



DANMAGI GROUP ApS

Skodsborg Strandvej 123, 1.
2942 Skodsborg
CVR No. 33885849

Annual report 2023

The Annual General Meeting adopted the annual report on 10.07.2024

Keld Friis

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2023	9
Balance sheet at 31.12.2023	10
Statement of changes in equity for 2023	12
Notes	13
Accounting policies	17

Entity details

Entity

DANMAGI GROUP ApS

Skodsborg Strandvej 123, 1.

2942 Skodsborg

Business Registration No.: 33885849

Registered office: Rudersdal

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Alex Rodenberg

Daniel Gilpin Lister

Keld Friis

Executive Board

Daniel Gilpin Lister

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of DANMAGI GROUP ApS for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Skodsborg, 09.07.2024

Executive Board

Daniel Gilpin Lister

Board of Directors

Alex Rodenberg

Daniel Gilpin Lister

Keld Friis

Independent auditor's report

To the shareholders of DANMAGI GROUP ApS

Opinion

We have audited the financial statements of DANMAGI GROUP ApS for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which states that it is a requirement for the Entity's availability to remain a going concern, that the primary loans in the subsidiary Danmagi ApS, shall only be repaid as it becomes possible to do so. The subsidiary has received a letter from the lender stating that the loan should be repaid when there is free cash flow to do so in the next 12 months from the balance day.

In addition to this assumption, it is also significant that a material improvement in the general earnings in daily operations is realized. As stated in note 1, this indicates material uncertainties in the availability to remain a going concern. Our conclusion is not modified regarding these matters.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Kolding, 09.07.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Aamand Lund

State Authorised Public Accountant
Identification No (MNE) mne47764

Poul Skovgaard

State Authorised Public Accountant
Identification No (MNE) mne26777

Management commentary

Primary activities

DanMagi Group ApS is a holding company for DanMagi ApS and DanMagi Serviços de Informática Ltda. The primary purpose of DanMagi is to invest in DanMagi companies in order to develop and sell DanMagi's cloud-based internet solution, which offers reliable Wi-Fi access to guests in hotels, restaurants, cafes, conference centers, and other relevant segments where guests require temporary internet access via Wi-Fi.

DanMagi has identified a gap in the market and offers the customer segments a high-quality solution at competitive prices. The reception of DanMagi as a leading provider of innovative guest internet services has been consistently positive. The Company has built a strong market platform, including partnerships with global customers. Therefore, the Company is in a strong position for future development and a significant increase in activities going forward.

The Company has a global focus with its headquarters in Copenhagen, covering the EMEA region, including a branch in the United Kingdom. Additionally, the Company has a subsidiary in India covering the APAC region. DanMagi Group also has a Brazilian company for the CALA region.

Development in activities and finances

The Company's Income Statement of the financial year 1 January 2023 - 31 December 2023 shows a result of DKK -18.668.626 and the Balance Sheet at 31 December 2023 a balance sheet total of DKK 256.768 and an equity of DKK -22.032.631.

In 2023 the loans from EIFO (former Vækstfonden) and two other lenders has been transferred to new lenders, resulting in a conversion of the major parts of these loans in 2024 to new shares, strengthening the Group's financial situation.

Outlook

The Group will intensify the focus on the onboarding of customers as well as the up sales of the products and expanding into new verticals.

In 2023 the entire group of DanMagi companies, have begun a process to strengthen the organization, including sale, financials, procedures and the management team. This has given the Group a stronger position in the market, including frame agreements with two new hotel groups, bringing the companies in a position, where there are very positive expectations to the sale in 2024 and onwards.

These efforts are expected to strengthen the Group's revenue and results in 2024 and forward, expecting in a positive result from the beginning of 2025.

Events after the balance sheet date

After the end of the financial year, there has been made three cash capital raises in Danmagi Group ApS, totalling DKK 7.989.639 new shares, and a conversion of loans, totalling DKK 10.221.115 new shares, leaving a total of DKK 83.024.685 shares in Danmagi Group ApS.

