



Funday Factory ApS

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

Annual report 2021

The Annual General Meeting adopted the
annual report on 18.05.2022

Kristian Bang Nørgaard
Chairman of the General Meeting

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Entity details

Entity

Funday Factory ApS

Filmbyen 11a, 5.

8000 Aarhus C

Business Registration No.: 33595123

Registered office: Aarhus

Financial year: 01.01.2021 - 31.12.2021

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

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 18.05.2022

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 Factory ApS

Conclusion

We have performed an extended review of the financial statements of Funday Factory ApS for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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, 18.05.2022

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 2021 with a profit of 766 t.DKK. During the year, our strategy and focus was strengthened towards two business units in the company:

1. Instant F2P games with Snapchat as the main platform and partner. A partnership that only grew stronger during the year and that continues to have great long term perspectives for Funday Factory as well as Snapchat.
2. Cross Platform Premium games with a PC production and an Apple Arcade cross platform production as the main development projects in 2021. We are moving forward with great speed and with great partners here also.

We are very satisfied with doubling down on these two business areas and sharpening our focus on fewer platforms 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 2022 outlook is promising. We expect further growth during the year while also continuing to invest in the future, with new games and new partnerships while at the same time focusing more on the platforms and genres where we have traction and see prosperous perspectives.

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 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		20,593,957	18,467,022
Staff costs	1	(15,468,027)	(16,028,446)
Depreciation, amortisation and impairment losses		(114,041)	(371,107)
Operating profit/loss		5,011,889	2,067,469
Income from investments in group enterprises		(3,384,331)	(627,308)
Other financial income	2	343,464	43,264
Other financial expenses	3	(206,660)	(473,977)
Profit/loss before tax		1,764,362	1,009,448
Tax on profit/loss for the year	4	(998,804)	(363,000)
Profit/loss for the year		765,558	646,448
Proposed distribution of profit and loss			
Retained earnings		765,558	646,448
Proposed distribution of profit and loss		765,558	646,448

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Development projects in progress	6	2,039,393	0
Intangible assets	5	2,039,393	0
Other fixtures and fittings, tools and equipment		232,612	163,577
Leasehold improvements		258,594	173,979
Property, plant and equipment	7	491,206	337,556
Investments in group enterprises		0	3,075,411
Receivables from group enterprises		0	286,037
Deposits		378,033	384,612
Financial assets	8	378,033	3,746,060
Fixed assets		2,908,632	4,083,616
Trade receivables		2,101,297	3,607,727
Contract work in progress		1,695,051	88,214
Receivables from group enterprises		56,812	567,101
Deferred tax		0	37,000
Other receivables		66,124	151,097
Income tax receivable		448,666	671,176
Prepayments		3,823,952	608,565
Receivables		8,191,902	5,730,880
Cash		1,472,626	997,304
Current assets		9,664,528	6,728,184
Assets		12,573,160	10,811,800

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		86,340	86,340
Reserve for development expenditure		1,590,727	0
Retained earnings		4,001,662	4,826,831
Equity		5,678,729	4,913,171
Deferred tax		1,414,000	0
Provisions		1,414,000	0
Other payables		1,231,170	1,344,496
Non-current liabilities other than provisions	9	1,231,170	1,344,496
Contract work in progress		180,774	33,525
Trade payables		223,349	282,091
Payables to group enterprises		2,845	2,845
Payables to shareholders and management		195,188	167,688
Joint taxation contribution payable		0	645,176
Other payables		3,647,105	3,422,808
Current liabilities other than provisions		4,249,261	4,554,133
Liabilities other than provisions		5,480,431	5,898,629
Equity and liabilities		12,573,160	10,811,800
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	86,340	0	4,826,831	4,913,171
Transfer to reserves	0	1,590,727	(1,590,727)	0
Profit/loss for the year	0	0	765,558	765,558
Equity end of year	86,340	1,590,727	4,001,662	5,678,729

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	15,787,238	14,635,812
Pension costs	971,950	873,014
Other social security costs	216,444	179,440
Other staff costs	531,788	340,180
	17,507,420	16,028,446
Staff costs classified as assets	(2,039,393)	0
	15,468,027	16,028,446
Average number of full-time employees	30	29

2 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	22,883	21,188
Exchange rate adjustments	320,581	22,076
	343,464	43,264

3 Other financial expenses

	2021	2020
	DKK	DKK
Other interest expenses	37,357	89,867
Exchange rate adjustments	154,730	384,110
Other financial expenses	14,573	0
	206,660	473,977

4 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	(448,666)	0
Change in deferred tax	1,451,000	363,000
Adjustment concerning previous years	(3,530)	0
	998,804	363,000

5 Intangible assets

	Development projects in progress DKK
Additions	2,039,393
Cost end of year	2,039,393
Carrying amount end of year	2,039,393

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	291,764	181,848
Additions	136,825	130,866
Cost end of year	428,589	312,714
Depreciation and impairment losses beginning of year	(128,187)	(7,869)
Depreciation for the year	(67,790)	(46,251)
Depreciation and impairment losses end of year	(195,977)	(54,120)
Carrying amount end of year	232,612	258,594

8 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK
Cost beginning of year	3,702,719	286,037	384,612
Additions	0	22,883	94,508
Disposals	0	0	(101,087)
Cost end of year	3,702,719	308,920	378,033
Impairment losses beginning of year	(627,308)	0	0
Impairment losses for the year	(3,075,411)	(308,920)	0
Impairment losses end of year	(3,702,719)	(308,920)	0
Carrying amount end of year	0	0	378,033

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Doomsday ApS	Aarhus	ApS	58.00

9 Non-current liabilities other than provisions

The outstanding debt after 5 years amounts to DKK 0.

10 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	1,523,000	2,257,000

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.

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.

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).

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:

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.

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.

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.

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.