

Final Cut For Real ApS

Forbindelsesvej 7, 2100 København Ø
CVR no. 32 77 80 70

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 11.07.22

Signe Byrge Sørensen
Dirigent

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The company

Final Cut For Real ApS
Forbindelsesvej 7
2100 København Ø
Tel.: 35 43 60 43
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Registered office: København Ø
CVR no.: 32 77 80 70
Financial year: 01.01 - 31.12

Executive Board

Janus Billeskov Jansen
Signe Byrge Sørensen

Board of Directors

Janus Billeskov Jansen
Joshua Lincoln Oppenheimer
Signe Byrge Sørensen
Anne Helene Köhncke

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Banks

Nordea Bank Danmark
Merkur Andelskasse

Lawyer

Law Factory, Advokatfirmaet Katrine Schlüter Schierbeck ApS

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for Final Cut For Real ApS.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, July 7, 2022

Executive Board

Janus Billeskov Jansen

Signe Byrge Sørensen

Board of Directors

Janus Billeskov Jansen
Chairman

Joshua Lincoln Oppenheimer

Signe Byrge Sørensen

Anne Helene Köhncke

Independent auditor's report on extended review

To the capital owners of Final Cut For Real ApS

Opinion

We have performed an extended review of the financial statements of Final Cut For Real ApS for the financial year 01.01.21 - 31.12.21 which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Based on the work performed, in our opinion, the financial statements give a true and fair view of the company's assets, equity and liabilities and financial position as at 31.12.21 and the company's financial performance for the financial year 01.01.21 - 31.12.21 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Statement regarding the management's review

The management is responsible for the management's review.

Our opinion on the financial statements does not include the management's review, and we do not express any form of conclusion on the management's review.

Independent auditor's report on extended review

In connection with our extended review of the financial statements, it is our responsibility to read the management's review and in this connection consider whether the management's review is materially inconsistent with the financial statements or the knowledge we have obtained during our extended review, or in any other way appears to be materially misstated.

Furthermore, it is our responsibility to consider whether management's review contains the information required under the Danish Financial Statements Act.

Based on the work performed, we believe that the management's review is in accordance with the financial statements and has been prepared in accordance with the provisions of the Danish Financial Statements Acts. We have not detected any material misstatement in the management's review.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures primarily consisting of making inquiries of management and others within the company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

Independent auditor's report on extended review

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Soeborg, Copenhagen, July 7, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Kim Nielsen

State Authorized Public Accountant
MNE-no. mne29417

Primary activities

The company's activities comprise production and trade in film and video.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit of DKK 516,880 against DKK 566,384 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK 2,712,237.

In 2021 Final Cut for Real consisted of the four producers: Signe Byrge Sørensen, Anne Köhncke, Monica Hellström and Heidi Elise Christensen plus post producers Maria Kristensen and Francesc Sitges Sardá and part time technical assistant Lars Michael Reif and part time financial controller: Gitte Randløv. Additionally, in 2021 we had 2 interns per term. Most importantly, we worked with a number of directors and a group of freelance film workers connected to each of our projects.

In 2021 amongst other films, we had two films premiering at Sundance: President and Flee. The first one got shortlisted for a documentary Oscar, the second one got nominated for 3 Oscars.

In 2021 we also changed to a different audit model. Please see below and note 5 that explains these changes. Besides this there have not been any significant changes in the company's activities and financial affairs in 2021.

The management considers the net profit for the year to be satisfactory.

Recognition of work in progress in the balance sheet

Previously, work in progress was determined as the value of direct material, labour costs and added indirect production costs. In future, work in progress is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress. The comparative figures have been restated in accordance with the new accounting policy,

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2021 DKK	2020 DKK
	Gross profit	4,350,909	4,099,593
1	Staff costs	-3,657,033	-3,291,922
	Profit before depreciation, amortisation, write-downs and impairment losses	693,876	807,671
	Depreciation and impairments losses of property, plant and equipment	-60,835	-70,484
	Operating profit	633,041	737,187
	Financial income	76,639	15,009
	Financial expenses	-26,202	-22,936
	Profit before tax	683,478	729,260
	Tax on profit for the year	-166,598	-162,876
	Profit for the year	516,880	566,384
	Proposed appropriation account		
	Retained earnings	516,880	566,384
	Total	516,880	566,384

