

IO Interactive A/S

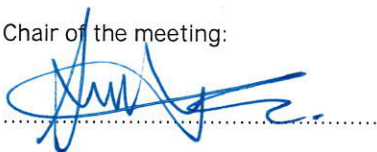
Gammel Mønt 2 - 4, 1117 København K

CVR no. 24 21 62 09

Annual report 2020/21

Approved at the Company's annual general meeting on 1 October 2021

Chair of the meeting:



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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 2020 - 31 March 2021.

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

In our 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 Company at 31 March 2021 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 April 2020 - 31 March 2021.

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

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

Copenhagen, 1 October 2021
Executive Board:



[Hakan B. Abrak \(Oct 1, 2021 13:19 GMT+2\)](#)

Hakan Bent Abrak

Board of Directors:



Christian Ole Elverdam
Chair



[Hakan B. Abrak \(Oct 1, 2021 13:19 GMT+2\)](#)

Hakan Bent Abrak



Peter Mollerup

Independent auditor's report

To the shareholders of IO Interactive A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of IO Interactive A/S for the financial year 1 April 2020 - 31 March 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our 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 March 2021, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2020 - 31 March 2021 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 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:

Independent auditor's report

- ▶ 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.

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.

Independent auditor's report

Report on other legal and regulatory requirements

Non-compliance with the provisions of Danish law regarding shareholder loans

The Company has granted a loan to one of its shareholders, thus breaching section 210 of the Danish Companies Act, and Management may incur liability in this respect.

Copenhagen, 1 October 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Alex Petersen
State Authorised Public Accountant
mne28604

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
Established	1 November 1990
Registered office	København
Financial year	1 April 2020 - 31 March 2021
Website	www.ioi.dk
E-mail	ioi@ioi.dk
Board of Directors	Christian Ole Elverdam, Chair Hakan Bent Abrak Peter Møllerup
Executive Board	Hakan Bent Abrak
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	502,586	212,814	153,206	120,823	210,634
Operating profit/loss	343,598	17,761	20,699	51,653	4,652
Net financials	-4,804	-2,801	569	853	357
Profit for the year	270,676	11,591	16,416	40,926	3,925
Balance sheet					
Total assets	626,869	235,724	359,625	121,536	60,082
Investment in property, plant and equipment	-3,521	-789	-750	-1,475	0
Share capital	657	657	657	657	657
Equity	376,920	106,244	94,653	78,237	34,658
Financial ratios					
Operating margin	68.4%	8.3%	14.1%	42.7%	2.2%
Current ratio	212.0%	134.4%	110.6%	161.1%	0.0%
Equity ratio	60.1%	45.1%	26.3%	64.4%	57.7%
Return on equity	112.0%	11.5%	19.0%	72.5%	12.0%
Other figures					
Average number of employees	158	143	121	134	182

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

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management's review

Business review

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.

Financial review

The income statement for 2020/21 shows a profit of DKK 270,676 thousand against a profit of DKK 11,591 thousand last year, and the group's balance sheet at 31 March 2021 shows equity of DKK 376,920 thousand.

IO Interactive released "HITMAN 3", the last game in the latest Hitman trilogy, in Jan 2021. The game has earned 300% of the initial sales budget, playing a significant role in FY21 being above target performance.

Sales related to the Hitman back-catalogue has also overperformed compared to sales budgets. This is due to new initiatives to make titles available on new platforms and synergies between HITMAN 1, 2 and 3. The Covid-19 situation has also had a positive effect on sales throughout the gaming industry.

The group's balance sheet as per 31st March 2021 shows equity of DKK 376,920 thousand. Management considers the result for the year to be highly satisfactory.

FY21 has been the strongest year for IO Interactive so far. The successful release of HITMAN 3 and an excellent performance on sales is a significant achievement in FY21. Hitman 3 is the most critically acclaimed of the three games in the trilogy. It has been developed, financed and published by IO Interactive, which means IO Interactive has been able to leverage its strong community directly. It also means that all revenue has gone directly to IO Interactive with no cuts to external financiers or publisher. Great partnerships with platforms have also helped exceeding our target for HITMAN 3 sales.

Non-financial matters

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.

IOI has started two new projects, therefore the following three projects are currently in active development:

- Live content for HITMAN 3, including premium extensions to the game
- Project 007 (James Bond)
- Unannounced new game

IO Interactive has been successful in publishing HITMAN 3 and will continue to invest in and develop this business area.

Knowledge resources

IO Interactive has started a new subsidiary in Barcelona, Spain - named IOI Barcelona. 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 Barcelona is an important part of this investment.

Management's review

Financial risks and use of financial instruments

A new wave of COVID-19 infections, causing an extensive work from home mandate, is a risk for the projects. Current projects require extensive conceptual work, which is best done when people can meet and work together physically.

