

DANMAGI ApS

Skodsborg Strandvej 123, 1,
2942 Skodsborg

CVR No. 33885865

Annual Report 2022

11. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 18 July 2023

Keld Friis
Chairman



DANMAGI ApS

Contents

Management's Statement	3
Independent Auditors' Report	4
Company Information	7
Management's Review	8
Income Statement	9
Balance Sheet	10
Statement of changes in Equity	12
Notes	13
Accounting Policies	14

DANMAGI ApS

Management's Statement

Today, Management has considered and adopted the Annual Report of DANMAGI ApS for the financial year 1 January 2022 - 31 December 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 assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 17 July 2023

Executive Board

Daniel Gilpin Lister
Manager

Supervisory Board

Daniel Gilpin Lister
Member

Keld Friis
Member

Alex Rodenberg
Member

Independent Auditors' Report

To the shareholders of DANMAGI ApS

Qualified opinion

We have audited the financial statements of DANMAGI ApS for the financial year 1 January 2022 - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, except for the potential effects of the matter described in the "Basis-of-qualified-opinion" paragraph, the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of its operations for the financial year 1 January 2022 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis of qualified conclusion

The company has included equity interests in its subsidiary using the net asset value method at a value of DKK 231,316 and short-term receivables DKK 745,675. We have not been able to obtain sufficient and appropriate audit evidence for the included value, therefore we qualify our opinion regarding the recognition of the net asset value and the included profit.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in the "Auditors' responsibility 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 (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statement 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 going concern uncertainty

Without modifying our opinion, we wish to note that the Company's ability to continue as a going concern is associated with considerable uncertainty. We refer to note 1 in the financial statements, which reflects uncertainty as to whether binding commitments will be entered into for the financing of the Company's operations and the necessary investments in the coming years. However, as Management believes that such commitments will be entered into, the financial statements have been prepared on a going concern basis.

Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we

Independent Auditors' Report

exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- *Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- *Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- *Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

DANMAGI ApS

Independent Auditors' Report

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Vallensbæk Strand, 17 July 2023

Sønderup I/S

Statsautoriserede revisorer

CVR-no. 31824559

Christian Hjortshøj

State Authorised Public Accountant

mne34485

DANMAGI ApS

Company details

Company	DANMAGI ApS Skodsborg Strandvej 123, 1, 2942 Skodsborg
CVR No.	33885865
Date of formation	14 September 2011
Supervisory Board	Daniel Gilpin Lister, Manager Keld Friis Alex Rodenberg
Executive Board	Daniel Gilpin Lister, Manager
Auditors	Sønderup I/S Statsautoriserede revisorer Strandesplanaden 110, 2 2665 Vallensbæk Strand CVR-no.: 31824559

Management's Review

The Company's principal activities

DanMagi ApS is 100% owned by DanMagi Group ApS and owns 99% of Danmagi India Pvt. Ltd. DanMagi's primary purpose is to develop and sell DanMagi's cloud-based internet solutions, which offer reliable Wi-Fi to guests at 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 provides the customer segments with a high-quality solution at competitive prices.

DanMagi's reception in the market 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. As a result, the company is well-positioned 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 UK. Additionally, the company has a subsidiary in India covering the APAC region. DanMagi Group also has a Brazilian company for the CALA region.

Insecurity regarding recognition or measurement

There is no material insecurity regarding recognition or measurement.

Development in activities and the financial situation

The Company's Income Statement of the financial year 1 January 2022 - 31 December 2022 shows a result of DKK -7.355.133 and the Balance Sheet at 31 December 2022 a balance sheet total of DKK 14.064.991 and an equity of DKK -36.366.366.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Expectations for the future

For the year 2022, the company has incurred a loss and has a significant negative equity. The management is working on various initiatives to restore the equity and ensure sustainable operations in the future.

There is an ongoing dialogue with Vækstfonden (Growth Fund) regarding the repayment of loans, which is intended to be provided by using liquidity from the company's main shareholders, who have indicated their openness to this. Additionally, the management expects - subject to the conclusion of an agreement with Vækstfonden - a capital injection from the parent company in 2023 to cover the outstanding debt recorded in the annual report, amounting to DKK xx. These measures are expected to restore the equity.

The company has realized a deficit for the first two quarters of 2023 but expects to achieve a breakeven result in the 3rd quarter and a profit in the 4th quarter based on the presented budgets.

At the time of the annual report, the negotiations with Vækstfonden and the final confirmation of additional liquidity are not yet concluded. However, the management considers it highly likely that the negotiations will end positively, with only formalities remaining. As a result, the annual report has been prepared on the going concern principle.

