

ANNUAL REPORT 2020



TROPHY GAMES

Trophy Games Development ApS, Højbro Plads 10, 1200 Copenhagen C, Denmark.
Company reg no. 29240299. Accounting period: 1. Jan- 31. Dec 2020.
Chairman of the meeting: Henning Aasmul-Olsen.
Date of approval: 27. Jan 2020.



OUR AIM

We strive to be the world's leading strategy game studio providing endless entertainment and challenging gameplay for all our players.

Using our own lifelong passion for games, **we seek to develop the most competitive, creative, innovative and profitable multiplayer games across all platforms** and to create games we want to play ourselves.



Asset:
Marketing image

Game:
Women's Soccer
Manager



CEO INTRODUCTION TO ANNUAL REPORT



2020 was a great year for Trophy Games, with 55% growth rate on revenue and 23% growth on EBITDA.

We were able to pick the fruits of our strong focus on data-driven optimization as well as the year was very successful for our marketing department.

Throughout the year we have continued to shape and develop the company towards the next level and, in addition to the great results on existing titles, 2020 was also a year where we invested heavily in upcoming games, which will shape the future.

Søren Gleie
CEO & Founder, Trophy Games Development



Asset:
League Trophy

Game:
Pro 11



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INTRODUCTION

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GOVERNANCE

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INTRODUCTION

Penneo dokumentnøgle: AIQ7Y-PEZVO-O64VS-NEH16-U78JZ-GU08D



WHO IS TROPHY GAMES

Trophy Games is an innovative, Denmark-based game studio that develops and publishes mobile and pc games.

The Company develops and publishes games with strategy and management challenges and predominantly focuses on football themed games. Recently, the company has ventured into additional game genres and the suite of games to be released in the near future, include an E-sport manager title and an auto battler title.

Since its official inception in 2006, the company has developed and released five different games: (i) Trophy Manager (released 2006), (ii) Football Management Ultra (released 2013), (iii) Pro 11 – Football Manager Game (released 2017), (iv) Women’s Soccer Manager (WSM) – Football Management (released 2017), and (v) Futuball – Future Football Manager Game (released 2019). Furthermore, the company announced its release of a sixth (Five) and seventh (Warhammer AoS - Soul Arena) game i 2021. All games are released in +20 different languages to ensure a broad global user accessibility.

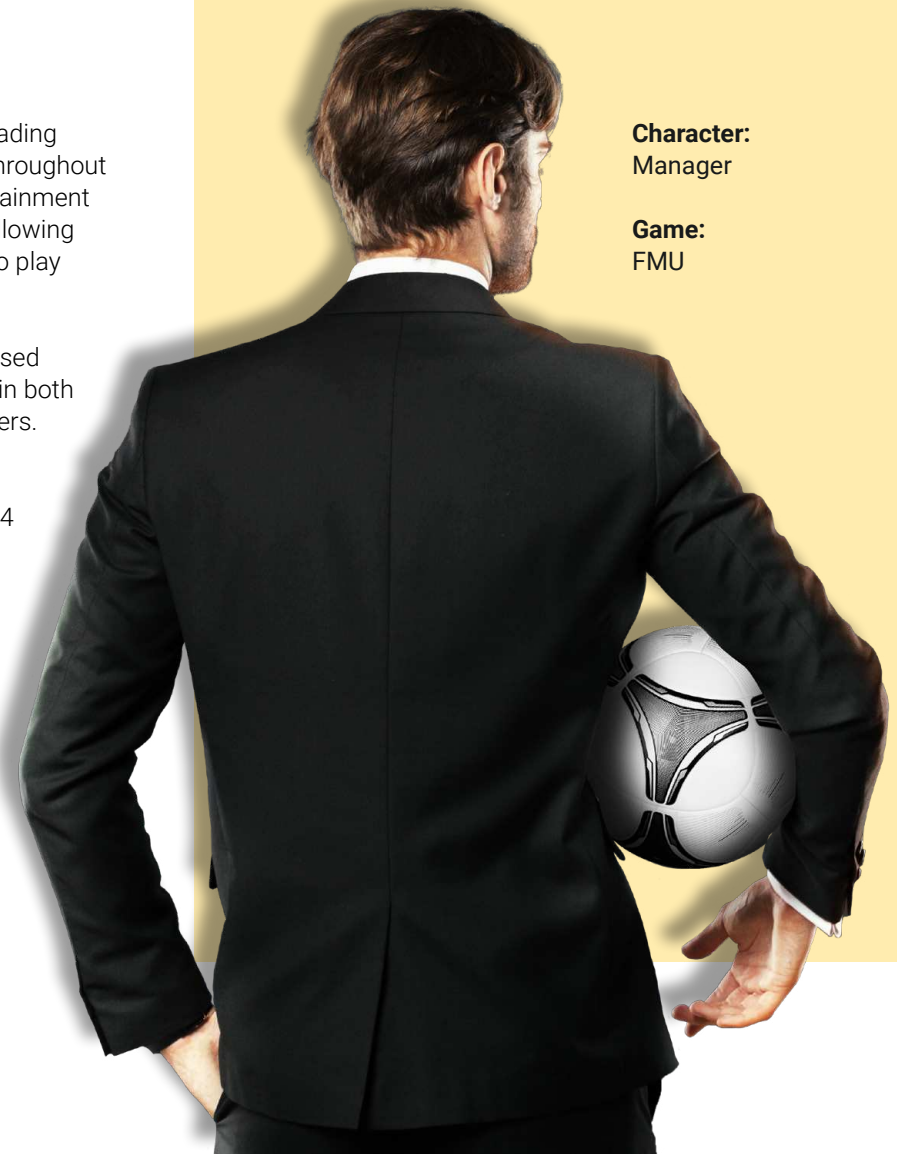
With the vision of becoming the world’s leading strategy game studio, the Company has throughout the years strived to provide endless entertainment and challenging gameplay for all users, following our mission; “we create games, we want to play ourselves”

Since inception, the company has progressed exponentially and has grown significantly in both staffing, game portfolio and number of users.

Currently, the Company employs 23 employees, which include 15 developers and 4 marketing employees.

Character:
Manager

Game:
FMU





COMPANY INFORMATION

Trophy Games is an innovative, Denmark-based game studio that develops and publishes mobile and pc games.

Trophy Games Development ApS

c/o Matrikel 1, Højbro Plads 10
1200 Copenhagen C, Denmark

Website; www.trophy-games.com

Email; corporate@trophy-games.com

Company reg no. 29240299

Established 5th of January 2006

Municipality of domicile; Copenhagen, Denmark

Financial year; 1st of January - 31st December

Board of Directors

Jan Dal Lehrmann

Daniel Luun

René Eghammer

Søren Westrup Gleie

Executive board

Søren Westrup Gleie

Auditors

PricewaterhouseCoopers

Chartered Accountant Company

Nobelparken

Jens Chr. Skous Vej 1

8000 Aarhus C, Denmark

Name usage explained:

Trophy Games = Group

Trophy Games Development = Parent

Trophy Games Publishing = Subsidiary



EQUITY STORY

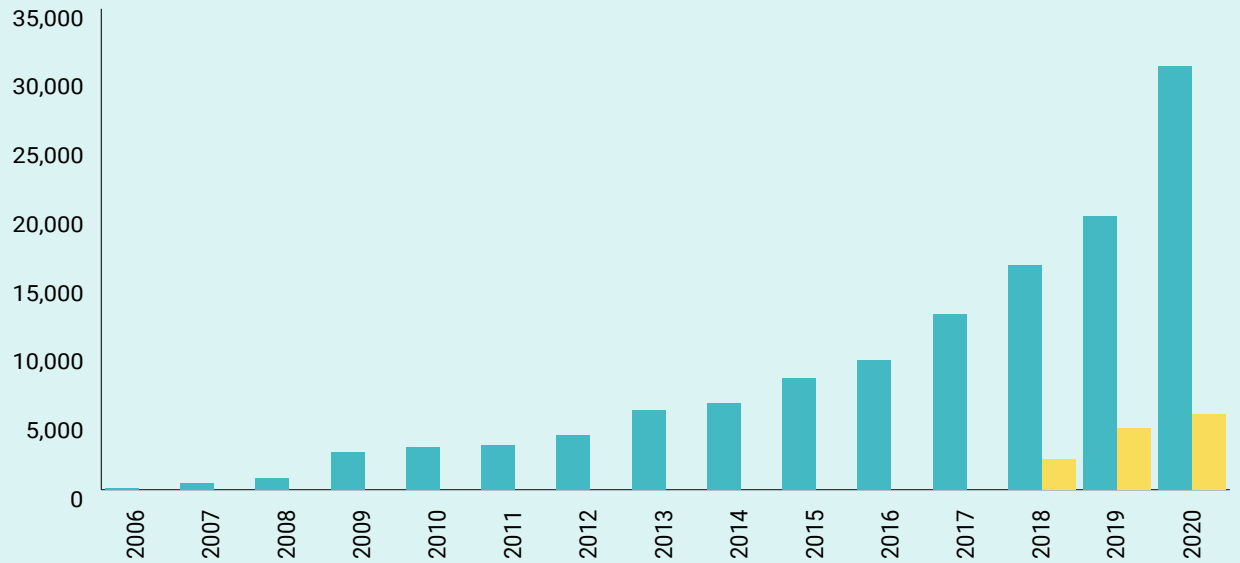
In 2006 we were gamer nerds with a special passion for football manager games. We were tired of the market having no great online multiplayer football manager game that made us decide, to make our own and thus, Trophy Manager (TM) was born.