The current plans and projects are relying on a significant increase in staffing. Ensuring proper relocation, on-boarding and integration of new employees is more difficult if most staff must work from home

Research and development activities

It is an important competitive factor for IOI to be at the forefront of game technology. Therefore, IO Interactive will continue to invest substantially in research and development of game engine technology.

Events after the balance sheet date

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

Outlook

The revenue in FY22 is expected to be somewhere between DKK 200,000 to 250,000 thousand.

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Income statement

Note	DKK'000	Group		Parent company	
		2020/21	2019/20	2020/21	2019/20
	Revenue	502,586	212,814	502,467	212,814
	Other external expenses	-41,940	-43,233	-57,026	-47,046
	Gross profit	460,646	169,581	445,441	165,768
2	Staff costs	-51,543	-50,279	-37,956	-46,718
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-65,505	-101,541	-65,216	-101,452
	Profit before net financials	343,598	17,761	342,269	17,598
	Income from investments in group enterprises	0	0	901	25
3	Financial income	0	-340	113	-315
	Financial expenses	-4,804	-2,461	-4,734	-2,448
	Profit before tax	338,794	14,960	338,549	14,860
4	Tax for the year	-68,118	-3,369	-67,873	-3,269
	Profit for the year	270,676	11,591	270,676	11,591

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Balance sheet

Note	DKK'000	Group		Parent company	
		2020/21	2019/20	2020/21	2019/20
		ASSETS			
		Fixed assets			
5	Intangible assets				
	Completed development projects	146,881	53,345	146,881	53,345
	Acquired intangible assets	0	4	0	4
	Development projects in progress and prepayments for intangible assets	55,120	34,760	55,120	34,760
		<u>202,001</u>	<u>88,109</u>	<u>202,001</u>	<u>88,109</u>
6	Property, plant and equipment				
	Fixtures and fittings, other plant and equipment	3,497	891	1,635	448
	Leasehold improvements	1,411	2,794	1,354	2,794
	Property, plant and equipment under construction	33	0	0	0
		<u>4,941</u>	<u>3,685</u>	<u>2,989</u>	<u>3,242</u>
7	Investments				
	Investments in group enterprises	0	0	1,301	400
		<u>0</u>	<u>0</u>	<u>1,301</u>	<u>400</u>
	Total fixed assets	<u>206,942</u>	<u>91,794</u>	<u>206,291</u>	<u>91,751</u>
	Non-fixed assets				
	Receivables				
	Trade receivables	146,761	37,948	146,761	37,948
	Receivables from group enterprises	0	0	0	365
	Corporation tax receivable	85	0	0	0
	Other receivables	14,689	10,123	14,452	9,909
8	Receivables from owners and Management	656	0	656	0
	Prepayments	527	539	0	0
		<u>162,718</u>	<u>48,610</u>	<u>161,869</u>	<u>48,222</u>
	Cash	<u>257,209</u>	<u>95,320</u>	<u>256,206</u>	<u>95,005</u>
	Total non-fixed assets	<u>419,927</u>	<u>143,930</u>	<u>418,075</u>	<u>143,227</u>
	TOTAL ASSETS	<u><u>626,869</u></u>	<u><u>235,724</u></u>	<u><u>624,366</u></u>	<u><u>234,978</u></u>

Consolidated financial statements and parent company financial statements 1 April 2020 -
31 March 2021

Balance sheet

Note	DKK'000	Group		Parent company	
		2020/21	2019/20	2020/21	2019/20
		EQUITY AND LIABILITIES			
		Equity			
9	Share capital	657	657	657	657
	Net revaluation reserve according to the equity method	0	0	1,265	364
	Reserve for development costs	0	0	157,560	68,725
	Retained earnings	375,607	105,587	216,782	36,498
	Dividend proposed	656	0	656	0
	Total equity	376,920	106,244	376,920	106,244
	Provisions				
10	Deferred tax	43,344	17,470	43,344	17,470
	Total provisions	43,344	17,470	43,344	17,470
	Liabilities other than provisions				
11	Non-current liabilities other than provisions				
	Other payables	8,487	4,893	8,487	4,893
		8,487	4,893	8,487	4,893
	Current liabilities other than provisions				
	Prepayments received				
	from customers	39,455	80,298	39,455	80,298
	Trade payables	9,937	3,764	6,683	3,088
	Payables to group enterprises	0	0	1,294	0
	Corporation tax payable	42,213	124	41,730	0
	Other payables	106,513	22,931	106,453	22,985
		198,118	107,117	195,615	106,371
		206,605	112,010	204,102	111,264
	TOTAL EQUITY AND LIABILITIES	626,869	235,724	624,366	234,978

