

IO Interactive A/S

Gammel Mønt 2-4, 1117 København K

CVR no. 24 21 62 09

Annual report 2023/24

Approved at the Company's annual general meeting on 10 September 2024

Chair of the meeting:

.....
Martin Buhl Svanum

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of IO Interactive A/S for the financial year 1 April 2023 - 31 March 2024.

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 of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024.

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

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

Copenhagen, 10 September 2024
Executive Board:

.....
Hakan B. Abrak

Board of Directors:

.....
Peter Mollerup
Chairman

.....
Hakan B. Abrak

.....
Christian Ole Elverdam

Independent auditor's report

To the shareholders of IO Interactive A/S

Opinion

We have audited the financial statements of IO Interactive A/S for the financial year 1 April 2023 - 31 March 2024, 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, the financial statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 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 the 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 Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on 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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 September 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder
State Authorised Public Accountant
mne21337

Martin Fuglkjær Kristensen
State Authorised Public Accountant
mne51046

Management's review

Company details

Name	IO Interactive A/S
Address, Postal code, City	Gammel Mønt 2-4, 1117 København K
CVR no.	24 21 62 09
Registered office	København
Financial year	1 April 2023 - 31 March 2024
Board of Directors	Peter Møllerup, Chairman Hakan B. Abrak Christian Ole Elverdam
Executive Board	Hakan B. Abrak
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2023/24	2022/23	2021/22	2020/21	2019/20
Key figures					
Revenue	281,477	713,465	588,406	502,467	212,803
Operating profit/loss	47,047	388,477	244,652	339,876	17,598
Net financials	22,181	-22,374	10,822	-4,621	-2,764
Profit for the year	55,609	284,371	200,380	268,809	11,591
Balance sheet					
Total assets	1,096,953	1,011,358	862,893	621,972	154,679
Investments in property, plant and equipment	3,501	2,529	5,719	1,715	607
Share capital	657	657	657	657	657
Equity	913,899	859,148	574,776	375,052	106,243
Financial ratios					
Return on assets	4.5%	41.5%	33.0%	87.5%	11.8%
Current ratio	606.5%	728.8%	245.8%	213.7%	241.4%
Equity ratio	83.3%	84.9%	66.6%	60.3%	68.7%
Return on equity	6.3%	39.7%	42.2%	111.7%	11.5%

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

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Average assets}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

Financial highlights for 2022/23 and 2021/22 have been changed due to correction of error prior years. We refer to accounting policies for more information.

Management's review

Business review

IO Interactive (IOI) develops, publishes, and markets computer games in the global market.

The mission is to develop world class computer games, based on its originally developed characters, universes and concepts and its proprietary technology.

IOI primarily works on its own Intellectual Property Rights (IP) with the exception of high profile licensed IPs.

Financial review

The income statement for 2023/24 shows a profit of DKK 55,609 thousand against a profit of DKK 284,371 thousand last year, and the balance sheet at 31 March 2024 shows equity of DKK 913,899 thousand. This is more positive than we had anticipated given the investments in new products.

Revenue was expected to be DKK 100 to 150 million before the change in recognizing revenue for one contract as described below. Revenue was realized at DKK 171 million (DKK 281 million after the change) which is slightly higher than expected. Profit before tax before the mentioned change was expected to be a loss between DKK 10-50 million. This is realized with a profit of DKK 50 million (DKK 69 million after the change). FY24 revenue and profit are higher than the expectations due to "World of Assassination" (WOA) and Backlog performing better than expectation. The celebrity program initiatives for Hitman WOA have been particularly successful.

IO Interactive has not released any new major products this fiscal, as we are focusing on ongoing long term productions cycles.

Sales related to the back catalogue performed above the sales budgets. This is due to ongoing initiatives to keep Hitman 1, 2 and 3 relevant through frequent patches and updates. We have also Hitman part 1 on offer outside the WOA collection now, which has served successfully as a driver for new gamers that then have upgraded to the full WOA collection. The ongoing free celebrity program is helping us to keep a very high activity on monthly basis with players.

The balance sheet as per 31st March 2024 shows equity of DKK 914 million. Management considers the result for the year to be satisfactory.

