



Scanavo A/S

Roskildevej 328
2630 Taastrup
CVR No. 18718235

Annual report 2023

The Annual General Meeting adopted the annual report on 10.05.2024

Tino Thorbjørn Sølling
Chairman of the General Meeting

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Entity details

Entity

Scanavo A/S
Roskildevej 328
2630 Taastrup

Business Registration No.: 18718235
Registered office: Høje-taastrup
Financial year: 01.01.2023 - 31.12.2023
URL: www.scanavo.com
E-mail: sales@scanavo.com

Board of Directors

Mads Bohnstedt Sølling, Chairman
Tino Thorbjørn Sølling
Maria Elisabeth Bohnstedt Sølling
Jeanette Sigrid Sølling

Executive Board

Tino Thorbjørn Sølling

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 Scanavo A/S 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.

Taastrup, 10.05.2024

Executive Board

Tino Thorbjørn Sølling

Board of Directors

Mads Bohnstedt Sølling
Chairman

Tino Thorbjørn Sølling

Maria Elisabeth Bohnstedt Sølling

Jeanette Sigrid Sølling

Independent auditor's report

To the shareholder of Scanavo A/S

Opinion

We have audited the financial statements of Scanavo A/S 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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 10.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Christian Sanderhage

State Authorised Public Accountant

Identification No (MNE) mne23347

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	53,235	28,153	46,173	46,857	47,086
Operating profit/loss	30,993	7,214	23,714	23,861	23,074
Net financials	(392)	205	(249)	(106)	41
Profit/loss for the year	50,385	34,498	42,711	35,276	35,467
Total assets	95,224	69,423	102,916	65,640	70,614
Investments in property, plant and equipment	715	1,445	2,506	1,651	537
Equity	66,002	51,319	59,862	50,883	51,938
Ratios					
Return on equity (%)	85.89	62.06	77.13	68.62	66.16
Equity ratio (%)	69.31	73.92	58.17	77.52	73.55

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity

Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets

Primary activities

The Group's primary activity comprises the sale and marketing of Media Packaging. In recent years, the group has developed its business, now being a marketer and partner for the studios and publishers in the home entertainment industry, with a broad distribution network in the global retail landscape. Today, sales are carried out worldwide by the Group's sales companies in Europe, North America and Asia, respectively.

Development in activities and finances

The annual report for 2023 shows a profit before tax of DKK 57,128 thousand, which Management finds satisfactory. This year's success can largely be attributed to the timing and popularity of major film and video game releases by our key clients. In the entertainment industry, our performance is closely tied to the product release schedules of our clients, which can vary significantly from year to year.

In 2023, we benefited from a robust lineup of high-profile releases, which drove demand for our services and significantly boosted our financial results. Notably, several blockbuster films and widely anticipated video game launches coincided with our strategic initiatives, amplifying our market presence and revenue streams.

Profit/loss for the year in relation to expected developments

The realised profit for 2023 is similar to Managements expectations.

Outlook

Looking ahead, we remain cautious but optimistic. While we aim to replicate this year's success, we are mindful of the industry's cyclicity and the potential variability in our clients' release schedules. Management is committed to maintaining the agility and innovation that have been pivotal to our success, ensuring that we remain well-positioned to navigate the dynamic nature of our industry.

While management remains optimistic about the long-term positive impact of our strategic initiatives, we anticipate a temporary decline in earnings for 2024, estimated at around 20%. This expected downturn is part of the natural ebb and flow of our industry, driven by the timing of client releases. Nonetheless, we are confident in the ongoing positive trajectory of the company as a result of our sustained efforts and strategic planning.

Environmental performance

The Company has prepared a Green Statement that gives an account of the Company's strategy in relation to environmental issues and sustainability. The Company's primary objective is to use materials that can be recycled and which reduce the extent of raw materials used in the Company's products.

Research and development activities

The Company is engaged in product development on an ongoing basis in order to be able to adapt to the opportunities arising in the market.

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		53,235,251	28,153,198
Staff costs	1	(21,771,192)	(19,356,469)
Depreciation, amortisation and impairment losses	2	(471,312)	(1,582,311)
Operating profit/loss		30,992,747	7,214,418
Income from investments in group enterprises		26,526,828	28,725,186
Other financial income	3	606,268	688,261
Other financial expenses	4	(997,851)	(482,930)
Profit/loss before tax		57,127,992	36,144,935
Tax on profit/loss for the year	5	(6,743,116)	(1,647,295)
Profit/loss for the year	6	50,384,876	34,497,640

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Plant and machinery		110,794	139,045
Other fixtures and fittings, tools and equipment		623,223	495,433
Property, plant and equipment	7	734,017	634,478
Investments in group enterprises		34,945,874	37,594,223
Other receivables		522,714	522,714
Financial assets	8	35,468,588	38,116,937
Fixed assets		36,202,605	38,751,415
Manufactured goods and goods for resale		14,512,626	11,305,168
Prepayments for goods		0	146,594
Inventories		14,512,626	11,451,762
Trade receivables		12,629,125	4,953,804
Receivables from group enterprises		7,403,012	3,804,926
Deferred tax	9	625,200	825,200
Other receivables		2,012,913	1,996,420
Joint taxation contribution receivable		1,453,330	3,287,982
Prepayments	10	149,278	125,058
Receivables		24,272,858	14,993,390
Cash		20,236,395	4,226,902
Current assets		59,021,879	30,672,054
Assets		95,224,484	69,423,469