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral
- 14 Related parties
- 15 Appropriation of profit

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Statement of changes in equity

		Group				
Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total	
	Equity at 1 April 2020	657	105,587	0	106,244	
	Transfer through appropriation of profit	0	270,020	656	270,676	
	Equity at 31 March 2021	657	375,607	656	376,920	

		Parent company					
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 2020	657	364	68,725	36,498	0	106,244
15	Transfer, see "Appropriation of profit"	0	901	88,835	180,284	656	270,676
	Equity at 31 March 2021	657	1,265	157,560	216,782	656	376,920

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Cash flow statement

Note	DKK'000	Group		Parent company	
		2020/21	2019/20	2020/21	2019/20
	Profit for the year	270,676	11,591	270,676	11,591
16	Adjustments	133,630	104,910	132,187	104,696
	Cash generated from operations (operating activities)	404,306	116,501	402,863	116,287
17	Changes in working capital	-61,757	-11,197	-62,808	-10,444
	Income taxes paid	0	-1,082	0	-1,106
	Cash flows from operating activities	342,549	104,222	340,055	104,737
	Additions of intangible assets	-177,139	-113,621	-177,139	-113,621
	Additions of property, plant and equipment	-3,521	-789	-1,715	-607
	Cash flows to investing activities	-180,660	-114,410	-178,854	-114,228
	Net cash flow	161,889	-10,188	161,201	-9,491
	Cash and cash equivalents at 1 April	95,320	105,508	95,005	104,496
	Cash and cash equivalents at 31 March	257,209	95,320	256,206	95,005

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies

The annual report of IO Interactive A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized 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 a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

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

Consolidated financial statements

Control

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

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

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 sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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.

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

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

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 amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
New line	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 from 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.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

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.

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

The Company and its Danish group entities are jointly taxed. 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.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

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

Development costs comprise expenses, salaries and amortisation directly or indirectly 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 on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence.

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.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

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 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.

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates 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. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

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

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 comprise 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 subsidiaries 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.

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

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".

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.

Other payables

Other payables are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

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

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

	Group		Parent company	
	2020/21	2019/20	2020/21	2019/20
DKK'000				
2 Staff costs				
Wages/salaries	166,351	80,888	152,864	77,356
Pensions	2,449	2,128	2,349	2,099
Other social security costs	307	292	307	292
Staff costs transferred to non-current assets	-117,564	-33,029	-117,564	-33,029
	<u>51,543</u>	<u>50,279</u>	<u>37,956</u>	<u>46,718</u>
Average number of full-time employees	<u>158</u>	<u>143</u>	<u>135</u>	<u>128</u>

Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group Management is not disclosed.

Parent company

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

	Group		Parent company	
	2020/21	2019/20	2020/21	2019/20
DKK'000				
3 Financial income				
Interest receivable, group entities	0	0	113	16
Other financial income	0	-340	0	-331
	<u>0</u>	<u>-340</u>	<u>113</u>	<u>-315</u>
4 Tax for the year				
Estimated tax charge for the year	42,618	100	42,373	0
Deferred tax adjustments in the year	25,500	3,269	25,500	3,269
	<u>68,118</u>	<u>3,369</u>	<u>67,873</u>	<u>3,269</u>

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

5 Intangible assets

DKK'000	Group			
	Completed development projects	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 April 2020	235,006	1,523	34,760	271,289
Additions	122,019	0	55,120	177,139
Transferred	34,760	0	-34,760	0
Cost at 31 March 2021	391,785	1,523	55,120	448,428
Impairment losses and amortisation at 1 April 2020	181,661	1,519	0	183,180
Amortisation for the year	63,243	4	0	63,247
Impairment losses and amortisation at 31 March 2021	244,904	1,523	0	246,427
Carrying amount at 31 March 2021	146,881	0	55,120	202,001

DKK'000	Parent company			
	Completed development projects	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 April 2020	235,006	1,523	34,760	271,289
Additions	122,019	0	55,120	177,139
Transferred	34,760	0	-34,760	0
Cost at 31 March 2021	391,785	1,523	55,120	448,428
Impairment losses and amortisation at 1 April 2020	181,661	1,519	0	183,180
Amortisation for the year	63,243	4	0	63,247
Impairment losses and amortisation at 31 March 2021	244,904	1,523	0	246,427
Carrying amount at 31 March 2021	146,881	0	55,120	202,001

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Group			Total
	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	
Cost at 1 April 2020	36,414	7,475	0	43,889
Additions	3,375	113	33	3,521
Cost at 31 March 2021	39,789	7,588	33	47,410
Impairment losses and depreciation at 1 April 2020	35,523	4,681	0	40,204
Depreciation	769	1,496	0	2,265
Impairment losses and depreciation at 31 March 2021	36,292	6,177	0	42,469
Carrying amount at 31 March 2021	3,497	1,411	33	4,941