These capital raises leave the Company in a substantially stronger position.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		(519,531)	(1,529,358)
Staff costs	4	(1,937,612)	(2,001,399)
Operating profit/loss		(2,457,143)	(3,530,757)
Income from investments in group enterprises		(15,556,858)	(1,541,768)
Other financial income from group enterprises		1,343,492	2,685,314
Other financial income		5,116	(8,712)
Other financial expenses	5	(2,003,233)	(47,673)
Profit/loss before tax		(18,668,626)	(2,443,596)
Tax on profit/loss for the year	6	0	(282,255)
Profit/loss for the year		(18,668,626)	(2,725,851)
Proposed distribution of profit and loss			
Retained earnings		(18,668,626)	(2,725,851)
Proposed distribution of profit and loss		(18,668,626)	(2,725,851)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		166,957	359,171
Financial assets	7	166,957	359,171
Fixed assets		166,957	359,171
Trade receivables		0	213,980
Other receivables		50,136	70,409
Income tax receivable		0	743,427
Receivables		50,136	1,027,816
Cash		39,675	2,935
Current assets		89,811	1,030,751
Assets		256,768	1,389,922

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		64,813,931	63,138,931
Share premium		48,226,538	48,226,538
Retained earnings		(135,073,100)	(116,404,474)
Equity		(22,032,631)	(5,039,005)
Provisions for investments in group enterprises		5,860,032	5,869,332
Provisions		5,860,032	5,869,332
Bank loans		0	134
Prepayments received from customers		339,801	0
Trade payables		425,639	102,634
Other payables	8	15,663,927	456,827
Current liabilities other than provisions		16,429,367	559,595
Liabilities other than provisions		16,429,367	559,595
Equity and liabilities		256,768	1,389,922
Going concern	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Contingent liabilities	9		
Assets charged and collateral	10		

Statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	63,138,931	48,226,538	(116,404,474)	(5,039,005)
Increase of capital	1,675,000	0	0	1,675,000
Profit/loss for the year	0	0	(18,668,626)	(18,668,626)
Equity end of year	64,813,931	48,226,538	(135,073,100)	(22,032,631)

Notes

1 Going concern

For the year 2023, the Entity has suffered a significant loss and has a material negative equity, not least as a result of loss and support to Danmagi ApS. Despite this, the Entity unchanged intent to stand behind Group companies, including Danmagi ApS.

After the balance sheet date, the Entity has had cash capital raises of DKK 15 million, here of has DKK 11,4 million been injected directly to Danmagi ApS through a equity subsidy. In 2024, furthermore a conversion of loans has been realised and totally DKK 15 million of debt has been converted into new shares.

In addition to the above described transactions, agreements has been made with lenders in the subsidiary Danmagi ApS for loans of DKK 7 million. The loan is set to be repaid as soon as possible, but the lender has confirmed that the loan only should be repaid in the next 12 months from the balance sheet date if there is free and sufficient cash flow to do so.

The lender, which also provides management services to the Entity and the subsidiary, has, in addition to the above-mentioned waiver of installments, made a commitment to provide management services to the Group for the coming 12 months from the signing date for the annual report and will only receive payment for those services every month when all other creditors and tax claims have been paid.

These commitments are made based on a strong belief from Management, Board of Directors, owners, and lenders that the Group will have a significant improvement in the second half of 2024 and 2025 in general earnings. The Group has prepared a budget for the rest of 2024 and 2025, which shows the following numbers

- A loss before tax for the financial year 2024 in the range of DKK 10-12 million and a profit before tax for the financial year 2025 in the range off DKK 11-13 million.
- A positive bank balance in Group's bank accounts at approximately DKK 1,7 million at the time for signing the annual report and positive bank balance end of 2024 before installments of the loan at DKK 1,7 million and end of 2025 more than DKK 10 million in postive cash balance after installments on the loans.
- An increase in revenue from DKK 4-5 million in 2023 to DKK 19-21 million in 2024 and DKK 55-60 million in 2025 based on signifi cant wins of new luxury hotel chains in 2024 and 2025 hereof has already one win been realized at the time for signing the annual report.
- Due to the nature of the business as a software service business, the increase in revenue will only result in limited increases in costs related to the services and similar, and therefore it will create a signifi cant improvement to the performance of the Entity quickly.

Please note that the budget is made on a consolidated level for Danmagi Group ApS and therefore also includes the earnings from Danmagi ApS and the subsidiaries in India and Brazil as well.

Based on the above-mentioned initiatives, the realization of the budgets, and the commitments made by the lender, the Entity's management considers that the Financial statements can be prepared with a going concern in mind but wants to highlight that there are material uncertainties related to the assumption.

