BEIERHOLM
VI SKABER BALANCE

Warm ApS

Rentemestervej 80, 2400 København NV

CVR no. 38 28 05 70

Annual report for 2023

This annual report has been adopted at the
annual general meeting on 20.05.24

Michael Ritto

Chairman of the meeting

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Company information etc.

The company

Warm ApS
Rentemestervej 80
2400 København NV
Tel.: 60 60 76 34
Website: www.warmmusic.net
Registered office: København NV
CVR no.: 38 28 05 70
Financial year: 01.01 - 31.12

Executive Board

Jesper Skibsby

Board of Directors

Michael Ritto
Jesper Skibsby

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Warm ApS.

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 company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

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, May 20, 2024

Executive Board

Jesper Skibsby

Board of Directors

Michael Ritto
Chairman

Jesper Skibsby

Independent auditor's report

To the shareholder of Warm ApS

Opinion

We have audited the financial statements of Warm ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 company's financial position at 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

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 the 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 assurance conclusion thereon.

In connection with our audit of the financial statements, it is 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, we conclude that the 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 of the 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.

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 judgment 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.

Soeborg, Copenhagen, May 20, 2024

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Anders Flymer-Dindler
State Authorized Public Accountant
MNE-no. mne35423

Primary activities

The company's activities comprise ...

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK -6,236,389 against DKK -7,422,873 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 1,527,862.

Subsequent events

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

Income statement

Note		2023 DKK	2022 DKK
	Gross result	**1,020,852**	**-425,426**
1	Staff costs	-2,124,596	-2,201,930
	Loss before depreciation, amortisation, write-downs and impairment losses	**-1,103,744**	**-2,627,356**
	Amortisation and impairments losses of intangible assets	-1,985,737	-2,348,301
	Operating loss	**-3,089,481**	**-4,975,657**
	Financial income	6,986	8,176
	Financial expenses	-3,192,246	-2,527,957
	Loss before tax	**-6,274,741**	**-7,495,438**
	Tax on loss for the year	38,352	72,565
	Loss for the year	**-6,236,389**	**-7,422,873**

Proposed appropriation account

	2023 DKK	2022 DKK
Retained earnings	-6,236,389	-7,422,873
Total	**-6,236,389**	**-7,422,873**

Balance sheet

ASSETS

Note		31.12.23 DKK	31.12.22 DKK
	Completed development projects	2,383,018	4,368,755
	Development projects in progress	174,325	0
2	**Total intangible assets**	**2,557,343**	**4,368,755**
3	Other investments	0	3,047,569
4	Deposits	29,833	28,125
	Total investments	**29,833**	**3,075,694**
	Total non-current assets	**2,587,176**	**7,444,449**
	Trade receivables	94,310	27,668
	Income tax receivable	38,352	72,565
	Other receivables	1,472	4,068
	Prepayments	246,450	0
	Total receivables	**380,584**	**104,301**
	Cash	**1,105,965**	**760,709**
	Total current assets	**1,486,549**	**865,010**
	Total assets	**4,073,725**	**8,309,459**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.23 DKK	31.12.22 DKK
	Contributed capital	256,132	177,516
	Share premium	6,944,905	0
	Reserve for development costs	1,994,728	3,407,628
	Retained earnings	-7,667,903	-2,844,414
	Total equity	**1,527,862**	**740,730**
5	Convertible and profit-sharing debt instruments	0	1,637,809
5	Other payables	1,744,959	1,618,823
	Total long-term payables	**1,744,959**	**3,256,632**
5	Short-term part of long-term payables	0	2,425,161
	Payables to other credit institutions	13,747	21,354
	Trade payables	239,168	1,380,583
	Other payables	547,989	484,999
	Total short-term payables	**800,904**	**4,312,097**
	Total payables	**2,545,863**	**7,568,729**
	Total equity and liabilities	**4,073,725**	**8,309,459**

