



Frankly A/S

Kronprinsessegade 54, 3.
1306 Copenhagen K
CVR No. 29206775

Annual report 2022

The Annual General Meeting adopted the
annual report on 13.02.2023

Peter Svendsen

Chairman of the General Meeting

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Entity details

Entity

Frankly A/S

Kronprinsessegade 54, 3.

1306 Copenhagen K

Business Registration No.: 29206775

Registered office: Copenhagen

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Peter Svendsen, Chairman

Chris Pedersen

Jesper Strøm Madsen

Klavs Valskov

Bernhard Alexander Lüthi

Executive Board

Nicolai Brøndal Wichmann, Chief Executive Officer

Klavs Valskov, Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Frankly A/S for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 13.02.2023

Executive Board

Nicolai Brøndal Wichmann
Chief Executive Officer

Klavs Valskov
Director

Board of Directors

Peter Svendsen
Chairman

Chris Pedersen

Jesper Strøm Madsen

Klavs Valskov

Bernhard Alexander Lüthi

Independent auditor's report

To the shareholders of Frankly A/S

Opinion

We have audited the financial statements of Frankly A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 13.02.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Sejer Pedersen

State-Authorised Public Accountant
Identification No (MNE) mne14986

Torben Mortensen

Registered Public Accountant
Identification No (MNE) mne18040

Management commentary

Primary activities

The object of the Company is to carry on commercial business and production, primarily related to internet and web-based activities, but also TV, video, film advertising, multimedia, music, and other related activities.

Development in activities and finances

The gross profit for the year amounts to DKK 46,078 thousand against DKK 34,870 thousand last year. In addition, the profit on ordinary activities after tax amounts to DKK 10,392 thousand against DKK 8,588 thousand last year. Consequently, Management considers this year's performance satisfactory.

Unusual circumstances affecting recognition and measurement

During the financial year, the Company's operations were not affected by unusual circumstances.

Events after the balance sheet date

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

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		46,078,462	34,869,856
Staff costs	1	(32,079,076)	(23,286,941)
Depreciation, amortisation and impairment losses	2	(943,804)	(558,199)
Operating profit/loss		13,055,582	11,024,716
Income from investments in group enterprises		197,405	72,369
Income from investments in associates		0	53,082
Other financial income		409,384	28,397
Other financial expenses		(313,395)	(134,375)
Profit/loss before tax		13,348,976	11,044,189
Tax on profit/loss for the year	3	(2,957,127)	(2,456,041)
Profit/loss for the year		10,391,849	8,588,148
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		0	8,200,000
Retained earnings		10,391,849	388,148
Proposed distribution of profit and loss		10,391,849	8,588,148

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Other fixtures and fittings, tools and equipment		2,154,501	1,355,772
Leasehold improvements		2,990,416	1,900,261
Property, plant and equipment	4	5,144,917	3,256,033
Investments in group enterprises		344,072	146,748
Deposits		406,550	388,786
Financial assets	5	750,622	535,534
Fixed assets		5,895,539	3,791,567
Trade receivables		19,755,672	15,197,150
Contract work in progress		985,141	2,312,186
Receivables from group enterprises		2,279,628	1,987
Other receivables		50	16,371,570
Income tax receivable		1,672,000	204,069
Prepayments		381,674	339,598
Receivables		25,074,165	34,426,560
Cash		2,903,365	5,001,534
Current assets		27,977,530	39,428,094
Assets		33,873,069	43,219,661

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		656,000	656,000
Reserve for net revaluation according to the equity method		346,305	346,305
Retained earnings		13,022,419	2,630,651
Proposed dividend		0	8,200,000
Equity		14,024,724	11,832,956
Deferred tax	6	261,468	407,560
Provisions		261,468	407,560
Other payables		1,923,040	3,187,769
Non-current liabilities other than provisions	7	1,923,040	3,187,769
Current portion of non-current liabilities other than provisions	7	106,577	101,895
Bank loans		2,597	2,231
Prepayments received from customers		9,047,156	12,812,081
Trade payables		2,901,102	1,828,043
Payables to group enterprises		117,299	285,965
Income tax payable		3,100,428	0
Other payables		2,388,678	12,761,161
Current liabilities other than provisions		17,663,837	27,791,376
Liabilities other than provisions		19,586,877	30,979,145
Equity and liabilities		33,873,069	43,219,661
Unrecognised rental and lease commitments	8		

Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	656,000	346,305	2,630,651	8,200,000	11,832,956
Ordinary dividend paid	0	0	0	(8,200,000)	(8,200,000)
Exchange rate adjustments	0	0	(81)	0	(81)
Profit/loss for the year	0	0	10,391,849	0	10,391,849
Equity end of year	656,000	346,305	13,022,419	0	14,024,724

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	27,935,296	21,491,891
Pension costs	1,217,250	443,480
Other social security costs	335,411	230,717
Other staff costs	2,591,119	1,120,853
	32,079,076	23,286,941
Average number of full-time employees	51	35

2 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Depreciation of property, plant and equipment	943,804	558,199
	943,804	558,199

3 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	3,100,428	2,086,722
Change in deferred tax	(146,092)	369,319
Adjustment concerning previous years	2,791	0
	2,957,127	2,456,041

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	6,599,273	3,892,593
Additions	1,368,510	1,464,178
Cost end of year	7,967,783	5,356,771
Depreciation and impairment losses beginning of year	(5,243,501)	(1,992,332)
Depreciation for the year	(569,781)	(374,023)
Depreciation and impairment losses end of year	(5,813,282)	(2,366,355)
Carrying amount end of year	2,154,501	2,990,416

5 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	93,279	388,786
Additions	0	17,764
Cost end of year	93,279	406,550
Revaluations beginning of year	53,469	0
Adjustments on equity	(81)	0
Share of profit/loss for the year	197,405	0
Revaluations end of year	250,793	0
Carrying amount end of year	344,072	406,550

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Frankly Italy S.R.L.	Italy	S.R.L.	100.00	153,556	66,543
Frankly Lithuania UAB	Lithuania	UAB	100.00	190,516	130,862

6 Deferred tax

	2022 DKK	2021 DKK
Property, plant and equipment	186,187	104,061
Receivables	75,281	303,499
Deferred tax	261,468	407,560

7 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Other payables	106,577	101,895	1,923,040	643,625
	106,577	101,895	1,923,040	643,625

8 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	823,184	2,670,652

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories, and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

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

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises cost of sales for 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 writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, net exchange gains on payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the

portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 in the Parent's financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total

budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed 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 bank deposits.

Dividend

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

Deferred tax

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

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

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.