

Thor Film ApS

Vesterbrogade 82, 2. th., 1620 København V

CVR no. 40195718

Annual report 2020

Approved at the Company's annual general meeting on 21 July 2021

Chair of the meeting:

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Pórir Snær Sigurjónsson



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Statement by Management

The Executive Board have today discussed and approved the annual report of Thor Film ApS for the financial year 1 January –31 December 2020.

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

In my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2020.

Further, in my opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 21 July 2021
Executive Board:

Pórir Snær Sigurjónsson
CEO

Independent auditor's report

To the shareholder of Thor Film ApS

Qualified Opinion

We have audited the financial statements of Thor Film ApS, for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, except for the potential effect(s) of the matter(s) described in the "Basis for qualified opinion" section on the comparative figures, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

We have been elected as auditors of the Company on the general meeting on the 9 December 2020. We were not able to obtain sufficient and appropriate audit evidence regarding the opening balance as at 1 January 2020. As opening balances affect the income statement for 2020, we were not able to determine whether adjustments to the Company's income statement for 2020 might have been necessary. Consequently, our opinion on the financial statement for the current period has been modified. Our opinion on the financial statements for the current period has also been modified due to the potential effect of the matter on the comparability between the current period's figures and the comparative figures.

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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 as to 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

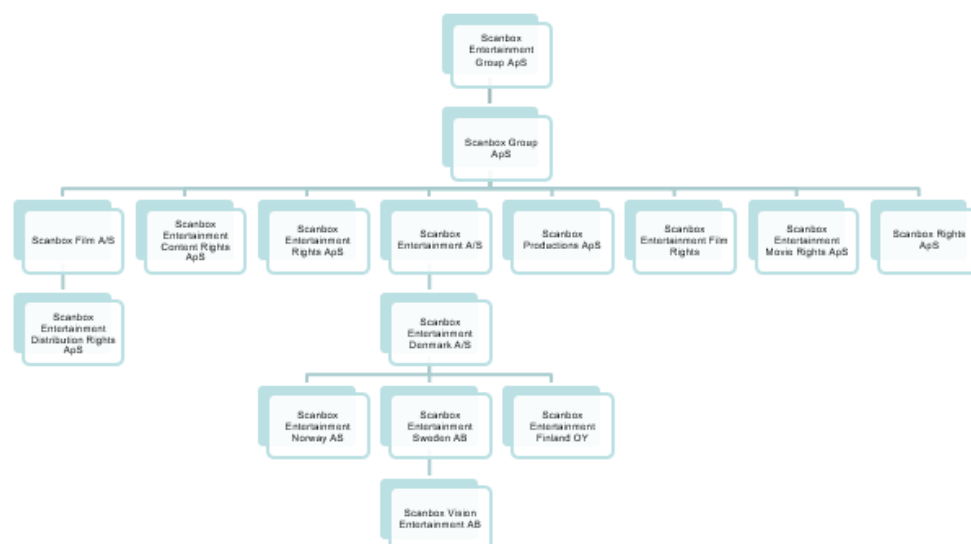
Copenhagen, 21 July 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Becker
State Authorised
Public Accountant
mne33732

Management's review

Group chart

Thor Film ApS owns 17.7 % of the shares in Scanbox Entertainment Group ApS and has 60.9 % of the votes.



Financial highlights for the Group

DKK'000	2020	2019
Key figures		
Gross profit	75,921	66,815
Depreciation, amortisation and impairment losses	-59,092	-48,245
Operating profit	4,989	4,212
Net financials	-1,667	-1,550
Profit/loss for the year	3,342	2,666
Profit/loss for the year excl. minorities	1,083	-193
Balance sheet		
Total assets	231,635	231,583
Investments in property, plant and equipment	-	-
Investments in intangible assets	44,924	35,484
Equity	85,048	100,691
Cash flows		
Cash flows from operating activities	70,432	38,032
Cash flows from investing activities	-44,829	-35,129
Cash flows from financing activities	-9,703	2,794
Total cash flows	15,900	5,697
Financial ratios		
Equity ratio	36.7 %	43.8 %
Return on equity	3.6 %	5.3 %
Employees		
Average number of full-time employees	16	17

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio: Equity at year-end* 100/Total assets

Return on equity: Profit/loss for the year* 100/Average equity

Management commentary

Principal activities

The Group's key business activity is to acquire licensing rights to feature films and similar rights related to the entertainment business for distribution in the Nordic markets.

