

**ACN Danmark A/S**  
CVR-nr 24 21 25 72

**Annual Report**

**2023**

**The Annual General Meeting adopted the annual report on July, 3 2024**

**Chairman of the General Meeting:**

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**David Richard Merriman**

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*To ensure the greatest possible applicability of the English version of the document, British English terminology has been used.*

## Management Statement on the Annual Report

The Board of Directors and the Executive Board have today presented the annual report of ACN Danmark A/S for the financial year 1. January to 31. December 2023.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2023 and of the company's results of its activities in the period from 1 January to 31 December 2023.

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

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, July, 3 2024

### Executive Board

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Charles Barker

### Bestyrelse Supervisory Board

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Robert Stevanovski

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David Richard Merriman  
(Chairman)

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Charles Barker

## **Independent Auditor's Report**

**To the shareholder of ACN Danmark A/S**

### **Opinion**

We have audited the financial statements of ACN Danmark A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet and notes, for the Company. The financial statements are prepared under 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

### **Basis for conclusion**

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We refer to note 1 in the Financial Statements, which indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. It is a material condition for the company's ability to continue as a going concern that the company can realize its receivable from affiliated companies for the coming years.

The company presents its accounts according to the realization principles, but the managements expectation is to liquidate the company making use of a normal liquidation.

Our opinion is not modified 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 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 judgment and maintain professional skepticism 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 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 Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen V,

## **RSM Denmark**

Statsautoriseret Revisionspartnerselskab

Company reg. no. 25 49 21 45

Martin Enderberg Lassen

State Authorised Public Accountant

mne40044

Marco Mosegaard Brøndsted

State Authorised Public Accountant

mne49081

## Company Information

<b>The Company</b>	ACN Danmark A/S Nybrogade 12 1203 København K Denmark
<b>Registered in</b>	Copenhagen
<b>Phone number</b>	+ 31 20 346 38 00
<b>Fax number</b>	+ 31 20 346 39 40
<b>CVR-nr.</b>	24 21 25 72
<b>Supervisory Board</b>	Charles Barker Robert Stevanovski David Richard Merriman (Formand/chairman)
<b>Executive Board</b>	Charles Barker
<b>Auditors</b>	RSM Danmark Ved Vesterport 6, 5. 1612 København K Denmark
<b>Parent company</b>	ACN Europe B.V. Thomas R Malthusstraat 1-3 1066 JR Amsterdam The Netherlands

## Management Review

### Activity

The Company is part of the ACN group of companies. The Company is a direct wholly-owned subsidiary of ACN Europe, B.V., a Dutch company with its head office in Amsterdam, The Netherlands. ACN Europe B.V. is, in turn, an indirect wholly-owned subsidiary of LKN Global Holdings Inc., a Delaware (U.S.A.) company with its headquarters in North Carolina, U.S.A.

The Company sells telecommunications and essential home services to private and business customers, using network marketing principles as sales concept. The Danish Company has no employees, but has entered into agreements with independent sales representatives, through which contact is made with the Danish customers.

The Dutch and US parent company carry out all administrative functions. Likewise all economical and business risks are covered by the Dutch parent company.

### Development in activities and finances

The net loss amounts to DKK 63,060. Compared to a profit of DKK 679,002 last year.

The total equity position at the end of year amounts to DKK 27,002,941.

### Uncertainty relating to recognition and measurement

ACN Danmark A/S does not have any employees and therefore is not capable of performing any operational functions. The sole role of ACN Danmark A/S is that invoices to Danish customers and, commission/bonus payments to the Danish independent representatives are executed in name of the Danish Company.

Following the limited function of ACN Danmark A/S only a limited remuneration is justified for the Company's activities.

According to ACN's transfer pricing policy, the operating profit of ACN Danmark A/S will be used as a Profit Level Indicator which results in an arm's length remuneration/operating profit established at a mark-up computed from the bonus and commissions paid by ACN Danmark A/S to the independent sales representatives.

The transfer pricing policy was confirmed in a Bilateral Advance Pricing Agreement (BAPA) as concluded between the Dutch- and the Danish tax authorities for a period of five calendar years, starting 2009 up to and including 2013. The BAPA has not been renewed.

### Events after the balance sheet date

The Board of Directors proposes an ordinary retained earnings distribution of DKK 26,500,000 to the mother company in 2024.



## Accounting Policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying to class C enterprises.

The accounting policies applied for this annual report are consistent with those applied last year.

The annual accounts are presented in Danish kroner (DKK).

### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of the value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the Company 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 Company, and the value of the liabilities 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 item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date. Please refer to Notes to the Annual Report – Note 1

### Revenue recognition

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

### Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in

the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

### **Income statement**

As mentioned in the management's review all risk associated to the business is borne by the Dutch parent company.

However, the Company has chosen to show the portion of income and costs that can be referred to the activity in Denmark, based on group policies.

### **Gross profit**

The gross profit comprises the net turnover, direct expenses related to net turnover, work performed for own purposes and capitalised, other operating income, and external costs.

