



FLATPAY ApS

Lyskær 13 A, 3.
2730 Herlev
CVR No. 42718033

Annual report 2023

The Annual General Meeting adopted the annual report on 11.06.2024

Sander Janca-Jensen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	5
Management commentary	8
Income statement for 2023	9
Balance sheet at 31.12.2023	10
Statement of changes in equity for 2023	12
Notes	13
Accounting policies	17

Entity details

Entity

FLATPAY ApS

Lyskær 13 A, 3.

2730 Herlev

Business Registration No.: 42718033

Registered office: Herlev

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Thomas Stegeager Kvorning, chairman

Caroline Eggert Frydenberg

Lars Andersen

Peter Foss Lüth

Rasmus Busk

Ines Streimelweger

Joshua Carl Bell

Executive Board

Sander Janca-Jensen, CEO

Rasmus Busk, director

Peter Foss Lüth, director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of FLATPAY 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.

Herlev, 11.06.2024

Executive Board

Sander Janca-Jensen
CEO

Rasmus Busk
director

Peter Foss Lüth
director

Board of Directors

Thomas Stegeager Kvorning
chairman

Caroline Eggert Frydenberg

Lars Andersen

Peter Foss Lüth

Rasmus Busk

Ines Streimelweger

Joshua Carl Bell

Independent auditor's report

To the shareholders of FLATPAY ApS

Opinion

We have audited the financial statements of FLATPAY 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.

Copenhagen, 11.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Wolff Mikkelsen

State Authorised Public Accountant
Identification No (MNE) mne33747

Management commentary

Primary activities

Flatpay was established in late 2021 with the core objective of providing merchants within the SMB segment with an alternative payment solution. Flatpay signed its first customers in May 2022, hereafter the customer portfolio has shown a steady growth.

In the summer 2023 we raised DKK 110m capital in additional capital. With this investment Flatpay ends the year in a strong financial position.

Foreign branches

The company has two foreign branches, one established in Finland - FLATPAY ApS - Sivuliike, Helsinki established in December 2022 and another established in Germany – Flatpay ApS Germany established in June 2023.

Events after the balance sheet date

The company raised DKK 224 million in additional capital in Q1 2024. Other than that, no material events have occurred after the balance sheet date to this date, which would influence the annual report.

Income statement for 2023

	Notes	2023 DKK	2021/22 DKK
Gross profit/loss	2	(2,403,271)	(1,281,531)
Staff costs	3	(46,805,857)	(7,374,790)
Depreciation, amortisation and impairment losses	4	(3,586,175)	(383,839)
Operating profit/loss		(52,795,303)	(9,040,160)
Other financial income	5	1,492,850	1,794
Other financial expenses	6	(633,344)	(207,691)
Profit/loss for the year		(51,935,797)	(9,246,057)
Proposed distribution of profit and loss			
Retained earnings		(51,935,797)	(9,246,057)
Proposed distribution of profit and loss		(51,935,797)	(9,246,057)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2021/22 DKK
Completed development projects	8	3,653,392	856,697
Intangible assets	7	3,653,392	856,697
Other fixtures and fittings, tools and equipment		19,296,250	4,547,125
Leasehold improvements		278,633	116,234
Prepayments for property, plant and equipment		8,963,060	0
Property, plant and equipment	9	28,537,943	4,663,359
Investments in group enterprises		400,000	0
Deposits		1,144,770	397,662
Financial assets	10	1,544,770	397,662
Fixed assets		33,736,105	5,917,718
Trade receivables		3,447,329	532,226
Other receivables		3,381,940	342,802
Prepayments		380,141	470,973
Receivables		7,209,410	1,346,001
Cash	11	63,429,644	24,345,413
Current assets		70,639,054	25,691,414
Assets		104,375,159	31,609,132

Equity and liabilities

	Notes	2023 DKK	2021/22 DKK
Contributed capital	12	84,308	56,349
Reserve for development expenditure		2,849,645	856,697
Retained earnings		82,423,826	23,712,543
Equity		85,357,779	24,625,589
Debt to other credit institutions		3,876,500	3,876,500
Non-current liabilities other than provisions	13	3,876,500	3,876,500
Deposits		86,250	0
Trade payables		7,558,160	1,688,230
Other payables	14	7,496,470	1,385,429
Deferred income		0	33,384
Current liabilities other than provisions		15,140,880	3,107,043
Liabilities other than provisions		19,017,380	6,983,543
Equity and liabilities		104,375,159	31,609,132
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent assets	16		
Assets charged and collateral	17		

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	56,349	0	856,697	23,712,543	24,625,589
Increase of capital	27,959	113,888,532	0	0	113,916,491
Transferred from share premium	0	(112,640,028)	0	112,640,028	0
Costs related to equity transactions	0	(1,248,504)	0	0	(1,248,504)
Transfer to reserves	0	0	1,992,948	(1,992,948)	0
Profit/loss for the year	0	0	0	(51,935,797)	(51,935,797)
Equity end of year	84,308	0	2,849,645	82,423,826	85,357,779

For the purpose of offering incentive pay in the form of warrants, the Company's Board of Directors is authorized for the period until 1 June 2028 once or several times to increase the Company's share capital with up to nominally 4.734 shares in total without pre-emption right for the Company's shareholders. The authorization empowers the Board of Directors to determine the terms for the granted warrants, including the exercise price.