The parent company is only holding shares.

Development in activities and financial matters

The profit after tax for the Group amounts to DKK 3,342, which is not satisfied.

Our expected decrease of 5 % in the level of activities was furthermore affected by planned content being moved to 2021 and a decrease in available content due to production-restrictions under Corona pandemic.

Risks

General business risks

The market for distributing films is ever changing with the market for physical DVDs and Blu-rays (sale and rental) is still declining, whereas the market for various digital electronic distribution channels is growing.

Scanbox Entertainment Group ApS seeks to exercise its distribution rights in these emerging markets.

Staff

The staff's qualifications and motivation constitute a key asset to Scanbox Entertainment Group ApS's business, for which reason the companies seek to recruit and retain the best qualified professionals from the entertainment industry. At this moment we feel we have a strong and competent team in all countries.

Uncertainty relating to recognition and measurement

Rights to distribution of film are amortized on a straight-line basis over a period of 8 years from the date of entry into service, which is standard practice for the industry. Considering that there can be difference between the individual film's performance on the individual types of revenue, the assessment of the average useful life is thus also subject to estimates.

It is Management's assessment that the amortization period determined reflects the average useful lives of the rights to distribution of films.

Liquidity and capital resources

As in previous years, the Group's credit facilities in 2020 consist of a factoring agreement with Svea subject to a credit limit of DKK 20 million which could be used only in return for invoice discounting relating to the sale of physical DVDs, cinema films and TV contracts. We have during early 2020 outphased and resigned the Svea factoring agreement and replaced it with an increased credit line with Sydbank, as part of our increasing relationship and cooperation with Sydbank. Overall, the Group have an overdraft facility for DKK 50 million through Sydbank. At 31 December 2020 the overdraft amounts to net DKK 17.2 million.

Management believes that the 2021 budget is realistic, despite the aftermath of the Corona pandemic, and takes into account the changes in market conditions and that the Group, given the existing factoring agreement and overdraft facility, holds the credit facilities necessary to realize the budget drawn up for 2021, and that the possibility of postponing payment for the distribution rights provides liquidity-wise

Management commentary

flexibility allowing for reduction of even major budgetary deviations to the effect that the Group can continue as a going concern.

Outlook

We expect that the physical DVD and Blu-ray market will once again decrease in value. Scanbox sales fell with 10%. Scanbox has discontinued its partnership with Universal International Home Entertainment and teamed up with SMD, a Danish sub-distributor with lower costs and a more pro-active distribution strategy. Thus we will minimize our release costs and risks in a declining market and optimize the fees in general.

Scanbox will also intensify investment and partnerships in local titles - both to reinforce the overall profile of distribution, but also to ensure the strength of a market where competition for the larger independent titles are more significant. The goal is six to eight local titles a year, divided between the Nordic countries. This must be ensured through close collaboration with selected manufacturers and a reinforcement of local skills.

Overall, the outbreak and spread of COVID-19 at the beginning of 2020 have had an impact on the company, and has led to increased uncertainty regarding future sales, particular in the cinema-segment.

Due to the Corona situation, we expect a decrease in the level of overall activities of 5-10% for the next financial year. The COVID-19 pandemic therefore means that management has reassessed its expectations and is expecting slightly lower revenue for Theatrical than originally budgeted for 2021. Numerous titles have been postponed in production and the Theatrical market has been shut down, but income from digital ancillary platforms and new svod players have secured a healthy inflow, while we at the same time have postponed costs in relation to the theatrical releases. This will show a topline decrease, but should keep us at a healthy bottom line, regardless. However, it is not possible to make a reliable final estimate of the overall impact of the pandemic on the company and its result for 2021.

Particular risks

Currency risks

A significant part of the company's acquisition of distribution rights is in USD and EUR. Revenues on Pay-TV and SVOD are mainly in USD. The company's currency risks are largely hedged.

Other risks

Scanbox Entertainment Group ApS' companies face ordinary industry-specific risks, but also the consequences from the aftermath of the Corona crisis, and the increased content vacuuming from the streamers, which can push the consumer behavior on the Theatrical market until further into 2022. Besides those risks, no special risks are considered to exist for the Group's activities. Management regularly seeks to hedge the risks to which the Group is exposed.

