Naviga A/S

C/O Crowe Statsautoriseret Revisionsinteress, 2900 Hellerup

CVR no. 17 46 81 46

Annual report 2022

Approved at the Company's annual general meeting on 10 July 2023

Chair of the meeting:

DocuSigned by:
Scott Roessler
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Scott Roessler

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Naviga A/S for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

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's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Hellerup, 10 July 2023
Executive Board:

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Klas Jonas Bringle

Board of Directors:

DocuSigned by:	DocuSigned by:	DocuSigned by:
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Scott Roessler Chairman	Klas Jonas Bringle	Jeffery Paul Neunsinger

Independent auditor's report

To the shareholders of Naviga A/S

Opinion

We have audited the financial statements of Naviga A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Material uncertainty related to going concern

We draw attention to note 2 of the financial statements, which states that the Company's valuation of receivables from affiliated companies is subject to uncertainty. As stated in note 2 of the financial statement, these factors indicate that there are material uncertainties which may create significant uncertainty about the company's ability to continue as going concern.

We have not modified our opinion in respect of this matter.

Emphasis of matter in the financial statements

We draw attention to note 3 of the financial statements, which states that the valuation of receivables from affiliated companies is subject to material uncertainty.

We have not modified our opinion in respect of this matter.

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 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the financial statements.

Independent auditor's report

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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 10 July 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren V. Nejmann	Henrik K. Andersen
State Authorised Public Accountant	State Authorised Public Accountant
mne32775	mne36193

Management's review

Company details

Name	Naviga A/S
Address, Postal code, City	C/O Crowe Statsautoriseret Revisionsinteress, 2900 Hellerup
CVR no.	17 46 81 46
Established	1 December 1993
Registered office	København
Financial year	1 January - 31 December
Website	www.navigaglobal.com
Telephone	+45 36 94 44 61
Board of Directors	Scott Roessler, Chairman Klas Jonas Bringle Jeffery Paul Neunsinger
Executive Board	Klas Jonas Bringle
Auditors	EY Godkendt Revisionspartnerselskab Østre Havnegade 65, 9000 Aalborg, Denmark

Management's review

Business review

Naviga A/S as a part of the Naviga group develops and markets software and services to the media industry. The product range primarily consists of enterprise-level digital and print systems for multi-channel publishing, audience management, and advertising and circulation, all available as managed hosted solutions.

Recognition and measurement uncertainties

The company has net receivables amounting to DKK 49,782 thousand towards affiliated companies in the Group, consisting if DKK 78,382 thousand in receivables and DKK 28,600 thousand in payables. A significant part of the receivables is towards Naviga Inc. which is owned by NAVIGA Intermediate Holdings LLC.

The consolidated financial statements for 2022 for NAVIGA Intermediate Holdings LLC, includes information about uncertainty of the ability to continue as going concern. The Naviga Group has an outstanding debt to credit institutions, that matures the 29th of December 2023. The Management in NAVIGA Intermediate Holdings LLC has a plan to recapitalize the Company during the fiscal year 2023, but as this plan is not certain to be completed before the maturity date of the debt, Group Management has assessed that there is significant doubt about the Group and the Company’s ability to continue as going concern, until the plan has been fulfilled.

Based on the above, the Management in Naviga A/S assess, that there is a significant uncertainty related to the valuation of the intercompany receivables, as the affiliated companies may not have sufficient funding to repay these receivables. As it is Group Managements expectation to get the recapitalization plan fulfilled, the Management of Naviga A/S has not written down the intercompany receivables, as of 31 December 2022.

If the Management in NAVIGA Intermediate Holdings LLC is not able to finalize the recapitalization plan, and if Naviga A/S is demanded to repay its intercompany debt, Naviga A/S, will not have sufficient financing and liquidity to do so from a stand-alone standpoint, and will not be able to secure financing by requesting payment from affiliated companies.

As a consequence of this, Management of Naviga A/S assesses that there is substantial doubt about the Company's ability to continue as going concern. As it is Group Managements expectation to get the recapitalization plan fulfilled Management of Naviga A/S has prepared the financial statements under the assumption of going concern.

For further description Management refers to note 2 and 3.

Financial review

The income statement for 2022 shows a loss of DKK 9,436 thousand against a loss of DKK 10,281 last year, and the balance sheet at 31 December 2022 shows equity of DKK 46,430 thousand.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
	Gross profit/loss	-16,978	-4,169
4	Staff costs	-2,994	-3,202
	Depreciation, amortization and impairment losses	-9	-12
	Profit/loss before net financials	-19,981	-7,383
5	Financial income	18,141	6,823
6	Financial expenses	-7,596	-9,721
	Profit/loss for the year	-9,436	-10,281

	2022	2021
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-9,436	-10,281
	-9,436	-10,281

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Tools and equipment	6	15
		6	15
	Total fixed assets	6	15
	Non-fixed assets		
	Receivables		
	Trade receivables	3,774	3,241
	Contract work in progress	101	143
	Receivables from group entities	78,382	87,338
	Income taxes receivable	58	58
	Other receivables	4	10
	Prepayments	1,843	2,776
		84,162	93,566
	Cash	2,067	3,119
	Total non-fixed assets	86,229	96,685
	TOTAL ASSETS	86,235	96,700
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	13,763	13,763
	Retained earnings	32,667	42,103
	Total equity	46,430	55,866
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	0	350
		0	350
	Current liabilities other than provisions		
	Prepayments received from customers	9,832	13,184
	Trade payables	271	182
	Payables to group entities	28,600	26,007
	Other payables	1,102	1,111
		39,805	40,484
	Total liabilities other than provisions	39,805	40,834
	TOTAL EQUITY AND LIABILITIES	86,235	96,700

1 Accounting policies
2 Going concern uncertainties
3 Recognition and measurement uncertainties
9 Contractual obligations and contingencies, etc.
10 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2022	13,763	42,103	55,866
Transfer through appropriation of loss	0	-9,436	-9,436
Equity at 31 December 2022	13,763	32,667	46,430

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Naviga A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of services, which includes maintenance, hosting, subscription etc. to the media industry is recognised in revenue on a straight-line basis as the services are rendered because the services are rendered in the form of an indefinite number of actions over a specified period of time. Revenue corresponds to the selling price of the services rendered in the year (percentage of completion method).