Just like last year FY24 has also been has been a year with development focus for IO Interactive. However, we are still driving sales on catalogue and focusing our attention on our internal productions. and external partnerships. We are happy to see that our fans and community are still engaging with WOA. We will predominantly be focusing on our bigger productions in the coming years; however, we do expect, next to driving catalogue sales that we will have a potential opportunity to launch a new "game mode" offering closely related to WOA. Overall, despite planned activities, that production investments will have an impact on IO free cash.

In prior years a Contract has been accounted for as a development-project and costs to fulfill the contract has been capitalized and received payments related to this has been presented as prepayments. It has been established that the contract has been misinterpreted and do not fulfill the requirements for recognizing as a development project. Recognized asset and prepayments has therefore been adjusted to expenses and revenue. Comparatives and financial highlights have been corrected. The effect for equity at April 1, 2022 is DKK 9 million. We refer to accounting policies for more information.

Management's review

Non-financial matters

The negotiations with partners from last fiscal have been concluded successfully. While there is an increased investment in our projects, there is also more control and upside to be had. The management deem this to be a very satisfactory outcome that further supports IOI's strong independent status as a successful global game company.

Knowledge resources

IO Interactive has started a new subsidiary in Brighton, UK - named IOI Brighton. The new company is fully owned by IO Interactive A/S.

Attracting and retaining highly talented employees is a strategic important focus area. IOI will continue to make significant investments in recruitment and further development of its employees. IOI Brighton is an important part of this investment, opening for talent recruitment in the UK where there is a lot of talent.

Product and business diversification including internal growing pains

It is still a long-term strategic goal for IOI to diversify the product portfolio by developing new games that cater to audiences different from the fans of the Hitman franchise.

Despite the enormous challenge of being a multi project AAA studio, we are happy with the progress we are seeing on both the James Bond and the Fantasy project. The addition of talent from the Brighton studio is really helping on our endeavours. We feel the talent we successfully attract through the five studios and the evolution of our pipelines and technology to welcome new competitive game features create a good foundation for us for not only delivering the upcoming titles, but also growth and the competitive edge for IOI many years to come.

Financial risks and use of financial instruments

It has been a long-term strategic goal for IOI to diversify the product portfolio by developing new games that cater to audiences different from the fans of the Hitman franchise. Becoming a multi project studio again and growing across multiple countries is bringing equal opportunities and challenges.

The products in question are still the minor activities on the Hitman Franchise next to our major projects James Bond & fantasy project. The latter two are done in collaboration with external partners on publishing and financing side. These projects involve higher risks and are of course very challenging to realize from both creative and talent perspective.

Research and development activities

It is an important competitive factor for IOI to be at the forefront of game technology and new innovative game features.

Therefore, IO Interactive will continue to invest substantially in research and development of our own game engine technology, modernizing it with new systems like animation, rendering technology and alike.

Management's review

Outlook

As mentioned under the financial review, we are looking into the coming years with further investment into development of our two big development projects. This of course will have an impact on both revenue and profit before tax in FY25. However, we are encouraged about the continuous growth of WOA which does give us opportunities for more exciting content and game modes closely linked to that universe. Furthermore, IOI is looking into expanding its products to be on other platforms like mobile devices. The ambition is to have our games accessible anywhere.

We are also looking into expanding our business beyond developing and publishing our own products to publish external productions working with great like minded developers that we believe in. The revenue in FY25 is expected to be somewhere between DKK 250 to 300 million, and loss before tax is expected to be DKK 40-50 million.

Events after the balance sheet date

No events materially affecting IOI's financial position have occurred after the financial year end.

Data ethics

The company's data ethics policy rest on four main principles:

- Company shall only process the personal data of customers, employees, and partners to the extent that necessary legal basis is established
- Any processing of personal data shall be transparent for the data subject
- Personal data shall be protected and only used for internal purposes
- The collection of personal data shall not exceed what is necessary, and the purposes for processing shall be clearly defined

The company ensures that employees and partners contribute to an ethical and responsible processing of all personal information and data. Accordingly, the company is continuously instructing the employees in data ethics and data security, and ensures that employees and partners have signed an appropriate duty of confidentiality.

The management shall continuously assess if the policy needs revision. Additionally, the direction is responsible for the implementation of the policy in the company's day to day operation, and for an ongoing apprise of the work with data ethics.