6 Contingent assets
7 Contingent liabilities

Statement of changes in equity

Figures in DKK	Contributed capital	Share premium	Reserve for developmen t costs	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	177,516	0	3,407,628	-7,213,169	-3,628,025
Net effect of changed accounting policies	0	0	0	4,368,755	4,368,755
Adjusted balance as at 01.01.23	177,516	0	3,407,628	-2,844,414	740,730
Capital increase	13,248	1,486,752	0	0	1,500,000
Debt conversion	65,368	5,458,153	0	0	5,523,521
Transfers to/from other reserves	0	0	-1,412,900	1,412,900	0
Net profit/loss for the year	0	0	0	-6,236,389	-6,236,389
Balance as at 31.12.23	256,132	6,944,905	1,994,728	-7,667,903	1,527,862

	2023 DKK	2022 DKK

1. Staff costs

	2023 DKK	2022 DKK
Wages and salaries	2,022,603	2,028,982
Other social security costs	39,504	57,215
Other staff costs	62,489	115,733
Total	2,124,596	2,201,930
Average number of employees during the year	5	5

2. Intangible assets

Figures in DKK	Completed development projects	Development projects in progress
Cost as at 01.01.23	13,918,305	0
Additions during the year	0	174,325
Cost as at 31.12.23	13,918,305	174,325
Amortisation and impairment losses as at 01.01.23	-9,549,550	0
Amortisation during the year	-1,985,737	0
Amortisation and impairment losses as at 31.12.23	-11,535,287	0
Carrying amount as at 31.12.23	2,383,018	174,325

3. Other investments

Figures in DKK	Other invest-ments
Cost as at 01.01.23	5,252,156
Cost as at 31.12.23	5,252,156
Depreciation and impairment losses as at 01.01.23	-2,204,587
Impairment losses during the year	-3,047,569
Depreciation and impairment losses as at 31.12.23	-5,252,156
Carrying amount as at 31.12.23	0

4. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.23	28,125
Additions during the year	1,708
Cost as at 31.12.23	29,833
Carrying amount as at 31.12.23	29,833

5. Long-term payables

Figures in DKK	Total payables at 31.12.23	Total payables at 31.12.22
Convertible and profit-sharing debt instruments	0	4,062,970
Other payables	1,744,959	1,618,823
Total	1,744,959	5,681,793

6. Contingent assets

The company has a deferred tax asset of DKK 2,265,416, which has not been recognised in the balance sheet. The tax asset can be attributed to tax losses carried forward which are not expected to be utilised within the next 3-5 years. The tax asset can be carried forward indefinitely.

7. Contingent liabilities

Lease commitments

The company has concluded lease agreements with total lease payments of 30.000 DKK.

8. 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 development costs in the balance sheet

Previously, development costs were expensed in the income statement. In future, development costs meeting certain criteria will be recognised in the balance sheet at cost as management believes that this will provide a fairer presentation. Completed development projects are subsequently measured at cost less accumulated amortisation and impairment losses. The comparative figures have been restated in accordance with the new accounting policy. The change in accounting policy has a negative impact of DKK 1,986k on the net loss for 2023. As at 31.12.23, equity is increased by DKK 2,383k and the balance sheet total is increased by DKK 2,383k.

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.

8. 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.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross result

Gross result comprises revenue and work performed for own account and capitalised and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets.

8. Accounting policies - continued -

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.

Amortisation and impairment losses

The amortisation of intangible assets aim at systematic amortisation over the expected useful lives of the assets. Assets are amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	5	
Other plant, fixtures and fittings, tools and equipment	5	0

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

Intangible assets are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

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.

8. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date 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 amortisation.

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 or groups of assets.

8. Accounting policies - continued -

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.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

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

Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost.

Cash

Cash includes deposits in bank account.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less

8. Accounting policies - continued -

deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

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

Convertible debt instruments are issued on terms that entitle the lender to convert the loan into equity interests in the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.