Scanbox Entertainment Group ApS

Boyesgade 6, 1822 Frederiksberg C

Company reg. no. 25 69 29 77

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 17 July 2024.

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Jerome Pierre Levy
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of Scanbox Entertainment Group ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 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 that the annual report be approved at the Annual General Meeting.

Frederiksberg C, 17 July 2024

Executive board

Þórir Snær Sigurjónsson   Kim William Beich

Board of directors

Þórir Snær Sigurjónsson   Jerome Pierre Levy   Jonathan Peter Rotolo

Independent auditor's report

To the Shareholders of Scanbox Entertainment Group ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Scanbox Entertainment Group ApS for the financial year 1 January to 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows 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 Consolidated Financial Statements and the Parent Company Financial Statements” section of our report. We are independent of the Group 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 Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group´s and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 Group´s and 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 consolidated financial statements and the parent company 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 Group´s and 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.

Independent auditor's report

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the consolidated financial statements and the parent company 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, 17 July 2024

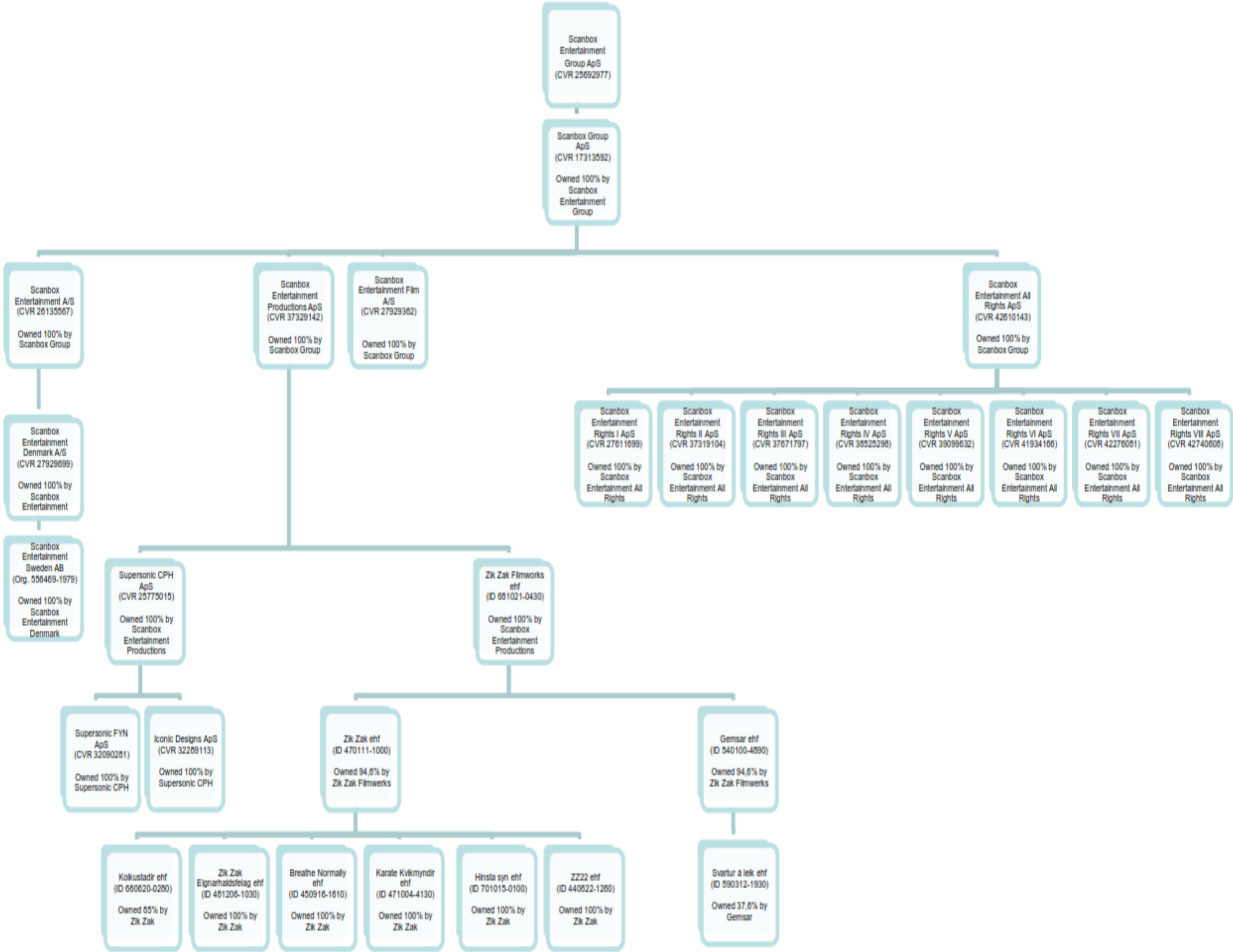
Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Kristian Randløv Lydolph
State Authorised Public Accountant
mne47843