We spent the following 8 years refining and scaling TM. In 2012 our second game, Football Management Ultra (FMU), was released. FMU was, like TM, originally a browser game. FMU was more fast paced and had a new approach on monetizing. FMU quickly surpassed TM in revenue. This, combined with the birth of smartphones, the fact that TM retained a fantastic long term retention and made a superb profit over the following years even though we moved most costs towards FMU, a new corporate strategy was hatched, which is now the foundation of our growth. Also note that we have been self-financed since the initial investment we received in 2006, which has affected our growth-rate.

14 YEAR-OVER-YEAR GROWTH!

REVENUE

M/DKK



Penneo dokumentnøgle: AIQ7Y-PEZVO-O64VS-NEH16-U78JZ-GU08D



In 2015 we started working on more titles - aimed directly towards the smartphone users, with Pro 11 in 2017, WSM in 2018 and Futuball in 2019. Alongside working on our new titles, we watched FMU following the footsteps of TM, in terms of profit. FMU is still making solid profit, even though very few resources are spent on further game development.

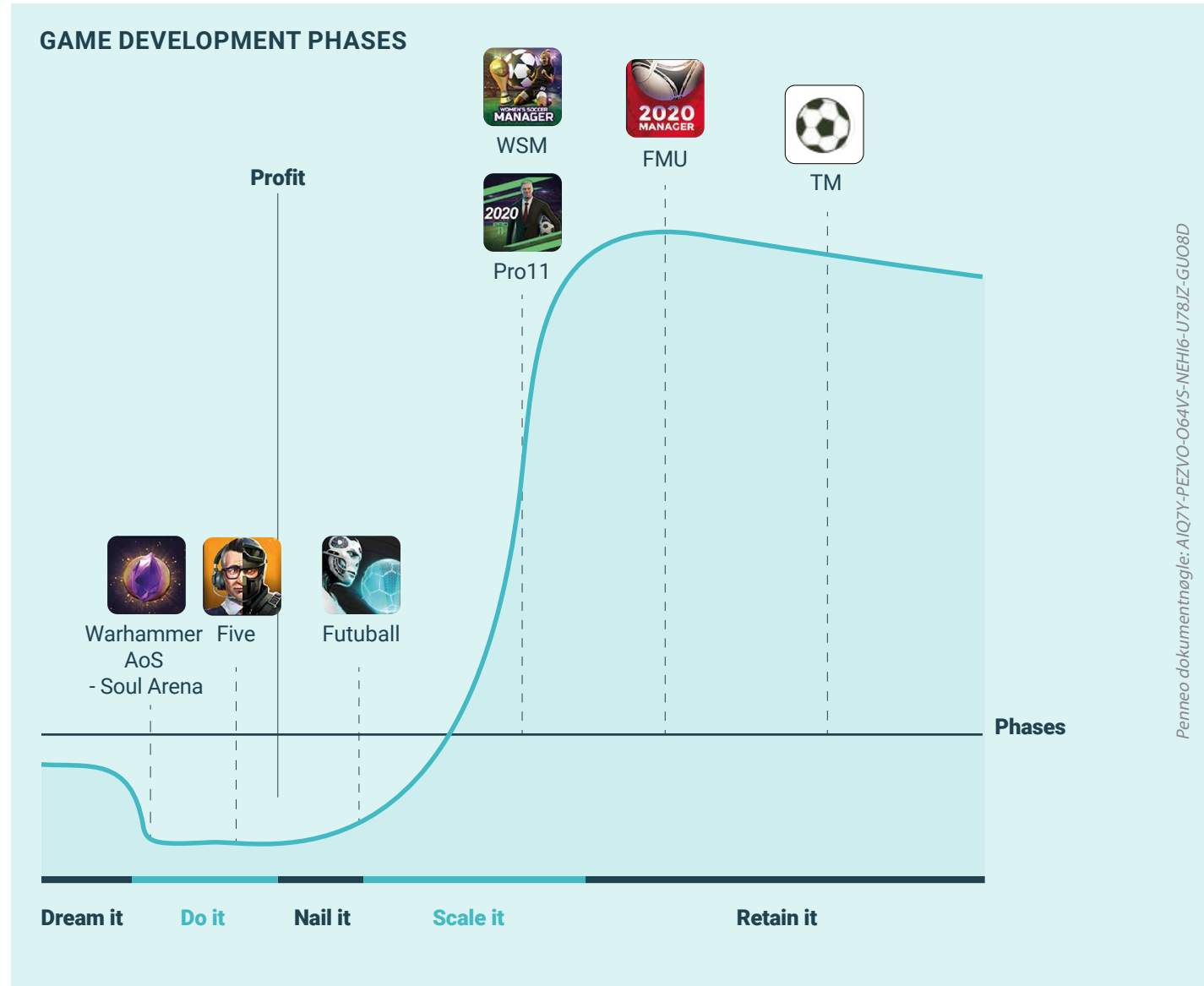
By 2020 we have 5 games running in different phases and 2 new titles coming up in 2021.



The long tail of our games is key to why we are able to build on our success year after year. **The users simply love our games and keep playing for years once they are hooked.** A fun fact is that 33% of our users today in TM have played the game for 5 years or more and 50% for 3 years or more.



Daniel Luun
CEO, Trophy Games Publishing &
Co-owner, Trophy Games Development.



See how the strategy has impacted revenue over the years in the game overview on page 12.



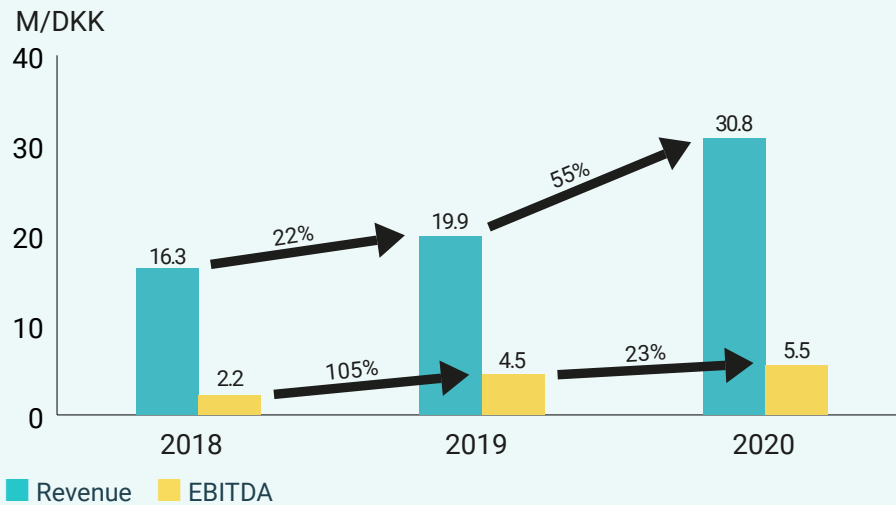
FINANCIAL HIGHLIGHTS

2020 generated a yearly revenue of 30.8M DKK for Trophy Games, 55% better than previous year. Our EBITDA also increased by 23% reaching 5.5M DKK.

6.4M DKK was invested during the year in unreleased upcoming game titles of which 4.6M DKK was activated.

The major reason behind our 2020 success can be traced back to late 2019 patch releases to Pro 11 and WSM. We introduced, both a huge game update featuring video clips of the matches (text-only before) and a big in-game shop update. The numbers boomed already in January and February and with the Covid-19 lockdown in March, we had the perfect conditions for the games.

Upon the worldwide lock-down, many companies reduced their marketing spend. As a result of this, Trophy Games were able to acquire advertising campaigns at a significantly lower cost. This combined with a strong game update, produced substantial results. Pro11 was especially susceptible to the increased advertising campaigns and has resultingly grown immensely during the pandemic. Consequently, the Pro 11 title has been the main driver of growth during 2020.



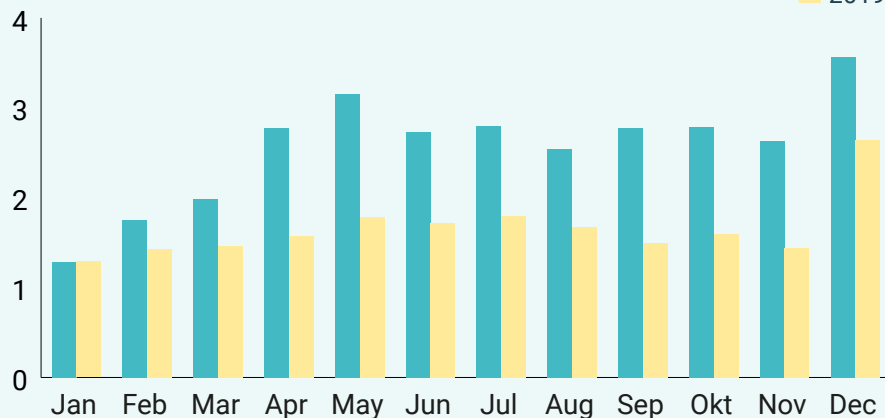


As a result of the increased time at hand that the pandemic brought throughout 2020, with countrywide lockdowns, Trophy Games had the opportunity to reorganize the corporate structure as well as staffing. Aside from setting up with the ideal company structure for an initial public offering, the company has also spent significant amounts of time on recruiting to fuel further growth. As a result of this, the company increased staffing with three specialist programmers, two freelance graphic designers, and a permanent graphic designer.

2020 has furthermore been a year with a strong focus on game development for Trophy Games. While working continuously on the upcoming titles, Soul Arena and Five, Trophy Games has also been maintaining and upgrading existing titles to ensure customer retention. While being able to cross-advertise in the different games, many players of existing titles will also become players of the new titles, and as such, maintaining the player satisfaction is paramount.

REVENUE PER MONTH

M/DKK



Daniel Luun

Covid-19 boosted our numbers in March and April more than expected, but we were still able to maintain the new high level throughout the year, even when society opened up again in May/June. The record revenue in December is only a partial result of the second lockdown as we always see a 25-40% increase in December sales, due to Christmas and New Year special offers in our shops.