Statutory CSR report

The following constitutes IO Interactive's statutory report on corporate responsibility, as per §99a of the Danish Financial Statement Act.

Business model:

IO Interactive (IOI) is a developer and publisher of AAA computer games for the global market. The mission is to develop and publish world class computer games, based on IOI's originally developed characters, universes and concepts and its proprietary technology. IO Also develop games based on high-profile licensed IPs.

Human Rights:

In general, the video game industry prioritizes inclusion, equity, and diversity, recognizing that diverse teams create entertainment that resonates with a broad and diverse audience. Accordingly, IO Interactive is committed to preventing discrimination and bias, fostering a safe environment for all. Our focus areas for 2023/2024 in terms of DEI and human rights are outlined below.

Management's review

Diversity:

There is a positive trend of increasing hires of women and non-binary individuals across the industry. According to Dataspelebranchens annual survey, 44% of new hires in the Swedish market identify as women or non-binary. At IO Interactive, the percentage for 2023/2024 stands at 28%. Although this is not fully aligned with the broader trend, it surpasses our internal benchmarks from previous years, indicating improvement in recruiting and retaining women and non-binary employees. It's noteworthy that the 44% figure from the Swedish report encompasses all game development sectors, whereas AAA development, where IO Interactive operates, typically has lower rates of female/non-binary developers.

Currently, the industry average is around 23% female/non-binary employees, and IOI's figure stands at 22%. By maintaining our efforts in recruitment and retention, we aim to continue increasing this representation.

Women and non-binary employees are more frequently found in arts and design roles than in programming. At IO Interactive, 17% of our arts and design employees and 9% of our programming staff are women or non-binary, matching the industry standard. We continue to face challenges in finding female/non-binary programmers, a topic further discussed under the Inclusion section where we highlight our efforts to empower the next generation of female and non-binary talent.

In the three out of five of the regions where our studios are located (Sweden, Spain, and the United Kingdom), female/non-binary representation exceeds 20% (Game Developer Index)."

While diversity encompasses more than gender, gender distribution remains a significant challenge for the industry and thus is a primary focus for DEI at IO Interactive.

Social and Employee Conditions:

A high turnover rate of top industry talent, which IOI invests heavily in recruiting and keeping, poses a material risk. Therefore, focusing on social and employee conditions is a priority for IOI.

Continuing our efforts from previous years, IOI monitors responses to our weekly engagement survey, which includes specific questions about corporate responsibility and misconduct reporting. We are pleased with the results, indicating that equity and fair treatment are trusted by our employees. In the fiscal year, we introduced a Whistleblower scheme to enhance the ways employees can report significant misconduct.

Our people managers play a crucial role in ensuring equal opportunities by overseeing salary, advancement, and individual progression. Our HR department supports this by creating salary reports benchmarked both internally and externally. This ensures an equitable salary review process.

Our recruitment system empowers us to have unbiased initial screenings by anonymising the names of the candidates, eliminating potential discrimination.

For our games, we proactively address accessibility, making conscious decisions to enhance game accessibility. We have dedicated personnel to promote and work on accessibility, including spreading knowledge, engaging with the community, and hosting sessions with external experts such as blind gamers.

Inclusion:

IO Interactive actively ensures that employees feel included and that we continue to attract and retain talent with the skills to make a difference. Our culture and focus on inclusion remain high priorities.

Externally, we work with GEM (Game Empowerment Movement) in Sweden, collaborate with the IT University of Denmark, and participate on boards of multiple schools to empower minorities in the games industry.

Internally, our Employee Resource Groups (ERGs), established in 2022, provide communities for employees with similar backgrounds, genders, or identities. These groups offer feedback and inspiration for company development, ensuring all employees feel equally treated. An initiative from this collaboration is a Pride-oriented game jam, demonstrating our commitment to including minorities and promoting diversity while focusing on our core business and objectives.

IOI will continue to measure engagement and employee satisfaction and will continue to drive and implement relevant initiatives.

Management's review

Anti-Corruption:

Most of our partners and suppliers are in the EU, UK, or US, where the risk of corruption is relatively low. Therefore, the most significant risk is assessed to be outside these areas.

We have a zero-tolerance stance against any form of corruption, including bribery, extortion, kickbacks, and facilitation payments, and prohibit engagement in such activities by employees.