Company information

The company	Scanbox Entertainment Group ApS Boyesgade 6 1822 Frederiksberg C
	Company reg. no. 25 69 29 77 Established: 23 December 2013 Domicile: Frederiksberg Financial year: 1 January - 31 December
Board of directors	Þórir Snær Sigurjónsson Jerome Pierre Levy Jonathan Peter Rotolo
Executive board	Þórir Snær Sigurjónsson Kim William Beich
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Subsidiaries	Scanbox Group ApS, Denmark, Copenhagen Scanbox Entertainment Film A/S, Denmark, Copenhagen Scanbox Entertainment A/S, Denmark, Copenhagen Scanbox Entertainment Sweden AB, Sweden, Göteborg Sacnbox Entertainment All Rights ApS, Denmark, Copenhagen Scanbox Entertainment Rights I ApS, Denmark, Copenhagen Scanbox Entertainment Rights II ApS, Denmark, Copenhagen Scanbox Entertainment Rights III ApS, Denmark, Copenhagen Scanbox Entertainment Rights IV ApS, Denmark, Copenhagen Scanbox Entertainment Rights V ApS, Denmark, Copenhagen Scanbox Entertainment Rights VI ApS, Denmark, Copenhagen Scanbox Entertainment Rights VII ApS, Denmark, Copenhagen Scanbox Entertainment Rights VIII ApS, Denmark, Copenhagen Scanbox Entertainment Denmark ApS, Denmark, Copenhagen Scanbox Entertainment Productions ApS, Denmark, Copenhagen Supersonic CPH ApS, Denmark, Copenhagen Supersonic Fyn ApS, Denmark, Copenhagen Iconic Designs ApS, Denmark, Copenhagen Zik Zak Filmworks ehf, Iceland

Group overview



Consolidated financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Gross profit	100.185	70.315	70.926	75.997	66.015
Profit from operating activities	22.256	4.035	8.822	5.167	5.362
Net financials	-4.004	-2.058	-1.237	-1.653	-1.901
Net profit or loss for the year	20.585	1.472	7.579	3.506	3.465
Statement of financial position:					
Balance sheet total	261.662	236.710	234.637	230.679	230.022
Investments in intangible assets	61.601	52.847	43.012	45.006	35.484
Equity	124.299	103.963	91.973	84.371	99.295
Cash flows:					
Operating activities	33.112	45.768	44.506	70.504	38.607
Investing activities	-61.305	-61.920	-42.915	-44.911	-35.485
Financing activities	28.766	-12.273	10.101	-9.146	-2.423
Total cash flows	573	-28.425	11.692	16.447	699
Employees:					
Average number of full-time employees	33	32	17	16	17
Key figures in %:					
Solvency ratio	47,5	43,9	39,2	36,6	43,2
Return on equity	18,0	1,5	8,6	3,8	3,6

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

Description of key activities of the company

The Group's key business activity is to produce and acquire licensing rights to feature films and similar rights related to the entertainment business for distribution in the Nordic markets.

The parent company is only holding shares.

