



SDI MEDIA A/S

Dortheavej 4
2400 København NV
CVR No. 65125218

Annual report 2020

The Annual General Meeting adopted the
annual report on 19.07.2021

Lars Birk

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020	10
Balance sheet at 31.12.2020	11
Statement of changes in equity for 2020	13
Notes	14
Accounting policies	18

Entity details

Entity

SDI MEDIA A/S

Dortheavej 4

2400 København NV

CVR No.: 65125218

Registered office: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Lars Birk

Alberto Abisso, formand

Markus Böcker

Executive Board

Lars Birk

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of SDI MEDIA A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Copenhagen, 19.07.2021

Executive Board

Lars Birk

Board of Directors

Lars Birk

Alberto Abisso
formand

Markus Böcker

Independent auditor's report

To the shareholders of SDI MEDIA A/S

Opinion

We have audited the financial statements of SDI MEDIA A/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 19.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Wolff Mikkelsen

State Authorised Public Accountant
Identification No (MNE) mne33747

Management commentary

Financial highlights

	2020 EUR'000	2019 EUR'000	2018 EUR'000	2017 EUR'000	2016 EUR'000
Key figures					
Revenue	54,873	50,285	56,840	53,379	46,340
Gross profit/loss	6,755	6,996	8,613	7,890	8,978
Operating profit/loss	(1,919)	(1,908)	(503)	(89)	(1,911)
Net financials	(74)	(875)	(1,091)	436	(352)
Profit/loss for the year	(2,196)	(3,063)	(1,902)	139	(2,522)
Total assets	24,080	21,334	23,943	25,073	22,475
Investments in property, plant and equipment	1,915	430	1,164	1,473	355
Equity	(12,933)	(10,357)	(7,365)	(5,514)	(5,695)
Average number of employees	303	324	299	288	296
Ratios					
Gross margin (%)	12.31	13.91	15.15	14.78	19.37
Net margin (%)	(4.00)	(6.09)	(3.35)	0.26	(5.44)
Equity ratio (%)	(53.71)	(48.55)	(30.76)	(21.99)	(25.34)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Revenue

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

The company's primary activities are sound studio activities, primarily the dubbing, recoding and mixing of films and TV episodes in Denmark and 6 other countries (Sweden, Norway, Finland, Poland, the Netherlands and Belgium) where the company has branch offices.

Development in activities and finances

The net turnover for the year is EUR 54.873.186 against EUR 50.285.166 last year. The results from ordinary activities after tax are EUR -2.196.195 against EUR -3.062.678 last year. The management consider the results requiring further improvement.

The company has received a letter of support from its parent SDI Media Group, Inc. covering the period up and until 31 December 2021.

Uncertainty relating to recognition and measurement

The company recognizes work in progress for the projects for which costs were incurred, for which no revenues are recognized based on work delivery. Work in progress is strictly reviewed in terms of accuracy and recoverability. The company does not construct fixed assets internally.

Outlook

The company management positively looks on the both planned revenue increase and profitability.

On 26.03.2021, Lyuno Media Group has announced that it has completed its acquisition of 100% of SDI Media Group, Inc., parent company of SDI MEDIA A/S and announced a new company as Lyuno-SDI Group. It is expected that company will generate positive net results in 2021 due to expected positive impact of the business merger with Lyuno.

Particular risks

Price risks

The company is facing price risk for the services it offers to their clients. This risk is coming from both clients and competitors' side. This risk is considered to be at a moderate level as company is already providing localization and other services at competitive range and high quality.

Exchange rate risks

The company has moderate exposure to the currency risk. The company apart from Denmark is operating via six branches which result with transactions in DKK, EUR, NOK, SEK and PLN. The majority of transactions are denominated in EUR. The company does not hedge transactions in foreign currency and is accepting this risk.

Interest risks

The company has no exposure to the interest rate risk. Company uses group financing and any loans are based on fixed foreign exchange rates.

Intellectual capital resources

The company is creating and accumulating know-how via systems and processes. In addition, we are continuously increasing the pool of talents and translators cooperating with SDI Media.

Environmental performance

The company is not liable to prepare green accounts and has no significant environmental approvals.

Foreign branches

The company is operating via SDI Media A/S – Danish headquarters and six branches. Branches are located in Sweden, Norway, Finland, Poland, the Netherlands and Belgium. The company plans further revenue increase which also positively impact on company profitability.

Statutory report on corporate social responsibility

The SDI Media A/S business model is as described under primary activities and is designed to meet high demands related to social conditions and to risks within environmental and other relevant CSR matters.

