

NEWCO SCANBOX DENMARK ApS

Magstræde 10 A, st. th.
1204 Copenhagen K
Central Business Registration
No 25692977

Annual report 2019

The Annual General Meeting adopted the annual report on 28.08.2020

Chairman of the General Meeting

Name: Þórir Snær Sigurjónsson

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Entity details

Entity

NEWCO SCANBOX DENMARK ApS
Magstræde 10 A, st. th.
1204 Copenhagen K

Central Business Registration No (CVR): 25692977
Registered in: Copenhagen
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Sigurjón Sighvatsson
Christian Solomon
Nicolas Chartier
Þórir Snær Sigurjónsson
Christopher Dylan Briggs

Executive Board

Sigurjón Sighvatsson

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of NEWCO SCANBOX DENMARK ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the Entity's assets, liabilities and financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Copenhagen, 28.08.2020

Executive Board

Sigurjón Sighvatsson

Board of Directors

Sigurjón Sighvatsson

Christian Solomon

Nicolas Chartier

Þórir Snær Sigurjónsson

Christopher Dylan Briggs

Independent auditor's report

To the shareholders of NEWCO SCANBOX DENMARK ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of NEWCO SCANBOX DENMARK ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 28.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

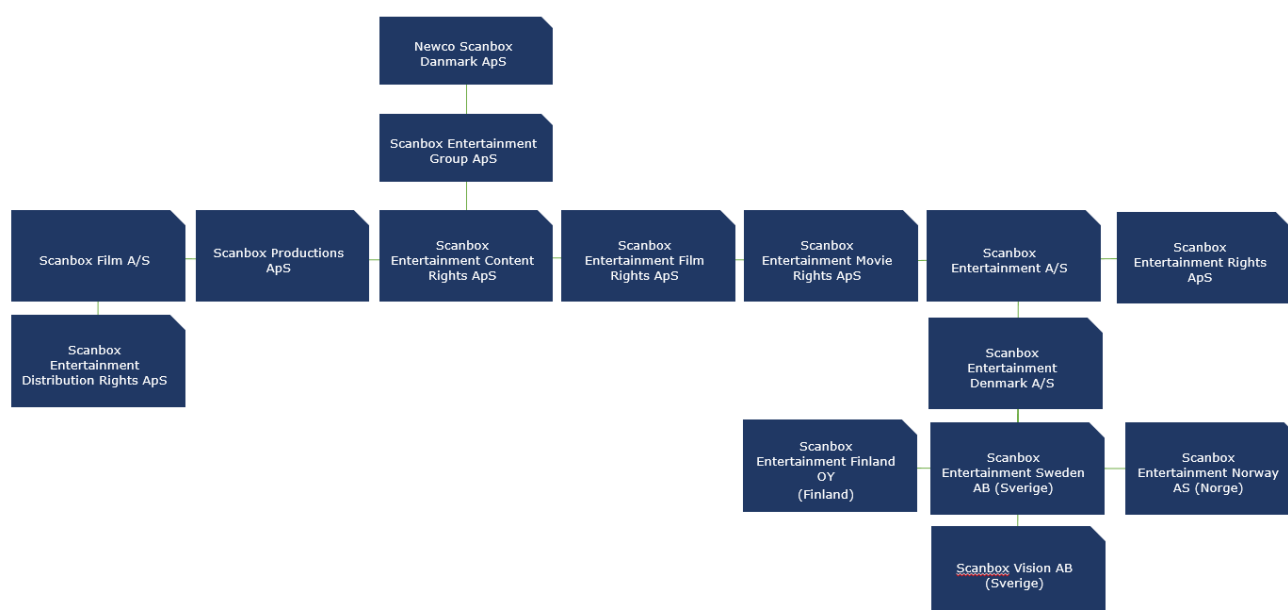
Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) mne35428

