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Entropia ApS

Borchsvej 16
2950 Vedbæk
CVR No. 30570251

Annual report 2023

The Annual General Meeting adopted the annual report on 30.06.2024

Eric Alan Rapp
Chairman of the General Meeting

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Entity details

Entity

Entropia ApS
Borchsvej 16
2950 Vedbæk

Business Registration No.: 30570251
Registered office: Rudersdal
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Eric Alan Rapp

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

I have today considered and approved the annual report of Entropia ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Vedbæk, 30.06.2024

Executive Board

Eric Alan Rapp

Independent auditor's report

To the shareholder of Entropia ApS

Opinion

We have audited the financial statements of Entropia ApS for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 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 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 by relevant law and regulations.

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, 30.06.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Primary activities

The primary activities of the Company are to hold shares in companies in the Heartcore Capital structure and other investment activities.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Other external expenses		(180,298)	(489,248)
Gross profit/loss		**(180,298)**	**(489,248)**
Income from investments in participating interests		730,394	4,984,677
Other financial income	1	764,379	0
Impairment losses on financial assets		(1,772,845)	0
Other financial expenses	2	(109,273)	(744,930)
Profit/loss before tax		**(567,643)**	**3,750,499**
Tax on profit/loss for the year		(207,262)	(496,947)
Profit/loss for the year		**(774,905)**	**3,253,552**
Proposed distribution of profit and loss:			
Ordinary dividend for the financial year		2,000,000	500,000
Extraordinary dividend distributed in the financial year		3,400,000	2,063,518
Retained earnings		(6,174,905)	690,034
Proposed distribution of profit and loss		**(774,905)**	**3,253,552**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		0	1,000,000
Investments in associates		9,555	51,666
Investments in participating interests		1,043,192	1,043,192
Other investments		759,583	1,118,236
Financial assets	3	**1,812,330**	**3,213,094**
Fixed assets		**1,812,330**	**3,213,094**
Receivables from group enterprises		925,780	0
Receivables from associates		7,777	7,777
Income tax receivable		114,278	767,640
Receivables		**1,047,835**	**775,417**
Other investments		8,948,992	6,335,333
Other investments		**8,948,992**	**6,335,333**
Cash		**2,687,752**	**8,377,658**
Current assets		**12,684,579**	**15,488,408**
Assets		**14,496,909**	**18,701,502**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		125,000	125,000
Retained earnings		11,292,770	15,404,157
Proposed extraordinary dividend		0	2,063,518
Proposed dividend		2,000,000	500,000
Equity		**13,417,770**	**18,092,675**
Payables to owners and management		859,377	0
Non-current liabilities other than provisions		**859,377**	**0**
Bank loans		0	4,300
Trade payables		0	86,523
Income tax payable		0	496,947
Joint taxation contribution payable		207,262	0
Other payables		12,500	21,057
Current liabilities other than provisions		**219,762**	**608,827**
Liabilities other than provisions		**1,079,139**	**608,827**
Equity and liabilities		**14,496,909**	**18,701,502**
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Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	125,000	206,766	15,404,157	2,063,518	500,000	18,299,441
Changes in accounting policies	0	(206,766)	0	0	0	(206,766)
Adjusted equity beginning of year	**125,000**	**0**	**15,404,157**	**2,063,518**	**500,000**	**18,092,675**
Ordinary dividend paid	0	0	0	0	(500,000)	(500,000)
Extraordinary dividend paid	0	0	(3,400,000)	0	0	(3,400,000)
Other entries on equity	0	0	2,063,518	(2,063,518)	0	0
Profit/loss for the year	0	0	(2,774,905)	0	2,000,000	(774,905)
Equity end of year	**125,000**	**0**	**11,292,770**	**0**	**2,000,000**	**13,417,770**

Notes

1 Other financial income

	2023 DKK	2022 DKK
Financial income from group enterprises	8,996	0
Other interest income	14,473	0
Fair value adjustments	740,910	0
	764,379	**0**

2 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	83,216	0
Financial expenses to owners and management	12,617	0
Other interest expenses	88	3,600
Fair value adjustments	0	637,094
Other financial expenses	13,352	104,236
	109,273	**744,930**

3 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Investments in participating interests DKK	Other investments DKK
Cost beginning of year	1,000,000	51,666	1,043,192	1,118,236
Additions	0	0	0	372,082
Cost end of year	**1,000,000**	**51,666**	**1,043,192**	**1,490,318**
Revaluations beginning of year	0	0	246,655	0
Changes in accounting policies	0	0	(246,655)	0
Revaluations end of year	**0**	**0**	**0**	**0**
Impairment losses beginning of year	0	(39,889)	0	0
Changes in accounting policies	0	39,889	0	0
Impairment losses for the year	(1,000,000)	(42,111)	0	(730,735)
Impairment losses end of year	**(1,000,000)**	**(42,111)**	**0**	**(730,735)**
Carrying amount end of year	**0**	**9,555**	**1,043,192**	**759,583**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Sloppy Jo & Friends ApS	Copenhagen	ApS	100.00

Investments in associates	Registered in	Corporate form	Equity interest %
Sunstone TV GP I Holding ApS	Copenhagen	ApS	22.22

Investments in participating interests	Registered in	Corporate form	Equity interest %
Heartcore Capital Invest I Holding ApS	Copenhagen	ApS	16.28
Heartcore Capital Special LP I Holding ApS	Copenhagen	ApS	18.06
Sunstone TV Partners Holding ApS	Copenhagen	ApS	11.25
Sunstone TV Partners & Co. Holding ApS	Copenhagen	ApS	9.00
Heartcore Capital Special Limited Partner II Holding ApS	Copenhagen	ApS	2.52
Sunstone LSV (TV) Special Limited Partner II Holding ApS	Copenhagen	ApS	2.73
Heartcore Capital Invest II Holding ApS	Copenhagen	ApS	2.16

4 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

5 Fair value information

	Other investments DKK
Fair value end of year	8,948,992
Unrealised fair value adjustments recognised in the income statement	608,800

6 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

7 Assets charged and collateral

As collateral regarding the company's bank engagement, one bank account and other investments has been pledged as security.

The booked value as of 31.12.2023 are DKK 8,954,087.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Changes in accounting policies

The Entity has changed its accounting policies with regard to the measurement of investments in group enterprises, investments in associates and investments in participating interests. The measurement of the relevant assets has been changed from equity method to cost. The reason for the change is that management does not have sufficient information to allocate the equity value in underlying companies to different share classes. Thus, it is management's assessment that cost as a measurement method provides a more accurate picture of the company's assets and liabilities, financial position, and profitability.

Based on the reason for the change in accounting policy, it is not possible to determine the effect of the change in accounting policy on the company's assets and liabilities, financial position, and results for the year.

The effect of the change in accounting policy affects the comparative figures by a decrease in investments in associates and investments in participating interest of DKK 247 thousand and DKK (40) thousand respectively.

The effect of the change in accounting policy has been recognized in the equity at the beginning of the period with a corresponding amount. The change in accounting policy has affected the prior year's result before tax by DKK 80 thousand. The change has no effect on the current or deferred tax for the year in the comparative figures.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts

attributable to this financial year.

Income statement

Other external expenses

Other external expenses include corporate costs etc.

Income from investments in participating interests

Income from investments in associates comprises dividend etc. received from the individual participating interests in the financial year.

Other financial income

Other financial income comprises interest income.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses and bank charges 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in participating interests

Investments in participating interests are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

Receivables

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

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.

Other investments
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Joint taxation contributions payable or receivable
Current joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.