SDI Media A/S complies with all requirements in relation to social conditions, environmental matters, human rights, anticorruption and bribery. Due to the limited size of the organization and the limited resources, the company has not established separate CSR policies. For this reason, the management commentary does not include a separate and formal description of CSR matters.

SDI Media A/S has not identified any business risks that influence the areas social conditions, environmental matters, human rights, anticorruption and bribery).

Statutory report on the underrepresented gender

SDI Media sees diversity as a strength that has the capacity to contribute positively to company's growth, robustness as well to meet established strategies and plans. Diversity of age, gender, experience and competencies are prioritized highly.

Our ambition is to be an attractive workplace for both women and men by providing women and men with equal opportunities to pursue careers and to attain and hold positions of leadership. It is therefore important that its executives have the proper competencies, irrespective of gender.

Events after the balance sheet date

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Income statement for 2020

	Notes	2020 EUR	2019 EUR
Revenue	2	54,873,186	50,285,166
Production costs		(48,118,578)	(43,289,411)
Gross profit/loss		6,754,608	6,995,755
Administrative expenses	3	(8,677,132)	(8,900,513)
Other operating income		11,025	228
Other operating expenses		(7,499)	(3,451)
Operating profit/loss		(1,918,998)	(1,907,981)
Other financial income	6	348,001	14,975
Other financial expenses	7	(421,868)	(889,485)
Profit/loss before tax		(1,992,865)	(2,782,491)
Tax on profit/loss for the year	8	(203,330)	(280,187)
Profit/loss for the year	9	(2,196,195)	(3,062,678)

Balance sheet at 31.12.2020

Assets

	Notes	2020 EUR	2019 EUR
Acquired licences		73,445	83,620
Goodwill		62,636	79,138
Prepayments for intangible assets		0	33,789
Intangible assets	10	136,081	196,547
Other fixtures and fittings, tools and equipment		575,817	758,259
Leasehold improvements		991,345	395,417
Property, plant and equipment in progress		714,801	50,322
Property, plant and equipment	11	2,281,963	1,203,998
Deposits		97,893	108,747
Financial assets	12	97,893	108,747
Fixed assets		2,515,937	1,509,292
Trade receivables		10,938,347	9,190,800
Contract work in progress		2,561,563	2,609,708
Receivables from group enterprises		7,010,720	7,118,761
Other receivables		402,520	235,234
Tax receivable		131,564	250,889
Prepayments	13	224,250	208,551
Receivables		21,268,964	19,613,943
Cash		295,328	210,340
Current assets		21,564,292	19,824,283
Assets		24,080,229	21,333,575

Equity and liabilities

	Notes	2020 EUR	2019 EUR
Contributed capital	14	134,444	134,444
Retained earnings		(13,067,907)	(10,491,757)
Equity		(12,933,463)	(10,357,313)
Prepayments received from customers		1,470,743	1,219,107
Trade payables		5,646,687	4,364,378
Payables to group enterprises		27,145,306	24,304,704
Tax payable		137,919	224,131
Other payables		2,613,037	1,578,568
Current liabilities other than provisions		37,013,692	31,690,888
Liabilities other than provisions		37,013,692	31,690,888
Equity and liabilities		24,080,229	21,333,575
Uncertainty relating to recognition and measurement	1		
Staff costs	4		
Amortisation, depreciation and impairment losses	5		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Non-arm's length related party transactions	19		
Group relations	20		

Statement of changes in equity for 2020

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	134,444	(10,491,757)	(10,357,313)
Exchange rate adjustments	0	(379,955)	(379,955)
Profit/loss for the year	0	(2,196,195)	(2,196,195)
Equity end of year	134,444	(13,067,907)	(12,933,463)

Notes

1 Uncertainty relating to recognition and measurement

The measurement of work in progress is based on management's best estimate. The estimate is based on expected direct margins per contract considering both the nature of the contract, the individual customer and geography. The finalization of the cost side related to work in progress is connected with some delays, thus a big portion of active contracts as per 31 December 2020, are still not finalized as of July 2021. It is management's assessment that amount included in 2020 reflect the best estimate, however Management wants to emphasize the inherent uncertainty connected with making such estimates.