DANMAGI ApS**Income Statement**

	Note	2022 kr.	2021 kr.
Gross profit		-148.789	3.098.520
Other employee expense	2	-3.142.133	-2.965.637
Depreciation		-1.288.394	-611.754
Profit from ordinary operating activities		-4.579.316	-478.871
Income from investments in group enterprises and associates		0	-525.103
Finance income		0	101.453
Finance expenses		-3.519.243	-2.595.209
Profit from ordinary activities before tax		-8.098.559	-3.497.730
Tax expense on ordinary activities		743.427	1.354.536
Profit		-7.355.132	-2.143.194
Proposed distribution of results			
Transferred to reserve for development costs		2.154.841	5.603.114
Retained earnings		-9.509.973	-7.746.308
Distribution of profit		-7.355.132	-2.143.194

DANMAGI ApS

Balance Sheet as of 31 December

	Note	2022 kr.	2021 kr.
Assets			
Completed development projects		7.757.955	5.603.114
Intangible assets		7.757.955	5.603.114
Fixtures, fittings, tools and equipment		23.354	87.380
Property, plant and equipment		23.354	87.380
Long-term investments in group enterprises		231.316	231.316
Investments		231.316	231.316
Fixed assets		8.012.626	5.921.810
Short-term trade receivables		1.036.567	110.508
Short-term receivables from group enterprises		745.675	1.200.930
Other receivables		587.416	543.992
Short-term tax receivables		3.379.660	2.636.233
Deferred income assets		13.960	21.401
Receivables		5.763.278	4.513.065
Cash and cash equivalents		289.087	180.823
Current assets		6.052.365	4.693.888
Assets		14.064.991	10.615.698

DANMAGI ApS

Balance Sheet as of 31 December

	Note	2022 kr.	2021 kr.
Liabilities and equity			
Contributed capital		1.200.000	1.200.000
Reserve for development expenditure		7.757.955	5.603.114
Retained earnings		-45.324.322	-35.814.072
Equity		-36.366.367	-29.010.958
Mortgage debt		8.911.823	11.973.183
Payables to group enterprises		32.002.371	23.274.557
Other payables		476.562	466.760
Payables to shareholders and management		1.120.097	1.078.564
Long-term liabilities other than provisions		42.510.853	36.793.064
Short-term part of long-term liabilities other than provisions		3.758.200	0
Trade payables		1.339.870	930.601
Payables to group enterprises		2.023.783	1.389.997
Other payables		672.219	495.649
Deferred income, liabilities		126.433	17.345
Short-term liabilities other than provisions		7.920.504	2.833.591
Liabilities other than provisions within the business		50.431.357	39.626.655
Liabilities and equity		14.064.991	10.615.698
Contingent liabilities	3		
Collaterals and assets pledges as security	4		

DANMAGI ApS

Statement of changes in Equity

	Contributed capital	Retained earnings	Development expenditure	Total
Equity 1 January 2022	1.200.000	-35.814.348	0	-34.614.348
Changes of equity through corrections of errors	0	0	5.603.114	5.603.114
Profit (loss)	0	-9.509.973	2.154.841	-7.355.132
Equity 31 December 2022	1.200.000	-45.324.321	7.757.955	-36.366.366

The share capital has remained unchanged for the last 5 years.

Notes

1. Uncertainties relating to going concern

For the year 2022, the company has incurred a loss and has a significant negative equity. The management is working on various initiatives to restore the equity and ensure sustainable operations in the future.

There is an ongoing dialogue with Vækstfonden (Growth Fund) regarding the repayment of loans, which is intended to be provided by using liquidity from the company's main shareholders, who have indicated their openness to this. Additionally, the management expects - subject to the conclusion of an agreement with Vækstfonden - a capital injection from the parent company in 2023. The main shareholder has continuously provided liquidity in the spring/summer of 2023.

The company has realized a deficit for the first two quarters of 2023 but expects to achieve a breakeven result in the 3rd quarter and a profit in the 4th quarter based on the presented budgets

At the time of the annual report, the negotiations with Vækstfonden and the final confirmation of additional liquidity are not yet concluded. However, the management considers it highly likely that the negotiations will end positively, with only formalities remaining. As a result, the annual report has been prepared on the going concern principle.

2. Employee benefits expense

	2022	2021
Wages and salaries	4.567.144	4.618.310
Post-employment benefit expense	-1.489.358	-1.723.698
Social security contributions	64.348	71.025
	<u>3.142.134</u>	<u>2.965.637</u>
 Average number of employees	 <u>8</u>	 <u>8</u>

3. Contingent liabilities

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

A rental agreement has been entered into, which includes a 6-month notice period with a rental obligation of T.kr. 147.