### **Direct expenses**

Direct expenses comprise the telecom fee charged by ACN Europe B.V. as part of the cost plus transfer pricing structure as well as administration charges paid to group companies and expenses regarding independent sales representatives.

### **Income taxes**

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 year and recognised directly on equity by the portion attributable to entries directly on equity.

### **Receivables**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### **Available funds**

Available funds comprise cash at bank.

### **Corporate tax**

Current tax liabilities and receivable current tax are recognised in the balance sheet as calculated tax of the taxable income of the year adjusted for tax of previous years' taxable income and for tax paid on account.

### **Liabilities**

Liabilities concerning debts to suppliers, subsidiaries, and associated enterprises and other debts are measured at amortised cost which usually corresponds to the nominal value.

## Profit and Loss account

Profit and Loss	Note	2023 DKK	2022 DKK
<b>Gross profit</b>		49	606
<b>Profit before financial items</b>		<b>49</b>	<b>606</b>
Financial Income	1	-	870,226
Financial Expenses		-	-
<b>Profit before tax</b>		<b>49</b>	<b>870,832</b>
Tax on profit		(63,109)	(191,830)
<b>Net Earnings / Losses</b>		<b>(63,060)</b>	<b>679,002</b>
<b>Proposed distribution of current year profit</b>			
Dividends for the financial year		-	-
Retained earnings		<u>(63,060)</u>	679,002
<b>Proposed distribution of previous year profits</b>			
Retained earnings from previous years			26,502,741
Dividends for the previous financial years			26,500,000

## Balance Sheet – Assets

Assets	Note	2023 DKK	2022 DKK
Trade Receivables		-	494,486
Receivables from affiliated companies		27,398,887	26,846,515
Accrued Income		-	16,641
Receivable corporate tax		-	-
Other Receivables		-	-
<b>Receivables</b>		<b>27,398,887</b>	<b>27,357,642</b>
Cash in bank		8,578	281,841
<b>Current Assets</b>		<b>27,407,465</b>	<b>27,639,483</b>
<b>Assets</b>		<b>27,407,465</b>	<b>27,639,483</b>

## Balance Sheet - Liabilities and Shareholders Equity

Liabilities and Shareholder Equity	Note	2023 DKK	2022 DKK
Share Capital		500,200	500,200
Retained earnings		26,502,741	26,565,801
<b>Equity</b>		<b>27,002,941</b>	<b>27,066,001</b>
Trade Payables		133	114,440
Payables to affiliated companies		-	-
Deferred income		-	48,611
Payable corporate tax		230,759	177,830
Other debts		173,632	232,601
<b>Current Liabilities</b>		<b>404,524</b>	<b>573,482</b>
<b>Total Liabilities and Shareholder Equity</b>		<b>27,407,465</b>	<b>27,639,483</b>

## Notes to the Annual Report

### Note 1

#### Uncertainties relating to going concern

As a consequence of the expected liquidation, the Company's Annual Report is not prepared in accordance with going concern principles, and that measurement, recognition and preparation are taken into account.

The company has incurred a net loss of DKK 7.774 during the year ended 31 December 2023, and, as of that date, the company's current assets is primarily made up of a receivable from affiliated companies, as DKK 27.398.887 of the total DKK 27.407.465 is receivable from affiliated companies. The company's current liabilities are DKK 349.238.

It's a material condition for the company's ability to continue as a going concern that the company can realize the receivable from affiliated companies for the coming years.

The company presents its accounts according to the realization principles, but the management's expectation is to liquidate the company making use of a normal liquidation.

### Note 2

Other financial income	Note	2023 DKK	2022 DKK
Financial income, group enterprises		-	868,965
Other financial income		-	1,261
		-	<b>870,226</b>

### Note 3

#### Related parties

**The following related parties have a controlling interest in ACN Danmark A/S:**

Controlling shareholder:  
ACN Europe B.V., The Netherlands  
Thomas R Malthusstraat 1-3, 1066JR Amsterdam

#### Other related parties:

Ultimate holding company:  
LKN Global Holdings Inc, 1000 Progress Place,  
Concord, North Carolina 28025, USA

**Related party transactions in the financial year**

ACN Danmark A/S has had the following transactions with related parties in the financial year:

The parent company - ACN Europe B.V. takes care of all operational activities on behalf of the Company as well as handling all administrative tasks. The Company does not have any employees.

All contracts concerning purchase of telecommunication services are entered into by the parent company - ACN Europe B.V. that in turn invoices the Company's share of the cost.

**Note 4**

**Ownership**

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

ACN Europe B.V., Thomas R Malthusstraat 1-3,  
1066JR AMSTERDAM, The Netherlands

The ultimate parent company is:  
LKN Global Holdings Inc, 1000 Progress Place,  
Concord, North Carolina 28025, USA.

**Note 5**

**Consolidation**

ACN Danmark A/S is included in the consolidated financial statements of ACN Europe B.V. and LKN Global Holdings Inc.

**Note 6**

Staff costs	Note	2023	2022
Average number of employees during the year		0	0