Research and development activities

There are no actual research and development activities in the Group, however, we will intensify the sourcing of material to produce, starting late 2021.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

Note	DKK'000	Group		Parent Company	
		2020	2019	2020	2019
	Gross profit/ loss	75,921	65,815	-77	-200
3	Staff costs	-11,840	-13,358	-	-
	Income from investments in group				
9	enterprises	-	-	1,248	606
	Depreciation, amortisation and impairment				
7,8	losses	-59,092	-48,245	-102	-950
	Operating profit/ loss	4,989	4,212	1,069	-544
4	Financial income	756	595	-	361
5	Financial expenses	-2,423	-2,145	-14	-10
	Profit/ loss before tax	3,322	2,662	1,055	-193
6	Tax on profit/ loss for the year	20	4	28	0
	Profit/ loss for the year	3,342	2,666	1,083	-193
Breakdown of the consolidated profit/loss:					
	Shareholders in Thor Film ApS	2,259	2,859		
	Non-controlling interests	1,083	-193		
		3,342	2,666		

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	Group		Parent Company	
		2020	2019	2020	2019
	ASSETS				
	Fixed assets				
7	Intangible assets				
	Acquired intangible assets	180,674	190,967	0	50
	Prepayments for intangible assets	8,976	12,850	-	-
		189,650	203,817	0	50
8	Property, plant and equipment				
	Fixtures and fittings, tools and equipment	0	0	-	-
		0	0	-	-
	Investments				
9	Equity investments in subsidiaries	-	-	51,421	17,376
	Deposits	405	501	-	-
	Other receivables	133	130	-	-
		538	631	51,421	17,376
	Total fixed assets	190,188	204,448	51,421	17,426
	Non-fixed assets				
	Receivables				
	Trade receivables	16,057	15,939	-	-
	Receivables from subsidiaries	-	-	0	26
	Income tax receivables	394	1,776	-	-
	Other receivables	1,013	392	580	561
10	Prepayments	2,386	3,331	-	-
		19,850	21,438	580	587
	Cash	21,597	5,697	268	924
	Total non-fixed assets	41,447	27,135	848	1,511
	TOTAL ASSETS	231,635	231,583	52,269	18,937

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	Group		Parent Company	
		2020	2019	2020	2019
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	40	40	40	40
	Net revaluation according to the equity method	-	-	50,899	17,354
	Retained earnings	52,000	18,677	1,101	1,323
	Proposed dividend	57	55	57	55
	Thor Film ApS' shareholder's share of equity	52,097	18,772	52,097	18,772
	Non-controlling interests	33,951	81,919	-	-
	Total equity	85,048	100,691	52,097	18,772
	Provisions				
12	Deferred tax	0	0	-	-
13	Other provisions	1,000	1,350	-	-
	Total provisions	1,000	1,350	-	-
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
14	Bank loans	10,125	-	-	-
	Deferred income	0	8,036	-	-
	Other payables	0	356	-	-
		10,125	8,392	-	-
	Current liabilities other than provisions				
14	Current portion of non-current liabilities other than provisions	11,411	8,036	-	-
	Bank loans	38,562	42,723	-	-
	Trade payables	46,872	55,227	73	49
	Payables to subsidiaries	-	-	-	-
	Payable to shareholder	98	116	98	116
	Corporation tax	0	0	0	0
	Other payables	17,440	2,961	1	-
	Deferred income	21,079	12,088	-	-
		135,462	121,150	172	165
	Total liabilities other than provisions	145,587	129,542	172	165
	TOTAL EQUITY AND LIABILITIES	231,635	231,583	52,269	18,937

- 1 Accounting policies
- 2 Material uncertainty related to recognition and measurement
- 15 Contractual obligations and contingencies, etc.
- 16 Assets charged and collateral
- 17 Leases
- 18 Related parties
- 19 Distribution of profit/loss

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Proposed dividend	Thor Film ApS' shareholder's share of equity	Non-controlling interests	Total equity
		40	18,940	54	10,034	79,129	98,163
		-	-	-54	-54	-	-54
		-	-248	55	-193	2,859	2,666
		-	-	-	-	-	-
		-	-15	0	-15	-69	-84
		40	18,677	55	18,772	81,919	100,691
		-	-	-55	-55	-	-55
		-	1,026	57	1,083	2,259	3,342
		-	34	-	34	21	55
		-	-	-	-	-18,985	-18,985
		-	32,263	-	32,263	-32,263	0
		40	52,000	57	52,097	32,951	85,048