4. Collaterals and securities

As security for the company's debt to other credit institutions, a business lien has been provided on T.kr. 8,600 in receivables from sales and services, as well as intangible and tangible fixed assets, with an accounting value of T.kr. 198 as of December 31, 2022.

DANMAGI ApS

Accounting Policies

Reporting Class

The annual report of DANMAGI ApS for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Changed accounting policies, estimates and errors

Accounting policies have been changed as follows:

-Development costs are recognised under intangible assets at cost according to the rules applicable to class C. The development projects completed are now measured at cost less accumulated amortization and impairment losses. So far, development costs have been recognised as costs in the income statement. This change entails a positive impact on profit for the year of DKK 5,603,111. Equity at 31 December 2022 is increased by DKK 5,603,114.

Comparative figures have been restated to reflect the change in accounting policies in conformity with the Danish Financial Statements Act.

Apart from the above mentioned areas, the accounting policies are consistent with those of the previous year.

Reporting currency

The annual report is presented in Danish kroner.

General information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income statement

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised excluding VAT and all discounts granted are recognised in revenue.

Accounting Policies

Raw materials and consumables used

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

Other external expenses

Other external expenses include expenses for distribution, sales, advertising, administration, premises, bad debts etc.

Staff costs

Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc. The item is deducted from refunds from public authorities.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible and intangible assets

Amortization and impairment of intangible assets, property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	5 years	0%
Other fixtures and fittings, tools and equipment	3-10 years	0%

Profit or loss resulting from the sale of intangible assets or property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the income statement under other operating income or expenses.

Income from investments in group enterprises and associates

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.

Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, financial expenses of finance leases, realised and unrealised capital gains and losses regarding accounts payable and transactions in foreign currencies, surcharges and allowances under the advance-payment of tax scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance sheet

Intangible assets

Development projects that are clearly defined and identifiable, and where the degree of technical utilization, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Other development costs are recognised as costs in the income statement as they incur.

Accounting Policies

Development costs comprise costs, including wages, salaries and amortization, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalized development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortization and the recoverable amount.

Property, plant and equipment

Property, plant and equipment are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual component differ.

Other fixtures and fittings, tools and equipment	3-10 years	0%
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Equity investments in group enterprises

Investments in group enterprises are recognized in the balance sheet at the proportionate share of the equity value of the enterprises, calculated according to the parent Company's accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

Subsidiaries having a negative equity value are recognised at kr. 0, and any amounts receivable from those enterprises are written down by the parent Company's share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

If the negative equity value exceeds receivables, the remaining amount is recognised as a provision to the extent that the parent Company has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Accounting Policies

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the life of the financial instrument.

Mortgage debt is accordingly measured at amortized cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortized cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities are measured at net realisable value.

Other payables

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Daniel Gilpin Lister

Navnet returneret af dansk MitID var:

Daniel Gilpin Lister

Direktør

ID: 4eec0cfb-4db9-4ee3-99d6-95ffb211ed3f

Tidspunkt for underskrift: 18-07-2023 kl.: 09:51:45

Underskrevet med MitID



Daniel Gilpin Lister

Navnet returneret af dansk MitID var:

Daniel Gilpin Lister

Bestyrelsesmedlem

ID: 4eec0cfb-4db9-4ee3-99d6-95ffb211ed3f

Tidspunkt for underskrift: 18-07-2023 kl.: 09:51:45

Underskrevet med MitID



Keld Friis

Navnet returneret af dansk MitID var:

Keld Friis

Bestyrelsesmedlem

ID: 5d14c4f4-b4db-406e-b512-86b2ed415334

Tidspunkt for underskrift: 18-07-2023 kl.: 10:51:07

Underskrevet med MitID



Keld Friis

Navnet returneret af dansk MitID var:

Keld Friis

Dirigent

ID: 5d14c4f4-b4db-406e-b512-86b2ed415334

Tidspunkt for underskrift: 18-07-2023 kl.: 10:51:07

Underskrevet med MitID



Alex Rodenberg

Navnet returneret af dansk MitID var:

Alex Rodenberg

Bestyrelsesmedlem

ID: ef4a8d24-2a28-42dd-bd87-25b0f9922a3d

Tidspunkt for underskrift: 18-07-2023 kl.: 09:50:25

Underskrevet med MitID



Christian Hjortshøj

Navnet returneret af dansk NemID var:

Christian Hjortshøj

Revisor

ID: 73802972

Tidspunkt for underskrift: 18-07-2023 kl.: 18:27:28

Underskrevet med NemID

NEM ID