

IO Interactive Holdings A/S

c/o Bird & Bird Advokatpartnerselskab, Sundkrogsgade 21, 1., 2100, København Ø

CVR no. 27 68 23 24

Annual report 2020/21

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

Chair of the meeting:

DocuSigned by:
Chris Baylis
AFC014D291C8412...

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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 Holdings A/S for the financial year 1 April 2020 - 31 March 2021.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Board of Directors and the Executive Board have considered the criteria for omission of audit to be met.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

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

It is proposed to the annual general meeting that the financial statements for 2021/22 should not be audited.

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

Copenhagen, 1 October 2021
Executive Board:

DocuSigned by:

.....AFC014D291C8412.....
Christopher John Baylis

Board of Directors:

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.....9769A9038AF4489.....
Philip Timo Rogers

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Christopher John Baylis

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.....07E7C0C73DED496.....
Koichiro Hayashi

The general meeting has decided that the financial statements for the coming financial year will not be audited.

Independent auditor's report on the compilation of financial statements

To the general management of IO Interactive Holdings A/S

We have compiled the financial statements of IO Interactive Holdings A/S for the financial year 1 April 2020 - 31 March 2021 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

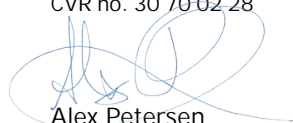
We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant ethical requirements in the Danish act on approved auditors and audit firms and FSR - Danish Auditors' code of ethics, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

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 Holdings A/S
CVR no.	27 68 23 24
Registered office	København
Financial year	1 April 2020 - 31 March 2021
Board of Directors	Philip Timo Rogers Christopher John Baylis Koichiro Hayashi
Executive Board	Christopher John Baylis
Accountant	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The company's purpose is to hold and invest in shares in accordance with the board of directors' detailed instruction and provide project management and user research services.

Financial review

The income statement for 2020/21 shows a loss of DKK 6,413 thousand against a loss of DKK 6,271 thousand last year, and the balance sheet at 31 March 2021 shows a negative equity of DKK 196,271 thousand.

The Company expects to receive a letter of comfort from the ultimate parent company in Japan. The parent company has indicated that it will support future operations and investments and provide the necessary liquidity to ensure that the Company can meet its financial obligations as they fall due.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end.

Financial statements 1 April 2020 - 31 March 2021

Income statement

Note	DKK'000	2020/21	2019/20
	Revenue	1,237	0
	Other external expenses	-77	-69
	Gross profit	1,160	-69
2	Staff costs	-1,151	0
	Profit/loss before net financials	9	-69
3	Financial expenses	-6,422	-6,202
	Profit/loss for the year	-6,413	-6,271
	Recommended appropriation of profit/loss	-6,413	-6,271
	Retained earnings/accumulated loss	-6,413	-6,271

Financial statements 1 April 2020 - 31 March 2021

Balance sheet

Note	DKK'000	<u>2020/21</u>	<u>2019/20</u>
	ASSETS		
	Fixed assets		
4	Investments		
	Other securities and investments	231	231
		<u>231</u>	<u>231</u>
	Total fixed assets	<u>231</u>	<u>231</u>
	Non-fixed assets		
	Receivables		
	Other receivables	14	0
		<u>14</u>	<u>0</u>
	Cash	697	492
	Total non-fixed assets	<u>711</u>	<u>492</u>
	TOTAL ASSETS	<u><u>942</u></u>	<u><u>723</u></u>

Financial statements 1 April 2020 - 31 March 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	113,600	113,600
	Share premium account	44,900	44,900
	Retained earnings	-354,771	-348,358
	Total equity	<u>-196,271</u>	<u>-189,858</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	80	0
	Payables to group enterprises	196,379	190,582
	Payables to shareholders and management	656	0
	Other payables	98	-1
		<u>197,213</u>	<u>190,581</u>
		<u>197,213</u>	<u>190,581</u>
	TOTAL EQUITY AND LIABILITIES	<u>942</u>	<u>723</u>

- 1 Accounting policies
- 6 Collateral
- 7 Related parties

Financial statements 1 April 2020 - 31 March 2021

Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Total
Equity at 1 April 2020	113,600	44,900	-348,358	-189,858
Transfer through appropriation of loss	0	0	-6,413	-6,413
Equity at 31 March 2021	<u>113,600</u>	<u>44,900</u>	<u>-354,771</u>	<u>-196,271</u>

The Company expects to receive a letter of comfort from the ultimate parent company in Japan. The parent company has indicated that it will support future operations and investments and provide the necessary liquidity to ensure that the Company can meet its financial obligations as they fall due.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies

The annual report of IO Interactive Holdings A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities including disclosure regarding investments.

Basis of recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts, which were previously recognised in the income 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. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

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 administration, 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.

Profit from investments in subsidiaries and associates

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 and associates are presented as separate line items in the income statement.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest 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.

Balance sheet

Other securities and investments

Investments not admitted to trading on an active market are measured at cost.

Impairment of fixed assets

The carrying amount of other securities and investments 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.

Financial statements 1 April 2020 - 31 March 2021

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

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

Other liabilities are measured at net realisable value.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

DKK'000	2020/21	2019/20
2 Staff costs		
Wages/salaries	1,054	0
Pensions	97	0
	<u>1,151</u>	<u>0</u>
Average number of full-time employees	<u>1</u>	<u>0</u>
3 Financial expenses		
Interest expenses, group entities	6,422	6,202
	<u>6,422</u>	<u>6,202</u>
4 Investments		
DKK'000		Other securities and investments
Cost at 1 April 2020		<u>579,140</u>
Cost at 31 March 2021		<u>579,140</u>
Value adjustments at 1 April 2020		<u>-578,909</u>
Value adjustments at 31 March 2021		<u>-578,909</u>
Carrying amount at 31 March 2021		<u>231</u>
DKK'000	2020/21	2019/20
5 Share capital		
Analysis of the share capital:		
113,600 shares of DKK 1,000.00 nominal value each	113,600	113,600
	<u>113,600</u>	<u>113,600</u>

The Company's share capital has remained DKK 113,600 thousand over the past 5 years.

6 Collateral

The Company has not provided any security or other collateral in assets at 31 March 2021.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

7 Related parties

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

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Square Enix Ltd. Parent company	240 Blackfriars Road SE 1 8 NW UK	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>
Square Enix Holdings Co., Ltd	Shinjuku eastside Square 6-27-30 Shinjuku Tokyo, Japan