Proper ApS

Skelbækgade 2, 2. tv
1717 København V
CVR No. 39016869

Annual report 2023

The Annual General Meeting adopted the annual report on 26.06.2024

Steen Bøttzau Haunstrup
Chairman of the General Meeting

Contents

Entity details

Entity

Proper ApS
Skelbækgade 2, 2. tv
1717 København V

Business Registration No.: 39016869
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Steen Bøttzau Haunstrup, chairman
Jacob Dyboe Funch
Ole Markussen
Sara Maria Liliane Rywe
Anders Dalskov
Edoardo Emilio Ermotti

Executive Board

Morten Krarup Kristensen
Jacob Dyboe Funch

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 Proper ApS 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.

Copenhagen, 26.06.2024

Executive Board

Morten Krarup Kristensen

Jacob Dyboe Funch

Board of Directors

Steen Bøttzau Haunstrup
chairman

Jacob Dyboe Funch

Ole Markussen

Sara Maria Liliane Rywe

Anders Dalskov

Edoardo Emilio Ermotti

Independent auditor's report

To the shareholders of Proper ApS

Opinion

We have audited the financial statements of Proper ApS 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.

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 opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 audit 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 audit 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 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 of the management commentary.

Aarhus, 26.06.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) mne35428

Management commentary

Primary activities

The company's purpose is the development and sale of software solutions.

Development in activities and finances

The Company's income statement for the year that ended on 31 December 2023 shows a loss of DKK 12,987k, and on the 31 December 2023 the balance sheet shows equity of DKK 7,533k.

The company has throughout the year significantly increased revenue and continued development of its core assets. The company remains focused on establishing profitability and expects to be cash flow positive in the end of 2024.

In 2023 the company also received a capital increase of t.DKK 8.349.

Based on company budgets the company is secure as a going concern for the coming year, further information is provided in note 1.

Uncertainty relating to recognition and measurement

In the annual report, the Company has recognized development projects at cost. The recognition of development projects is subject to some uncertainty, but it is the Management's firm belief that the development projects give a true and fair view of the future expectations. Further information is provided in note 6 to the financial statements.

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		**5,496,356**	**2,685,254**
Staff costs	2	(15,366,908)	(14,913,456)
Depreciation, amortisation and impairment losses	3	(2,717,937)	(2,987,096)
Other operating expenses		(165,253)	(310,310)
Operating profit/loss		**(12,753,742)**	**(15,525,608)**
Income from investments in group enterprises		23,227	(17,868)
Other financial income		10,008	796
Other financial expenses		(1,304,595)	(973,518)
Profit/loss before tax		**(14,025,102)**	**(16,516,198)**
Tax on profit/loss for the year	4	1,037,894	1,123,194
Profit/loss for the year		**(12,987,208)**	**(15,393,004)**

Proposed distribution of profit and loss			
Retained earnings		(12,987,208)	(15,393,004)
Proposed distribution of profit and loss		**(12,987,208)**	**(15,393,004)**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	6	15,242,294	12,739,813
Development projects in progress	6	555,648	988,412
Intangible assets	5	**15,797,942**	**13,728,225**
Investments in group enterprises		40,000	16,773
Deposits		2,625	2,625
Financial assets	7	**42,625**	**19,398**
Fixed assets		**15,840,567**	**13,747,623**
Trade receivables		0	55,659
Receivables from group enterprises		90,213	59,227
Other receivables		30,829	26,640
Income tax receivable	8	1,037,894	1,123,194
Prepayments		154,534	120,335
Receivables		**1,313,470**	**1,385,055**
Cash		**9,913,315**	**14,882,319**
Current assets		**11,226,785**	**16,267,374**
Assets		**27,067,352**	**30,014,997**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital	9	89,120	83,776
Reserve for development expenditure		12,322,397	10,708,016
Retained earnings		(4,878,072)	1,384,766
Equity		**7,533,445**	**12,176,558**
Debt to other credit institutions		15,626,602	14,377,282
Other payables		428,247	413,765
Non-current liabilities other than provisions	10	**16,054,849**	**14,791,047**
Bank loans		0	15,326
Prepayments received from customers		16,356	299,474
Trade payables		615,367	516,257
Other payables	11	1,576,863	1,108,998
Deferred income		1,270,472	1,107,337
Current liabilities other than provisions		**3,479,058**	**3,047,392**
Liabilities other than provisions		**19,533,907**	**17,838,439**
Equity and liabilities		**27,067,352**	**30,014,997**

	Notes
Going concern	1
Unrecognised rental and lease commitments	12
Contingent liabilities	13
Assets charged and collateral	14

Statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	83,776	0	10,708,016	1,384,766	12,176,558
Increase of capital	5,344	8,343,695	0	0	8,349,039
Costs related to equity transactions	0	0	0	(4,944)	(4,944)
Transfer to reserves	0	(8,343,695)	1,614,381	6,729,314	0
Profit/loss for the year	0	0	0	(12,987,208)	(12,987,208)
Equity end of year	**89,120**	**0**	**12,322,397**	**(4,878,072)**	**7,533,445**

Notes

1 Going concern

Financial ressources are monitored on a continuous basis in order to ensure funding for the planned activities.

