



RSM

RSM Danmark

Statsautoriseret
Revisionspartnerselskab

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Virtual ApS

C/O EbitPro ApS Hørkær 26,4., 2730 Herlev

Company reg. no. 43 31 22 43

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 5 July 2024.

Morten Edvard Wulff
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Management's review	6
Financial statements 1 January - 31 December 2023	
Accounting policies	7
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Notes	16

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Virtuall ApS for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Herlev, 5 July 2024

Managing Director

Karl Jonas Olof Hyldeborg
Wallengren

Board of directors

Morten Edvard Wulff

Felix Johannes Kaspar Wigand

Karl Jonas Olof Hyleborg
Wallengren

Nauris Dorbe

Independent auditor's report

To the Shareholders of Virtuall ApS

Opinion

We have audited the financial statements of Virtuall ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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.

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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

Independent auditor's report

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

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Aabyhøj, 5 July 2024

RSM Danmark

Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

Michael Pode Kristensen

State Authorised Public Accountant
mne34301

Company information

The company	Virtuall ApS C/O EbitPro ApS Hørkær 26,4. 2730 Herlev Company reg. no. 43 31 22 43 Established: 1 June 2022 Financial year: 1 January - 31 December
Board of directors	Morten Edvard Wulff Felix Johannes Kaspar Wigand Karl Jonas Olof Hyleborg Wallengren Nauris Dorbe
Managing Director	Karl Jonas Olof Hyldeborg Wallengren
Auditors	RSM Danmark Statsautoriseret Revisionspartnerselskab Søren Frichs Vej 36 L 8230 Aabyhøj
Subsidiary	Virtuall S.R.L., Italy

Management's review

Description of key activities of the company

The company's purpose is to build and commercialize a platform that connects and distributes digital assets from brands across virtual channels and related activities.

Development in activities and financial matters

The gross loss for the year total DKK -143 thousand against DKK -199 Thousand last year. Income or loss from ordinary activities after tax total DKK -162 Thousand against DKK -215 Thousand last year. The development must be seen in light of the fact that, the company is in a start-up phase, where the focus is on development projects. The loss in 2023 is as expected.

In 2023 a capital increase was made of DKK 2.663 thousand

Project development

In 2023 the company has continued the development of "Virtual Brand Management Platform" The project's first phase has successfully been completed and ready for release in June 2024. The platform has undergone rigorous testing by some of the most prominent brands in the industry, receiving positive feedback on its usability and vision. We are proud of our rapid progression from prototype to a customer-ready platform within a very limited timeframe and are excited to bring it to market in the second half of 2024.

We have established strong relationships with large enterprises in the industry and the agencies shaping the new e-commerce landscape in immersive channels. This positions us well for market success in the coming years.

Accounting policies

The annual report for Virtuall ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross loss

Gross loss comprises the revenue, own work capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Accounting policies

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Convertible and profit sharing debt instruments

Convertible bonds are issued at a fixed conversion price and is regarded as composite instruments comprising a financial liability measured at amortised cost and an equity instrument in the form of the integral conversion right. Fair value of the financial liability is determined on the date of issue by applying a market rate for a similar non-convertible debt instrument. The difference between the proceeds from issuing the convertible debt instrument and the fair value of the financial liability, corresponding to the integral option to convert the liability to shareholders' equity, is recognised directly in the shareholders' equity. The value of the financial liability is recognised as long-term debts and subsequently measured at amortised cost. When extending convertible bonds, a calculation is made at amortised cost relative to the extension. Any difference is recognised in the income statement.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	-142.952	-199.327
1 Staff costs	-514.451	0
Operating profit	-657.403	-199.327
Other financial income	5.270	6.755
Other financial expenses	-56.199	-22.508
Pre-tax net profit or loss	-708.332	-215.080
Tax on net profit or loss for the year	546.417	0
Net profit or loss for the year	-161.915	-215.080
Proposed distribution of net profit:		
Disposed to reserve for development cost	1.937.296	622.907
Allocated from retained earnings	-2.099.211	-837.987
Total allocations and transfers	-161.915	-215.080