ASSETS		31.12.21	31.12.20
		DKK	DKK
Note			
	Other fixtures and fittings, tools and equipment	129,273	190,107
2	Total property, plant and equipment	129,273	190,107
	Total non-current assets	129,273	190,107
3	Work in progress for third parties	1,554,249	5,127,282
	Trade receivables	2,200,167	1,080,769
	Income tax receivable	42,000	0
	Other receivables	830,745	1,205,882
	Prepayments	254,966	247,491
	Total receivables	4,882,127	7,661,424
	Cash	6,327,717	3,976,121
	Total current assets	11,209,844	11,637,545
	Total assets	11,339,117	11,827,652

EQUITY AND LIABILITIES		31.12.21	31.12.20
		DKK	DKK
Note			
	Share capital	125,000	125,000
	Retained earnings	2,587,237	2,070,358
	Total equity	2,712,237	2,195,358
	Provisions for deferred tax	299,599	147,137
	Total provisions	299,599	147,137
3	Prepayments received from work in progress for third parties	4,407,792	5,661,880
	Trade payables	2,785,855	2,539,219
	Income taxes	0	60,342
	Other payables	1,133,634	1,223,716
	Total short-term payables	8,327,281	9,485,157
	Total payables	8,327,281	9,485,157
	Total equity and liabilities	11,339,117	11,827,652
4	Contingent liabilities		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	125,000	1,168,153	1,293,153
Net effect of changed accounting policies	0	335,821	335,821
Adjusted balance as at 01.01.20	125,000	1,503,974	1,628,974
Net profit/loss for the year	0	566,384	566,384
Balance as at 31.12.20	125,000	2,070,358	2,195,358
Statement of changes in equity for 01.01.21 - 31.12.21			
Balance as at 01.01.21	125,000	1,658,520	1,783,520
Net effect of changed accounting policies	0	411,837	411,837
Adjusted balance as at 01.01.21	125,000	2,070,357	2,195,357
Net profit/loss for the year	0	516,880	516,880
Balance as at 31.12.21	125,000	2,587,237	2,712,237

	2021 DKK	2020 DKK
1. Staff costs		
Wages and salaries	5,258,165	6,159,104
Other social security costs	362,095	472,466
Other staff costs	100,733	130,750
Transferred to discontinuing operations	-2,063,960	-3,470,398
Total	3,657,033	3,291,922
Average number of employees during the year	13	16

2. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.01.21	1,168,214
Cost as at 31.12.21	1,168,214
Depreciation and impairment losses as at 01.01.21	-978,106
Depreciation during the year	-60,835
Depreciation and impairment losses as at 31.12.21	-1,038,941
Carrying amount as at 31.12.21	129,273

	31.12.21 DKK	31.12.20 DKK
3. Work in progress for third parties		
Work in progress for third parties	19,947,455	29,393,149
On-account invoicing	-22,800,998	-29,927,746
Total work in progress for third parties	-2,853,543	-534,597
Work in progress for third parties	1,554,249	5,127,283
Prepayments received from work in progress for third parties, short-term payables	-4,407,792	-5,661,880
Total	-2,853,543	-534,597

4. Contingent liabilities

Guarantee commitments

The company has provided general guarantees regarding the rights of films produced and being media productions. The liabilities are not expected to incur expenses for the company.

In addition, the Company has not assumed any guarantee, guarantee or other obligations other than those there appearsd in the annual report.

5. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Recognition of work in progress in the balance sheet

Previously, work in progress was determined as the value of direct material, labour costs and added indirect production costs. In future, work in progress is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress. The comparative figures have been restated in accordance with the new accounting policy. The change in accounting policy have a positive impact of t.DKK 318 on the net profit for 2021. As at 31.12.21, equity is increased by t.DKK 730 and the balance sheet total is increased by t.DKK 599.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

5. Accounting policies - continued -

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance

5. Accounting policies - continued -

sheet date (percentage of completion method).

Costs of raw materials and consumables

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value DKK
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

5. Accounting policies - continued -

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets

5. Accounting policies - continued -

or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

5. Accounting policies - continued -

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

5. Accounting policies - continued -**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.