When entering into sales contracts that consist of several separate components, the contract amount is allocated by the individual components based on the relative fair value approach. The separate components are recognized as revenue when the criteria applicable to sale of goods and services have been met.

A contract is allocated by individual components when the fair value of these individual components can be reliably measured and when each component represents a separate value to the buyer. Sales components are deemed to represent a separate value to the buyer when the component is individually identifiable and is normally sold separately.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognized in revenue.

Gross profit/loss

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

External expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, administration, bad debts etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Tools and equipment	3-5 years

Financial income and expenses

Financial income and expenses comprise interest income and expense and realized and unrealized gains and losses on deposits, receivables, payables and transactions denominated in foreign currencies.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortized cost.

Write-down is made for expected losses at the net realisable value.

Contract work in progress

Contract work in progress is recognized at cost comprising materials at cost and wages and salaries and other costs indirectly attributable to the individual orders.

Advance billing exceeding the value of work in progress on the individual order is recognized as current liabilities.

Selling costs and costs incurred in securing contracts are recognized in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash

Cash consists of cash in bank accounts.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognized under other non-current assets at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognized in the statement of comprehensive income.

Liabilities

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Other liabilities are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers relates to payments for services provided in the subsequent period.

2 Going concern uncertainties

The company has net receivables amounting to DKK 49,782 thousand towards affiliated companies in the group, consisting if DKK 78,382 thousand in receivables and DKK 28,600 thousand in payables. A significant part of the receivables is towards Naviga Inc. which is owned by NAVIGA Intermediate Holdings LLC.

The consolidated financial statements for 2022 for NAVIGA Intermediate Holdings LLC, includes information about uncertainty of the ability to continue as going concern. The Naviga Group has an outstanding debt to credit institutions, that matures the 29th of December 2023. The Management in NAVIGA Intermediate Holdings LLC has a plan to recapitalize the Company during the fiscal year 2023, but as this plan is not certain to be completed before the maturity date of the debt, Group Management has assessed that there is significant doubt about the Group and the Company’s ability to continue as going concern, until the plan has been fulfilled.

Based on the above, the Management in Naviga A/S assess, that there is a significant uncertainty related to the valuation of the intercompany receivables, as the affiliated companies may not have sufficient funding to repay these receivables. As it is Group Managements expectation to get the recapitalization plan fulfilled, the Management of Naviga A/S has not written down the intercompany receivables, as of 31 December 2022.

If the Management in NAVIGA Intermediate Holdings LLC is not able to finalize the recapitalization plan, and if Naviga A/S is demanded to repay its intercompany debt, Naviga A/S, will not have sufficient financing and liquidity to do so from a stand-alone standpoint, and will not be able to secure financing by requesting payment from affiliated companies.

Financial statements 1 January - 31 December

Notes to the financial statements

As a consequence of this, Management of Naviga A/S assesses that there is substantial doubt about the company's ability to continue as going concern. As it is Group Managements expectation to get the recapitalization plan fulfilled Management of Naviga A/S has prepared the financial statements under the assumption of going concern.

3 Recognition and measurement uncertainties

As described in note 2, there is uncertainty associated with the valuation of receivables from affiliated companies, as the repayment horizon on the receivables is unknown and the repayment is dependent on the group's recapitalization plan for 2023.

Based on the above, the Management in Naviga A/S assess, that there is an uncertainty related to the valuation of the intercompany receivables, as the affiliated companies may not have sufficient funding to repay these. As it is the Management in Naviga A/S's expectation to get the recapitalization plan fulfilled, the intercompany related receivables have not been written down.

	DKK'000	2022	2021
4	Staff costs		
	Wages/salaries	2,747	2,906
	Pensions	187	237
	Other social security costs	32	36
	Other staff costs	28	23
		2,994	3,202
	Average number of full-time employees	4	5
5	Financial income		
	Interest receivable, group entities	13,842	6,823
	Other financial income	4,299	0
		18,141	6,823
6	Financial expenses		
	Interest expenses, group entities	7,289	4,240
	Other financial expenses	307	5,481
		7,596	9,721

7 Property, plant and equipment

DKK'000	Tools and equipment
Cost at 1 January 2022	355
Cost at 31 December 2022	355
Impairment losses and depreciation at 1 January 2022	340
Amortisation/depreciation in the year	9
Impairment losses and depreciation at 31 December 2022	349
Carrying amount at 31 December 2022	6

Financial statements 1 January - 31 December

Notes to the financial statements

8 Deferred tax

The Company's deferred tax asset has been written down to DKK 0 thousand as it is uncertain if the tax asset can be utilised within a foreseeable future. The deferred tax asset consists of tax losses and time differences of intangible and tangible fixed assets.

The Company's deferred tax asset before write-down is totalling DKK 17,792 thousand.

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Newscycle Denmark ApS, which acts as management company, and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

10 Related parties

Information about consolidated financial statements

Parent	Domicile
Newscycle Solutions Holdings Inc	Bloomington, USA