In this fiscal (first quarter of 2024), a central procurement function was established, led by an experienced specialist, ensuring centralized procurement processes. All supplier agreements undergo legal and financial review before being signed by the COO. As of July 2024, there have been no corruption cases.

We are closely monitoring if further policies, due diligence or controls are needed. We do not believe this is currently the case.

Environmental and Climate Issues:

Emissions and climate impact have long been focus areas for IO Interactive, recognizing the impact that the technology, entertainment, and gaming industry poses to the climate.

Approximately 1% of IOI's total emissions come from Scope 1 and 2. Our current focus is on Scope 3 upstream emissions, mainly related to travel. We have in this fiscal year implemented travel system that will provide detailed emissions data, enabling us to take specific measures to reduce or compensate for these emissions.

We have identified scope 3 downstream, accounting from around 93% as the biggest material risk. This is related to customer use, distribution from online game stores, and cloud services (Azure) from Microsoft used for the games. While challenging to impact, IOI has in this fiscal started partnering with Teknologisk Institut and Vision Denmark in project to better quantify and influence these emissions and follows best practices from Sweden and Finland (Neogames).

Our expectation for the next two years is to have more transparency into actual emission data for the cloud services from Microsoft Azure. We also expect a significant reduction in these emissions as Microsoft's plan is for all their data centres to be powered by 100% green energy.

The shift to digital distribution is believed to reduce the carbon footprint compared to physical products, though server and hardware operations still require significant resources. We are actively working to understand and improve in this area.

Report on the gender composition of Management

The following constitutes IO Interactive's statutory report on gender distribution in management, as per §99b of the Danish Financial Statement Act.

Overview

	2023/24	2022/23
<i>Supreme governing body</i>		
Total number of members	3	3
Underrepresented gender in %	0	0
Target figure in %	25	25
Year in which the target figure is expected to be met	2025	2025
<i>Other levels of management</i>		
Total number of members	20	18
Underrepresented gender in %	30	28
Target figure in %	40	40
Year in which the target figure is expected to be met	2026	2026

Management's review

Supreme governing body

The current Board of Directors consists of three members, with 0% representing the underrepresented gender (female). It is IOI's goal to reach 25% representation of the underrepresented gender by 2025.

As no changes were made to the Board composition in the current financial year, the existing members, selected based on their extensive experience, expertise, and alignment with the company's strategic needs, remained unchanged

It has been decided to expand the board by adding a fourth member, and we have actively been recruiting for this position. The new member is expected to be voted onto the board during FY25, bringing the representation of the underrepresented gender to our goal of 25%

Other levels of management

Included in Other Management Levels are the first level of management, which includes members of the Executive Board. The other level of management includes persons with managerial responsibility who report directly to the first level of management. The current management on this level consist of 20 employees whereas 30% constitute the underrepresented gender. It is IOI's goal to reach 40% of the underrepresented gender by 2026.

Policy and Action taken:

We are committed to fostering an inclusive workplace culture that ensures equal opportunities for all genders. We strive to achieve gender balance across all levels of management, with the goal of increasing the representation of the underrepresented gender.

We have in FY24 continued to implement initiatives to increase the number of applications from female/non-binary candidates for all level of positions within the company, including leadership roles at all levels. We believe that increasing the pool of talent is the strongest driver for hiring more female/non-binary talent. We also support initiatives to increase female/non-binary talent in the gaming industry in general.

In FY24, we continued to focus on our female/non-binary talent in our employer branding. Externally, we work with GEM (Game Empowerment Movement) in Sweden, collaborate with the IT University of Denmark, and participate on the boards of multiple schools to empower minorities in the games industry.

To ensure female/non-binary talent thrives and has equal opportunities at IOI, we established an Employee Resource Group for women and non-binary employees in FY24. The purpose of this group is to provide a community and offer feedback and suggestions to the leadership.