Daniel Luun,
CEO, Trophy Games Publishing &
Co-owner, Trophy Games Development.



Paying Users

One of our KPIs are the total of unique paying users we have in our games and how much they pay on average. We saw a massive growth in 2020 in our paying user portfolio which came mainly due to our increased marketing efforts, but also indicate a strong user willingness to pay for our games. The amount of unique paying users went from 34,364 in 2019 to 65,343 2020. Nearly a 100% increase.

The average revenue per paying user (ARPPU) was stable on all games, except FMU, despite the ARPPU increase in FMU the unique paying users dropped but we have seen a significant increase in ARPPU over the last years.

It is worth mentioning, that these ARPPU numbers are very high and among some of the best in the industry.

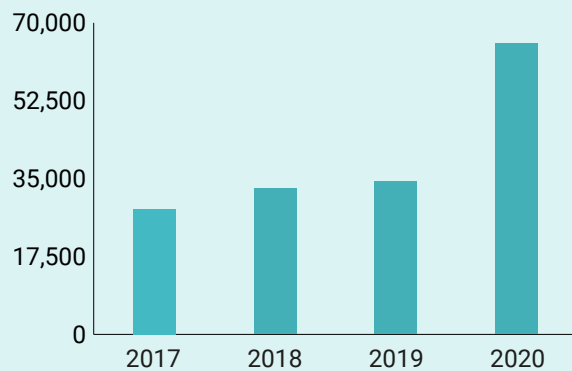


Put the paying user count per game into context with the development in “average revenue per paying user.” **You will notice that we have managed to increase the value of less paying users in FMU, as the user segment in this game is growing “older and more hardcore” and willing to spend more per paying user.** A tendency we also expect to see for Pro 11, WSM and Futuball when these games move towards the retaining phase. Currently these games still have potential as scale-cases, though where we hope to lift both unique paying users as well as the ARPPU.

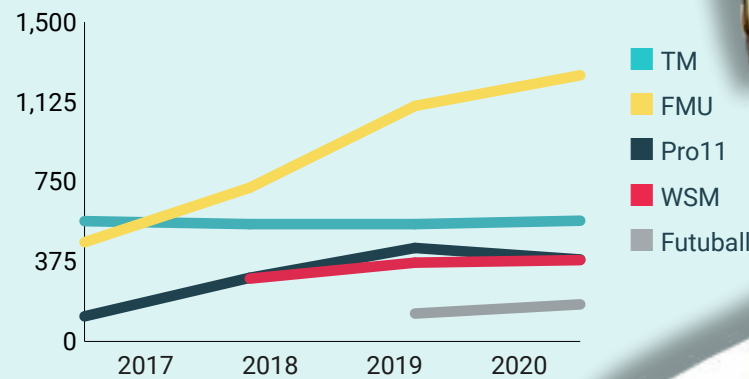


Daniel Luun,
CEO, Trophy Games Publishing &
Co-owner, Trophy Games Development.

UNIQUE PAYING USERS



ARPPU/YEAR



Character:
Manager

Game:
Five

GAME OVERVIEW



Worth noticing is the huge revenue increase in Pro 11. Big part of the revenue came through marketing efforts, which is also why EBITDA does not have the same growth rate. We expect a similar growth rate when the game moves towards the retaining phase.

Futuball did not perform as expected. We have some new features coming up and hope we can improve the revenue.

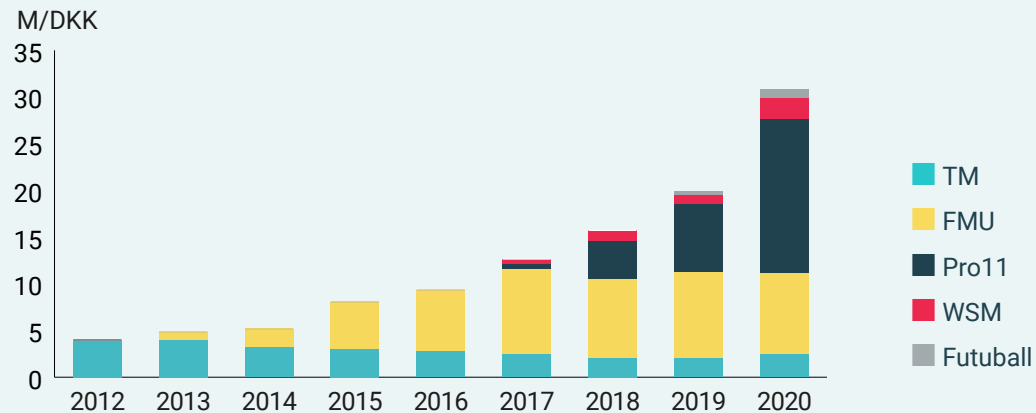
Looking at the revenue stacked per game you can see how we are building on the total with the combination of new titles being added and the older titles proving their long tail.



Daniel Luun,
CEO, Trophy Games Publishing &
Co-owner, Trophy Games Development.

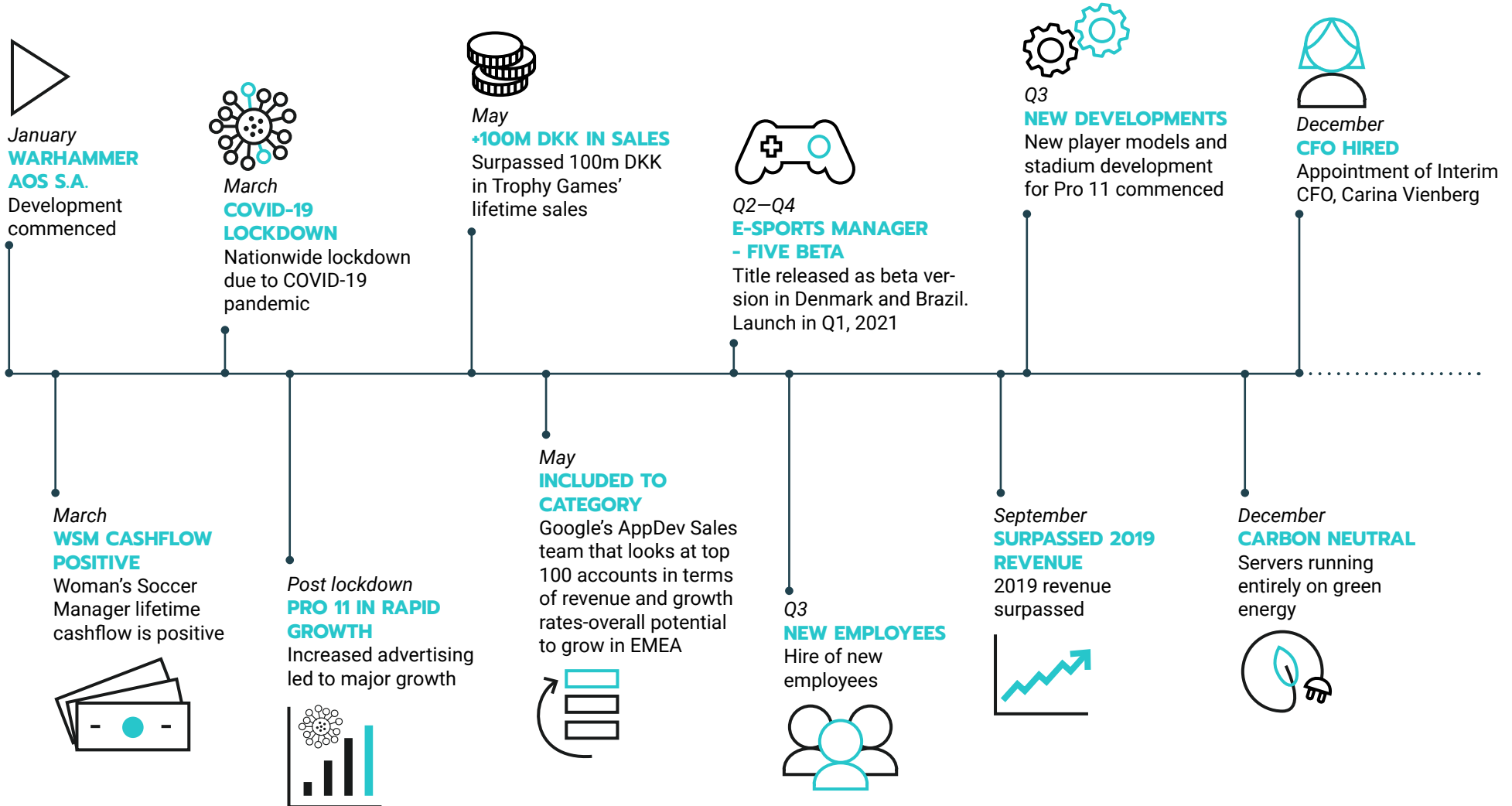
	Revenue			EBITDA		
	2020 (M/DKK)	YoY	vs expected	2020 (M/DKK)	YoY	vs expected
Trophy Manager	2.45	18%	↑	1.85	12%	↑
Football Management Ultra	8.75	-5%	→	4.68	-10%	→
Pro 11	16.51	127%	↑	1.51	30%	↗
Women's Soccer Manager	2.16	116%	↑	0.90	125%	↑
Futuball	0.95	144%	↓	-0.86	-34%	↓
Upcoming game titles	0	-	→	-1.82	-	→

REVENUE PER GAME





TIMELINE OF MILESTONES IN 2020





BUSINESS SUMMARY

Penneco dokumentnøgle: AIQ7Y-PEZVO-O64VS-NEH16-U78JZ-GU08D

CHAIRMAN'S STATEMENT

 2020 has been a great year for Trophy Games. **We have grown like never before and achieved a revenue of 30.8M DKK, 55% growth YoY.** We are also very pleased with our EBITDA of 5.5M DKK.