Jesper Stier
State Authorised Public Accountant
Identification No (MNE) mne42245

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Gross profit	66.015	85.687	67.745	81.028	75.354
EBITDA	44.622	60.933	52.322	64.671	58.208
Operating profit/loss	5.362	2.930	14.571	24.702	25.400
Net financials	(1.901)	474	(903)	(93)	(3.304)
Profit/loss for the year	3.465	3.366	8.652	30.280	21.006
Total assets	230.022	238.388	252.013	246.707	233.185
Investments in property, plant and equipment	-	-	-	152	1.884
Investments in intangible assets	35.484	53.628	63.560	57.635	80.241
Equity	99.295	95.914	96.653	88.323	62.444
Cash flows from (used in) operating activities	38.607	40.001	65.361	77.065	63.114
Cash flows from (used in) investing activities	(35.485)	(53.257)	(63.412)	(57.787)	(82.125)
Cash flows from (used in) financing activities	-	(3.720)	-	(4.100)	-
Ratios					
Return on equity (%)	3,6	3,5	9,4	40,2	40,5
Equity ratio (%)	43,2	40,2	38,4	35,8	26,8

Group structure



Management commentary

Financial highlights are defined and calculated in accordance with the Danish Society of Financial Analysts current version of "Recommendations & Financial Ratios".

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

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

Development in activities and finances

The profit after tax amounts to DKK 3.465k. Profit for the year is essentially attributable to the following circumstances:

- Amortisation of negative goodwill, DKK 8m
- Reversal of previous years' provisions, DKK 1m

Profit/loss for the year in relation to expected developments

Our expected decrease of 5-10% in the level of activities was furthermore affected by planned content being moved to 2020 or overall cancelled, together with the output agreement with Amazon Studios being revoked.

Competition and market conditions

The market for distributing films is ever changing with the market for physical DVDs and Blu-rays (sale and rental) is still declining, whereas the market for various digital electronic distribution channels is growing. Newco Scanbox Denmark ApS seeks to exercise its distribution rights in these emerging markets.

Staff

The staff's qualifications and motivation constitute a key asset to Newco Scanbox Denmark 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.

Uncertainty relating to recognition and measurement

Rights to distribution of film are amortised on a straight-line basis over a period of 8 years from the date of entry into service, which is standard practice 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 life 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.

Liquidity and capital resources

As in previous years, the Group's credit facilities consist of a factoring agreement with Svea subject to a credit limit of DKK 20.315k, which at present can be used only in return for invoice discounting relating to the sale of physical DVDs, cinema films and TV contracts. In addition, the danish entities has an overdraft facility for DKK 23.750k through Swedbank. At 31.12.2019 the overdraft amounts to DKK 20.605k.

Management believes that the 2020 budget is realizable, and takes into account the changes in market conditions and that the Group, given the existing factoring agreement and overdraft facility, holds the credit facilities necessary to realize the budget drawn up for 2020, and that the possibility of postponing payment for the 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. However, although this doesn't have a certain end-date, we expect to out-phase the Svea factoring agreement and replace it with an increased

Management commentary

credit line with Sydbank, as part of our increasing cooperation with Sydbank.

Outlook

We expect that the physical DVD and Blu-ray market has once again fallen. Scanbox sales fell with 10%. Scanbox has continued its partnership with Universal International Home Entertainment to minimize risks in a declining market and to minimize overhead, which will be renewed or re-evaluated end of 2020.

Scanbox will also intensify investment and partnership in local titles - both to reinforce the overall profile of distribution, but also to ensure the strength of a market where competition for the larger independent titles are more significant. The goal is six to eight titles a year divided between the Nordic countries. This must be ensured through close collaboration with selected manufacturers and a reinforcement of local skills.

Overall, the outbreak and spread of COVID-19 at the beginning of 2020 have not yet had a significant impact on the company, but has led to increased uncertainty regarding future sales, particular in the cinema-segment. Due to the Corona situation, we expect a decrease in the level of overall activities of 10-15% for the next financial year. The outbreak of COVID-19 therefore means that management has reassessed its expectations and is now expecting slightly lower revenue than originally budgeted for 2020. Numerous titles have been postponed in production and the Theatrical market has been shut down, but elevated income from digital ancillary platforms have secured a healthy inflow, while we at the same time have postponed costs in relation to the theatrical releases. This will show a topline decrease, but should keep us at a healthy bottom line, regardless. However, it is not possible to make a reliable estimate of the overall impact of the outbreak and spread of COVID-19 will have on the company and its result for 2020.