Notes

1 Events after the balance sheet date

The company raised DKK 224 million in additional capital in Q2 2024. Other than that, no material events have occurred after the balance sheet date to this date, which would influence the annual report.

2 Gross profit/loss

Gross profit includes:

Own work capitalised for DKK 3,461 thousand.

Rental income for DKK 549 thousand.

3 Staff costs

	2023	2021/22
	DKK	DKK
Wages and salaries	42,991,696	7,212,124
Pension costs	2,250,687	27,650
Other social security costs	418,179	38,057
Other staff costs	1,145,295	96,959
	46,805,857	7,374,790
Average number of full-time employees	74	11

4 Depreciation, amortisation and impairment losses

	2023	2021/22
	DKK	DKK
Amortisation of intangible assets	801,097	89,594
Depreciation of property, plant and equipment	2,785,078	294,245
	3,586,175	383,839

5 Other financial income

	2023	2021/22
	DKK	DKK
Other interest income	1,442,277	1,794
Exchange rate adjustments	44,693	0
Other financial income	5,880	0
	1,492,850	1,794

6 Other financial expenses

	2023	2021/22
	DKK	DKK
Other interest expenses	9,863	169
Exchange rate adjustments	57,879	0
Other financial expenses	565,602	207,522
	633,344	207,691

7 Intangible assets

	Completed development projects DKK
Cost beginning of year	946,291
Additions	3,597,792
Cost end of year	4,544,083
Amortisation and impairment losses beginning of year	(89,594)
Amortisation for the year	(801,097)
Amortisation and impairment losses end of year	(890,691)
Carrying amount end of year	3,653,392

8 Development projects

The development projects comprise digital development of payment solutions which the Company offers to the costumers. The solutions is continuously developed by the Company and put to use, after which amortisation is commenced.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Prepayments for property, plant and equipment DKK
Cost beginning of year	4,831,113	126,491	0
Additions	17,452,415	244,187	8,963,060
Cost end of year	22,283,528	370,678	8,963,060
Depreciation and impairment losses beginning of year	(283,988)	(10,257)	0
Depreciation for the year	(2,703,290)	(81,788)	0
Depreciation and impairment losses end of year	(2,987,278)	(92,045)	0
Carrying amount end of year	19,296,250	278,633	8,963,060

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	0	397,662
Additions	400,000	747,108
Cost end of year	400,000	1,144,770
Carrying amount end of year	400,000	1,144,770

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Flatpay Financial Services A/S	Herlev	A/S	100.00

11 Cash

Cash contains EUR 6,000,000, which are deposited at 31 December 2023 and released on 17 January 2024.

12 Share capital

	Number	Par value DKK	Nominal value DKK
A-shares	42,651	100,00	42,651
B-shares	15,410	100,00	15,410
C-shares	26,247	100,00	26,247
	84,308		84,308

13 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK
Debt to other credit institutions	3,876,500
	3,876,500

14 Other payables

	2023 DKK	2021/22 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	4,140,214	568,847
Holiday pay obligation	2,436,099	487,140
Accrued interest	135,128	0
Other costs payable	785,029	329,442
	7,496,470	1,385,429

15 Unrecognised rental and lease commitments

	2023	2021/22
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	3,151,711	2,465,448

16 Contingent assets

No deferred tax assets have been recognised in respect of an asset of the DKK 60.9 million as there is uncertainty related to the taxable profits available in the foreseeable future. All recognised tax losses may be carried forward indefinitely.

17 Assets charged and collateral

The loan contains the right for Vækstfonden to receive extra payments based on a performance scheme and/or an exit-scheme defined in the loan agreements. The exit scheme payments consist of an amount equal to 5 % of the added value of the Company, however capped at 20 % of the principal amount of the loan (DKK 4,0 million). All exit and performance scheme payments in aggregate are covered by the cap maxed at 0,8 million

As security for debt obtained from Vækstfonden, a company charge amounting to DKK 4,0 million has been provided. The security includes goodwill, intangible assets, operating equipment and fixtures and trade receivables.

The carrying amount is DKK 35,6 million.

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 raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. 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 and property, plant and equipment.

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 and property, plant and equipment, and salary refunds.

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

Other financial income

Other financial income comprises interest income, including 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 comprise interest expenses, including 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.

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 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 3 years.

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

Property, plant and equipment

Land and buildings, plant and machinery, and 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	3 years

For leasehold improvements the depreciation period cannot exceed the contract period.

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.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments 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.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

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