The 55% growth is only on current titles. This reveals the strength in both our team and the business model. Our customers all over the world behave more and more loyal every year creating a longtail of good earnings on existing games which is perfect foundation for further growth and investment in new games.

Development of new games is what 2020 has been all about. We have never before invested so many resources and we have an impressive line up of new titles for the coming year.

We are looking forward to a great 2021.

All the best

Jan Dal Lehrmann
Chairman of the board

Jan Dal Lehrmann
Chairman of the board
since 2006



EXPERIENCED DEVELOPMENT AND PUBLISHING OF FREEMIUM GAMES

In Trophy Games' development of games with high levels of daily monetization and retention, the freemium business model, including variations of F2P (Free-to-play) has been chosen as the ideal business model in terms of capitalization.

Freemium means that games are free to start playing and users are not required to pay up-front to start the game. In Trophy Games' freemium games, players can unlock extra content, boost their level and speed up the process for real money. Such game features could be in-game currency injections, extra training for players and new top class youth talents.

The freemium revenue model has similar traits to SaaS revenue models as it equally does not sell the product up front, however, builds on continuous revenue streams through monthly or annually paying users.

The freemium revenue model adopted by Trophy Games has allowed the company a much higher install base than what could have been attained by use of alternative, up-front payment revenue models. Trophy Games' historical conversion rate has been high within the gaming industry in general. Provided Trophy Games are able to maintain the excellent conversion from free to paying user, the company will have secured a continuously lucrative business model.

Monetization strategies within individual games differ. However the vast majority of games within the Trophy Games game portfolio uses the freemium revenue model. Historically, Trophy Games has secured a monthly conversion of upwards 4% of players. As a result of this, the games can achieve superior levels of revenue with moderate numbers of signups.

By use of the freemium revenue model with frequent monthly payments from players, Trophy Games receive significant benefits in terms of predictability and agility. The freemium model allows for earlier releases of titles as we do not sell the product up-front but along the way and similarly, for continuous updates of released games. By continuous upkeep of existing titles, players are retained, hence producing a vast LTV of customers. Trophy Games titles have an extensive lifetime because of this.

Upon development and release of new games, Trophy Games will typically release an early beta to evaluate the interest and retention. By use of the



freemium model, instant feedback from users are provided, and Trophy Games receives advantageous information about customer behavior, that enables an increasingly tailored approach to capture the most valuable customers. Should the game beta produce continuous negative KPIs, Trophy Games are able to cost-control and focus on other profitable titles.



SUPERIOR, DATA-BACKED GAME DEVELOPMENT

Superior, data-backed game development results in high influx and retention of customers

Trophy Games' develop games through multiple years of liveops and perfecting every tiny detail in gameplay. The company has become experts in optimizing and making game mechanics that make players want to continue playing. This has proven a fundamental point to the daily operations at Trophy Games. By building the company on a foundation of game enthusiasts, Trophy Games has valuable insights to what gamers want to play. Resultingly, R&D practices at Trophy Games consists of determining what games the staff would enjoy playing themselves.

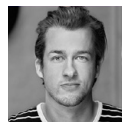
In order to gain further valuable insights to what Trophy Games customers want, the company is frequently in direct contact with users, to better understand their needs and sentiments about features and mechanics in gameplay. This level of user inclusion creates a sense of ownership and further promotes customer retention.

Gameplay is important to loyal users and recurring revenue

Trophy Games develops and releases games that are very hard to master and have a lot of intellectual

challenges for the players. Our games have a high degree of realism and well-balanced game economy making the interplay competition fierce and challenging. Because of the specific game mechanics included in Trophy Games' games, the customers retain and remain loyal.

Many users discover our games before the competitors' games, and once they are into our gameplay, they won't change



Søren Gleie,
CEO & Founder,
Trophy Games
Development

Characters:
CT, Club President & Player

Games:
Five & Pro 11





MARKET INSIGHT

Introduction to industry overview

Trophy Games is firmly situated on the global gaming market, offering games developed for mobile, Steam and browser. Available in +20 different languages, the games developed by Trophy Games cater to the multitude of international gamers. Given the international emphasis produced by Trophy Games' language adaptation as well as the general nature of online gaming, the following industry and market overview will address the global gaming industry as a whole. Individual, country specific overviews will also be addressed wherever applicable.

The global games market 2020

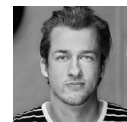
The global gaming industry has throughout recent years been one of the most rapidly growing industries among all tech-enabled entertainment services. In 2019, the global mobile gaming market grew to USD 68.5 billion. This growth was supported by several underlying factors that all contributed to the immense growth. By analysis and forecast of these underlying factors, the market for mobile gaming is expected to continue an exponential expansion and is anticipated to have reached USD 76.7 billion by end of year 2020*. This significant growth represents a year-on-year market expansion of upwards of 12%, hence indicating an industry in rapid evolution.

*Source: techzone360.com

While taking up roughly 50% of the entire global gaming industry in 2019, the global mobile gaming industry will expectedly continue to outpace other gaming segments in 2020. Collectively, the entire global gaming industry is expected to reach USD 159.3 billion in 2020, thus boasting a year-on-year growth of 9.3%.



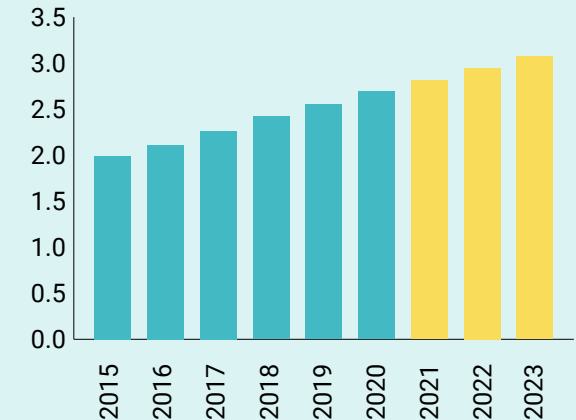
The gaming industry is consolidating. As the market players grow increasingly professional, getting a hit game also requires more. You need to master data science, marketing, PR. Increased investments into game development is needed as well. To be successful with a game release today requires a much larger setup than it did previously. Trophy Games is currently meeting this new market with bigger titles and a more professional and capable organization.



Søren Gleie
CEO & Founder,
Trophy Games Development

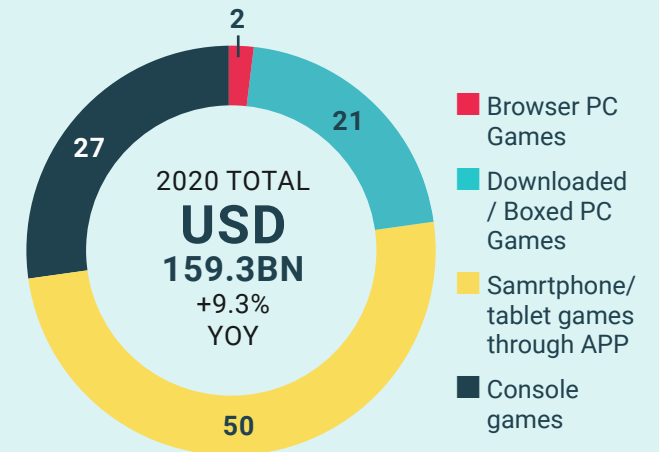
GLOBAL PLAYERS FORECAST 2015-2023

Figures in billions/USD



Source: newzoo.com/gamesreport

2020 GLOBAL GAMES MARKET



Source: newzoo.com/gamesreport



2021 UPCOMING TITLE

FIVE - ESPORT MANAGER

Build an esports team out of your grandma's basement and win the major.

Release: **Q1 2021**

Character:
Coach

Game:
Five

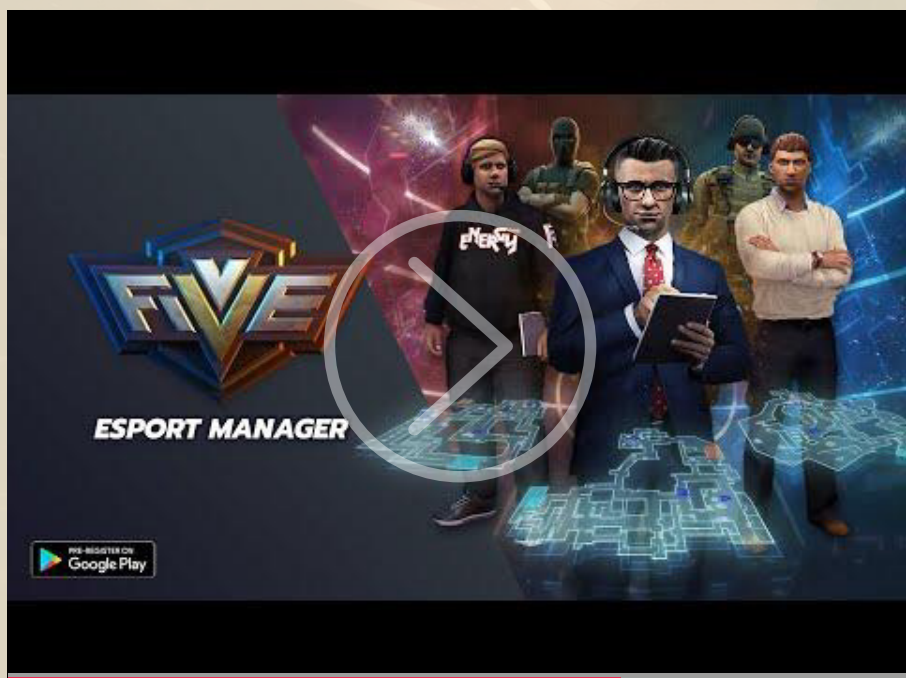


||| This is a blue ocean market with very limited competition. We believe that this will change eventually, but there is an opportunity to take advantage of this current state, positioning FIVE as the leading esports manager game.

