
Blu Digital Group Denmark A/S

Carl Jacobsens Vej 16, 3, DK-2500 Valby

**Annual Report for
1 July 2022 - 31 December 2022**

CVR No. 29 42 19 78

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 29/6 2023

Irwin Jerome Jacobson
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Blu Digital Group Denmark A/S for the financial year 1 July - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Valby, 29 June 2023

Executive Board

Paulette Evangeline Pantoja
Manager

Board of Directors

Irwin Jerome Jacobson
Chairman

Paulette Evangeline Pantoja

Kenneth S. Rose

Independent Auditor's report

To the shareholder of Blu Digital Group Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 July - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Blu Digital Group Denmark A/S for the financial year 1 July - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Ringsted, 29 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Kenneth Østergaard

State Authorised Public Accountant

mne47262

Company information

The Company	Blu Digital Group Denmark A/S Carl Jacobsens Vej 16, 3 DK-2500 Valby CVR No: 29 42 19 78 Financial period: 1 July - 31 December Municipality of reg. office: København
Board of Directors	Irwin Jerome Jacobson, chairman Paulette Evangeline Pantoja Kenneth S. Rose
Executive Board	Paulette Evangeline Pantoja
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 4100 Ringsted

Management's review

Key activities

The purpose of the company is to deliver digital products, run study activities, trade and industry as well as related business.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 578,826, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 7,338,772.

The management has chosen to rearrange the company's accounting period. Previously, the company submitted accounts with a balance sheet date of 30 June, from now on the accounts will be submitted with a balance sheet date of 31 December.

The accounting period for the current financial year therefore covers 6 months. No adjustments have been made to the comparative figures as a result of the changed accounting period.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 July - 31 December

	Note	2022 DKK 6 months	2021/22 DKK 12 months
Gross profit		5,609,461	13,474,307
Staff expenses	1	-5,440,632	-11,987,397
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-631,044	-1,298,209
Profit/loss before financial income and expenses		-462,215	188,701
Financial income	3	40,890	66,639
Financial expenses		-316,501	-122,014
Profit/loss before tax		-737,826	133,326
Tax on profit/loss for the year	4	159,000	114,800
Net profit/loss for the year		-578,826	248,126

Distribution of profit

	2022 DKK	2021/22 DKK
Proposed distribution of profit		
Extraordinary dividend paid	4,500,000	0
Retained earnings	-5,078,826	248,126
	-578,826	248,126

Balance sheet 31 December

Assets

	Note	2022 DKK	2021/22 DKK
Completed development projects		12,970	515,832
Goodwill		0	0
Development projects in progress		5,933,234	5,615,838
Intangible assets	5	5,946,204	6,131,670
Other fixtures and fittings, tools and equipment		306,313	429,144
Leasehold improvements		0	5,351
Property, plant and equipment	6	306,313	434,495
Fixed assets		6,252,517	6,566,165
Trade receivables		5,314,149	3,562,047
Receivables from group enterprises		1,645,960	1,624,535
Other receivables		0	200,000
Prepayments		235,174	442,541
Receivables		7,195,283	5,829,123
Cash at bank and in hand		1,782,750	5,677,922
Current assets		8,978,033	11,507,045
Assets		15,230,550	18,073,210

Balance sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021/22 DKK
Share capital		500,000	500,000
Reserve for development costs		4,638,042	4,782,704
Retained earnings		2,200,730	7,134,894
Equity		7,338,772	12,417,598
Provision for deferred tax	7	679,000	838,000
Provisions		679,000	838,000
Other payables		735,378	850,136
Long-term debt	8	735,378	850,136
Credit institutions		1,718,150	1,545,042
Trade payables		1,468,043	1,326,450
Payables to group enterprises	8	2,020,564	0
Other payables	8	1,270,643	1,095,984
Short-term debt		6,477,400	3,967,476
Debt		7,212,778	4,817,612
Liabilities and equity		15,230,550	18,073,210
Contingent assets, liabilities and other financial obligations	9		
Accounting Policies	10		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	500,000	4,782,704	7,134,894	12,417,598
Extraordinary dividend paid	0	0	-4,500,000	-4,500,000
Development costs for the year	0	247,569	-247,569	0
Depreciation, amortisation and impairment for the year	0	-392,231	392,231	0
Net profit/loss for the year	0	0	-578,826	-578,826
Equity at 31 December	500,000	4,638,042	2,200,730	7,338,772