2 Revenue

	2020	2019
	EUR	EUR
Denmark	32,826,401	26,172,020
Rest of Scandinavia	8,849,766	8,707,809
Poland	8,720,500	9,738,461
Belgium	2,309,333	2,923,667
Netherlands	2,167,186	2,743,209
Total revenue by geographical market	54,873,186	50,285,166
Dubbing	44,555,506	42,174,870
Subtitling	6,958,010	5,659,393
Other	3,359,670	2,450,903
Total revenue by activity	54,873,186	50,285,166

3 Fees to the auditor appointed by the Annual General Meeting

	2020	2019
	EUR	EUR
Statutory audit services	33,900	33,900
Other services	7,364	4,263
	41,264	38,163

4 Staff costs

	2020	2019
	EUR	EUR
Wages and salaries	7,764,163	8,397,287
Pension costs	452,828	497,500
Other social security costs	877,170	1,060,771
	9,094,161	9,955,558
Average number of full-time employees	303	324

	Remuneration of management 2020 EUR	Remuneration of management 2019 EUR
Total amount for management categories	131,646	216,160
	131,646	216,160

5 Depreciation, amortisation and impairment losses

	2020 EUR	2019 EUR
Amortisation of intangible assets	59,012	73,057
Depreciation of property, plant and equipment	785,518	1,065,444
	844,530	1,138,501

6 Other financial income

	2020 EUR	2019 EUR
Financial income from group enterprises	7,306	14,962
Other interest income	10	13
Exchange rate adjustments	340,685	0
	348,001	14,975

7 Other financial expenses

	2020 EUR	2019 EUR
Financial expenses from group enterprises	413,591	398,390
Other interest expenses	8,277	5,466
Exchange rate adjustments	0	485,629
	421,868	889,485

8 Tax on profit/loss for the year

	2020 EUR	2019 EUR
Current tax	203,330	207,264
Change in deferred tax	0	72,923
	203,330	280,187

9 Proposed distribution of profit and loss

	2020 EUR	2019 EUR
Retained earnings	(2,196,195)	(3,062,678)
	(2,196,195)	(3,062,678)

10 Intangible assets

	Acquired licences EUR	Goodwill EUR	Prepayments for intangible assets EUR
Cost beginning of year	1,269,333	122,626	33,789
Exchange rate adjustments	(62,003)	0	0
Transfers	33,789	0	(33,789)
Cost end of year	1,241,119	122,626	0
Amortisation and impairment losses beginning of year	(1,185,713)	(43,488)	0
Exchange rate adjustments	60,549	0	0
Amortisation for the year	(42,510)	(16,502)	0
Amortisation and impairment losses end of year	(1,167,674)	(59,990)	0
Carrying amount end of year	73,445	62,636	0

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR	Leasehold improvements EUR	Property, plant and equipment in progress EUR
Cost beginning of year	6,573,311	3,235,204	50,322
Exchange rate adjustments	(221,613)	(36,288)	0
Additions	418,861	831,303	664,479
Disposals	(2,883)	0	0
Cost end of year	6,767,676	4,030,219	714,801
Depreciation and impairment losses beginning of year	(5,815,052)	(2,839,787)	0
Exchange rate adjustments	136,466	71,316	0
Depreciation for the year	(515,115)	(270,403)	0
Reversal regarding disposals	1,842	0	0
Depreciation and impairment losses end of year	(6,191,859)	(3,038,874)	0
Carrying amount end of year	575,817	991,345	714,801

12 Financial assets

	Deposits EUR
Cost beginning of year	108,747
Disposals	(10,854)
Cost end of year	97,893
Carrying amount end of year	97,893

13 Prepayments

Prepayments consists of paid expenses regarding the coming periods.

14 Share capital

	Number	Nominal value EUR
Share capital	1,344,436	134,444
	1,344,436	134,444

15 Unrecognised rental and lease commitments

	2020 EUR	2019 EUR
Liabilities under rental or lease agreements until maturity in total	2,735,536	3,642,522

16 Contingent liabilities

	2020 EUR	2019 EUR
Recourse and non-recourse guarantee commitments	364,590	402,104
Contingent liabilities	364,590	402,104

17 Assets charged and collateral

The company has issued company mortgage of EUR'000 1,344 to the company's bank. The mortgage covers receivables and property, plant and equipment with a combined book value of EUR'000 19,516.

18 Related parties with controlling interest

Creato Holdings Ltd., 2-7-18 Higashigotanda, Shinagwa-ku, Tokyo was the ultimate shareholder and held controlling interests up to 26.03.2021.

As of 26.03.2021, Iyuno Sweden Holding I AB, Kungsbro Strand 15A, 112 26 Stockholm, Sweden is the shareholder with controlling interest in SDI MEDIA A/S.

19 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements 2020 for the largest group: Imagica Group Inc., 11th floor, Uchisaiwaicho Tokyu Building, 1-3-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other nonmonetary assets that have been purchased in foreign currencies are translated using historical rates.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary

activities.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme 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

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost

based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

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

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.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of SDI Media Group Inc.