DKK'000	Parent company			Total
	Fixtures and fittings, other plant and equipment	Leasehold improvements		
Cost at 1 April 2020	35,882	7,475		43,357
Additions	1,659	56		1,715
Cost at 31 March 2021	37,541	7,531		45,072
Revaluations at 1 April 2020	0	0		0
Revaluations at 31 March 2021	0	0		0
Impairment losses and depreciation at 1 April 2020	35,434	4,681		40,115
Depreciation	472	1,496		1,968
Impairment losses and depreciation at 31 March 2021	35,906	6,177		42,083
Carrying amount at 31 March 2021	1,635	1,354		2,989

7 Investments

DKK'000	Parent company
	Investments in group enterprises
Cost at 1 April 2020	36
Cost at 31 March 2021	36
Value adjustments at 1 April 2020	364
Profit/loss for the year	901
Value adjustments at 31 March 2021	1,265
Carrying amount at 31 March 2021	1,301

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

7 Investments (continued)

Parent company

Name	Domicile	Interest
Subsidiaries		
IO Interactive Malmö AB	Malmö, Sverige	100.00%

8 Receivables from owners and Management

The Company has incorrectly handled the intended distribution of dividend to one of the shareholders. The incorrect handling has resulted in a shareholder loan in an amount of DKK 656 thousand to one of the Company's shareholders during the financial year. The balance will be settled in connection with the distribution of dividends at the annual general meeting. The matter is therefore no longer applicable after the suggested and completed distribution at the annual general meeting.

DKK'000	Parent company	
	2020/21	2019/20
9 Share capital		
Analysis of the share capital:		
525,330 A shares of DKK 1.00 nominal value each	525	525
131,250 B shares of DKK 1.00 nominal value each	131	131
	656	656

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

DKK'000	Group		Parent company	
	2020/21	2019/20	2020/21	2019/20
10 Deferred tax				
Deferred tax relates to:				
Intangible assets	44,440	19,383	44,440	19,383
Property, plant and equipment	-1,096	-1,538	-1,096	-1,538
Tax loss	0	-375	0	-375
	43,344	17,470	43,344	17,470

11 Non-current liabilities other than provisions

DKK'000	Parent company			
	Total debt at 31/3 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	8,487	0	8,487	0
	8,487	0	8,487	0

Non-current liabilities consists of frozen holiday pay obligation, which the Company wasn't obligated to settle in 2021. hence the liability is classified as long-term, the liability has been paid to Feriefonden in 2021.

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

12 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
	2020/21	2019/20	2020/21	2019/20
DKK'000				
Rent and lease liabilities	6,178	12,055	5,839	11,740

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.

13 Collateral

Group

A company charge on the Company's assets on DKK 15,000 thousand has been put up as security for debt to mortgage credit institutions.

Parent company

A company charge on the Company's assets on DKK 15,000 thousand has been put up as security for debt to mortgage credit institutions.

14 Related parties

Group

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

Parties exercising control

Related party	Domicile	Basis for control
Greater Bag of Holding ApS	Copenhagen	Participating interest

Related party transactions

DKK'000	2020/21	2019/20
Group		
Receivables from owners and management	656	0
Parent Company		
Purchase of administrative services	18,037	5,925
Receivables from group enterprises	0	365
Payables to group enterprises	1,294	0
Receivables from owners and management	656	0

Consolidated financial statements and parent company financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

DKK'000	Parent company			
	2020/21		2019/20	
15 Appropriation of profit				
Recommended appropriation of profit				
Proposed dividend recognised under equity			656	0
Net revaluation reserve according to the equity method			901	25
Other statutory reserves			88,835	12,496
Retained earnings/accumulated loss			180,284	-930
			<u>270,676</u>	<u>11,591</u>

DKK'000	Group		Parent company	
	2020/21	2019/20	2020/21	2019/20
16 Adjustments				
Amortisation/depreciation and impairment losses	65,512	101,541	65,215	101,452
Income from investments in group entities	0	0	-901	-25
Tax for the year	68,118	3,369	67,873	3,269
	<u>133,630</u>	<u>104,910</u>	<u>132,187</u>	<u>104,696</u>
17 Changes in working capital				
Change in receivables	-114,263	-17,210	-113,916	-14,809
Change in trade and other payables	6,173	-2,009	3,595	-3,558
Other changes in working capital	46,333	8,022	47,513	7,923
	<u>-61,757</u>	<u>-11,197</u>	<u>-62,808</u>	<u>-10,444</u>






Annual Report 2020-21

Final Audit Report

2021-10-01

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