Notes to the Financial Statements

	<u>2022</u>	<u>2021/22</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	4,936,547	11,011,531
Pensions	381,159	780,825
Other social security expenses	122,926	195,041
	<u>5,440,632</u>	<u>11,987,397</u>
Average number of employees	<u>20</u>	<u>22</u>

	<u>2022</u>	<u>2021/22</u>
	DKK	DKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	502,862	1,063,036
Depreciation of property, plant and equipment	128,182	235,173
	<u>631,044</u>	<u>1,298,209</u>

	<u>2022</u>	<u>2021/22</u>
	DKK	DKK
3. Financial income		
Interest received from group enterprises	40,888	66,639
Other financial income	2	0
	<u>40,890</u>	<u>66,639</u>

	<u>2022</u>	<u>2021/22</u>
	DKK	DKK
4. Income tax expense		
Deferred tax for the year	-159,000	-114,800
	<u>-159,000</u>	<u>-114,800</u>

Notes to the Financial Statements

5. Intangible fixed assets

	Completed development projects	Goodwill	Develop- ment projects in progress
	DKK	DKK	DKK
Cost at 1 July	5,560,802	333,328	5,615,838
Additions for the year	<u>0</u>	<u>0</u>	<u>317,396</u>
Cost at 31 December	<u>5,560,802</u>	<u>333,328</u>	<u>5,933,234</u>
Impairment losses and amortisation at 1 July	5,044,970	333,328	0
Amortisation for the year	<u>502,862</u>	<u>0</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>5,547,832</u>	<u>333,328</u>	<u>0</u>
Carrying amount at 31 December	<u>12,970</u>	<u>0</u>	<u>5,933,234</u>

Development projects consist of development and further development of digital media platforms.

6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 July	3,670,695	1,938,060
Disposals for the year	<u>-2,009,164</u>	<u>-15,414</u>
Cost at 31 December	<u>1,661,531</u>	<u>1,922,646</u>
Impairment losses and depreciation at 1 July	3,241,551	1,932,709
Depreciation for the year	122,831	5,351
Reversal of impairment and depreciation of sold assets	<u>-2,009,164</u>	<u>-15,414</u>
Impairment losses and depreciation at 31 December	<u>1,355,218</u>	<u>1,922,646</u>
Carrying amount at 31 December	<u>306,313</u>	<u>0</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021/22</u>
	DKK	DKK
7. Provision for deferred tax		
Intangible assets	1,287,213	1,317,539
Property, plant and equipment	-97,971	-88,809
Tax loss carry-forward	-510,242	-390,730
	<u>679,000</u>	<u>838,000</u>

Deferred tax has been provided at 22% corresponding to the current tax rate.

8. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022</u>	<u>2021/22</u>
	DKK	DKK
Other payables		
After 5 years	0	0
Between 1 and 5 years	735,378	850,136
Long-term part	735,378	850,136
Within 1 year	0	0
Other short-term payables	1,270,643	1,095,984
	<u>2,006,021</u>	<u>1,946,120</u>

	<u>2022</u>	<u>2021/22</u>
	DKK	DKK
9. Contingent assets, liabilities and other financial obligations		

Charges and security

The following assets have been placed as security with bankers:

Accounts receivables at a total carrying amount of:	1,963,210	1,824,060
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Notes to the Financial Statements

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	48,902	72,537
Between 1 and 5 years	2,548	4,615
	<u>51,450</u>	<u>77,152</u>

Obligation to designate buyer, operating leases. Expected residual value on expiry agreement	0	5,000
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Rental obligations, period of non-terminability 12 months	369,974	346,497
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Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Blu Digital Group Denmark Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

10. Accounting policies

The Annual Report of Blu Digital Group Denmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statement

Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the group ultimate parent company. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-6 years
Leasehold improvements	10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.