Uncertainties connected with recognition or measurement

Rights to distribution of film are amortized on a straight-line basis over a period of 3-8 years from the date of entry into service, which is standard practice for the industry. Considering that there can be difference between the individual film's performance on the individual types of revenue, the assessment of the average, useful life is thus also subject to estimates.

It is Management's assessment that the amortization period determined reflects the average useful lives of the rights to distribution of films.

Development in activities and financial matters

The profit after tax amounts to DKK 20.585 thousand, which is satisfied.

Our expected increse of 5%-10% in the level of activities was furthermore affected by planned content being moved to 2024 (and some further) and a decrease in available content due to production-restrictions and delayed releases due to Theatrical lockdown.

Liquidity and capital resources

The Group's credit facilities consist of a credit-line with Sydbank. Overall, the Group have an overdraft facility for DKK 64.000 thousand through Sydbank and at 31.12.2023 the group has utilized it fully, besides this the parent company will provide credit facility as needed. Vuelta Productions Limited has given a letter of support ontill 30th June 2025.

Management believes that the 2024 budget is realistic, despite a theatrical market still struggling to find its way back to pre-covid form, and takes into account the changes in market conditions and that the Group – given the existing overdraft facility – holds the credit facilities necessary to realize the budget drawn up for 2024, and that the possibility of managing payments for certain distribution rights provides liquidity-wise flexibility, allowing for reduction of even major budgetary deviations to the effect that the Group can continue as a going concern.

Management´s review

Outlook

The Theatrical market is still struggling to gain its momentum back after the pandemic. This has disrupted the marketability and commercial value for certain film genres, which again has influenced our acquisition strategy. Certain audience demographic has not returned to the cinemas in the same numbers as before, and we expect this to be a new case of normal. This situation has changed our investment focus to bigger and more commercial content, which both is still in demand on the Theatrical platform but also more valuable for the ancillary markets, such as pay-tv and home entertainment.
The physical DVD/Blu-ray market downfall is almost finalized and both costs and focus have been adjusted accordingly.

The change in acquisition strategy will further intensify our investments and focus on local content. Nordic content is still a very cinematic commodity and together with our inhouse production strategy and new colabs with Nordic producers, we will gradually increase our local content profile. It’s a longer process but it will also benefit our pay-tv strength and increase our position for the major streamers and broadcasters.

Overall, the adjusted content investment strategy and collaborations with local content creators, combined with now being a fully integrated part of the Vuelta Group, will ensure a much steeper revenue growth and a solid foundation in a changing market. We have staffed up in the areas where we were slightly behind compared to our competitors, specifically in our inhouse production. We feel confident that our growth plans are solid and achievable, and we will already see part of the effect in 2024.

Research and development activities

There are no research and development activities in the Group, however, we will further intensify our inhouse production development and source feature- and series IP’s that will potentially have a wide and commercial audience.

General business risks

The market for distributing films is ever changing, with the market for physical DVDs and Blu-rays (sell-thru and rental) almost non-existent, whereas the market for digital distribution channels continues growing together with a healthy pay-tv market.

Scanbox Entertainment Group ApS seeks to exercise its distribution rights in these emerging markets while also create content for its theatrical distribution channels.

Staff

The staff's qualifications and motivation constitute a kay asset to Scanbox Entertainment Group ApS's business, for which reason the companies seek to recruit and retain the best qualified professionals from the entertainment industry. At this moment we feel we have a strong and competent team in all countries.

Foreign currency risks

Management´s review

A part of the Groups' acquisitions of distribution rights and revenue are in USD and EUR.

Scanbox Entertainment Group ApS’ companies face ordinary industry-specific risks, but also the consequences from the increased content-vacuuming from the streamers, which can push the disrupted consumer behavior on the Theatrical market further into 2025. However, it is premature to jump to negative conclusions and we are already seeing certain improvement in the consumer behavior. Management also regularly seeks to hedge the risks to which the Group is exposed.