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividend	Total
		40	0	18,940	54	19,034
		-	-	-	-54	-54
		-	606	-854	55	-193
		-	-15	-	-	-15
		-	16,763	-16,763	-	0
		40	17,354	1,323	55	18,772
19		-	1,248	-222	57	1,083
		-	-	-	-55	-55
		-	34	-	-	34
		-	32,263	-	-	32,263
		40	50,899	1,101	57	52,097

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	Group	
		2020	2019
	Operating profit/ loss	4,989	4,212
	Depreciation, amortisation and write-downs	59,092	48,245
	Other adjustments of non-cash operating items	-8,914	-13,597
	Cash generated from operations before changes in working capital	55,167	38,860
	Changes in working capital		
	Changes in trade receivables and other receivables	1,586	-2,997
	Changes in trade payables and other debt	14,745	4,186
	Cash generated from operations	71,498	40,049
	Interest received	756	251
	Interest paid	-1,822	-2,145
	Corporation tax paid	0	-123
	Cash flows from operating activities	70,432	38,032
	Acquisition of intangible assets	-44,924	-35,484
	Disposal of intangible assets	0	65
	Acquisition of financial assets	0	-66
	Disposal of financial assets	0	356
	Change in deposit	95	0
	Cash flows from investing activities	-44,829	-35,129
	Bank loan	13,500	-
	Changes in credit facilities	-4,163	2,849
	<i>Shareholders:</i>		
	Capital injection	2,750	-
	Own shares	-21,735	-
	Paid dividend	-55	-54
	Cash flows from financing activities	-9,703	2,794
	Cash flows for the year	15,900	5,697
	Cash and cash equivalents, beginning of year	5,697	0
	Cash and cash equivalents, year end	21,597	5,697

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Thor Film ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements.

The accounting policies used in the preparation of the financial statements are consistent with those of 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.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Thor Film ApS and subsidiaries controlled by Thor Film ApS.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Revenue

The Company has chosen IAS 11 / IAS 18 as interpretation for revenue recognition.

Revenue sale of distribution rights is recognised in the income statement when delivery is made and risk has passed to the buyer.

Risk transition associated with sales to Cinema and Video On Demand takes place in line with the end user's utilization of provided distribution rights. Revenue associated with sales to TV stations is recognized by the delivery of master tapes / files based on contracts concluded.

Sales of DVD related sales are recognized when delivery to the buyer has taken place.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including film grants at movie launch.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedown of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment

Profit/ loss from equity investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Thor Film ApS acts as administration company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Balance sheet

Intangible assets

Intellectual property rights acquired comprise licensing rights for the distribution of films and film catalogues.

Intellectual property rights acquired are measured at cost less accumulated amortisation and impairment losses. The basis of amortisation is cost.

Licensing rights for the distribution are amortised on a straight-line basis over a period of 8 years based on an assessment of the rights' estimated economic lives. The amortisation period cannot be longer than the remaining life of the rights concerned.

Film catalogues are amortised on a straight-line basis over a period of 7 years based on an assessment of the rights' estimated economic lives.

Prepayments for intangible assets are measured at cost.

Intellectual property rights acquired and prepayments for intangible assets are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired have been calculated in DKK translated from contract currency (primarily USD and EUR) according to the exchange rate at the payment date.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Fixtures and fittings, tools and equipment	5 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Equity investments in subsidiaries in the parent company financial statements

Equity investments in subsidiaries are measured according to the equity method in the parent company financial statements. The Parent Company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a remaining term of three months or less that are subject to only minor risks of changes in value.

Equity

Net revaluation reserve according to the equity method

Net revaluation of equity investments in subsidiaries is recognised at cost in the net revaluation reserve according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Provisions

Other provisions comprise royalty, returned goods and cost for dismissal of employees.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income relates to income to be recognised in the income statement in the coming periods.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital, interest received and paid as well as corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments. Dividends received regarding securities are also considered investing activities.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

2 Material uncertainty related to recognition and measurement

Rights to distribution of film are amortised on a straight-line basis over a period of 8 years from the date of entry into service, which is standard practice for the industry. Taking into account that there can be difference between the individual film's performance on the individual types of revenue, the assessment of the average useful life is thus also subject to estimates.

