
LK Systems ApS

Dampfærgevej 21, st, DK-2100 København Ø

Annual Report for 2023

CVR No. 33 87 90 91

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 28/6 2024

Nickolai Arnfeldt Hoff
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of LK Systems ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 June 2024

Executive Board

Nickolai Arnfeldt Hoff
Executive Officer

Independent Practitioner's Extended Review Report

To the shareholder of LK Systems ApS

Conclusion

We have performed an extended review of the Financial Statements of LK Systems ApS for the financial year 1 January - 31 December 2023, which comprise 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 the work performed, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the Financial Statements" section of our report. We are independent of the Company 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 responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Practitioner'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 in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent Practitioner's Extended Review Report

In connection with our extended review of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Hellerup, 28 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Alexander

State Authorised Public Accountant

mne42824

Pawel Christof Michalak

State Authorised Public Accountant

mne48479

Company information

The Company	LK Systems ApS Dampfærgevej 21, st 2100 København Ø CVR No: 33 87 90 91 Financial period: 1 January - 31 December Incorporated: 1 September 2011 Financial year: 12th financial year Municipality of reg. office: Copenhagen
Executive Board	Nickolai Arnfeldt Hoff
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Key activities

The company's main activity is to operate as an IT company as well as any related business hereto.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 6,225,081, and at 31 December 2023 the balance sheet of the Company shows a negative equity of DKK 3,499,372.

The Company has merged with 3 Nordic ApS and Whatelse Group ApS, which have been dissolved following the merger. The merger has been completed in accordance with the book value method and with the effect from 1 January 2023.

Capital resources

The Company has lost its share capital. Management expects to recover the share capital through future positive earnings. Management has further prepared a liquidity forecast showing sufficient funds to continue operations in 2024. Refer also to note 1.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit		6,700,999	2,517,040
Staff expenses	2	-388,875	-241,717
Earnings Before Interest Taxes Depreciation and Amortization		6,312,124	2,275,323
Amortisation and impairment losses of intangible assets		-657,027	-688,762
Other operating expenses		0	-38,689
Profit/loss before financial income and expenses		5,655,097	1,547,872
Financial income		621,906	477,165
Financial expenses		-48,436	-392,640
Profit/loss before tax		6,228,567	1,632,397
Tax on profit/loss for the year	3	-3,486	0
Net profit/loss for the year		6,225,081	1,632,397
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		6,225,081	1,632,397
		6,225,081	1,632,397

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Completed development projects		1,409,800	1,377,526
Intangible assets	4	1,409,800	1,377,526
Other receivables		0	3,059,582
Fixed asset investments		0	3,059,582
Fixed assets		1,409,800	4,437,108
Trade receivables		2,320,074	1,437,899
Receivables from group enterprises		0	11,534,471
Other receivables		3,059,582	0
Receivables		5,379,656	12,972,370
Cash at bank and in hand		389,199	739,283
Current assets		5,768,855	13,711,653
Assets		7,178,655	18,148,761

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		160,000	160,000
Reserve for development costs		1,099,644	1,074,470
Retained earnings		-4,759,016	-6,818,120
Equity		-3,499,372	-5,583,650
Provision for deferred tax		263,091	169,369
Provisions		263,091	169,369
Trade payables		0	4,212,731
Other payables		971,783	971,783
Long-term debt	5	971,783	5,184,514
Trade payables	5	6,987,181	5,411,141
Payables to group enterprises		75,730	9,944,847
Payables to owners and Management		0	656
Corporation tax		496,518	0
Payables to group enterprises relating to corporation tax		0	962,375
Other payables	5	1,883,724	2,059,509
Short-term debt		9,443,153	18,378,528
Debt		10,414,936	23,563,042
Liabilities and equity		7,178,655	18,148,761
Going concern	1		
Contingent assets, liabilities and other financial obligations	6		
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	160,000	1,074,470	-6,818,120	-5,583,650
Net effect from merger and acquisition under the uniting of interests method	0	0	-13,783,791	-13,783,791
Adjusted equity at 1 January	160,000	1,074,470	-20,601,911	-19,367,441
Cash capital increase	0	0	9,642,988	9,642,988
Development costs for the year	0	25,174	-25,174	0
Net profit/loss for the year	0	0	6,225,081	6,225,081
Equity at 31 December	160,000	1,099,644	-4,759,016	-3,499,372

Notes to the Financial Statements

1. Going concern

As of 31 December 2023, the Company has negative equity of DKK 3,499,372.

The Company has lost its share capital and is therefore subject to the rules in section 119 of the Danish Companies Act. Management expects to recover the share capital through future positive earnings.

Management has further prepared a liquidity forecast showing sufficient funds to continue operations in 2024.

	2023	2022
	DKK	DKK
2. Staff Expenses		
Wages and salaries	387,858	238,716
Other staff expenses	1,017	3,001
	<u>388,875</u>	<u>241,717</u>
Average number of employees	<u>1</u>	<u>1</u>

	2023	2022
	DKK	DKK
3. Income tax expense		
Current tax for the year	496,518	0
Deferred tax for the year	93,722	0
Adjustment of tax concerning previous years	-586,754	0
	<u>3,486</u>	<u>0</u>

Notes to the Financial Statements

4. Intangible fixed assets

	Completed development projects
	DKK
Cost at 1 January	8,985,444
Additions for the year	689,301
Cost at 31 December	<u>9,674,745</u>
Impairment losses and amortisation at 1 January	7,607,918
Amortisation for the year	657,027
Impairment losses and amortisation at 31 December	<u>8,264,945</u>
Carrying amount at 31 December	<u>1,409,800</u>
Amortised over	<u>5 years</u>

Completed development projects relate to infrastructure for affiliate based loyalty programs.

5. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2023	2022
	DKK	DKK
Trade payables		
After 5 years	0	0
Between 1 and 5 years	0	4,212,731
Long-term part	0	4,212,731
Other short-term trade payables	6,987,181	5,411,141
	<u>6,987,181</u>	<u>9,623,872</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
5. Long-term debt		
Other payables		
After 5 years	0	0
Between 1 and 5 years	971,783	971,783
Long-term part	<u>971,783</u>	<u>971,783</u>
Other short-term payables	1,883,724	2,059,509
	<u>2,855,507</u>	<u>3,031,292</u>

6. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Dotcom Capital ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

7. Subsequent events

On 21 June 2024, the Company has merged with 3 Nordic ApS and Whatelse Group ApS, which have been dissolved following the merger.

Notes to the Financial Statements

8. Accounting policies

The Annual Report of LK Systems ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Pooling of interests

LK Systems ApS has merged with the companies 3 Nordic ApS and Whatelse Group ApS. The merger has been recognized according to the book value method as at 1 January 2023. In accordance with the book value method, comparative figures have not been restated.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

Expenses for raw materials and consumables

Expenses for consumables comprise the consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, administration, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including re-invoiced expenses, including gains and losses on the sale of tangible assets and other activities, subsidies from COVID-19 salary compensation.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is years. Software licences are amortised over the period of the agreement, which is 5 years.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.