



## Funday Factory ApS

Søndergade 4, 2.  
8000 Aarhus C  
CVR No. 33595123

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 15.06.2020

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**Kristian Bang Nørgaard**

Chairman of the General Meeting

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# Entity details

## Entity

Funday Factory ApS

Søndergade 4, 2.

8000 Aarhus C

CVR No.: 33595123

Registered office: Aarhus

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Mikael Kisbye Kristensen

Mathias Gredal Nørvig, formand

Anders Leicht Rohde

## Executive Board

Kristian Bang Nørgaard

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Funday Factory ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 15.06.2020

## Executive Board

**Kristian Bang Nørgaard**

## Board of Directors

**Mikael Kisbye Kristensen**

**Mathias Gredal Nørvig**  
formand

**Anders Leicht Rohde**

# Independent auditor's extended review report

## To the shareholders of Funday Factory ApS

### Conclusion

We have performed an extended review of the financial statements of Funday Factory ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with 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 commentary.

Aarhus, 15.06.2020

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Klaus Tvede-Jensen**

State Authorised Public Accountant  
Identification No (MNE) mne23304

#### **Rasmus Villadsen Madsen**

State Authorised Public Accountant  
Identification No (MNE) mne45822

# Management commentary

## Primary activities

The company's activity focuses on the development of digital games, entertainment and software, as well as related activities. Through strategic partnerships, the company develops creative solutions focusing on games for mobile platforms.

The company develops its own games and IPs aimed at a global market and games with other brands. This is often done in collaboration with strong partners within the gaming industries or related industries.

## Description of material changes in activities and finances

The company has realized a loss of DKK 1,842,869.

2019 was the second year in a row where Funday Factory invested heavily in new games and partnerships. Games - like Bullet League - were brought into soft launch in selected markets for testing and market validation to prepare for global launches in 2020. Further, we invested in (and succeeded with) landing two new partners: Both of them global top brands within mobile games and social media.

In 2019, we continued to develop both the technical and creative knowledge and skills in the organization to stand stronger commercially. During the spring of 2019, former Rovio Director of Publishing Matt Wilson joined the company as a minority investor bringing in a strong network and know-how. Today, Funday Factory stands even stronger to fulfil its ambition of developing the best gaming experiences for the users and being one of the leading gaming studios in the global mobile gaming market.

We are confident that 2020 will deliver returns from the investments made in 2018 and 2019. Thus, 2019 represents the last of two consecutive years where the annual result has been highly influenced by large investments and a transition from short-term consulting business model to more long-term commercial partnerships and in-house productions. In this light, the result of the year is satisfactory.

## Events after the balance sheet date

No circumstances have occurred after the balance sheet date that distort the assessment of the annual report. The outbreak and spread of COVID-19 at the beginning of 2020 has not and is not expected to have a significant impact on the company's financial position and development.

# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>14,507,920</b>	<b>17,317,879</b>
Staff costs	1	(16,640,598)	(18,201,319)
Depreciation, amortisation and impairment losses		(37,778)	(27,672)
<b>Operating profit/loss</b>		<b>(2,170,456)</b>	<b>(911,112)</b>
Other financial income	2	16,748	21,516
Impairment losses on financial assets		(182,000)	0
Other financial expenses		(25,161)	(24,578)
<b>Profit/loss before tax</b>		<b>(2,360,869)</b>	<b>(914,174)</b>
Tax on profit/loss for the year	3	518,000	181,646
<b>Profit/loss for the year</b>		<b>(1,842,869)</b>	<b>(732,528)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(1,842,869)	(732,528)
<b>Proposed distribution of profit and loss</b>		<b>(1,842,869)</b>	<b>(732,528)</b>



# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Development projects in progress	5	312,055	312,055
<b>Intangible assets</b>	4	<b>312,055</b>	<b>312,055</b>
Other fixtures and fittings, tools and equipment		111,314	90,936
<b>Property, plant and equipment</b>	6	<b>111,314</b>	<b>90,936</b>
Investments in group enterprises		2,802,715	0
Receivables from group enterprises		264,849	0
Investments in associates		0	152,774
Other investments		0	182,000
Deposits		140,175	135,615
<b>Other financial assets</b>	7	<b>3,207,739</b>	<b>470,389</b>
<b>Fixed assets</b>		<b>3,631,108</b>	<b>873,380</b>
Trade receivables		779,984	2,402,630
Contract work in progress		372,271	27,484
Receivables from group enterprises		912,298	816,810
Deferred tax		400,000	0
Other receivables		252,360	44,410
Prepayments		62,468	254,635
<b>Receivables</b>		<b>2,779,381</b>	<b>3,545,969</b>
<b>Cash</b>		<b>745,720</b>	<b>4,747,303</b>
<b>Current assets</b>		<b>3,525,101</b>	<b>8,293,272</b>
<b>Assets</b>		<b>7,156,209</b>	<b>9,166,652</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Contributed capital		86,340	81,800
Reserve for development expenditure		243,403	243,403
Retained earnings		3,936,980	3,303,487
<b>Equity</b>		<b>4,266,723</b>	<b>3,628,690</b>
Deferred tax		0	118,000
<b>Provisions</b>		<b>0</b>	<b>118,000</b>
Other payables		511,173	0
<b>Non-current liabilities other than provisions</b>	<b>8</b>	<b>511,173</b>	<b>0</b>
Contract work in progress		0	12,094
Trade payables		170,329	320,633
Payables to group enterprises		2,845	0
Income tax payable		0	882,354
Other payables	9	2,078,517	3,963,311
Deferred income		126,622	241,570
<b>Current liabilities other than provisions</b>		<b>2,378,313</b>	<b>5,419,962</b>
<b>Liabilities other than provisions</b>		<b>2,889,486</b>	<b>5,419,962</b>
<b>Equity and liabilities</b>		<b>7,156,209</b>	<b>9,166,652</b>

Contingent liabilities

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# Statement of changes in equity for 2019

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	81,800	0	243,403	3,303,487	3,628,690
Increase of capital	4,540	2,476,362	0	0	2,480,902
Transferred from share premium	0	(2,476,362)	0	2,476,362	0
Profit/loss for the year	0	0	0	(1,842,869)	(1,842,869)
<b>Equity end of year</b>	<b>86,340</b>	<b>0</b>	<b>243,403</b>	<b>3,936,980</b>	<b>4,266,723</b>

# Notes

## 1 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	14,617,222	15,502,492
Pension costs	1,002,273	1,570,888
Other social security costs	275,688	266,324
Other staff costs	745,415	861,615
	<b>16,640,598</b>	<b>18,201,319</b>
Average number of full-time employees	<b>33</b>	<b>35</b>

## 2 Other financial income

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	14,849	11,100
Exchange rate adjustments	1,899	10,416
	<b>16,748</b>	<b>21,516</b>

## 3 Tax on profit/loss for the year

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	0	882,354
Change in deferred tax	(518,000)	(1,064,000)
	<b>(518,000)</b>	<b>(181,646)</b>

## 4 Intangible assets

	<b>Development projects in progress</b>
	<b>DKK</b>
Cost beginning of year	312,055
<b>Cost end of year</b>	<b>312,055</b>
<b>Carrying amount end of year</b>	<b>312,055</b>

## 5 Development projects

The development of Northern Lights (a digital game and a transmedia experience that have received a grant for the development) has unfortunately not been continued in collaboration with the Canadian co-production partner as was otherwise expected. Therefore, the development of the project has been halted and no further revenue, except grants already received, is expected from it in the future.

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	130,162
Additions	58,156
<b>Cost end of year</b>	<b>188,318</b>
Depreciation and impairment losses beginning of year	(39,226)
Depreciation for the year	(37,778)
<b>Depreciation and impairment losses end of year</b>	<b>(77,004)</b>
<b>Carrying amount end of year</b>	<b>111,314</b>

## 7 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Receivables from group enterprises DKK</b>	<b>Investments in associates DKK</b>	<b>Other investments DKK</b>	<b>Deposits DKK</b>
Cost beginning of year	0	0	152,774	182,000	135,615
Transfers	2,802,715	0	(2,802,715)	0	0
Additions	0	264,849	2,649,941	0	4,560
<b>Cost end of year</b>	<b>2,802,715</b>	<b>264,849</b>	<b>0</b>	<b>182,000</b>	<b>140,175</b>
Impairment losses for the year	0	0	0	(182,000)	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(182,000)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>2,802,715</b>	<b>264,849</b>	<b>0</b>	<b>0</b>	<b>140,175</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>	<b>Equity DKK</b>	<b>Profit/loss DKK</b>
Doomsday ApS	Aarhus	ApS	54	5,206,062	(329,668)

## 8 Non-current liabilities other than provisions

The outstanding debt after 5 years amounts to DKK 0.

## 9 Other payables

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
VAT and duties	779,866	1,660,982
Wages and salaries, personal income taxes, social security costs, etc payable	209,339	30,011
Holiday pay obligation	1,089,312	2,002,994
Other costs payable	0	269,324
	<b>2,078,517</b>	<b>3,963,311</b>

## 10 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, work in progress, own work capitalised, cost of raw materials and consumables and external expenses.

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### Cost of sales

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

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, transactions in foreign currencies etc.

**Impairment losses on financial assets**

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

**Other financial expenses**

Other financial expenses comprise interest expenses, including tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.



The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

### **Investments in associates**

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

**Other investments**

Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises bank deposits.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Income tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.