2 Events after the balance sheet date

After the end of the financial year, there has been made three cash capital raises in Danmagi Group ApS, totalling DKK 7.989.639 in new shares, and a conversion of loans totalling DKK 10.221.665 in new shares. This leaves a total of DKK 83.024.685 shares in Danmagi Group ApS. The capital increase amounts to DKK 14 million in cash and conversion of loans amounts to DKK 15 mio. kr., totally DKK 29 million.

After recognition of these events and recognition of a loss in the range of DKK 6 million for the first 6 month of 2024 at Group level, booked Equity is about DKK 0 million at 30.06.2024.

3 Uncertainty relating to recognition and measurement

Investment in Group Entreprises

The main subsidiary Danmagi ApS has recognised significant assets, DKK 4,8 million, related to development projects. In general, the recognition and measurement of the development projects are based on several assumptions, the most material of which are that the entity is considered to be a going concern (please see note 1 for further description) and that the entity is able to realise more revenue in the future based on the projects developed in the past. If those assumptions fail, there could be a need for an impairment of the assets related to development projects in the subsidiary which could cause an impairment of investment in group enterprises and the loans provided to the Danmagi Group ApS.

The Group has been selected for inspection by the Danish Tax Agency with a primary focus on the Group's historical use of the rules of the Tax Credit Scheme (LL§8X). The Group has received approximately DKK 3.4 million in the Tax Credit Scheme (LL§8X) for the years 2018 to 2022. The Danish Tax Agency has not yet reached a conclusion on whether the Group fulfills the conditions for using the Tax Credit Scheme for the income years 2018 to 2022. It is Management's assessment that all requirements for using the Tax Credit Scheme have been observed for the income years 2018 to 2022. On this basis, the Entity's Management has initiated a dialogue with the Danish Tax Agency, and Management expects that the Danish Tax Authorities will accept the use of the Tax Credit Scheme, but there are uncertainties related to this. Due to the fact that Management expects the authorities to accept the use of the scheme, no provision has been made for a potential requirement from the authorities regarding payback of the tax credit received.

4 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	1,903,629	1,746,603
Pension costs	33,983	34,711
Other staff costs	0	220,085
	1,937,612	2,001,399
Average number of full-time employees	3	3

5 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	1,982,673	0
Exchange rate adjustments	2,820	13,816
Other financial expenses	17,740	33,857
	2,003,233	47,673

6 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Adjustment concerning previous years	0	282,255
	0	282,255

7 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	359,171
Cost end of year	359,171
Share of profit/loss for the year	(192,214)
Impairment losses end of year	(192,214)
Carrying amount end of year	166,957

Investments in subsidiaries	Registered in	Equity interest %
DanMagi Serviços de Informática Ltda.	Brasil	100.00

8 Other payables

	2023	2022
	DKK	DKK
VAT and duties	41,795	0
Wages and salaries, personal income taxes, social security costs, etc. payable	383,416	144,327
Other costs payable	15,238,716	312,500
	15,663,927	456,827

Other cost payable includes loans, DKK 15 million, that are converted to shares in 2024.

9 Contingent liabilities

The Group has been selected for inspection by the Danish Tax Authorities related to the use of the Tax Credit Scheme (LL§8X) in the past. In total, the Group has received DKK 3.4 million in the Tax Credit Scheme. The Group has not received a conclusion on the inspection for signing the annual report, but there is a chance that the Tax

Authorities will claim the DKK 3.4 million back, plus interest, depending on the outcome of the case. Management expects that the Tax Authorities will accept the use of the Tax Credit Scheme, and therefore no provision has been made to cover a potential repayment. Please also see note 2 for further description.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, Danmagi ApS and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

10 Assets charged and collateral

The company has issued a support declaration to its subsidiary, Danmagi ApS. The company has expressed its intention to support the future operations and investments and provide the necessary liquidity to ensure that Danmagi can meet its obligations as they fall due. The support is valid until the regular general meeting in 2025.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and 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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's normal 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.

Income from investments in group enterprises

Income from equity investments comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortization of consolidated goodwill.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on payables and transactions in foreign currencies 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**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 value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

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.

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.

Cash

Cash comprises bank deposits.

Other provisions

Other provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Other provisions are recognised when the Company has a legal or actual obligation as a result of a past event, and it is likely that settlement will result in the Company spending financial resources.

Other provisions are measured at capital value.

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.