Particular risks

Currency risks

A significant part of the company's acquisition of distribution rights is in USD and EUR. Revenue on Pay-TV, SVOD is mainly in USD. The company's currency risks are largely hedged.

Other risks

Newco Scanbox Denmark ApS' companies face ordinary industry-specific risks, but also the consequences from the aftermath of the Corona crisis, which can push the consumer behavior on the Theatrical market until further into the fall of 2020. Besides those risks, no special risks are considered to exist for the Group's activities. Management regularly seeks to hedge the risks to which the Group is exposed.

Research and development activities

There are no actual research and development activities in the Group.

Management commentary

Events after the balance sheet date

The outbreak and spread of COVID-19 at the beginning of 2020 has not yet had a significant negative impact on the company's revenue and profit, but has created uncertainty about the future effect for the rest of 2020 and 2021. This applies primarily to whether the audience successfully returns to the cinemas and continues to use streaming services to the same extent. It is the management's opinion that the company's capital resources are sufficient to cope with this extraordinary situation, which is not assessed either to have a long-term negative effect on the company.

In addition no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Gross profit		66.015	85.687
Staff costs	3	(13.358)	(16.718)
Depreciation, amortisation and impairment losses		(47.295)	(66.039)
Operating profit/loss		5.362	2.930
Other financial income		234	2.328
Other financial expenses		(2.135)	(1.854)
Profit/loss before tax		3.461	3.404
Tax on profit/loss for the year	4	4	(38)
Profit/loss for the year	5	3.465	3.366

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Acquired intangible assets		190.917	210.911
Prepayments for intangible assets		12.850	4.733
Intangible assets	6	<u>203.767</u>	<u>215.644</u>
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	7	<u>0</u>	<u>0</u>
Deposits		501	436
Other receivables		130	129
Fixed asset investments	8	<u>631</u>	<u>565</u>
Fixed assets		<u>204.398</u>	<u>216.209</u>
Trade receivables		15.913	14.429
Other receivables		1.215	890
Income tax receivable		392	265
Prepayments	9	3.331	2.521
Receivables		<u>20.851</u>	<u>18.105</u>
Cash		<u>4.773</u>	<u>4.074</u>
Current assets		<u>25.624</u>	<u>22.179</u>
Assets		<u>230.022</u>	<u>238.388</u>

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		123	123
Retained earnings		99.172	95.791
Equity		99.295	95.914
Other provisions	10	1.350	6.915
Provisions		1.350	6.915
Other payables	11	356	0
Deferred income		8.036	16.072
Non-current liabilities other than provisions	12	8.392	16.072
Current portion of long-term liabilities other than provisions	12, 13	8.036	8.036
Bank loans		42.723	45.146
Trade payables		55.178	49.749
Other payables		2.960	4.782
Deferred income		12.088	11.774
Current liabilities other than provisions		120.985	119.487
Liabilities other than provisions		129.377	135.559
Equity and liabilities		230.022	238.388
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	15		
Contingent assets	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	123	95.791	95.914
Exchange rate adjustments	0	(84)	(84)
Profit/loss for the year	0	3.465	3.465
Equity end of year	123	99.172	99.295

