



Funday Games ApS

Filmbyen 11 A, 5.
8000 Aarhus C
CVR No. 33595123

Annual report 2022

The Annual General Meeting adopted the
annual report on 15.06.2023

Kristian Bang Nørgaard
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's extended review report	4
Management commentary	6
Income statement for 2022	7
Balance sheet at 31.12.2022	8
Statement of changes in equity for 2022	10
Notes	11
Accounting policies	14

Entity details

Entity

Funday Games ApS

Filmbyen 11 A, 5.

8000 Aarhus C

Business Registration No.: 33595123

Registered office: Aarhus

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Mathias Gredal Nørvig

Mikael Kisbye Kristensen

Anders Leicht Rohde

Executive Board

Kristian Bang Nørgaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Lead Client Service Partner: Mads Fauerskov

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Funday Games ApS for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 15.06.2023

Executive Board

Kristian Bang Nørgaard

Board of Directors

Mathias Gredal Nørvig

Mikael Kisbye Kristensen

Anders Leicht Rohde

Independent auditor's extended review report

To the shareholders of Funday Games ApS

Conclusion

We have performed an extended review of the financial statements of Funday Games ApS for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 conclusion 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, 15.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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.

Development in activities and finances

Funday Factory looks back on a satisfying 2022 with a profit of 3.510 t.DKK. During the year, our strategy and focus on two business units in the company showed its worth with great traction in both units across the year as a whole.

1. Instant F2P games again had Snapchat as the main platform and partner. A partnership that unfortunately ended during the last days of 2022 as Snapchat closed down their gaming vertical. It has been positive to see that our great games and strong technical abilities have been easily transferable to other platforms and partnerships.

2. Cross Platform Premium grew greatly in size, importance and impact. The original Funday Factory IP "Don't Die in the West" has grown from a promising demo to a fully fledged game - and during Q4, we secured an additional PC co-production on an external IP. Both PC productions are expected to meet the market in 2023. Further, we strengthen our capabilities for creating breakthrough games on the Apple Arcade platform.

We continue to sharpen our focus on fewer platforms, fewer games and fewer genres of games. Our aim is to continue to build bigger and better games for the players - games that can spread joy and connect people for years to come. In this light, the result of the year is satisfactory.

In the organization, we have focused on harnessing both the technical and creative knowledge and production processes in the company and implemented new roles and structures to collectively raise the bar within and across professions. Further, we continue to invest in our employees' knowledge and knowhow and stand even stronger in an international market: An international market where we serve millions of players all over the world playing our epic games based on social and shared experiences.

Outlook

The 2023 outlook is promising with two PC titles planned for global launch and all the Snapchat games being our IP now. We expect slower growth on head-count during the year compared to 2022, focus more on market and marketing orientated activities while we will continue to invest in the future, with new games and new partnerships.

Events after the balance sheet date

No circumstances have occurred after the balance sheet date that distort the assessment of the annual report.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		28,204,073	22,741,492
Staff costs	1	(22,707,307)	(17,615,562)
Depreciation, amortisation and impairment losses		(174,965)	(114,041)
Operating profit/loss		5,321,801	5,011,889
Income from investments in group enterprises		(752,506)	(3,384,331)
Other financial income	2	580,083	343,464
Other financial expenses	3	(429,552)	(206,660)
Profit/loss before tax		4,719,826	1,764,362
Tax on profit/loss for the year	4	(1,216,197)	(998,804)
Profit/loss for the year		3,503,629	765,558
Proposed distribution of profit and loss			
Retained earnings		3,503,629	765,558
Proposed distribution of profit and loss		3,503,629	765,558

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Development projects in progress	6	7,521,326	2,039,393
Intangible assets	5	7,521,326	2,039,393
Other fixtures and fittings, tools and equipment		341,048	232,612
Leasehold improvements		210,872	258,594
Property, plant and equipment	7	551,920	491,206
Investments in group enterprises		0	0
Receivables from group enterprises		0	0
Deposits		378,033	378,033
Financial assets	8	378,033	378,033
Fixed assets		8,451,279	2,908,632
Trade receivables		4,775,697	2,101,297
Contract work in progress		0	1,695,051
Receivables from group enterprises		706,407	56,812
Other receivables		67,843	66,124
Income tax receivable		452,666	448,666
Prepayments		1,485,342	3,823,952
Receivables		7,487,955	8,191,902
Cash		1,939,452	1,472,626
Current assets		9,427,407	9,664,528
Assets		17,878,686	12,573,160