Financial statements 1 April 2023 - 31 March 2024

Income statement

Note	DKK'000	2023/24	2022/23
3	Revenue	281,477	713,465
	Work performed for own account and capitalised	55,310	20,108
	Other operating income	60	0
4	Other external expenses	-92,640	-121,271
	Gross profit	244,207	612,302
5	Staff costs	-136,145	-148,918
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-60,955	-74,907
	Profit before net financials	47,107	388,477
	Income from investments in group enterprises	6,381	2,678
6	Financial income	18,893	3,027
	Financial expenses	-3,093	-28,079
	Profit before tax	69,288	366,103
7	Tax for the year	-13,679	-81,732
	Profit for the year	55,609	284,371

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK'000	2023/24	2022/23
	ASSETS		
	Fixed assets		
9	Intangible assets		
	Completed development projects	15,661	51,902
	Acquired intangible assets	18,247	30,401
	Development projects in progress and prepayments for intangible assets	263,034	109,170
		<u>296,942</u>	<u>191,473</u>
10	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	5,204	4,141
	Leasehold improvements	1,256	1,892
		<u>6,460</u>	<u>6,033</u>
11	Investments		
	Investments in group enterprises	17,336	6,125
		<u>17,336</u>	<u>6,125</u>
	Total fixed assets	<u>320,738</u>	<u>203,631</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	51,590	184,759
	Receivables from group entities	65,080	9,336
	Other receivables	11,856	6,772
		<u>128,526</u>	<u>200,867</u>
12	Cash	647,689	606,860
	Total non-fixed assets	<u>776,215</u>	<u>807,727</u>
	TOTAL ASSETS	<u><u>1,096,953</u></u>	<u><u>1,011,358</u></u>

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK'000	2023/24	2022/23
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	657	657
	Net revaluation reserve according to the equity method	11,443	5,920
	Reserve for development costs	217,382	125,636
	Retained earnings	435,917	726,935
	Dividend proposed	248,500	0
	Total equity	913,899	859,148
	Provisions		
14	Deferred tax	55,063	41,385
	Total provisions	55,063	41,385
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	8,101	4,041
	Payables to group entities	59,393	0
	Corporation tax payable	29,247	71,078
	Other payables	31,250	35,706
		127,991	110,825
	Total liabilities other than provisions	127,991	110,825
	TOTAL EQUITY AND LIABILITIES	1,096,953	1,011,358

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- 2 Events after the balance sheet date
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- 17 Security and collateral
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Financial statements 1 April 2023 - 31 March 2024

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Dividend proposed	Total
	Equity at 1 April 2022	657	3,242	105,813	455,503	0	565,215
	Adjustment of equity through corrections of errors	0	0	-29,740	39,301	0	9,561
	Adjusted equity at 1 April 2022	657	3,242	76,073	494,804	0	574,776
8	Transfer, see "Appropriation of profit"	0	2,678	93,334	188,359	0	284,371
	Equity at 1 April 2023	657	5,920	199,147	653,424	0	859,148
	Adjustment of equity through corrections of errors	0	0	-73,511	73,511	0	0
	Adjusted equity at 1 April 2023	657	5,920	125,636	726,935	0	859,148
8	Transfer, see "Appropriation of profit"	0	6,381	91,746	-291,018	248,500	55,609
	Adjustment of investments through foreign exchange adjustments	0	-858	0	0	0	-858
	Equity at 31 March 2024	657	11,443	217,382	435,917	248,500	913,899

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies

The annual report of IO Interactive A/S for 2023/24 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of IO Interactive A/S are included in the consolidated financial statements of Greater Bag of Holding ApS, Gammel Mønt 2. 1117 Copenhagen, Denmark, (reg. no. 40648321)

Except from the below, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

The company has changed the classification of capitalized staff cost from staff cost to Work performed for own account and capitalized. The classification has no effect on the profit before tax. Comparison figures has been corrected as well.

Material misstatements

In prior years a Contract has been accounted for as a development-project and costs to fulfill the contract has been capitalized and received payments related to this has been presented as prepayments.

It has been established that the contract has been misinterpreted and do not fulfill the requirements for recognizing as a development project. Recognized asset and prepayments has therefore been adjusted to expenses and revenue. This has affected the financial statements for 2021/22 and 2022/23. Comparatives and financial highlights have been corrected.

The effect for equity at April 1, 2022 is DKK 9,561 thousand.

Effect for comparatives 2022/23 in DKK thousand:

- Revenue; increase with 77,345
- Other External cost; increase with 12,257
- Tax; Increase with 4,670
- Profit for the Year: Increase with 16,558
- Intangible Asssts: Decrease with 94,245
- Prepayments: Decrease with 127,731
- Deferred Tax: Decreased with 20,733
- Corporate tax payables: increase with 28,100
- Equity: Increase with 26,120.