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Operating profit/loss		5.362	2.930
Amortisation, depreciation and impairment losses		47.296	66.039
Other provisions		(5.565)	(7.304)
Working capital changes	14	1.574	(13.977)
Other adjustments		(8.036)	(8.036)
Cash flow from ordinary operating activities		40.631	39.652
Financial income received		234	2.328
Financial expenses paid		(2.135)	(1.854)
Income taxes refunded/(paid)		(123)	(125)
Cash flows from operating activities		38.607	40.001
Acquisition etc of intangible assets		(35.484)	(53.628)
Sale of intangible assets		65	372
Acquisition of fixed asset investments		(66)	(1)
Cash flows from investing activities		(35.485)	(53.257)
Dividend paid		0	(3.720)
Cash flows from financing activities		0	(3.720)
Increase/decrease in cash and cash equivalents		3.122	(16.976)
Cash and cash equivalents beginning of year		(41.072)	(24.096)
Cash and cash equivalents end of year		(37.950)	(41.072)
Cash and cash equivalents at year-end are composed of:			
Cash		4.773	4.074
Short-term debt to banks		(42.723)	(45.146)
Cash and cash equivalents end of year		(37.950)	(41.072)

Notes to consolidated financial statements

1. Events after the balance sheet date

The outbreak and spread of COVID-19 at the beginning of 2020 has not yet had a significant negative impact on the company's revenue and profit, but has created uncertainty about the future effect for the rest of 2020 and 2021. This applies primarily to whether the audience successfully returns to the cinemas and continues to use streaming services to the same extent. It is the management's opinion that the company's capital resources are sufficient to cope with this extraordinary situation, which is not assessed either to have a long-term negative effect on the company.

In addition no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2. Uncertainty relating to recognition and measurement

Rights to distribution of film are amortised on a straight-line basis over a period of 8 years from the date of entry into service, which is standard practice 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 life 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.

	2019 DKK'000	2018 DKK'000
3. Staff costs		
Wages and salaries	10.240	13.019
Pension costs	2.132	2.354
Other social security costs	882	1.227
Other staff costs	104	118
	13.358	16.718
Average number of employees	17	23
	Remunera- tion of manage- ment 2019 DKK'000	Remunera- tion of manage- ment 2018 DKK'000
Total amount for management categories	954	935
	954	935

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
4. Tax on profit/loss for the year		
Current tax	0	38
Adjustment concerning previous years	(4)	0
	(4)	38
	2019 DKK'000	2018 DKK'000
5. Proposed distribution of profit/loss		
Retained earnings	3.465	3.366
	3.465	3.366
	Acquired intangible assets DKK'000	Prepay- ments for intangible assets DKK'000
6. Intangible assets		
Cost beginning of year	439.106	6.845
Additions	26.954	8.530
Disposals	(65)	(1)
Cost end of year	465.995	15.374
Amortisation and impairment losses beginning of year	(228.195)	(2.112)
Impairment losses for the year	(837)	(412)
Amortisation for the year	(46.046)	0
Amortisation and impairment losses end of year	(275.078)	(2.524)
Carrying amount end of year	190.917	12.850

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000	
7. Property, plant and equipment		
Cost beginning of year		2.507
Cost end of year		2.507
Revaluations beginning of year		(225)
Revaluations end of year		(225)
Depreciation and impairment losses beginning of year		(2.282)
Depreciation and impairment losses end of year		(2.282)
Carrying amount end of year		0
	Deposits DKK'000	Other receivables DKK'000
8. Fixed asset investments		
Cost beginning of year	436	129
Additions	65	1
Cost end of year	501	130
Carrying amount end of year	501	130
9. Prepayments		
Prepayments comprise prepaid expenses at the balance sheet date.		
10. Other provisions		
Other provisions include sold goods with a return obligation.		
	2019 DKK'000	2018 DKK'000
11. Other long-term payables		
Holiday pay obligation	356	0
	356	0

Notes to consolidated financial statements

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000
12. Liabilities other than provisions			
Other payables	0	0	356
Deferred income	8.036	8.036	8.036
	8.036	8.036	8.392

13. Current portion of long-term liabilities other than provisions

Negative goodwill on acquisition of investments.

	2019 DKK'000	2018 DKK'000
14. Change in working capital		
Increase/decrease in inventories	0	0
Increase/decrease in receivables	(1.924)	58
Increase/decrease in trade payables etc	3.498	(14.035)
	1.574	(13.977)

	2019 DKK'000	2018 DKK'000
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	476	749

16. Contingent assets

The Group has a deferred tax asset of DKK 7.4m relating to tax losses which, taking into consideration the uncertainty of the utilisation thereof within a period of 3-5 years, has not been capitalised.

