Blu Digital Group Denmark A/S

Carl Jacobsens Vej 16, 3, DK-2500 Valby

Annual Report for 2023

CVR No. 29 42 19 78

The Annual Report was presented and adopted at the Annual General Meeting of the company on 3/7 2024

Irwin Jerome Jacobson
Chairman of the general meeting

pwc

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Blu Digital Group Denmark A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, 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.

Valby, 3 July 2024

Executive Board

Paulette Evangeline Pantoja

Board of Directors

Irwin Jerome Jacobson Chairman	Paulette Evangeline Pantoja	Kenneth S. Rose

Independent Practitioner's Extended Review Report

To the shareholder of Blu Digital Group Denmark A/S

Conclusion

We have performed an extended review of the Financial Statements of Blu Digital Group Denmark A/S for the financial year 1 January - 31 December 2023, which comprise 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.

Based on the work performed, 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 extended review in accordance with the Danish Business Authority´s Assurance Standard for Small Enterprises and FSR – Danish Auditors´ standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner´s responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

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 Practitioner's Extended Review Report

In connection with our extended review 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 extended review, 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, in our view, 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 in Management's Review.

Ringsted, 3 July 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kenneth Østergaard
State Authorised Public Accountant
mne47262

Company information

The Company	Blu Digital Group Denmark A/S Carl Jacobsens Vej 16, 3 2500 Valby CVR No: 29 42 19 78 Financial period: 1 January - 31 December Municipality of reg. office: København
Board of Directors	Irwin Jerome Jacobson, chairman Paulette Evangeline Pantoja Kenneth S. Rose
Executive Board	Paulette Evangeline Pantoja
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted

Management's review

Key activities

The purpose of the company is to deliver digital products, run study activities, trade and industry as well as related business.

Development in the year

The income statement of the Company for 2023 shows a loss of DKK 5,501,150, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 4,274,697.

The company have participated in an intercompany merger with the group companies Blu Digital Group Denmark DK ApS and Blu Digital Group Holding ApS. The merger was effective from 1 January 2023 with the company as the continuing entity. The merger have been accounted for under the pooling-of-interests method, and comparative figures have been restated.

Uncertainty relating to recognition and measurement

There is uncertainty associated with the forecast especially for the years after the 2024 budget period, which is why there is also uncertainty associated with the valuation of deferred tax assets. Reference is made to note 1.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023 DKK 12 months	2022 DKK 6 months
Gross profit		**12,025,279**	**5,568,036**
Staff expenses	2	-12,019,130	-5,440,632
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-5,234,246	-631,044
Profit/loss before financial income and expenses		**-5,228,097**	**-503,640**
Financial income		3,391	6
Financial expenses	4	-355,444	-316,501
Profit/loss before tax		**-5,580,150**	**-820,135**
Tax on profit/loss for the year	5	79,000	159,000
Net profit/loss for the year		**-5,501,150**	**-661,135**

Distribution of profit

	2023 DKK	2022 DKK
Proposed distribution of profit		
Extraordinary dividend paid	0	4,500,000
Retained earnings	-5,501,150	-5,161,135
	-5,501,150	**-661,135**

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Completed development projects		0	12,970
Goodwill		1,994,678	2,327,126
Development projects in progress		1,225,000	5,933,234
Intangible assets	6	**3,219,678**	**8,273,330**
Other fixtures and fittings, tools and equipment		156,964	306,313
Leasehold improvements		0	0
Property, plant and equipment	7	**156,964**	**306,313**
Other receivables	8	266,938	257,756
Fixed asset investments		**266,938**	**257,756**
Fixed assets		**3,643,580**	**8,837,399**
Trade receivables		202,046	5,314,149
Receivables from group enterprises		4,871,435	0
Other receivables		0	18,841
Deferred tax asset	9	1,000,000	921,000
Prepayments		94,370	435,971
Receivables		**6,167,851**	**6,689,961**
Cash at bank and in hand		**243,868**	**1,782,750**
Current assets		**6,411,719**	**8,472,711**
Assets		**10,055,299**	**17,310,110**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		501,000	500,000
Reserve for development costs		955,499	4,638,042
Retained earnings		2,818,198	1,508,498
Equity		**4,274,697**	**6,646,540**
Other payables		776,655	735,378
Long-term debt	10	**776,655**	**735,378**
Credit institutions		1,103	1,719,857
Trade payables		2,622,150	1,752,885
Payables to group enterprises		1,055,399	3,129,307
Other payables	10	1,325,295	3,326,143
Short-term debt		**5,003,947**	**9,928,192**
Debt		**5,780,602**	**10,663,570**
Liabilities and equity		**10,055,299**	**17,310,110**
Uncertainty relating to recognition and measurement	1		
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	4,638,041	2,200,730	7,338,771
Net effect from merger and acquisition under the uniting of interests method	1,000	0	-693,231	-692,231
Adjusted equity at 1 January	501,000	4,638,041	1,507,499	6,646,540
Contribution from group	0	0	3,129,307	3,129,307
Depreciation, amortisation and impairment for the year	0	-3,682,542	3,682,542	0
Net profit/loss for the year	0	0	-5,501,150	-5,501,150
Equity at 31 December	**501,000**	**955,499**	**2,818,198**	**4,274,697**