On basis of the budget for 2024 it is expected that the current funds are sufficient in order to ensure continued operations.

In conclusion it is the expectation that sufficient funding will be available throughout 2024 and therefore the financial statements are prepared on a going concern basis.

2 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	15,111,638	14,581,623
Pension costs	25,080	25,900
Other social security costs	230,190	305,933
	15,366,908	**14,913,456**

Average number of full-time employees	27	31

3 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Amortisation of intangible assets	2,717,937	2,987,096
	2,717,937	**2,987,096**

4 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	(1,037,894)	(1,123,194)
	(1,037,894)	**(1,123,194)**

5 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	17,696,590	988,412
Transfers	988,412	(988,412)
Additions	4,397,259	555,648
Disposals	(165,253)	0
Cost end of year	**22,917,008**	**555,648**
Amortisation and impairment losses beginning of year	(4,956,777)	0
Amortisation for the year	(2,717,937)	0
Amortisation and impairment losses end of year	**(7,674,714)**	**0**
Carrying amount end of year	**15,242,294**	**555,648**

6 Development projects

The company's completed development projects and development projects in progress consist of development of a software platform.

Completed development projects are amortised over a period of 7 years.

Management assesses that development projects in progress are technically possible to complete. Development projects in progress will be completed within two years.

Future improvements will be capitalised and maintenance charged to profit and loss on a current basis.

Development projects are expected to generate positive cash flows that exceed the recognised value, thus Management has not observed any indications of impairment in relation to the carrying amount of DKK 15,798k

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	40,000	2,625
Cost end of year	**40,000**	**2,625**
Impairment losses beginning of year	(23,227)	0
Share of profit/loss for the year	23,227	0
Impairment losses end of year	**0**	**0**
Carrying amount end of year	**40,000**	**2,625**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Proper Payments ApS	Copenhagen	ApS	100.00

8 Tax receivable

Tax receivable recognized in the balance sheet relates to the application of the tax credit scheme under LL§8X of the equalization law, whereby the company is paid the tax value of tax losses arising from costs to research and development.

Based on the examination of the criteria for the application of the scheme, management is of the opinion that the company is entitled to apply the scheme and the recognition has been based on this assessment.

There may be a risk that the Tax Authorities considers that the conditions for applying the scheme are not met. In this case, subsequent financial years are adversely affected by the fact that corporate tax receivable is written down via the accounting item " Tax on the profit for the year " in the income statement.

9 Share capital

A share option scheme according to which a right to subscribe up to 780,000 new shares (DKK 780,000) in the Company has been established.

As per 31 December 2023 a total of 576,722 issued warrants exists.

10 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Debt to other credit institutions	15,626,602	0
Other payables	428,247	413,765
	16,054,849	**413,765**

Debt to other credit institutions are expected to be realised within 5 years.

11 Other payables

	2023 DKK	2022 DKK
VAT and duties	835,097	194,092
Wages and salaries, personal income taxes, social security costs, etc. payable	447,766	132,515
Holiday pay obligation	294,000	435,000
Other costs payable	0	347,391
	1,576,863	**1,108,998**

12 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	1,145,013	2,981,421

13 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

14 Assets charged and collateral

The company has provided af guarantee of DKK 1,094,145, which covers the deposit in the company´s current office building.

Loans from Danske Bank are secured by a floating charge of nominal DKK 1,000k over other fixtures and fittings, tools and equipment as well as trade receivables.

The company has provided af guarantee of DKK 1,110,558, which covers the above loan.

The loans amount to DKK 0k at 31.12.2023. (DKK 15k at 31.12.2022)
The total carrying amount of the assets concerned is DKK 0k at 31.12.2023 (DKK 56k at 31.12.2022)

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, except a few reclassifications

Consolidated financial statements
Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Changes in accounting estimates
In previous accounting years the linear amortisation period of completed development projects software (intangible assets) has been set to 5 years. The Management has reevaluated the amoritsation period as an amortisation period of 7 years more accurately represents the value of the completed development projects.

The change in accounting estimates decreases amortisation from 4.160 t.DKK to 2.718 t.DKK for the financial year 2023. This increases result before tax by 1.442 t.DKK. Equity is increased by 1.125 t.DKK.

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.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, own work capitalised, other operating income, 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, salary refunds and income of public grants.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

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 intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprises interest expenses, including interest expenses on payables to group enterprises, 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 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.

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 in the 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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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 5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises bank deposits.

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.

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