Besides those risks, no special risks are considered to exist for the Group's activities.

Events occurring after the end of the financial year

After the end of the financial year, the group has sold the majority shares of the Islandic subsidaries.

Accounting policies

The annual report for Scanbox Entertainment Group ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

The consolidated financial statements

The consolidated income statements comprise the parent company Scanbox Entertainment Group ApS and those group enterprises of which Scanbox Entertainment Group ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Control means the power to excercise decisice influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be excercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to excerside decisive influence over another entityøs financial and operating decisions.

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

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. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Risk transition associated with sales to Cinema and Video on Demand takes place in line with the end user's utilization of provided distribution rights. Revenue associated with sales to TV stations is recognized by the delivery of master tapes / files based on contracts concluded.

Accounting policies

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise including film grants at movie launch.

Other external expenses comprise expenses regarding administration.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual entities are recognised in the income statement of the parent as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Intangible assets

Licences

Internally generated rights are recognised in the income statement as costs in the acquisition year.

Licenses are measured at cost less accrued amortisation. Licenses are amortised over the contract period, however, for a maximum of 8 years.

Film catalogues are amortised on a straight-line basis over a period of 3-8 years based on an assessment of the rights' estimated economic lives.

Profit and loss from the sale of licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	5 years	0%

Accounting policies

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

At their initial recognition in the statement of financial position, leases concerning equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Other financial instruments

Financial instruments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment.

Contract work in progress

Contract work in progress is measured at the costs incurred or at net realisable value, if this is lower.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

Accounting policies

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax
As administration company, Scanbox Entertainment Group ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

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

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions
Provisions comprise royalty and related costs.

Other provisions are recognised and measured as the best estimate of the expenses requried to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Liabilities other than provisions
Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Income statement 1 January - 31 December

DKK thousand.

Note		Group 2023	Group 2022	Parent 2023	Parent 2022
	Gross profit	**100.185**	**70.315**	**-76**	**-104**
3	Staff costs	-24.068	-17.179	0	0
	Depreciation, amortisation, and impairment	-53.861	-49.101	0	0
	Operating profit	**22.256**	**4.035**	**-76**	**-104**
	Income from investments in subsidiaries	0	0	21.022	1.274
	Other financial income from subsidiaries	0	0	1.234	112
	Other financial income	335	167	0	565
4	Other financial expenses	-4.339	-2.225	-1.637	-344
	Pre-tax net profit or loss	**18.252**	**1.977**	**20.543**	**1.503**
5	Tax on net profit or loss for the year	2.333	-505	42	-31
6	**Net profit or loss for the year**	**20.585**	**1.472**	**20.585**	**1.472**

Balance sheet at 31 December

DKK thousand.

Note	Assets	Group 2023	Group 2022	Parent 2023	Parent 2022
	Non-current assets				
7	Acquired concessions, patents, licenses, trademarks, and similar rights	202.237	162.328	0	0
8	Goodwill	11.064	13.859	0	0
9	Development projects in progress and prepayments for intangible assets	3.719	33.025	0	0
	Total intangible assets	217.020	209.212	0	0
10	Other fixtures, fittings, tools and equipment	5	52	0	0
	Total property, plant, and equipment	5	52	0	0
11	Investments in group enterprises	0	0	127.976	107.203
12	Investments in participating interests	59	16	0	0
13	Other financial investments	0	94	0	0
14	Deposits	1.020	1.264	0	0
	Total investments	1.079	1.374	127.976	107.203
	Total non-current assets	**218.104**	**210.638**	**127.976**	**107.203**

Balance sheet at 31 December

DKK thousand.