 **Søren Gleie**
CEO & Founder,
Trophy Games Development



FIVE - CINEMATICS



Perusahaan publik dengan kode emiten: AIQ7Y-PEZVO-064VS-NEH16-U78IZ-GU03D



2021 UPCOMING TITLE

WARHAMMER AoS - SOUL ARENA

Stack your side of the chess board with Skaven or Stormcast Eternal and destroy your opponent with swords, maces and magic.

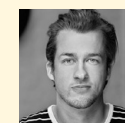
Release: **Q3 2021**

Character:
Sequitor
Game:
Warhammer AoS
- Soul Arena



// The Auto Battler genre is perfect for the mobile platform due to the tempo of the game. It should, however, still be available on more platforms to secure a broad audience.

We are very excited to bring a strategy game with this huge IP on the market.



Søren Gleie
CEO & Founder,
Trophy Games Development



ORGANIZATION AND CULTURE

Alongside developing and publishing exiting games with immersive gameplay, Trophy Games strives to be a responsible organization with healthy and mindful core values. As such, the organization has defined visions, company values, personnel guidelines, a sustainable environment and socially responsible initiatives. The following section will provide an overview of initiatives taken by Trophy Games to obtain and sustain a responsible organization.

Vision and Company Values

Trophy Games strives to be the worlds leading strategy game studio providing endless entertainment and challenging gameplay for all players. By using knowledge from la lifelong gamingpassion the company seeks to develop the most competitive, creative, innovative and profitable multiplayer games across all platforms.

To ensure that the company can vouch for the quality of their games, the company mainly design, develop and publishe games that the creators would want to play themselves. The game mechanics keep users playing and promote a high user LTV and formidable long-term retention. The company has a loyal user base that provides a strong carryover to new games, thus assisting new game rollouts.

Fueled by rapid expansion, Trophy Games is swiftly approaching an outgrowth of the current office facilities held by the company. Upon moving to new office facilities, the company plans to create the first Game Hub ever in Denmark. The intention of establishing

such a Game Hub is, being able to offer office space for a selected few game studios and thereby grow to be a game incubator. This will position Trophy Games in a lucrative position - both in terms of future potential investments, but also with talent attraction for future hires.

Personnel

The management at Trophy Games know, that skilled employees are a key success factor in maintaining a viable and profitable business. As such, the employees at Trophy Games are our most valued asset and are all introduced to a great work environment, extensively

characterized by freedom and room for creativity. We see work/life balance, and no crunch nor overtime as essential factors for our healthy corporate culture, long term employments confirms our great corporate culture and we have had very few employees leaving since 2006.

Trophy Games recognizes that creativity thrives differently among people and a such, essential room for creativity is provided to employees. Among other initiatives, employees at Trophy Games are able to work from home, at flexible times during the day to fit work into personal schedule.

TROPHY GAMES EMPLOYEE & TEAM EXPERIENCE



*As of 31. December Trophy Games has 15.5 full time employees hired in-house, 5.5 on full time hired externally and 2 hired on hourly wage.



Working at Trophy Games, you have the opportunity to bring new ideas to the table and work on the projects that really matter to you. It is a very motivating organizational culture where everyone has a voice in shaping the future of the company.

Frederik Vig
CMO. Hired 2016

ENVIRONMENT & SOCIAL RESPONSIBILITY HIGHLIGHTS

Trophy Games extensively strives to become and remain an environmental and socially friendly workplace. The company acknowledges the need for active choices to reduce the imprint on the planet produced by today's business operations. Resultantly, Trophy Games' servers run on 100% renewable energy. Similarly, the company compensates to be carbon neutral for all employees.

Upon the need to travel, the management and employees at Trophy Games predominantly utilize trains and bicycles.

In 2020 Trophy Games became historically carbon neutral as all CO₂ emissions (164 tonnes) were compensated for since the company was founded in 2006.



Certificeret Klimaneutral
Trophy Games
Certificeringsnummer: A004

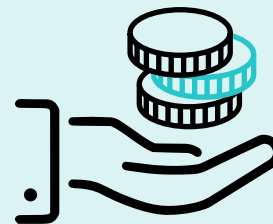
Further, being a digital business, paper consumption is automatically low, yet the company still aims at the least possible paper consumption. To further spare the environment, Trophy Games cover public transport costs for employees to promote collective transportation.



Servers running on 100% renewable energy.



Use of public transportation and bicycle upon the need to travel



Employee compensation for CO₂ neutrality



Reducing consumption of paper to a minimum



GOVERNANCE

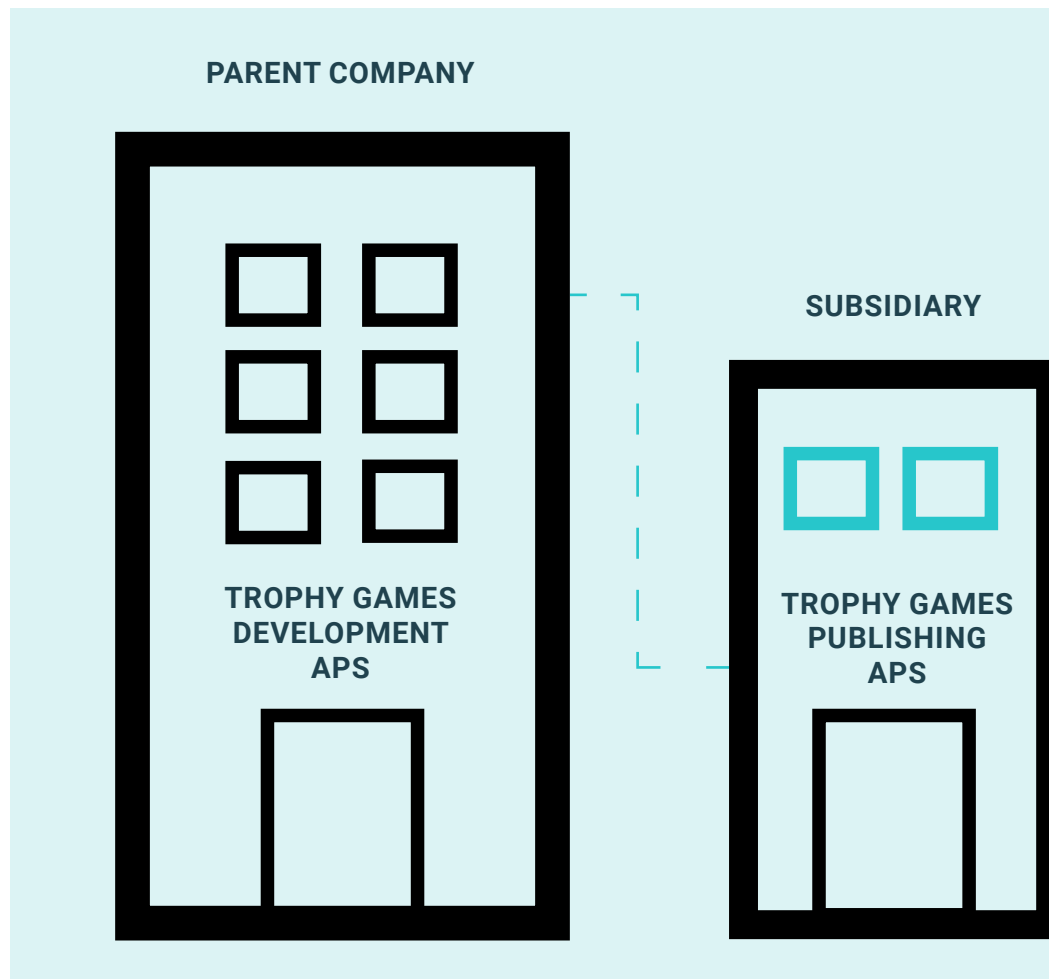


COMPANY STRUCTURE

Trophy Games was founded in 2006 due to passion for football manager games and the need to create something better than what was on the online multiplayer market. Consequently, the company has preliminarily established an organizational structure that caters to extensive scaling and development.

In today's organization, the Trophy Games group consists of two companies, Trophy Games Development ApS and Trophy Games Publishing ApS. Trophy Games Publishing ApS is owned as a direct subsidiary of Trophy Games Development ApS. Trophy Games Development ApS owns the codes and IPR associated with the development of the respective games. Trophy Games Publishing ApS is utilized as the distribution company and is the company that is responsible for the daily business management of the games as well as all sales and marketing.

Both Trophy Games Development ApS and Trophy Games Publishing ApS are located at the company headquarters in central Copenhagen, Denmark.





BOARD OF DIRECTORS

Profession: Serial entrepreneur and investor.

Description: Jan Dal Lehrmann has a significant career within entrepreneurship with several successful investments and exits in companies such as Bilbasen, Autobutler, Bazoom, Actimo, and Benjamin Media. The past ten years, Jan has through active board roles, been dedicated to helping and investing in startups with a focus on culture, strategy, and internationalization.

Other key positions: Board member in Normal A/S, Mybanker, Plecto, Trophy Games, Unwire, Softpay, Repeatedly Leasing and Formula Auto.

Educational background: Masters in sales and marketing from the International Advertising Association (Copenhagen).



Jan Dal Lehrmann,
Chairman

Profession: CEO at Karsten Ree Holding.

Description: Rene Eghammer has 15 years of experience from the auditor industry followed by eight years at Carlsberg Group covering various positions within finance, business controlling and M&A. Today, Rene focus on business development and optimization of existing portfolio companies at Karsten Ree Holding, as well as being responsible for the M&A activities within the Karsten Ree Holding Group.