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		3,750,000	3,750,000
Reserve for net revaluation according to the equity method		8,006,640	7,223,288
Retained earnings		4,245,566	5,346,018
Proposed dividend		50,000,000	35,000,000
Equity		66,002,206	51,319,306
Other payables		0	1,797,536
Non-current liabilities other than provisions		0	1,797,536
Bank loans		0	98,429
Prepayments received from customers		9,000,495	1,072,785
Trade payables		5,847,505	4,989,495
Payables to group enterprises		3,735,267	5,948,719
Payables to shareholders and management		6,134,769	1,292,006
Other payables		4,504,242	2,905,193
Current liabilities other than provisions		29,222,278	16,306,627
Liabilities other than provisions		29,222,278	18,104,163
Equity and liabilities		95,224,484	69,423,469
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
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Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,750,000	7,223,288	5,346,018	35,000,000	51,319,306
Ordinary dividend paid	0	0	0	(35,000,000)	(35,000,000)
Exchange rate adjustments	0	(701,976)	0	0	(701,976)
Dividends from group enterprises	0	(25,041,500)	25,041,500	0	0
Profit/loss for the year	0	26,526,828	(26,141,952)	50,000,000	50,384,876
Equity end of year	3,750,000	8,006,640	4,245,566	50,000,000	66,002,206

Notes

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	19,652,206	17,318,683
Pension costs	1,843,204	1,774,886
Other social security costs	275,782	262,900
	21,771,192	19,356,469
Average number of full-time employees	34	31

Staff costs include remuneration and pension costs to the Executive Board and the Board of Directors.

In accordance with section 98b(3) of the Danish Financial Statements Act, no specification of amounts has been included.

2 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Depreciation of property, plant and equipment	471,312	1,582,311
	471,312	1,582,311

3 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	68,141	28,664
Other interest income	538,127	87,294
Exchange rate adjustments	0	572,303
	606,268	688,261

4 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	221,287	451,425
Other interest expenses	96,698	31,505
Exchange rate adjustments	679,866	0
	997,851	482,930

5 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	6,546,670	1,712,018
Change in deferred tax	200,000	(62,400)
Adjustment concerning previous years	(3,554)	(2,323)
	6,743,116	1,647,295

6 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Ordinary dividend for the financial year	50,000,000	35,000,000
Retained earnings	384,876	(502,360)
	50,384,876	34,497,640

7 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost beginning of year	7,688,309	2,109,304
Additions	259,497	455,104
Disposals	(1,000,608)	(772,400)
Cost end of year	6,947,198	1,792,008
Depreciation and impairment losses beginning of year	(7,549,265)	(1,613,870)
Depreciation for the year	(287,747)	(183,565)
Reversal regarding disposals	1,000,608	628,650
Depreciation and impairment losses end of year	(6,836,404)	(1,168,785)
Carrying amount end of year	110,794	623,223

8 Financial assets

	Investments in group enterprises DKK	Other receivables DKK
Cost beginning of year	2,510,934	522,714
Cost end of year	2,510,934	522,714
Revaluations beginning of year	35,083,288	0
Exchange rate adjustments	(701,976)	0
Share of profit/loss for the year	26,526,828	0
Dividend	(28,473,200)	0
Revaluations end of year	32,434,940	0
Carrying amount end of year	34,945,874	522,714

Dividend relates to recognized dividends regarding prior financial year which is received during current financial year.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Scanavo Market A/S	Taastrup	A/S	100
Scanavo Manufacturing Hong Kong Ltd.	Hong Kong	Ltd.	100

9 Deferred tax

	2023 DKK	2022 DKK
Property, plant and equipment	549,200	715,200
Receivables	110,000	110,000
Provisions	(34,000)	0
Deferred tax	625,200	825,200

Changes during the year	2023 DKK	2022 DKK
Beginning of year	825,200	762,800
Recognised in the income statement	(200,000)	62,400
End of year	625,200	825,200

Deferred tax assets

Deferred tax assets are recognised based on management best estimates of utilisation within 3-5 years.

10 Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

11 Unrecognised rental and lease commitments

	2023	2022
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	620,000	484,700

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where TS Holding 2018 ApS serves as the administration company. 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Related parties with controlling interest

Scanavo A/S' related parties comprise the following:

- Scanavo Holding ApS, Taastrup, Denmark
- TS Holding 2018 ApS, Taastrup, Denmark
- Tino Thorbjørn Sølling (CEO), Solrød Strand, Denmark

14 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

TS Holding 2018 ApS, Business Registration No 39434156

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

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

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, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as 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 dividends etc received on other investments, 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 comprise 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

Property, plant and equipment

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
Plant and machinery	1-2 years
Other fixtures and fittings, tools and equipment	3-5 years

Leasehold improvements are expensed during the financial year.

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.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

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 plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

The Parent's share of the enterprises' results is recognised in the income statement.

Subsidiaries and associates with negative net asset values are measured at DKK 0, and any amounts owed by such enterprises are written down by the Parent's share of the negative net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amount owed, the remaining amount is recognised under provisions to the extent that the Parent has a legal or constructive obligation to cover that enterprise's liabilities.

Receivables

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs. Write-down is made for obsolete goods, including slow-moving items

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

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.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as Scanavo A/S is included in the cash flow statement of TS Holding 2018 ApS.