It is Management's assessment that the amortisation period determined reflects the average useful lives of the rights to distribution of films.

DKK'000	Group		Parent Company	
	2020	2019	2020	2019
3 Staff costs				
Wages and salaries	10,175	10,240	-	-
Pension costs	1,044	2,132	-	-
Other social security costs	609	882	-	-
Other staff costs	12	104	-	-
	<u>11,840</u>	<u>13,358</u>	<u>-</u>	<u>-</u>
Average number of full-time employees	<u>16</u>	<u>17</u>	<u>-</u>	<u>-</u>

Compensations received related to salaries under Covid-19 has been recognised under other income with DKK 434 thousand.

Pursuant to section 98b(3), (ii), of Danish Financial Statement Act, remuneration to Management is not disclosed.

4 Financial income				
Foreign exchange gains, net	-	-	-	-
Income from other financial assets	-	344	-	344
Other financial income	756	251	-	17
	<u>756</u>	<u>595</u>	<u>0</u>	<u>361</u>

5 Financial expenses				
Interest expenses to subsidiaries	-	-	-	-
Foreign exchange gains, net	609	-	6	-
Other financial expenses	1,814	-2,145	8	10
	<u>2,423</u>	<u>-2,145</u>	<u>14</u>	<u>10</u>

6 Tax for the year				
Current tax for the year	86	-	-	-
Adjustment concerning previous years	28	-4	28	-
Deferred tax adjustment for the year	-94	-	-	-
	<u>20</u>	<u>-4</u>	<u>28</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

7 Intangible assets

Group

DKK'000	Acquired intangible assets	Prepayments for intangible assets	Total
Cost at 1 January 2020	467,926	15,374	483,300
Additions	48,799	1,813	50,612
Disposal	-	-6,410	-6,410
Cost at 31 December 2020	516,725	10,777	527,502
Amortisation and impairment losses at 1 January 2020	-276,959	-2,524	-279,483
Impairment losses	-13,000	0	-13,000
Amortisation	-46,092	0	-46,092
Disposal	-	726	726
Amortisation and impairment losses at 31 December 2020	-336,051	-1,798	-337,849
Carrying amount at 31 December 2020	180,674	8,976	189,650
Amortised over	8 years		

Parent

DKK'000	Acquired intangible assets	Prepayments for intangible assets	Total
Cost at 1 January 2020	1,931	-	1,931
Additions	52	-	52
Disposal	-	-	-
Cost at 31 December 2020	1,983	-	1,983
Amortisation and impairment losses at 1 January 2020	-1,881	-	-1,881
Impairment losses	-	-	-
Amortisation	-102	-	-102
Write-downs	-	-	-
Disposal	-	-	-
Amortisation and impairment losses at 31 December 2020	-1,983	-	-1,983
Carrying amount at 31 December 2020	0	-	0
Amortised over	8 years		

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

	Fixtures and fittings, tools and equipment
DKK'000	
Cost at 1 January 2020	2,507
Cost at 31 December 2020	2,507
Depreciation and impairment losses at 1 January 2020	-2,507
Depreciation and impairment losses at 31 December 2020	-2,507
Carrying amount at 31 December 2020	0

9 Equity investments in subsidiaries

	Parent Company	
DKK'000	2020	2019
Cost at 1 January	22	-
Addition	500	22
Cost at 31 December	522	22
Value adjustments at 1 January	17,354	-
Addition	-	16,763
Foreign exchange adjustment	34	-15
Profit/loss for the year	1,248	606
Change I ownership	32,263	-
Value adjustments at 31 December	50,899	17,354
Carrying amount at 31 December	51,421	17,376