Educational background: Cand. Merc. Aud. from Copenhagen Business School



Rene Eghammer,
Board Member

Profession: Chief Executive Officer & Co-founder of Trophy Games Development.

Description: Søren Gleie is founder of Trophy Games and a computer game nerd. While having designed and invented computer games since he was a child, his big passion remains numbers, computers and games, making Trophy Games the perfect working place for Søren. As CEO, Søren primarily focus on setting the overall corporate and technical strategy. Further, he oversees teams planning, partnerships, and negotiations, as well as having close interaction with the marketing team.

Educational background: Ba. Scient. Soc., Economics & Computer Science from the University of Roskilde



Søren Gleie,
Board member

Profession: Chief Executive Officer of Trophy Games Publishing.

Description: Daniel Luun has been with the company for 14 years, and has an immense passion for computer games, especially football manager games. His profile is built around creating fantastic game experiences for the users while keeping a strong focus on optimizing game design for monetization. Daniel has become an expert within the fields of game design, UX, and monetization, and is therefore primarily in charge of monetization and game development, but oversees finances, marketing, sales and team management as well.

Educational background: Ba. BCom, Business and Commerce from Copenhagen Business School.



Daniel Luun,
Board member



MANAGEMENT TEAM

Executive Management Team

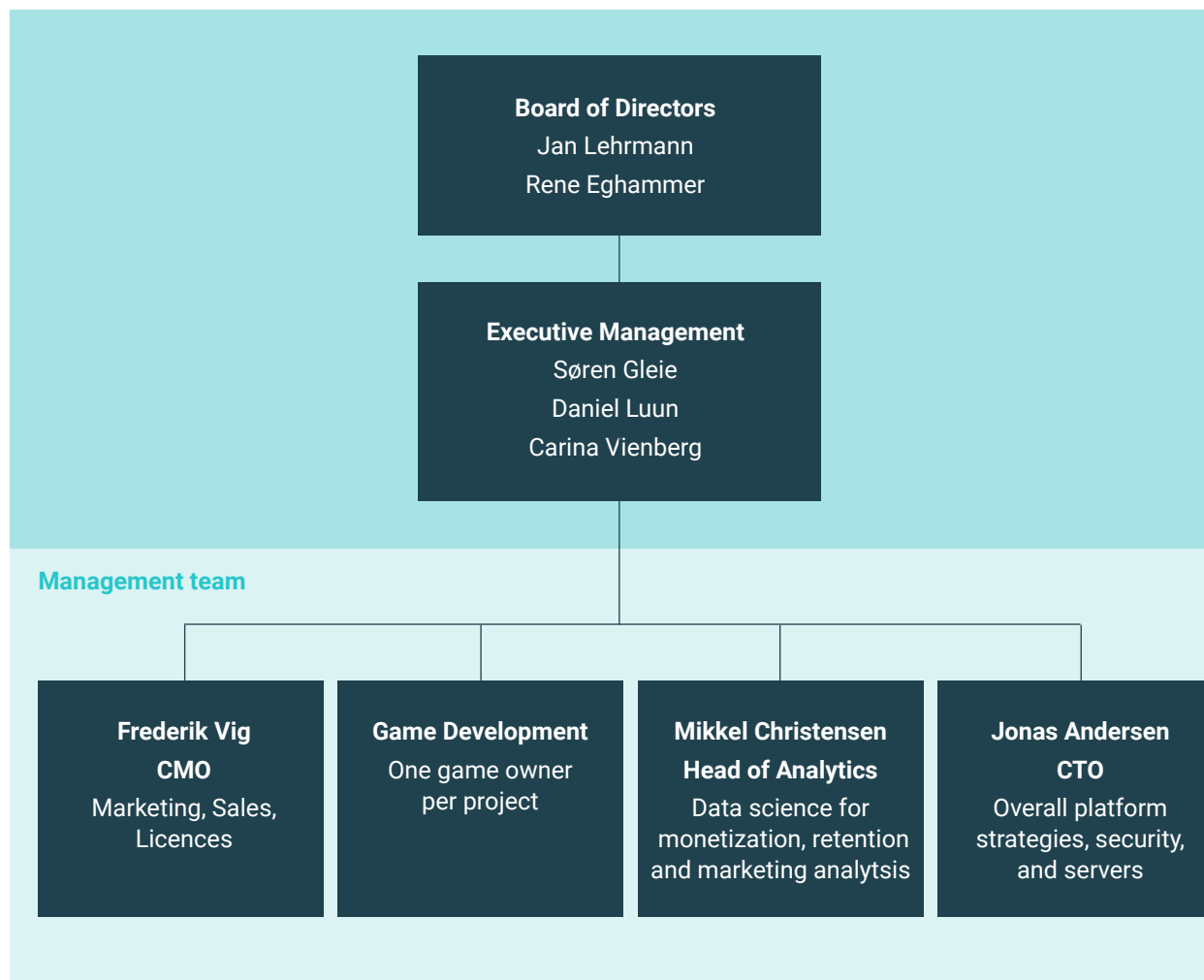
The areas of responsibility between Søren Gleie and Daniel Luun are in fine balance with extensive and on-going communication between the two executives. Søren leads the overall company strategy, partnerships, negotiations, the tech department and the marketing team. In addition, he is in daily contact with the CMO as well as the CTO.

Daniel leads game planning and management and assigns tasks and interacts with the coding and graphics departments daily. Analytics, support and community management is also under Daniels supervision with everyday contact to the Head of Analytics and the Support & Community Manager. Finally, Daniel is also in charge of the financials of the company.

Carina Vienberg joined Trophy Games in December 2020 as interim CFO. She is working closely with Daniel, who has been responsible for all financials previously. Carina reports to and interacts with both Søren and Daniel on a daily basis.

The Management Team

In addition to Trophy Games' Executive Management, the Management Team consists of three members and one game development owner per project.



BOARD PRACTICES AND GOVERNANCE

Trophy Games' Board of Directors have extensive experience in several fields of great importance for the Company. Both Rene Eghammer and Jan Dal Lehrmann are valued contributors to the Company's accounting and growth profile and both have significant experience with M&A.

Trophy Games will in January 2021 add Pernille Nørkær to the board. Pernille is a partner at Moalem Weitemyer Advokatpartnerselskab and has 15 years of experience within commercial contracts, corporate compliance, and general advisory for Danish and international companies. Pernille focuses on IT and tech companies as well as professional sports clubs such as FC Copenhagen and FC Nordsjælland as well as several betting companies like 888 and Leo Vegas.

Furthermore Trophy Games intends to add one or two members to the board, when the right profiles occur, such as an international gaming profile.

The Board of Directors at Trophy Games are ultimately responsible for the Company and supervision of the Executive Management. The chairman and the Board Members are elected at the Annual General meeting and are elected for a one-year period at a time. In addition to the Annual General Meeting and quarterly Board meetings, the Board of Directors gather as the Chairman of the Board of Directors deems necessary.





MANAGEMENT'S STATEMENT

The Executive and Board of Directors have discussed and approved the Annual Report of Trophy Games Development ApS for the financial year 1 January 2020 - 31 December 2020.

The Annual Report has been 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 Group's and the parent company's financial position at 31 December 2020 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January 2020 - 31 December 2020.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 27 January 2021

Executive Board

Søren Westrup Gleie
CEO

Board of Directors

Jan Dal Lehrmann
Chairman

Daniel Luun

René Eghammer

Søren Westrup Gleie

Character:
Financial
Director
Game:
Five





INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TROPHY GAMES DEVELOPMENT APS

Opinion

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 December 2020, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Trophy Games Development ApS-Group for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accor-

dance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.
Independent Auditor's Report

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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

sentations, 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.

Independent Auditor's Report

- 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 evi-

dence 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 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.

Aarhus, 27. January 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mads Meldgaard

State Authorised Public Accountant

mne24826

Martin Stenstrup Toft

State Authorised Public Accountant

mne42786



FINANCIAL STATEMENTS



CONSOLIDATED KEY FIGURES AND FINANCIAL RATIOS

t.DKK	2020	2019	2018	2017	2016
Financial highlights					
Profit and loss accounts					
Revenue	30,810	19,930	21,928*	10,475	9,419
Income from operating activities	4,710	4,489	2,057	(70)	499
Net financials	(168)	(145)	(71)	(33)	497
Profit for the year	3,622	3,259	1,567	(99)	777
Balance sheet					
Total assets	14,505	11,570	5,605	3,467	2,125
Total equity	9,481	5,859	2,600	1,034	1,132
Cash flows					
Operating activities	6,506	3,418	1,673	(1,434)	326
Investing activities	(4,574)	(4,020)	(1,314)	(156)	(220)
Hereof investments in tangible fixed assets	0	0	0	0	0
Financing activities	(3,532)	2,062	70	1,400	0
Net cash flow for the year	(1,600)	1,459	430	(190)	106
Employees					
Average number of employees	12	10	11	8	8
Key Ratios					
Solvency ratio (%)	65%	51%	46%	30%	53%
Return on equity (%)	47%	77%	86%	-9%	104%

*The revenue reflected in the key figures for 2018, includes revenue from the company subsidiary Trophy Games Publishing ApS from the period of 15th of august 2017 to 31st of december 2017. Trophy Games Publishing ApS was established 15th of August 2017 and the first financial year of the subsidiary was 15th of August 2017 to 31st of December 2018.



MANAGEMENT REVIEW

Primary activities

The company's activities comprise of developing, manufacturing, publishing and selling online games for computers, tablet, mobiles and related products as well as to directly or no directly conduct other business related hereto in the opinion of the Board of Directors

Development in activities and financial affairs

The group and parent company's gross profit for the financial year totals tDKK 10,424. Net profit for the year totals tDKK 3,622. Gropy equity totals tDkk 9,481 pr. 31st of December 2020.

