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# ***LK Systems ApS***

Amerika Plads 19, 4., DK-2100 København Ø

## **Annual Report for 2022**

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CVR No 33 87 90 91

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/6 2023

Nickolai Arnfeldt Hoff  
Chairman of the General  
Meeting



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
The Independent Practitioner's Report	2
<b>Company Information</b>	
Company Information	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

# 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 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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, 30 June 2023

## Executive Board

Nickolai Arnfeldt Hoff  
Executive Officer

# The Independent Practitioner's 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 2022, 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 2022 and of the results of the Company operations for the financial year 1 January - 31 December 2022 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.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 Going concern in the Financial Statements, which describes that the Company has significant current debt, which the Company may not be able to pay in full, unless a payment plan can be made or the ultimate Parent Company will provide sufficient funding to pay the debt as it falls due.

As the Company has not received a formal letter of support from the Parent Company and does not have current funds in place to pay off the debt at time of approval of the Financial Statements, this indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## 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.

# The Independent Practitioner's Report

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.

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 Financials 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.

# The Independent Practitioner's Report

Hellerup, 30 June 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Søren Alexander

State Authorised Public Accountant

mne42824

Pawel C. Michalak

State Authorised Public Accountant

mne48479

## **Company Information**

### **The Company**

LK Systems ApS  
Amerika Plads 19, 4.  
DK-2100 København Ø

CVR No: 33 87 90 91  
Financial period: 1 January - 31 December  
Incorporated: 1 September 2011  
Financial year: 11st 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 2022 shows a profit of DKK 1,632,397, and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 5,583,650.

## Expectations for the year ahead

An EBITDA near DKK 3m is expected for FY23.

## Capital resources

The Company has lost its share capital. Management expects to recover the share capital through capital contributions and / or conversion of group payables to equity. Management has received an indication from the ultimate Parent Company, Dotcom Capital ApS, that sufficient funding will be provided for the Company to pay current debts as they fall due, although no formal letter of support has been received. Consequently, the Financial Statements have been prepared under the assumption of going concern although a material uncertainty which casts significant doubt on the Company's ability to continue its operations exists. 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	2022 DKK	2021 DKK
<b>Gross profit/loss</b>		<b>2.517.040</b>	<b>2.611.164</b>
Staff expenses	2	-241.717	-681.951
<b>Profit/loss before depreciation, amortisation and impairment (EBITDA)</b>		<b>2.275.323</b>	<b>1.929.213</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-688.762	-688.762
Other operating expenses		-38.689	0
<b>Profit/loss before financial income and expenses</b>		<b>1.547.872</b>	<b>1.240.451</b>
Financial income		477.165	274.386
Financial expenses		-392.640	-975.114
<b>Profit/loss before tax</b>		<b>1.632.397</b>	<b>539.723</b>
Tax on profit/loss for the year		0	0
<b>Net profit/loss for the year</b>		<b>1.632.397</b>	<b>539.723</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	1.632.397	539.723
	<b>1.632.397</b>	<b>539.723</b>

# Balance Sheet 31 December

## Assets

	Note	2022 DKK	2021 DKK
Completed development projects		1.377.526	2.066.288
<b>Intangible assets</b>	3	<b>1.377.526</b>	<b>2.066.288</b>
Trade receivables		3.059.582	3.059.582
<b>Fixed asset investments</b>		<b>3.059.582</b>	<b>3.059.582</b>
<b>Fixed assets</b>		<b>4.437.108</b>	<b>5.125.870</b>
Trade receivables		1.437.899	6.442.633
Receivables from group enterprises		11.534.471	11.728.606
Other receivables		0	12.043
<b>Receivables</b>		<b>12.972.370</b>	<b>18.183.282</b>
<b>Cash at bank and in hand</b>		<b>739.283</b>	<b>147.670</b>
<b>Currents assets</b>		<b>13.711.653</b>	<b>18.330.952</b>
<b>Assets</b>		<b>18.148.761</b>	<b>23.456.822</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		160.000	160.000
Reserve for development costs		1.074.470	1.611.705
Retained earnings		-6.818.120	-8.987.753
<b>Equity</b>		<b>-5.583.650</b>	<b>-7.216.048</b>
Provision for deferred tax		169.369	169.369
<b>Provisions</b>		<b>169.369</b>	<b>169.369</b>
Trade payables		4.212.731	5.895.961
Other payables		971.783	951.795
<b>Long-term debt</b>	4	<b>5.184.514</b>	<b>6.847.756</b>
Credit institutions		0	17.419
Trade payables	4	5.411.141	10.228.994
Payables to group enterprises		9.944.847	9.670.961
Payables to owners and Management		656	657
Payables to group enterprises relating to corporation tax		962.375	962.375
Other payables	4	2.059.509	2.727.960
Deferred income		0	47.379
<b>Short-term debt</b>		<b>18.378.528</b>	<b>23.655.745</b>
<b>Debt</b>		<b>23.563.042</b>	<b>30.503.501</b>
<b>Liabilities and equity</b>		<b>18.148.761</b>	<b>23.456.822</b>
Going concern	1		
Contingent assets, liabilities and other financial obligations	5		
Accounting Policies	6		

## Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	160.000	1.611.705	-8.987.752	-7.216.047
Development costs for the year	0	-537.235	537.235	0
Net profit/loss for the year	0	0	1.632.397	1.632.397
<b>Equity at 31 December</b>	<b>160.000</b>	<b>1.074.470</b>	<b>-6.818.120</b>	<b>-5.583.650</b>

# Notes to the Financial Statements

## 1 Going concern

As of 31 December 2022, the Company has negative equity of DKK 5,583,650.

Management expects an EBITDA of some DKK 3 million and positive cash flows from operations in 2023.

A significant part of the Company's debt is currently being repaid based on an agreed timeline. However, the Company has debt of approx. DKK 1.7 million to some authorities, and Management is trying to establish contact to pay off the debt. Management believes that a repayment agreement can be reached but depending on the outcome of this process and the size of interest and penalty charges, which is currently unknown, the Company may not have sufficient liquidity to repay this debt.

Management has had initial discussions with the ultimate Parent Company, Dotcom Capital ApS, and has received an indication that sufficient funding will be provided to pay current debts as they fall due. However, no formal letter of support has been granted. Furthermore, Management has been informed that the Parent Company has initiated plans to convert group payables of DKK 9,944,847 to equity in 2023 and thereby reestablish the equity, however, the formal decision is still outstanding at the time of approval of the Financial Statements.

Although management is confident that the remedies will ensure going concern, the nature of the matter also indicates that there is a material uncertainty which casts significant doubt on the Company's ability to continue its operations.

## 2 Staff expenses

	2022 DKK	2021 DKK
Wages and salaries	238.716	545.093
Pensions	0	59.749
Other social security expenses	0	50.346
Other staff expenses	3.001	26.763
	<b>241.717</b>	<b>681.951</b>
<b>Average number of employees</b>	<b>1</b>	<b>4</b>

# Notes to the Financial Statements

## 3 Intangible assets

	Completed development projects DKK
Cost at 1 January	5.371.592
Cost at 31 December	5.371.592
Impairment losses and amortisation at 1 January	3.305.304
Amortisation for the year	688.762
Impairment losses and amortisation at 31 December	3.994.066
<b>Carrying amount at 31 December</b>	<b>1.377.526</b>
Amortised over	5 years

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

## 4 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:

	2022 DKK	2021 DKK
<b>Trade payables</b>		
Between 1 and 5 years	4.212.731	5.895.961
Long-term part	4.212.731	5.895.961
Other short-term trade payables	5.411.141	10.228.994
	<b>9.623.872</b>	<b>16.124.955</b>
<b>Other payables</b>		
Between 1 and 5 years	971.783	951.795
Long-term part	971.783	951.795
Other short-term payables	2.059.509	2.727.960
	<b>3.031.292</b>	<b>3.679.755</b>

# Notes to the Financial Statements

## 5 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.

# Notes to the Financial Statements

## 6 Accounting Policies

The Annual Report of LK Systems ApS for 2022 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 2022 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.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.



# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### 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.

#### Expenses for 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/loss

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 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, subsidies from the Danish Innovation Foundation and 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.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### 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 enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible 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.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### 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.

### Fixed asset investments

Fixed asset investments consist of deposits.

### 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 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.

### 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 debts

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

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.