Note	Assets	Group 2023	Group 2022	Parent 2023	Parent 2022
	Current assets				
	Trade receivables	16.136	16.242	0	0
	Contract work in progress	12.788	0	0	0
	Receivables from subsidiaries	0	0	32.004	29.337
15	Deferred tax assets	2.498	0	0	0
	Income tax receivables	0	266	0	0
	Tax receivables from subsidiaries	0	0	14	0
	Other receivables	1.218	4.418	120	120
16	Prepayments	5.858	659	0	0
	Total receivables	38.498	21.585	32.138	29.457
	Cash and cash equivalents	5.060	4.487	0	0
	Total current assets	**43.558**	**26.072**	**32.138**	**29.457**
	Total assets	**261.662**	**236.710**	**160.114**	**136.660**

Balance sheet at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2023	Group 2022	Parent 2023	Parent 2022
	Equity				
17	Contributed capital	47	47	47	47
	Reserve for net revaluation according to the equity method	0	0	96.228	75.544
	Retained earnings	124.252	103.916	28.024	28.372
	Total equity	**124.299**	**103.963**	**124.299**	**103.963**
	Provisions				
18	Other provisions	0	1.000	0	0
	Total provisions	**0**	**1.000**	**0**	**0**
	Liabilities other than provisions				
19	Bank loans	0	3.375	0	3.375
20	Other payables	405	379	0	0
	Total long term liabilities other than provisions	405	3.754	0	3.375

Balance sheet at 31 December

DKK thousand.

Note	**Equity and liabilities**	Group 2023	Group 2022	Parent 2023	Parent 2022
	Current portion of long term liabilities	3.375	3.375	3.375	3.375
	Bank loans	64.089	31.975	0	0
	Trade payables	35.847	46.011	38	36
	Payables to subsidiaries	0	0	31.896	25.880
	Income tax payable	331	505	0	0
	Income tax payable to subsidiaries	0	0	0	31
	Other payables	9.004	12.100	506	0
21	Deferred income	24.312	34.027	0	0
	Total short term liabilities other than provisions	136.958	127.993	35.815	29.322
	Total liabilities other than provisions	**137.363**	**131.747**	**35.815**	**32.697**
	Total equity and liabilities	**261.662**	**236.710**	**160.114**	**136.660**

1 Uncertainties concerning recognition and measurement

2 Special items

22 Charges and security

23 Contingencies

24 Financial risks

25 Related parties

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 January 2023	47	0	103.916	103.963
Retained earnings for the year	0	0	20.585	20.585
Foreign exchange adjustments, foreign subsidiaries	0	0	-264	-264
Adjustment of financial instrument	0	0	15	15
	47	**0**	**124.252**	**124.299**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2023	47	75.544	28.372	103.963
Share of profit or loss	0	20.933	-348	20.585
Foreign currency translation adjustments	0	-264	0	-264
Adjustment of financial instrument	0	15	0	15
	47	**96.228**	**28.024**	**124.299**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		Group 2023	2022
	Net profit or loss for the year	20.585	1.472
26	Adjustments	55.562	49.804
27	Change in working capital	-38.389	-3.470
	Cash flows from operating activities before net financials	37.758	47.806
	Interest received, etc.	198	167
	Interest paid, etc.	-4.339	-2.205
	Cash flows from ordinary activities	33.617	45.768
	Income tax paid	-505	0
	Cash flows from operating activities	**33.112**	**45.768**
	Purchase of intangible assets	-61.601	-52.818
	Purchase of property, plant, and equipment	0	-30
	Purchase of fixed asset investments	-48	0
28	Acquisition of enterprises and activities	0	-8.498
	Sale of fixed asset investments	100	0
	Change in deposit	244	-574
	Cash flows from investment activities	**-61.305**	**-61.920**
	Long-term payables incurred	26	0
	Repayments of long-term payables	-3.375	-3.375
	Sale of treasury shares	0	932
	Cash capital increase	0	9.750
	Changes in short-term bank loans	32.115	-19.580
	Cash flows from financing activities	**28.766**	**-12.273**
	Change in cash and cash equivalents	**573**	**-28.425**
	Cash and cash equivalents at 1 January 2023	4.487	32.912
	Cash and cash equivalents at 31 December 2023	**5.060**	**4.487**
	Cash and cash equivalents		
	Cash and cash equivalents	5.060	4.487
	Cash and cash equivalents at 31 December 2023	**5.060**	**4.487**

Notes

DKK thousand.