17. Assets charged and collateral

The trade receivables are pledged as a result of factoring. Pledged trade receivables are DKK 15,005k at 31.12.2019 (2018: 14,429).

As security for the bank debt, floating charges are issued at DKK 5.000k on trade receivables. The carrying amount of pledged assets is DKK 3,086k at 31.12.2019 (2018: 3,055).

As security for the bank debt, floating charges are issued at DKK 45.000k on unsecured claims, trade receivables and international film distribution rights has been provided as security for bank loans. The carrying amount of assets charged is DKK 44,783k at 31.12.2019 (2018: 65,143k).

The Group has a residual liability of DKK 72,835k in relation to films not yet delivered.

Notes to consolidated financial statements

18. Transactions with 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.

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Thor Film ApS, Copenhagen no. 40195718

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Scanbox Newco Denmark ApS, Copenhagen

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
20. Subsidiaries			
Scanbox Entertainment Group ApS	Copenhagen	ApS	100,0
- Scanbox Entertainment A/S	Copenhagen	A/S	100,0
- Scanbox Entertainment Denmark A/S	Copenhagen	A/S	100,0
- Scanbox Entertainment Finland OY	Helsinki	OY	100,0
- Scanbox Entertainment Norway AS	Oslo	AS	100,0
- Scanbox Entertainment Sweden AB	Göteborg	AB	100,0
- Scanbox Entertainment Vision AB	Göteborg	AB	100,0
- Scanbox Film A/S	Copenhagen	A/S	100,0
- SBE Distribution Rights ApS	Copenhagen	ApS	100,0
- Scanbox Productions ApS	Copenhagen	ApS	100,0
- Scanbox Entertainment Content Rights ApS	Copenhagen	ApS	100,0
- Scanbox Entertainment Film Rights ApS	Copenhagen	ApS	100,0
- Scanbox Entertainment Movie Rights ApS	Copenhagen	ApS	100,0
- Scanbox Entertainment Rights ApS	Copenhagen	ApS	100,0

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Gross loss		(126)	(24)
Income from investments in group enterprises		3.999	3.744
Other financial expenses	3	<u>(412)</u>	<u>(361)</u>
Profit/loss before tax		3.461	3.359
Tax on profit/loss for the year	4	<u>4</u>	<u>7</u>
Profit/loss for the year	5	<u>3.465</u>	<u>3.366</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Investments in group enterprises		117.488	113.573
Fixed asset investments	6	117.488	113.573
Fixed assets		117.488	113.573
Receivables from group enterprises		3.212	2.860
Income tax receivable		87	58
Joint taxation contribution receivable		0	773
Receivables		3.299	3.691
Current assets		3.299	3.691
Assets		120.787	117.264

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital	7	123	123
Reserve for net revaluation according to the equity method		60.740	81.825
Retained earnings		38.432	13.966
Equity		99.295	95.914
Trade payables		25	24
Payables to group enterprises		21.467	20.560
Joint taxation contribution payable		0	766
Current liabilities other than provisions		21.492	21.350
Liabilities other than provisions		21.492	21.350
Equity and liabilities		120.787	117.264
Events after the balance sheet date	1		
Staff costs	2		
Contingent liabilities	8		
Assets charged and collateral	9		
Related parties with controlling interest	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	123	81.825	13.966	95.914
Exchange rate adjustments	0	(84)	0	(84)
Profit/loss for the year	0	(21.001)	24.466	3.465
Equity end of year	123	60.740	38.432	99.295

Notes to parent financial statements

1. Events after the balance sheet date

The outbreak and spread of COVID-19 at the beginning of 2020 has not yet had a significant negative impact on the company's revenue and profit, but has created uncertainty about the future effect for the rest of 2020 and 2021. This applies primarily to whether the audience successfully returns to the cinemas and continues to use streaming services to the same extent. It is the management's opinion that the company's capital resources are sufficient to cope with this extraordinary situation, which is not assessed either to have a long-term negative effect on the company.