Effect for financial highlights 2022/23 in percentage:

- Return on assets: Changed from 36.6 to 41.5
- Current ratio: Changed from 383.8 to 728.8
- Equity ratio: Changed from 75.3 to 84.9
- Return on equity: Changed from 38.3 to 39.7

Further, the following financial highlights have also been corrected:

- Operating profit; Increase 21,228
- Profit for the year; Incease with 16,558
- Total assets; Decrease with 94,245.

Effect for financial highlights 2021/22 in percentage:

- Return on assets: Changed from 30.2 to 33
- Current ratio: Unchanged
- Equity ratio: Changed from 62.7 to 66.6
- Return on equity: Changed from 40.1 to 42.2

Further, the following financial highlights 2021/22 have also been corrected:

- revenue; Increase with 50,386
- Operating profit; Increase 14,529
- Profit for the year; Incease with 11,428
- Total assets; Decrease with 38,128
- Equity; increase with 9,561.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the Company is prepared as the Company's cash flows are part of the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Income from the rendering of services, is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Licence and royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Work performed for own account and capitalised

Work performed on own account and risk and recognised as assets includes staff costs regarding work performed in the financial year in relation to the construction of one or more assets recognised in the balance sheet.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to development, sale, advertising, administration, premises, payments under operating leases, etc.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/ depreciation

The item comprises depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on an expected revenue adjusted basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3 years
Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years

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 the 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.

Profit/ loss from investments in group entities

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.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Acquired intangible assets include trademarks and licences.

Acquired intangible assets are measured at cost less accumulated amortisation and impairment losses.

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

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

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

On completion of a development project, development costs are amortised based on expected future sales. The amortisation period is usually 3 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments.

Leases that do not transfer substantially all the risks and rewards incident to ownership to the entity are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies.

Investments in group entities

Equity investments in group entities are measured according to the equity method. The Company has chosen to consider the equity method a consolidation method.

On initial recognition, equity investments in group entities are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

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 for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Dividend received is deducted from the carrying amount.

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

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

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

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Cash

Cash comprises cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the 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 goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition 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 is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 Financial instruments: Recognition and measurement as interpretation for recognition and measurement of liabilities.

Other liabilities are measured at net realisable value.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

2 Events after the balance sheet date

No events materially affecting IOI's financial position have occurred after the financial year end.

DKK'000	2023/24	2022/23
3 Segment information		
Breakdown of revenue by geographical segment:		
Europe	65,037	286,254
America	182,178	293,626
Others	34,262	133,585
	<u>281,477</u>	<u>713,465</u>

The Company only operates within one business segment.

4 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Greater Bag of Holding ApS.

DKK'000	2023/24	2022/23
5 Staff costs		
Wages/salaries	131,527	144,561
Pensions	4,261	4,003
Other social security costs	357	354
	<u>136,145</u>	<u>148,918</u>
Average number of full-time employees	<u>157</u>	<u>156</u>

Total remuneration to Management and board: DKK 7,966 thousand (2022/23: DKK 4,284 thousand)

6 Financial income

Interest receivable, group entities	1,089	58
Other financial income	17,804	2,969
	<u>18,893</u>	<u>3,027</u>

7 Tax for the year

Estimated tax charge for the year	0	43,246
Deferred tax adjustments in the year	13,679	38,486
	<u>13,679</u>	<u>81,732</u>

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000			2023/24	2022/23
8 Appropriation of profit				
Recommended appropriation of profit				
Proposed dividend recognised under equity			248,500	0
Net revaluation reserve according to the equity method			6,381	2,678
Other statutory reserves			91,746	93,334
Retained earnings/accumulated loss			-291,018	188,359
			<u>55,609</u>	<u>284,371</u>
9 Intangible assets				
	Completed development projects	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
DKK'000				
Cost at 1 April 2023	498,389	36,735	109,170	644,294
Additions	0	0	163,301	163,301
Transferred	9,437	0	-9,437	0
Cost at 31 March 2024	<u>507,826</u>	<u>36,735</u>	<u>263,034</u>	<u>807,595</u>
Impairment losses and amortisation at 1 April 2023	446,487	6,334	0	452,821
Amortisation for the year	<u>45,678</u>	<u>12,154</u>	<u>0</u>	<u>57,832</u>
Impairment losses and amortisation at 31 March 2024	<u>492,165</u>	<u>18,488</u>	<u>0</u>	<u>510,653</u>
Carrying amount at 31 March 2024	<u>15,661</u>	<u>18,247</u>	<u>263,034</u>	<u>296,942</u>

Development projects in progress

Development projects in progress include development of future game releases. The related expenses primarily consist of internal expenses in the form of staff costs.