Name and registered office	Country	Registered in	Voting rights	Ownership
Scanbox Entertainment Group ApS	Denmark	Copenhagen	60.9%	17.7%
Scanbox Group ApS	Denmark	Copenhagen	100%	100%
Scanbox Entertainment A/S	Denmark	Copenhagen	100%	100%
Scanbox Entertainment Denmark A/S	Denmark	Copenhagen	100%	100%
Scanbox Entertainment Finland OY	Finland	Helsinki	100%	100%
Scanbox Entertainment Norway AS	Norway	Oslo	100%	100%
Scanbox Entertainment Sweden AB	Sweden	Göteborg	100%	100%
Scanbox Entertainment Vision AB	Sweden	Göteborg	100%	100%
Scanbox Film A/S	Denmark	Copenhagen	100%	100%
SBE Distribution Rights ApS	Denmark	Copenhagen	100%	100%
Scanbox Productions ApS	Denmark	Copenhagen	100%	100%
Scanbox Entertainment Content Rights ApS	Denmark	Copenhagen	100%	100%
Scanbox Entertainment Film Rights ApS	Denmark	Copenhagen	100%	100%
Scanbox Entertainment Movie Rights ApS	Denmark	Copenhagen	100%	100%
Scanbox Entertainment Rights ApS	Denmark	Copenhagen	100%	100%
Scanbox Rights ApS	Denmark	Copenhagen	100%	100%

All subsidiaries are considered separate entities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

10 Prepayments

Prepayments comprise prepaid expenses at the balance sheet date.

11 Share capital

The share capital comprises:

40,000 shares of DKK 1 each. No changes in the share capital since the establishment of the Company.

DKK'000	Group		Parent Company	
	2020	2019	2020	2019
12 Deferred tax				
Deferred tax relates to:				
Intangible assets	-39,522	-41,719	109	171
Provisions	220	297	-	-
Tax loss carry forwards	47,794	48,965	83	41
Write-down of deferred tax assets	-8,492	-7,542	-192	-212
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax assets	0	0	0	0
Deferred tax liabilities	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

13 Other provisions

Other provisions include sold goods with a return obligation.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

14 Non-current liabilities

The liabilities can be specified as follows:

DKK'000	Group		Parent Company	
	2020	2019	2020	2019
Banks				
Long-term	10.125	-	-	-
Short-term	3.375	-	-	-
	13.500	0	0	0
Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	0	0	0	0
Other liabilities				
DKK'000	2020	2019	2020	2019
Holiday obligation	0	356	-	-
Deferred income	8,036	16,072	-	-
	8,036	16,428	0	0
Long-term	0	8,392	-	-
Short-term	8,036	8,036	-	-
	8,036	16,428	0	0
Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	0	0	0	0

15 Contractual obligations and contingencies, etc.

Contingent assets

The Group has a deferred tax asset of net DKK 8.5 million (2019: DKK 7.5 million) and the parent company DKK 0.2 million (2019: 0.2 million) impacted by tax losses which, taking into consideration the uncertainty of the utilisation thereof within a period of 3-5 years, has not been capitalised.

Contingent liabilities

The Company participates in joint taxation in Denmark with all the Danish subsidiaries and, consequently, is jointly and severally liable with the other jointly taxed companies for the total corporation tax and for any obligation to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

16 Assets charged and collateral

As security for the bank debt, floating charges are issued at DKK 5.0 million on trade receivables. The carrying amount of pledged assets is DKK 2.7 million at 31 December 2020.

As security for the bank debt, floating charges are issued at DKK 45.0 million on unsecured claims, trade receivables and international film distribution rights has been provided as security for bank loans. The carrying amount of assets charged is DKK 26.3 million 31 December 2020.

The Group has a residual liability of DKK 47 million in relation to films not yet delivered.

17 Leases

Operating lease commitments

The Company has guaranteed group enterprises' bank debts. The guarantees are unlimited.

As security for the enterprises' bank debts, security has been given in the company ownership interests in enterprises.

The Company is jointly and severally liable with the jointly registered group enterprises for total VAT payables.

Operating lease commitments

The Group's entities have entered into operating leases with an average annual lease payment of DKK 67 thousand and a remaining term of 6-12 months. The remaining nominal lease commitment totals DKK 417 thousand.

18 Related parties

Thor Film ApS' related parties comprise the following:

Control

Pórir Snær Sigurjónsson
Vesterbrogade 83, 2. th.
1620 Coenhagen V,

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.

Please refer to note 9 for list of group enterprises.

Remuneration of the Parent Company's Executive Board and the Board of Directors is disclosed in note 3.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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DKK'000		Parent Company	
		2020	2019
19	Distribution of profit/ loss		
	Proposed distribution of profit/ loss		
	Transferred to reserve for net revaluation accordance with equity method	1,248	606
	Transferred to equity reserves	-222	-854
	Proposed dividend	57	55
		<u>1,083</u>	<u>-193</u>

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