The year 2020 shows significant growth in both revenue and gross profit compared to the financial year of 2019. The growth can be referred to both an increased effort within online marketing and the release of new updates on existing game titles.

The company has significantly invested in the development of new titles and as the result hereof increased its intangible assets from t.kr. 5,333 to t.kr. 9,122.

Furthermore, the company repaid all debt to associated companies in line with the company's strategic goal of being self-financed.

The strategic agenda of the group has overall been followed throughout the year, in both commercial and operational aspects. The growth is according to the expectations, however positively impacted in the last quarter of the corona pandemic.

Overall, the board and management director are satisfied with the annual result and expect growth in the next financial year.

Risks & subsequent events

The management assesses no immediate risks in the following year and there has occurred no events after the end of the financial year that is assessed to have a significant effect on the financial statement.



INCOME STATEMENT

t.DKK	Note	Group		Parent	
		2020	2019	2020	2019
Revenue		30,810	19,930	15,405	9,781
Direct costs		(9,583)	(6,469)	(935)	(720)
Other external costs		(10,803)	(4,467)	(7,414)	(3,089)
Gross profit		10,424	8,993	7,056	5,972
Staff costs	1	(4,929)	(4,493)	(2,280)	(2,272)
Depreciation and amortisation on tangible and intangible assets		(785)	(11)	(785)	(11)
Income from operating activities		4,710	4,489	3,991	3,688
Income from subsidiaries after tax		0	0	677	509
Financial income	2	23	2	7	2
Financial expenses	3	(191)	(147)	(185)	(139)
Profit before tax		4,542	4,344	4,491	4,060
Tax on income for the year	4	(920)	(1,084)	(760)	(910)
Profit for the year		3,622	3,259	3,731	3,150



BALANCE SHEET 31 DECEMBER

t.DKK	Note	Group		Parent	
		2020	2019	2020	2019
Development projects under construction		7,553	2,979	7,553	2,979
Completed development projects		1,570	2,355	1,570	2,355
Total intangible fixed assets	5	9,123	5,334	9,123	5,334
Fixtures and fittings, tools and equipment		0	0	0	0
Total property, plant and equipment		0	0	0	0
Investments in subsidiaries	6	0	0	1,077	509
Deposits		0	125	0	125
Total financial assets		0	125	1,077	635
Total non-current assets		9,123	5,459	10,200	5,969
Receivables from sales and service		3,147	2,548	0	1
Receivables from group enterprises		0	0	2,387	3,340
Corporation tax receivable		66	26	226	200
Other receivables		611	379	155	174
Total Receivables		3,824	2,953	2,768	3,715
Cash and cash equivalents		1,558	3,158	325	1,438
Total current assets		5,382	6,111	3,093	5,153
Total assets		14,505	11,570	13,293	11,122

t.DKK	Note	Group		Parent	
		2020	2019	2020	2019
Share capital	7	250	250	250	250
Reserve for development costs		0	0	7,115	4,160
Reserve for revaluation of subsidiaries		0	0	1,028	460
Retained earnings		9,231	5,609	1,088	880
Total equity		9,481	5,859	9,481	5,750
Deferred tax liabilities	8	1,828	1,153	1,828	1,153
Debt to shareholders and management		0	3,532	0	3,532
Other payables		0	156	0	94
Total non-current liabilities		1,828	4,841	1,828	4,779
Trade payables		650	124	63	50
Other payables		2,546	747	1,921	543
Total current liabilities		3,196	871	1,984	593
Total liabilities		5,024	5,712	3,812	5,372
Total equity and liabilities		14,505	11,570	13,293	11,122
Contingent liabilities	9				
Collateral	10				
Distribution of profit for the year	11				
Related parties	12				
Accounting policies	15				

STATEMENT OF CHANGES IN EQUITY

t.DKK	Group		
	Share capital	Retained earnings	Total
Equity at 1 January 2019	250	2,350	2,600
Distribution of profit for the year	0	3,259	3,259
Equity at 31 December 2019	250	5,609	5,859
Equity at 01.01.2020	250	5,609	5,859
Distribution of profit for the year	0	3,622	3,622
Equity at 31 December 2020	250	9,231	9,481

t.DKK	Parent				
	Share capital	Retained earnings	Reserve for development costs	Reserve for re-valuation of subsidiaries	Total
Equity at 1 January 2019	250	2,350	0	0	2,600
Distribution of profit for the year	0	(1,470)	4,160	460	3,150
Equity at 31 December 2019	250	880	4,160	460	5,750
Equity at 01.01.2020	250	880	4,160	460	5,750
Distribution of profit for the year	0	208	2,955	568	3,731
Equity at 31 December 2020	250	1,088	7,115	1,028	9,481



CASH FLOW STATEMENT

t.DKK	Notes	2020	2019
Profit for the year		3,622	3,259
Adjustments for non-cash operating items, etc.	12	1,997	1,241
Changes in net working capital	13	1,340	(638)
Cash flow from operating activities before financial items		6,959	3,862
Interests received		23	2
Interests paid		(191)	(147)
Cash flow from ordinary activities		6,791	3,717
Corporation tax, paid		(285)	(299)
Cash flow from operating activities		6,506	3,418
Purchase of intangible fixed assets		(4,574)	(4,020)
Cash flow from investing activities		(4,574)	(4,020)
Proceeds from raising long-term debt liabilities		0	2,062
Repayment of long-term debt liabilities		(3,532)	0
Cash flow from financing activities		(3,532)	2,062
Net cash flow for the year		(1,600)	1,459
Cash and cash equivalents, beginning of the year		3,158	1,699
Cash and cash equivalents at end of the year		1,558	3,158



NOTES

t.DKK	Group		Parent	
	2020	2019	2020	2019
1. STAFF COSTS				
Wages and salaries	6,625	5,160	4,077	3,050
Pensions	0	0	0	0
Other social security costs	41	27	22	16
Other staff costs	98	131	16	30
Staff costs, gross total	6,763	5,317	4,114	3,096
Capitalised development costs	1,834	824	1,834	824
Staff costs, total	4,929	4,493	2,280	2,272
Average number of employees	12	10	6	5
Staff costs include wages and salaries accrued by Executive Management and the Supervisory Board in the amount t.DKK 788. (2019: t.DKK 720)				
2. FINANCIAL INCOME				
Other financial income	23	2	7	2
	23	2	7	2

t.DKK	Group		Parent	
	2020	2019	2020	2019
3. FINANCIAL EXPENSES				
Other financial expenses	(191)	(147)	(185)	(139)
	(191)	(147)	(185)	(139)
4. TAX ON INCOME FOR THE YEAR				
Current tax	(374)	(174)	(214)	0
Adjustment of tax from previous years	129	0	129	0
Adjustment of deferred tax for the year	(675)	(910)	(675)	(910)
	(920)	(1,084)	(759)	(910)



NOTES

	Group		Parent	
t.DKK	Development projects under construction	Completed development projects	Development projects under construction	Completed development projects
5. INTANGIBLE ASSETS				
Cost price, 1 January 2020	2,979	3,709	2,979	3,709
Additions	4,574	0	4,574	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Cost price, 31 December 2020	7,553	3,709	7,553	3,709
Amortisation, 1 January 2020	0	1,354	0	1,354
Amortisation	0	785	0	785
Disposals	0	0	0	0
Transfers	0	0	0	0
Amortisation, 31 December 2020	0	2,139	0	2,139
Carrying amount, 31 December 2020	7,553	1,570	7,553	1,570

Development projects under construction and completed development projects includes the development and testing of games under various titles which are launched through several platforms such as the Google Store and the App Store.

t.DKK	2020	2019
6. INVESTMENTS IN SUBSIDIARIES		
Cost price, 1 January 2020	50	50
Cost price, 31 December 2020	50	50
Value adjustments, 1 January 2020	459	(50)
Income for the year	677	509
Other adjustments	(109)	0
Value adjustments, 31 December 2020	1,027	459
Carrying amount, 31 December 2020	1,077	509

Name	Registered in	Voting and ownership share
Trophy Games Publishing ApS	Copenhagen, Denmark	100 %

7. SHARE CAPITAL

The share capital consists of 250,000 shares of DKK 100 nominal value and is paid up in full.

No shares have special rights.



NOTES

	Group		Parent	
t.DKK	2020	2019	2020	2019
8. DEFERRED TAX				
1 January	1,153	243	1,153	243
Adjustment of deferred tax for the year	675	910	675	910
31 December	1,828	1,153	1,828	1,153

Deferred tax relates to development projects

9. CONTINGENT LIABILITIES

The parent company participates in joint taxation with its Danish subsidiary. The companies bear unlimited joint and several liability for Danish corporation tax and tax at source on dividends, interest and royalties within the joint taxation scheme. Any subsequent adjustment of the income subject to joint taxation or tax at source on dividend etc. could result in an increase of the companies' liability.

10. COLLATERAL

The Group and the parent company has not provided collateral.

	Parent	
t.DKK	2020	2019
11. DISTRIBUTION OF PROFIT FOR THE YEAR		
Proposed profit appropriation:		
Reserve for development costs	2,955	4,160
Reserve for revaluation of subsidiaries	568	460
Retained earnings	208	(1,470)
	3,731	3,150

12. RELATED PARTIES

According to section 98(3) of the Danish Financial Statements Act, transactions with wholly-owned subsidiaries are not disclosed. Wages and salaries accrued by Executive Management and the Supervisory Board is disclosed in note 1.

During 2020 the Group has repaid loans from shareholders and management including interest.

Trophy Games Development ApS has no related parties with controlling influence.



