

Annual Report 2022

CVR No. 29 52 01 51

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

The Annual General Meeting adopted the annual report on the 30th of March, 2023

Conductor

Mark S. Rasmussen

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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: 01.01.2022 - 31.12.2022

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 30.03.2023

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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 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, 30.03.2023

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 2022 iPaper saw a solid 5 % 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 5.4 million in 2022 compared to DKK 10.7 million in 2021.

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 2021 we expanded on the format while in 2022 we've 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 2023 while we start going to market.

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 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		28,178,135	28,982,646
Staff costs	1	(17,220,190)	(16,667,736)
Depreciation, amortisation and impairment losses		(3,572,380)	(3,543,672)
Operating profit/loss		7,385,565	8,771,238
Other financial income	2	26,858	2,139,582
Other financial expenses	3	(1,980,992)	(228,239)
Profit/loss before tax		5,431,431	10,682,581
Tax on profit/loss for the year	4	(1,024,529)	(2,164,898)
Profit/loss for the year		4,406,902	8,517,683
Proposed distribution of profit and loss			
Extraordinary dividend distributed in the financial year		6,500,000	8,000,000
Retained earnings		(2,093,098)	517,683
Proposed distribution of profit and loss		4,406,902	8,517,683

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	6	4,296,758	4,603,188
Intangible assets	5	4,296,758	4,603,188
Other fixtures and fittings, tools and equipment		889,749	682,853
Leasehold improvements		318,549	502,500
Property, plant and equipment	7	1,208,298	1,185,353
Deposits		463,305	445,620
Financial assets	8	463,305	445,620
Fixed assets		5,968,361	6,234,161
Trade receivables		9,782,529	9,616,496
Receivables from group enterprises		0	289,061
Other receivables		1	0
Prepayments		987,871	397,752
Receivables		10,770,401	10,303,309
Other investments		8,773,040	10,657,675
Other investments		8,773,040	10,657,675
Cash		7,410,894	6,269,783
Current assets		26,954,335	27,230,767
Assets		32,922,696	33,464,928

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		500,000	500,000
Reserve for development expenditure		3,351,473	3,590,488
Retained earnings		4,044,369	5,898,452
Equity		7,895,842	9,988,940
Deferred tax		968,525	1,015,000
Provisions		968,525	1,015,000
Bank loans		95,412	32,293
Prepayments received from customers		471,277	457,096
Trade payables		433,398	1,109,644
Payables to group enterprises		1,986,273	0
Joint taxation contribution payable		1,071,004	2,179,898
Other payables	9	2,698,965	3,245,057
Deferred income		17,302,000	15,437,000
Current liabilities other than provisions		24,058,329	22,460,988
Liabilities other than provisions		24,058,329	22,460,988
Equity and liabilities		32,922,696	33,464,928
Fair value information	10		
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		

Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	500,000	3,590,488	5,898,452	0	9,988,940
Extraordinary dividend paid	0	0	0	(6,500,000)	(6,500,000)
Transfer to reserves	0	(239,015)	239,015	0	0
Profit/loss for the year	0	0	(2,093,098)	6,500,000	4,406,902
Equity end of year	500,000	3,351,473	4,044,369	0	7,895,842

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	18,468,733	17,753,614
Pension costs	725,892	1,411,219
Other social security costs	294,617	240,771
	19,489,242	19,405,604
Staff costs classified as assets	(2,269,052)	(2,737,868)
	17,220,190	16,667,736
Average number of full-time employees	33	31

2 Other financial income

	2022	2021
	DKK	DKK
Financial income from group enterprises	0	8,818
Other interest income	26,858	0
Fair value adjustments	0	2,130,764
	26,858	2,139,582

3 Other financial expenses

	2022	2021
	DKK	DKK
Financial expenses from group enterprises	(1,015)	0
Other interest expenses	70	34,506
Exchange rate adjustments	(123,124)	22,602
Fair value adjustments	1,884,635	0
Other financial expenses	220,426	171,131
	1,980,992	228,239

4 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	1,071,004	2,179,898
Change in deferred tax	(46,475)	(15,000)
	1,024,529	2,164,898

5 Intangible assets

	Completed development projects DKK
Cost beginning of year	19,234,446
Additions	2,623,640
Cost end of year	21,858,086
Amortisation and impairment losses beginning of year	(14,631,258)
Amortisation for the year	(2,930,070)
Amortisation and impairment losses end of year	(17,561,328)
Carrying amount end of year	4,296,758

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	1,888,344	1,182,530
Additions	641,055	33,000
Disposals	(8,800)	0
Cost end of year	2,520,599	1,215,530
Depreciation and impairment losses beginning of year	(1,205,491)	(680,030)
Depreciation for the year	(425,359)	(216,951)
Depreciation and impairment losses end of year	(1,630,850)	(896,981)
Carrying amount end of year	889,749	318,549

8 Financial assets

	Deposits DKK
Cost beginning of year	445,620
Additions	17,685
Cost end of year	463,305
Carrying amount end of year	463,305

9 Other payables

	2022	2021
	DKK	DKK
VAT and duties	450,520	518,620
Wages and salaries, personal income taxes, social security costs, etc. payable	30,291	576,213
Holiday pay obligation	2,218,154	2,150,188
Other costs payable	0	36
	2,698,965	3,245,057

10 Fair value information

	Listed shares
	DKK
Fair value end of year	8,773,040
Unrealised fair value adjustments recognised in the income statement	(1,884,635)

11 Unrecognised rental and lease commitments

	2022	2021
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	1,224,582	3,234,399

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.

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:

	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.