1. Uncertainties concerning recognition and measurement

Rights to distribution of film are amortised on a straight-line basis over a period of 3-8 years from the date of entry into service, which is standard practise for the industry. Taking into account that there can be difference between the individual film's performance on the individual types of revenue, the assessment of the average useful is thus also subject to estimates.

It is Management's assessment that the amortisation period determined reflects the average useful lives of the rights to distribution of films.

2. Special items

	Group		Parent	
	2023	2022	2023	2022
Income:				
Compensation of cost due to COVID-19	0	4.648	0	0
Film tax credits	19.587	9.259	0	0
	19.587	13.907	0	0
Special items are recognised in the following items in the financial statements:				
Gross profit	19.587	13.907	0	0
Profit of special items, net	**19.587**	**13.907**	**0**	**0**

3. Staff costs

Salaries and wages	21.604	15.467	0	0
Pension costs	1.942	1.203	0	0
Other costs for social security	522	472	0	0
Other staff costs	0	37	0	0
	24.068	**17.179**	**0**	**0**
Executive board and board of directors	2.441	1.152	0	0
Average number of employees	33	32	0	0

Notes

DKK thousand.

	Group 2023	Group 2022	Parent 2023	Parent 2022
4. Other financial expenses				
Financial costs, group enterprises	0	0	1.279	0
Other financial costs	4.339	2.225	358	344
	4.339	**2.225**	**1.637**	**344**

	Group 2023	Group 2022	Parent 2023	Parent 2022
5. Tax on net profit or loss for the year				
Tax on net profit or loss for the year	332	505	-14	31
Adjustment of deferred tax for the year	-2.499	0	0	0
Adjustment of tax for previous years	-166	0	-28	0
	-2.333	**505**	**-42**	**31**

	Parent 2023	Parent 2022
6. Proposed distribution of net profit		
Reserves for net revaluation according to the equity method	20.933	1.274
Transferred to retained earnings	0	198
Allocated from retained earnings	-348	0
Total allocations and transfers	**20.585**	**1.472**

Notes

DKK thousand.

		Group	
		31/12 2023	31/12 2022
7.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	592.339	553.774
	Additions during the year	50.225	38.565
	Transfers	40.682	0
	Cost 31 December 2023	**683.246**	**592.339**
	Amortisation and write-down 1 January 2023	-430.011	-382.493
	Amortisation and depreciation for the year	-50.998	-46.518
	Impairment loss for the year	0	-1.000
	Amortisation and write-down 31 December 2023	**-481.009**	**-430.011**
	Carrying amount, 31 December 2023	**202.237**	**162.328**
8.	**Goodwill**		
	Cost 1 January 2023	14.756	0
	Translation at the exchange rate at the balance sheet date 31 December 2023	17	-144
	Additions during the year	0	14.900
	Cost 31 December 2023	**14.773**	**14.756**
	Amortisation and write-down 1 January 2023	-897	0
	Amortisation and depreciation for the year	-2.812	-897
	Amortisation and write-down 31 December 2023	**-3.709**	**-897**
	Carrying amount, 31 December 2023	**11.064**	**13.859**

Notes

DKK thousand.

		Group	
		31/12 2023	31/12 2022
9.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2023	35.479	12.880
	Translation at the exchange rate at the balance sheet date 31 December 2023	0	-568
	Additions concerning company transfer	0	8.914
	Additions during the year	12.233	14.253
	Disposals during the year	-2.982	0
	Transfers	-40.682	0
	Cost 31 December 2023	**4.048**	**35.479**
	Amortisation and write-down 1 January 2023	-2.454	-1.798
	Amortisation and depreciation for the year	0	-656
	Depreciation, amortisation and impairment loss for the year, assets disposed of	2.125	0
	Amortisation and write-down 31 December 2023	**-329**	**-2.454**
	Carrying amount, 31 December 2023	**3.719**	**33.025**

10.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	2.590	2.507
	Additions concerning company transfer	0	53
	Additions during the year	0	30
	Cost 31 December 2023	**2.590**	**2.590**
	Depreciation and write-down 1 January 2023	-2.538	-2.507
	Amortisation and depreciation for the year	-47	-31
	Depreciation and write-down 31 December 2023	**-2.585**	**-2.538**
	Carrying amount, 31 December 2023	**5**	**52**

Notes

DKK thousand.