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
2 Development projects in progress and prepayments for intangible assets	3.282.312	798.599
Total intangible assets	3.282.312	798.599
3 Investments in group enterprises	22.350	0
4 Deposits	0	3.750
Total investments	22.350	3.750
Total non-current assets	3.304.662	802.349
Current assets		
Trade receivables	143.111	0
5 Income tax receivables	546.417	0
Other receivables	5.388	95.225
Prepayments	57.433	79.440
Total receivables	752.349	174.665
Cash and cash equivalents	2.486.051	226.327
Total current assets	3.238.400	400.992
Total assets	6.543.062	1.203.341

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		<u>2023</u>	<u>2022</u>
<u>Note</u>			
Equity			
Contributed capital		48.581	45.000
Reserve for development cost		2.560.203	622.907
Retained earnings		645.755	81.622
Total equity		<u>3.254.539</u>	<u>749.529</u>
Liabilities other than provisions			
6 Convertible and profit sharing debt instruments		<u>2.717.402</u>	<u>0</u>
Total long term liabilities other than provisions		<u>2.717.402</u>	<u>0</u>
Trade payables		289.936	22.760
Other payables		<u>281.185</u>	<u>431.052</u>
Total short term liabilities other than provisions		<u>571.121</u>	<u>453.812</u>
Total liabilities other than provisions		<u>3.288.523</u>	<u>453.812</u>
Total equity and liabilities		<u>6.543.062</u>	<u>1.203.341</u>

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development cost	Retained earnings	Total
Equity 1 January 2023	45.000	622.907	81.622	749.529
Cash capital increase	3.581	0	0	3.581
Retained earnings	0	1.937.296	-2.099.211	-161.915
Transferred from share premium	0	0	2.663.344	2.663.344
	48.581	2.560.203	645.755	3.254.539

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	511.990	0
Other costs for social security	<u>2.461</u>	<u>0</u>
	<u>514.451</u>	<u>0</u>
Average number of employees	<u>3</u>	<u>0</u>
2. Development projects in progress and prepayments for intangible assets		
Cost 1 January 2023	798.599	0
Additions during the year	<u>2.483.713</u>	<u>798.599</u>
Cost 31 December 2023	<u>3.282.312</u>	<u>798.599</u>
Carrying amount, 31 December 2023	<u>3.282.312</u>	<u>798.599</u>

Development projects in progress include the development and testing of a Virtual Brand Management Platform.

The related expenses primarily consist essentially of fees to external consultants.

The carrying amount of DKK 3.283, thousand at 31 December 2023. The development of the projects first phase has been finalized in Q2 2024, after which marketing and selling activities will be carried out. Management expects to spend further DKK 8.000 thousand to complete the projects last phases.

The project is expected to increase the Company's level of activity and results of operations from 2025.

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
3. Investments in group enterprises		
Additions during the year	<u>22.350</u>	<u>0</u>
Cost 31 December 2023	<u>22.350</u>	<u>0</u>
Carrying amount, 31 December 2023	<u>22.350</u>	<u>0</u>
Group enterprises:		
	Domicile	Equity interest
Virtuall S.R.L.	Italy	100 %
4. Deposits		
Cost 1 January 2023	3.750	0
Additions during the year	0	3.750
Disposals during the year	<u>-3.750</u>	<u>0</u>
Cost 31 December 2023	<u>0</u>	<u>3.750</u>
Carrying amount, 31 December 2023	<u>0</u>	<u>3.750</u>
5. Income tax receivables		
Income tax receivables concern expected tax pay out regarding "Skattekreditordning", research and development costs.		
6. Convertible and profit sharing debt instruments		
Total convertible and profit sharing debt instruments	<u>2.717.402</u>	<u>0</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>