When investing in development of games an initial salesbudget is drafted to make sure it is a profitable investment. Management continuously follow up on the progress to make sure the plan is being followed. Furthermore it is considered that the company has the intentions and means to finalize the development projects in progress.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

10 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 April 2023	21,683	10,095	31,778
Additions	3,501	0	3,501
Cost at 31 March 2024	25,184	10,095	35,279
Impairment losses and depreciation at 1 April 2023	17,542	8,203	25,745
Depreciation	2,438	636	3,074
Impairment losses and depreciation at 31 March 2024	19,980	8,839	28,819
Carrying amount at 31 March 2024	5,204	1,256	6,460

11 Investments

DKK'000	Investments in group enterprises
Cost at 1 April 2023	205
Additions	5,688
Cost at 31 March 2024	5,893
Value adjustments at 1 April 2023	5,920
Foreign exchange adjustments	-858
Profit/loss for the year	6,381
Value adjustments at 31 March 2024	11,443
Carrying amount at 31 March 2024	17,336

Group entities

Name	Domicile	Interest
IO Interactive AB	Malmö, Sweden	100.00%
IOI Barcelona S.L.	Barcelona, Spain	100.00%
IOI Istanbul LS	Istanbul, Turkey	100.00%
IOI Brighton Ltd	Brighton, England	100.00%

12 Cash

Of the company's total Cash, DKK 82,397 thousand are tied up in an account for 6 months, to meet the production needs 6 months ahead.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000	2023/24	2022/23
13 Share capital		
Analysis of the share capital:		
525,501 A shares of DKK 1.00 nominal value each	526	526
131,250 B shares of DKK 1.00 nominal value each	131	131
	<u>657</u>	<u>657</u>

The Company's share capital has remained DKK 657 thousand over the past 5 years.

14 Deferred tax		
Deferred tax relates to:		
Intangible assets	65,327	34,763
Property, plant and equipment	-736	6,622
Tax loss	-9,528	0
	<u>55,063</u>	<u>41,385</u>

15 Derivative financial instruments

Fair values

The fair value of the below financial instruments deviates from the value recognised in the Company's balance sheet at 31 March 2024.

Fair value disclosures

The Company has the following assets and liabilities measured at fair value:

DKK'000	FX contracts
Fair value at year end	208
Unrealised fair value adjustments for the year, recognised in the income statement	1,135

16 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2023/24	2022/23
Rent and lease liabilities	<u>3,773</u>	<u>8,548</u>

The Company is jointly taxed with the group company Greater Bag of Holding ApS, which acts as management company. The Company has limited and alternative liability together with other jointly taxed group entities for payment of income taxes and withholding taxes.

17 Security and collateral

The Company has not placed any assets or other as security for loans at 31 March 2024.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

18 Related parties

IO Interactive A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Greater Bag of Holding ApS	Copenhagen, Denmark	Participating interest

Related party transactions

IO Interactive A/S was engaged in the below related party transactions:

DKK'000	<u>2023/24</u>	<u>2022/23</u>
Purchases of development services	114,374	65,583
Payables to group enterprises	-59,393	0
Receivables from group enterprises	65,080	9,336

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Peter Mollerup

Chairman

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Martin Buhl Svanum

Chair of meeting

Serienummer: 09a932bf-6332-43d8-8589-ce9172b02f8d

IP: 62.116.xxx.xxx

2024-09-12 12:34:44 UTC



Christian Ole Elverdam

Board of Directors

Serienummer: b1d86c47-322e-4799-9f35-e5759c986dfb

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Hakan Bent Abrak

Executive

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2024-09-15 10:12:07 UTC



Hakan Bent Abrak

Board of Directors

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Martin Fuglkjær Kristensen

Statsaut. revisor

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Birgit Morville Schrøder

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