		Parent	
		31/12 2023	31/12 2022
11.	**Investments in group enterprises**		
	Cost 1 January 2023	31.749	31.749
	Cost 31 December 2023	**31.749**	**31.749**
	Revaluations, opening balance 1 January 2023	75.454	74.344
	Translation at the exchange rate at the balance sheet date	-264	-164
	Net profit or loss for the year before amortisation of goodwill	21.022	1.274
	Other movements	15	0
	Revaluations 31 December 2023	**96.227**	**75.454**
	Carrying amount, 31 December 2023	**127.976**	**107.203**

Group enterprises:

	Domicile	**Equity interest**
Scanbox Group ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Film A/S	Denmark, Copenhagen	100 %
Scanbox Entertainment A/S	Denmark, Copenhagen	100 %
Scanbox Entertainment Sweden AB	Sweden, Göteborg	100 %
Sacnbox Entertainment All Rights ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Rights I ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Rights II ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Rights III ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Rights IV ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Rights V ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Rights VI ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Rights VII ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Rights VIII ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Denmark ApS	Denmark, Copenhagen	100 %
Scanbox Entertainment Productions ApS	Denmark, Copenhagen	100 %
Supersonic CPH ApS	Denmark, Copenhagen	100 %
Supersonic Fyn ApS	Denmark, Copenhagen	100 %
Iconic Designs ApS	Denmark, Copenhagen	100 %
Zik Zak Filmworks ehf	Iceland	100 %

Notes

DKK thousand.

		Group	
		31/12 2023	31/12 2022
12.	**Investments in participating interests**		
	Cost 1 January 2023	16	0
	Translation at the exchange rate at the balance sheet date	0	-1
	Additions during the year	48	17
	Cost 31 December 2023	**64**	**16**
	Net profit or loss for the year before amortisation of goodwill	-5	0
	Revaluations 31 December 2023	**-5**	**0**
	Carrying amount, 31 December 2023	**59**	**16**
13.	**Other financial investments**		
	Cost 1 January 2023	94	0
	Additions during the year	0	94
	Disposals during the year	-94	0
	Cost 31 December 2023	**0**	**94**
	Carrying amount, 31 December 2023	**0**	**94**
14.	**Deposits**		
	Cost 1 January 2023	1.264	498
	Additions during the year	50	766
	Disposals during the year	-294	0
	Cost 31 December 2023	**1.020**	**1.264**
	Carrying amount, 31 December 2023	**1.020**	**1.264**

Notes

DKK thousand.

	Group		Parent	
	31/12 2023	31/12 2022	31/12 2023	31/12 2022
15. Deferred tax assets				
Deferred tax assets 1 January 2023	0	0	0	0
Deferred tax of the net profit or loss for the year	2.498	0	0	0
	2.498	**0**	**0**	**0**

16. Prepayments

Prepayments comprise prepaid expenses at the balance sheet date.

	Group		Parent	
	31/12 2023	31/12 2022	31/12 2023	31/12 2022
17. Contributed capital				
Contributed capital 1 January 2023	47	53	47	53
Cash capital increase	0	2	0	2
Cash capital reduction	0	-8	0	-8
	47	**47**	**47**	**47**

The share capital of total DKK 46.742 comprises:

4.674.212 shares of DKK 0,01 each. There are no different share classes.

18. Other provisions

Other provisions comprise provisios for estimated royalties.