In addition no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

	<u>2019</u>	<u>2018</u>
2. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
	<u>2019</u>	<u>2018</u>
	<u>DKK'000</u>	<u>DKK'000</u>
3. Other financial expenses		
Financial expenses from group enterprises	<u>412</u>	<u>361</u>
	<u>412</u>	<u>361</u>
	<u>2019</u>	<u>2018</u>
	<u>DKK'000</u>	<u>DKK'000</u>
4. Tax on profit/loss for the year		
Adjustment concerning previous years	<u>(4)</u>	<u>0</u>
Refund in joint taxation arrangement	<u>0</u>	<u>(7)</u>
	<u>(4)</u>	<u>(7)</u>
	<u>2019</u>	<u>2018</u>
	<u>DKK'000</u>	<u>DKK'000</u>
5. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	<u>(21.001)</u>	<u>3.744</u>
Retained earnings	<u>24.466</u>	<u>(378)</u>
	<u>3.465</u>	<u>3.366</u>

Notes to parent financial statements

	Investments in group enterprises DKK'000
6. Fixed asset investments	
Cost beginning of year	31.748
Cost end of year	31.748
Revaluations beginning of year	81.825
Exchange rate adjustments	(84)
Amortisation of goodwill	8.036
Share of profit/loss for the year	(4.037)
Revaluations end of year	85.740
Carrying amount end of year	117.488

Carrying amount of investments in group enterprises includes group negative goodwill of DKK 16,072k.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	Number	Par value DKK'000	Nominal value DKK'000
7. Contributed capital			
A-shares	800	1	80
B-shares	43	1	43
	843		123

8. Contingent liabilities

The Company participates in joint taxation (DK) with Thor Film ApS as the administration company and, consequently, is jointly and severally liable with the other jointly taxed companies for the total corporation tax and for any obligation to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

Collateral provided for group enterprises

The Entity has guaranteed group enterprises' bank debts. The maximum limit of the guarantee is unlimited.

As security for the enterprises' bank debts, security has been given in the company ownership interests in affiliates.

The company has submitted a declaration of support to group affiliated companies.

The Entity is jointly and severally liable with the jointly registered group enterprises for total VAT payables.

Notes to parent financial statements

10. Related parties with controlling interest

Thor Film ApS, 100% owned by Þórir Snær Sigurjónsson.

11. Transactions with 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.

Accounting policies

Reporting class

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

Newco Scanbox Denmark ApS has chosen to prepare voluntary official consolidated financial statements in accordance with the provisions of Section 113 of the Danish Financial Statements Act.

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue sale of distribution rights is recognised in the income statement when delivery is made and risk has passed to the buyer.

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.

Sales of DVD related sales are recognized when delivery to the buyer has taken place.

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 film grants at movie launch.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary 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 writedown of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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 internal profits or losses.

Other financial income

Other financial income comprise interest expenses, including interest income on payables to group enterprises, net capital gains on payables transactions in foreign currencies as well as 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 losses on payables and transactions in foreign currencies as well as 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 is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights acquired comprise licensing rights for the distribution of films and film catalogues.

Intellectual property rights acquired are measured at cost less accumulated amortisation and impairment losses. The basis of amortisation is cost.

Licensing rights for the distribution are amortised on a straight-line basis over a period of 8 years based on an assessment of the rights' estimated economic lives. The amortisation period cannot be longer than the remaining life of the rights concerned.

Film catalogues are amortised on a straight-line basis over a period of 7 years based on an assessment of the rights' estimated economic lives.

Prepayments for intangible assets are measured at cost.

Intellectual property rights acquired and prepayments for intangible assets are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired have been calculated in DKK translated from contract currency (primarily USD and EUR) according to the exchange rate at the payment date.

Property, plant and equipment

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. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise royalty, returned goods and cost for dismissal of employees.

Other provisions are recognised and measured as the best estimate of the expenses required 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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Deferred income

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Accounting policies

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and less short-term bank loans.