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		86,340	86,340
Reserve for development expenditure		5,866,634	1,590,727
Retained earnings		3,229,384	4,001,662
Equity		9,182,358	5,678,729
Deferred tax		2,017,000	1,414,000
Provisions		2,017,000	1,414,000
Other payables		1,242,090	1,231,170
Non-current liabilities other than provisions	9	1,242,090	1,231,170
Bank loans		56,672	0
Contract work in progress		102,051	180,774
Trade payables		191,115	223,349
Payables to group enterprises		0	2,845
Payables to owners and management		0	195,188
Joint taxation contribution payable		613,197	0
Other payables		4,474,203	3,647,105
Current liabilities other than provisions		5,437,238	4,249,261
Liabilities other than provisions		6,679,328	5,480,431
Equity and liabilities		17,878,686	12,573,160
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	86,340	1,590,727	4,001,662	5,678,729
Transfer to reserves	0	4,275,907	(4,275,907)	0
Profit/loss for the year	0	0	3,503,629	3,503,629
Equity end of year	86,340	5,866,634	3,229,384	9,182,358

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	20,456,697	15,895,380
Pension costs	1,274,299	971,950
Other social security costs	271,540	216,444
Other staff costs	704,771	531,788
	22,707,307	17,615,562
Average number of full-time employees	38	30

2 Other financial income

	2022	2021
	DKK	DKK
Financial income from group enterprises	24,714	22,883
Exchange rate adjustments	555,369	320,581
	580,083	343,464

3 Other financial expenses

	2022	2021
	DKK	DKK
Other interest expenses	56,880	37,357
Exchange rate adjustments	372,672	154,730
Other financial expenses	0	14,573
	429,552	206,660

4 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	0	(448,666)
Change in deferred tax	603,000	1,451,000
Adjustment concerning previous years	0	(3,530)
Refund in joint taxation arrangement	613,197	0
	1,216,197	998,804

5 Intangible assets

	Development projects in progress DKK
Cost beginning of year	2,039,393
Additions	5,481,933
Cost end of year	7,521,326
Carrying amount end of year	7,521,326

6 Development projects

The pc and console game "Don't Die in The West" is a Funday Factory intellectual property that is in development. It's a co-op open world survival crafting game. As a player you explore, hunt, craft, build your base, duel and seek revenge in this beautiful but deep and harsh open world western.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	428,589	312,714
Additions	218,893	16,787
Cost end of year	647,482	329,501
Depreciation and impairment losses beginning of year	(195,977)	(54,120)
Depreciation for the year	(110,457)	(64,509)
Depreciation and impairment losses end of year	(306,434)	(118,629)
Carrying amount end of year	341,048	210,872

8 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK
Cost beginning of year	3,702,719	308,920	378,033
Transfers	0	(333,634)	0
Additions	0	24,714	0
Cost end of year	3,702,719	0	378,033
Impairment losses beginning of year	(3,702,719)	(308,920)	0
Impairment losses for the year	(936,443)	0	0
Reversal of impairment losses	0	308,920	0
Investments with negative equity value depreciated over receivables	936,443	0	0
Impairment losses end of year	(3,702,719)	0	0
Carrying amount end of year	0	0	378,033

9 Non-current liabilities other than provisions

The outstanding debt after 5 years amounts to DKK 0.

10 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	832,000	1,523,000

11 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.

12 Assets charged and collateral

Bank loans are secured by way of a mortgage deed registered to the shares in group enterprises.

Bank loans are secured by a way of receivables charges, limited to t.DKK 1,000.

Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with Danske Bank. The maximum limit of the guarantee is t.DKK 100. Bank loans of group enterprises amount to t.DKK 0.

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 a few provisions for reporting class C.

Changes in accounting policies

The Entity has changed its accounting policies with regard to presentation of own work capitalized and regarding cash flow statement.

The change in accounting policies regarding own work capitalized has not led to a decrease or increase in equity, assets or liabilities. Own work capitalized was previous shown as a deduct of staff cost, but is now presented on a seperate line, as part of gross profit.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year with minor reclassifications.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

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).

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

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.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year.

Other financial income

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

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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.

Receivables

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

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.

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises bank deposits.

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.

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.