Notes

DKK thousand.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
19.	**Bank loans**				
	Total bank loans	3.375	6.750	3.375	6.750
	Share of amount due within 1 year	-3.375	-3.375	-3.375	-3.375
		0	**3.375**	**0**	**3.375**
	Share of liabilities due after 5 years	0	0	0	0
20.	**Other payables**				
	Holiday pay obligations, salaried staff	405	379	0	0
		405	379	0	0
	Share of amount due within 1 year	0	0	0	0
		405	**379**	**0**	**0**
	Share of liabilities due after 5 years	405	379	0	0
21.	**Deferred income**				
	Accruals and deferred income	24.312	34.027	0	0
		24.312	**34.027**	**0**	**0**

Notes

DKK thousand.

22. Charges and security

As security for the bank debt, floating charges are issued at DKK 55.000 thousand on unsecured claims, trade receivables and international film distribution rights has been provided. The carrying amount of assets charged is DKK 39.036 thousand at 31 December 2023.(2022: 31.595 thousand)

The group has residual liability of DKK 112.790 thousand in relation to film rights that have not yet been delivered at 31 December 2023.

The group guarantees and is jointly and severally liable for a joint credit facility of up to DKK 64.000 thousand.

23. Contingencies

Contingent assets

The group has a total deferred tax asset of net DKK 9.784 thousand, herof DKK 7.285 thousand (2022: 9.163 thousand) impacted by tax losses which, taking into consideration, the uncertainty of the utilisation therefore within a period of 3-5 years has not been capitaled.

Contingent liabilities

Lease liabilities

Operating lease commitments:

The group's entities have entered operating leases with an average annual lease payment of DKK 2.784 thousand and remaining term of 6-19 months. The remaining nominal lease commitment totals DKK 2.561 thousand.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Notes

DKK thousand.

24. Financial risks

Exchange rate risks

The breakdown of the company's balance in foreign currency and related hedging transactions at 31 December 2023 comprises (DKK thousand):

Currency	Payment/maturity	Accounts receivable	Payables	Hedging transaction	Net position
NOK	0-12 months	2.321	-2.231	0	90
USD	Over 12 months	14.838	-14.913	0	-75
					15

“Accounts receivable” refers to the fair value of contracts, and “Payables” represents the redemption amount.

The company has entered into a currency forward contract to hedge future purchases in Norwegian kroner, totaling 2.321 thousand DKK. The contract specifies that the company will buy Norwegian kroner at an exchange rate of 63.74 on January 31, 2024. Compared to the forward exchange rate on the balance date, the contracts have a positive value of approximately 90 thousand DKK. The currency gain is included in equity.

The company has entered into a currency forward contract to hedge future purchases in US dollars, totaling 14.838 thousand DKK. The contract specifies that the company will buy US dollars at an exchange rate of 677.87 on January 31, 2024. Compared to the forward exchange rate on the balance date, the contracts have a negative value of approximately 75 thousand DKK. The currency loss is included in equity.

25. Related parties

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. Please refer to note 11 list of group enterprises. Remuneration of the Parent Company's Executive Board and the Board of Directors is disclosed i note 3.

Notes

DKK thousand.

		Group 2023	2022
26.	**Adjustments**		
	Depreciation, amortisation, and impairment	53.866	49.101
	Other financial income	-340	-167
	Other financial expenses	4.339	2.226
	Tax on net profit or loss for the year	-2.333	505
	Other adjustments	30	-1.861
		55.562	**49.804**
27.	**Change in working capital**		
	Change in receivables	-14.415	17.837
	Change in trade payables and other payables	-22.974	-21.307
	Other changes in working capital	-1.000	0
		-38.389	**-3.470**
28.	**Acquisition of enterprises and activities**		
	Intangible assets	0	10.960
	Property, plant, and equipment	0	53
	Inventories	0	307
	Receivables	0	15.117
	Cash on hand and demand deposits	0	3.067
	Bank loans	0	-2.254
	Trade payables	0	-5.234
	Other payables	0	-26.372
	Goodwill	0	12.854
		0	**8.498**