhus

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Jesper Holm Joensen, Chairman

Nicholai Lambert Hindrichsen

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 21.02.2020

Executive Board

Mark Sjøner Rasmussen

Board of Directors

Jesper Holm Joensen
Chairman

Nicholai Lambert Hindrichsen

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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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' 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 requirements. 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 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 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 21.02.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No.: 33963556

Lars Andersen

State Authorised Public Accountant
Identification No (MNE) 34506

Management commentary

Primary activities

iPaper's mission is to help customers grow their business by selling more, using the power of using the power of inspiration and product discovery. By converting PDFs to Flipbooks and creating engaging Displays, more than 1.000 companies around the globe use our platform to ensure better audience engagement and increased conversion rates.

Development in activities and finances

In 2019 iPaper saw a solid 17% increase in revenue, on par with 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 3.9 million in 2019 compared to DKK 2.5 million in 2018. This is a significant improvement over the initial expectations for the year and can mainly be attributed to a successful internationally focused expansion.

Outlook

iPaper will continue its focus on maintaining and expanding a platform that helps customers increase their end user engagement and conversion rates, by creating inspiring content. While iPaper is mainly known for being able to convert existing content into digital interactive flipbooks, iPaper is also focused on the new Display product, allowing customers to create engaging mobile optimized campaign experiences on-site.

The current iPaper platform is a great solution for digitizing printed catalogs, leaflets and flyers and thereby saving costs, environmental as well as economical, due to reduced printing and distribution.

While iPaper continues to focus heavily on expanding the Flipbooks product, significant investments will be made into strengthening the new Display product and executing an aggressive go to market strategy.

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 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		19,461,952	16,945,290
Staff costs	1	(13,153,595)	(11,264,369)
Depreciation, amortisation and impairment losses		(3,211,146)	(2,754,111)
Operating profit/loss		3,097,211	2,926,810
Other financial income	2	956,342	13,027
Other financial expenses	3	(165,304)	(392,377)
Profit/loss before tax		3,888,249	2,547,460
Tax on profit/loss for the year	4	(850,565)	(686,210)
Profit/loss for the year		3,037,684	1,861,250
Proposed distribution of profit and loss			
Extraordinary dividend distributed in the financial year		2,800,000	900,000
Retained earnings		237,684	961,250
Proposed distribution of profit and loss		3,037,684	1,861,250

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	6	4,342,747	4,323,229
Intangible assets	5	4,342,747	4,323,229
Other fixtures and fittings, tools and equipment		437,904	268,649
Leasehold improvements		897,354	511,939
Property, plant and equipment	7	1,335,258	780,588
Deposits		426,175	426,175
Other financial assets	8	426,175	426,175
Fixed assets		6,104,180	5,529,992
Trade receivables		5,267,452	3,883,925
Receivables from group enterprises		176,105	200,999
Other receivables		0	169,371
Joint taxation contribution receivable		0	116,350
Prepayments		297,474	264,351
Receivables		5,741,031	4,634,996
Other investments		4,247,688	4,316,769
Other investments		4,247,688	4,316,769
Cash		4,417,476	2,885,648
Current assets		14,406,195	11,837,413
Assets		20,510,375	17,367,405

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		500,000	500,000
Reserve for development expenditure		3,387,343	3,372,119
Retained earnings		1,807,246	1,584,786
Equity		5,694,589	5,456,905
Deferred tax		1,007,000	985,000
Provisions		1,007,000	985,000
Bank loans		180,465	59,461
Prepayments received from customers		0	346,579
Trade payables		687,479	216,412
Payables to group enterprises		0	97,537
Joint taxation contribution payable		154,965	0
Other payables	9	2,761,877	2,526,511
Deferred income		10,024,000	7,679,000
Current liabilities other than provisions		13,808,786	10,925,500
Liabilities other than provisions		13,808,786	10,925,500
Equity and liabilities		20,510,375	17,367,405
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		

Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	3,372,119	1,584,786	5,456,905
Extraordinary dividend paid	0	0	(2,800,000)	(2,800,000)
Transfer to reserves	0	15,224	(15,224)	0
Profit/loss for the year	0	0	3,037,684	3,037,684
Equity end of year	500,000	3,387,343	1,807,246	5,694,589

Notes

1 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	14,769,520	13,138,854
Pension costs	1,042,073	899,264
Other social security costs	235,347	198,306
	16,046,940	14,236,424
Staff costs classified as assets	(2,893,345)	(2,972,055)
	13,153,595	11,264,369
Number of employees at balance sheet date	29	27

2 Other financial income

	2019	2018
	DKK	DKK
Financial income from group enterprises	6,179	0
Other interest income	0	6,813
Exchange rate adjustments	0	6,214
Fair value adjustments	950,163	0
	956,342	13,027

3 Other financial expenses

	2019	2018
	DKK	DKK
Financial expenses from group enterprises	3,366	0
Other interest expenses	25,757	19,053
Exchange rate adjustments	49,346	0
Fair value adjustments	0	315,991
Other financial expenses	86,835	57,333
	165,304	392,377

4 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	828,565	453,650
Change in deferred tax	22,000	132,560
Adjustment concerning previous years	0	100,000
	850,565	686,210

5 Intangible assets

	Completed development projects DKK
Cost beginning of year	10,153,432
Additions	2,893,345
Cost end of year	13,046,777
Amortisation and impairment losses beginning of year	(5,830,203)
Amortisation for the year	(2,873,827)
Amortisation and impairment losses end of year	(8,704,030)
Carrying amount end of year	4,342,747

6 Development projects

The capitalized development costs are related to our development of the iPaper platform. We've strengthened 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	746,097	558,590
Additions	341,548	550,441
Cost end of year	1,087,645	1,109,031
Depreciation and impairment losses beginning of year	(477,448)	(46,651)
Depreciation for the year	(172,293)	(165,026)
Depreciation and impairment losses end of year	(649,741)	(211,677)
Carrying amount end of year	437,904	897,354

8 Financial assets

	Deposits DKK
Cost beginning of year	426,175
Cost end of year	426,175
Carrying amount end of year	426,175

9 Other payables

	2019 DKK	2018 DKK
VAT and duties	853,164	434,745
Wages and salaries, personal income taxes, social security costs, etc payable	229,199	534,906
Holiday pay obligation	1,679,514	1,556,860
	2,761,877	2,526,511

10 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	4,098,623	5,237,000

11 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 certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

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, 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.

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:

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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for 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.

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.

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.

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.

Deferred income

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



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Nicholai Lambert Hindrichsen

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Adm. direktør

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Mark Sjøner Rasmussen

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