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

Management has prepared an impairment test for deferred tax assets. This is based on the board-approved budget for 2024 as well as expectations for earnings for 2025 and 2026.

There is uncertainty associated with the forecast especially for the years after the 2024 budget period, which is why there is also uncertainty associated with the valuation of deferred tax assets.

	2023 DKK 12 months	2022 DKK 6 months
2. Staff Expenses		
Wages and salaries	11,503,828	4,936,547
Pensions	447,140	381,159
Other social security expenses	68,162	122,926
	12,019,130	**5,440,632**
Average number of employees	**20**	**20**

	2023 DKK	2022 DKK
3. Special items		
Impairment of fixed assets	4,708,234	0
	4,708,234	**0**

	2023 DKK 12 months	2022 DKK 6 months
4. Financial expenses		
Interest paid to group enterprises	42,194	0
Other financial expenses	98,360	56,210
Exchange adjustments, expenses	214,890	260,291
	355,444	**316,501**

	2023	2022
	DKK 12 months	DKK 6 months

5. Income tax expense

Deferred tax for the year	-79,000	-159,000
	-79,000	**-159,000**

6. Intangible fixed assets

	Completed development projects	Goodwill	Develop-ment projects in progress
	DKK	DKK	DKK
Cost at 1 January	5,560,802	333,330	5,933,234
Net effect from merger and acquisition	0	2,327,124	0
Cost at 31 December	5,560,802	2,660,454	5,933,234
Impairment losses and amortisation at 1 January	5,547,832	333,330	0
Impairment losses for the year	0	0	4,708,234
Amortisation for the year	12,970	332,446	0
Impairment losses and amortisation at 31 December	5,560,802	665,776	4,708,234
Carrying amount at 31 December	**0**	**1,994,678**	**1,225,000**

Development projects consist of development and further development of pipeline and localization platforms.

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	DKK	DKK
Cost at 1 January	1,661,531	1,922,646
Additions for the year	31,245	0
Cost at 31 December	1,692,776	1,922,646
Impairment losses and depreciation at 1 January	1,355,218	1,922,646
Depreciation for the year	180,594	0
Impairment losses and depreciation at 31 December	1,535,812	1,922,646
Carrying amount at 31 December	**156,964**	**0**

8. Other fixed asset investments

	Other receivables
	DKK
Cost at 1 January	257,756
Additions for the year	9,182
Cost at 31 December	266,938
Carrying amount at 31 December	**266,938**

	2023	2022
	DKK	DKK

9. Deferred tax asset

Intangible assets	697,853	1,287,213
Property, plant and equipment	-238,783	-97,971
Tax loss carry-forward	-1,459,070	-2,110,242
Transferred to deferred tax assets	1,000,000	921,000
	0	**0**
Deferred tax asset		
Calculated tax assets	1,000,000	921,000
Carrying amount	**1,000,000**	**921,000**

	2023	2022
	DKK	DKK

10. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables		
After 5 years	0	0
Between 1 and 5 years	776,655	735,378
Long-term part	776,655	735,378
Other short-term payables	1,325,295	3,326,143
	2,101,950	**4,061,521**

	2023	2022
	DKK	DKK

11. Contingent assets, liabilities and other financial obligations

Charges and security		
The following assets have been placed as security with bankers:		
Accounts receivables at a total carrying amount of:	0	1,963,210
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,548	48,902
Between 1 and 5 years	0	2,548
	2,548	**51,450**
Rental obligations, period of non-terminability 6 months	408,948	369,974

12. Accounting policies

The Annual Report of Blu Digital Group Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-6 years
Leasehold improvements	10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.