NOTES

t.DKK	Group	
	2020	2019
13. ADJUSTMENTS FOR NON-CASH OPERATING ITEMS, ETC		
Financial income	(23)	(2)
Financial expenses	191	147
Other adjustments	124	0
Depreciation and amortisation	785	11
Tax on income for the year	920	1,084
	1,997	1,240
14. CHANGES IN NET WORKING CAPITAL		
Changes in receivables	(830)	(471)
Changes in current liabilities	2,170	(167)
	1,340	(638)



NOTES

15. ACCOUNTING POLICIES

The 2020 Annual Report of Trophy Games Development has been prepared in accordance with the provisions applying to reporting class C medium enterprises under the Danish Financial Statements Act.

Correction of presentation regarding financial statements for 2019

In the financial statements for 2019 debt to shareholders and management was presented as a current liability under debt to associated companies. This has been reclassified to non-current liabilities and has been renamed to debt to shareholders and management. This has no impact on profit for the year or equity.

In the financial statements for 2019 development projects was not divided into completed projects and projects under development. This has been reclassified in the financial statements for 2020. This has no impact on profit for the year or equity.

In the financial statements for 2019 capitalized staff costs on development projects was netted against gross profit. This has been reclassified to a netting against staff costs. This has no impact on profit for the year or equity.

The accounting policies used in the preparation of the income statement are consistent with those of last year.

Recognition and measurement

The financial statements are prepared in accordance with the historical cost convention.

Revenue is recognised in the income statement as it is earned. Value adjustments of financial assets and liabilities are measured at fair value or amortised cost. The same applies to all expenses incurred to achieve earnings, including depreciations, impairment losses/gains, accruals and reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position 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 statement of financial position when it is probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item below:

Certain financial assets and liabilities are measured at amortised cost to achieve a constant effective interest rate over the life of the asset or liability. Amortised cost is stated as the original cost less any repayments plus or minus the cumulative amortisation of any difference between cost and nominal amount. In this way, capital losses and gains are amortised over the life of the asset or liability.

Recognition and measurement take into consideration anticipated losses and risks that arise before the time of presentation of the annual report and which confirm or invalidate affairs and conditions existing at the statement of financial position date.

The parent company uses Danish Kroner (DKK) as its functional currency. All other currencies are considered as foreign currency.

Consolidated financial statements

The consolidated financial statements include the parent company Trophy Games Development ApS, as well as the subsidiaries of which Trophy Games Development ApS directly or indirectly holds more than 50 % of the voting rights or has a deciding influence in another way.



NOTES

For the consolidated companies, elimination is carried out of intra-group income and expenses, shareholdings, internal debts and dividends as well as realised and unrealised profits and losses for transactions between the consolidated companies.

Investments in subsidiaries are offset with the proportionate share of the subsidiaries' fair value of net assets and liabilities on the acquisition date.

INCOME STATEMENT

Revenue

The net revenue for the sale of goods is recognised in the income statement if delivery and risk transfer to the buyer has taken place before the end of the year. The net revenue is recognised excluding VAT and tax charges on behalf of a third party, as well as with the deduction of discounts in connection with the sale.

Direct costs

Direct costs include the costs incurred to achieve revenue for the year.

Other external costs

Other external expenses comprise expenses for administration, etc.

Staff costs

Staff costs comprises wages and salaries, pension and related expenses.

Results of investments in subsidiaries

The proportionate share of the individual subsidiaries' results after tax, after full elimination of internal profits/loss, is recognised in the parent company's income statement.

Financial income and expenses

Financial income and expenses include interest income and expenses as well as financial gains and losses and foreign currency adjustments.

Tax on income for the year

The parent company is covered by the Danish rules on compulsory joint taxation of Trophy Games Development's Danish subsidiaries. Subsidiaries are covered by joint taxation as of the date they are included in the consolidation in the Consolidated Financial Statement, prior to this they are not part of consolidation

The parent company is the administrative company for the joint taxation and, as a result of this, settles all payments of corporate taxes with the Danish tax authorities.

The applicable Danish corporate tax is allocated by settling joint taxation contributions among the jointly taxed companies, in relation to their taxable incomes. In this connection, companies with tax losses, receive joint taxation contributions from companies that have been able to apply this loss to reduce their own tax profit.

Tax for the year, consisting of the year's current corporate tax, the year's joint taxation contribution and changes in deferred tax rates, is recognised in the statement of income, with the portion that can be attributed to the income for the year, and directly to equity, with the portion that can be directly attributed to equity.

BALANCE SHEET

Intangibles assets

Development projects relate to software that supports the development of games. Development projects that are clearly defined and identifiable are recognised as intangible assets if it is probable that the development project will generate future economic benefits to the group and the development costs of the individual asset can be measured reliably. Other development costs are recognised as costs in the statement of income as they are incurred.



NOTES

Development projects are initially measured at cost price. The cost price of development projects comprises costs that can be attributed directly or indirectly to the development projects, and which are necessary to complete the project, counting from the time when the development project first meets the criteria for recognition as an asset.

Completed development projects are amortised on a straight-line basis over the estimated life, which is estimated to be 3 years. Development projects are written down to a possible lower recoverable amount, cf. the section on impairment of assets below.

FINANCIAL ASSETS

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportional share of the companies' equity value measured according to the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus the residual value of positive or negative goodwill measured according to the acquisition method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0 and any receivables from these companies will be impaired to the extent the receivable is deemed non-collectable. To the extent the parent company has a legal or actual obligation to cover a negative balance that exceeds the receivable; the balance will be recognised under accruals. If Trophy Games Development has a legal or actual obligation to the company's deficit, an allocated commitment will be included to this.

Net revaluation of investments in subsidiaries are shown as a reserve for net revaluation according to the equity method in equity to the extent the carrying amount exceeds the cost price. Dividends from subsidiaries expected to be approved before the approval of the annual report for Trophy Games Development ApS are not bound on the revaluation reserve.

Impairment of non-current assets

The carrying amounts of intangible assets and property, plant and equipment are written down immediately to the recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level at which cash flows are separately identifiable (cash-generating units).

Receivables

Receivables are measured at amortised cost.

Impairments for potential losses are made where it is estimated that there is objective indication that a receivable or a portfolio of receivables are impaired. If there is objective indication that an individual receivable is impaired, impairment is made at individual level.

Receivables for which there is no objective indication of impairment at individual level, objective indication for impairment is assessed at portfolio level.

The portfolios are primarily based on the domicile of the debtors and a credit assessment in accordance with the Company's and the Group's credit risk management policy. The objective indicators used for portfolios are established based on historical records of losses.

Impairments are calculated as the difference between the carrying amount of receivables and the present value of anticipated cash flows, including the realisable value of any accepted collaterals. The effective interest rate is used as the discount rate for the individual receivable or portfolio.



NOTES

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, from the proceeds.

Reserve for net revaluation according to the equity method

Reserve for net revaluation applying the equity method covers net revaluations of equity investments in subsidiaries in relation to cost.

The reserve can be eliminated in case of losses, if investments are realised or changes are made to accounting estimates.

The reserve may not be recognised at a negative amount.

Reserve for development projects

The reserve for development projects 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 projects are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

If the recognised development projects are written down, part of the reserve for development projects must be reversed. The reversed portion corresponds to the write-down of the development projects. If a write-down of the development projects is subsequently reversed, the reserve for development projects must be re-established. The reserve for development projects is also reduced by amortisation charges. In doing so, the equity reserve will not exceed the amount recognised in the statement of financial position as development projects.

Dividend distribution

Proposed dividends are disclosed as a separate item under equity and recognised as a liability when declared.

Corporate tax and deferred tax

As the administrative company, Trophy Games Development ApS assumes liability for the subsidiaries' corporate taxes to the Danish tax authorities concurrently with the subsidiaries' payment of joint taxation contributions.

Current tax payable and receivable is recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for previous years' taxable income and taxes paid on account. Payable or receivable joint taxation contributions are recognised in the statement of financial position as "Payable corporate tax" or "Corporate tax."

Deferred tax is measured according to the statement of financial position liability method on all temporary differences between accounting and tax values of assets and liabilities. However, deferred tax on temporary differences related to taxable non-deductible goodwill, as well as other items where temporary differences – except for acquisitions of companies – have arisen at the time of acquisition without having an effect on the income or taxable income, is not recognised. In cases where the determination of the tax value can be performed under various taxation rules, deferred tax is measured based on management's planned use of the asset, respectively, settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be used, either by elimination in the tax of future earnings, or by offsets in deferred tax payables in companies within the same legal tax entity or jurisdiction.



NOTES

Adjustment of deferred tax is made concerning performed elimination of unrealized payable intra-group profits and losses. Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation, at the reporting date, when the deferred tax is expected to be crystalized as current tax.

Liabilities

Financial liabilities are recognised upon raising the loan at the proceeds received, less incurred transaction costs. For subsequent periods, financial liabilities are measured at amortised cost.

Cash flow statement

The cash flow statement shows consolidated cash flow distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents for the year, as well as cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is measured as income for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flow from investing activities covers payments made related to the purchase and divestment of companies and activities, and the purchase and divestment of property, plant and equipment, intangible assets and other financial assets. Cash flows from financing activities comprise cash inflows from shareholders in their capacity as shareholders.

Cash and cash equivalents comprise holdings of short-term securities that can readily be converted to cash or cash equivalents and for which there is only insignificant risk of changes in value.

Key Figures

The financial ratios have been computed as follows:

$$\text{Return on equity} = \frac{\text{Profit for the year}}{\text{Average equity}}$$

$$\text{Solvency ration:} = \frac{\text{Total equity}}{\text{Total assets}}$$



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Jan Dal Lehrmann

Chairman

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Henning Aasmul-Olsen

Chairman of the meeting

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