



Funday Factory ApS

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

Annual report 2020

The Annual General Meeting adopted the
annual report on 10.06.2021

Kristian Bang Nørgaard
Chairman of the General Meeting

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Entity details

Entity

Funday Factory ApS

Filmbyen 11a, 5.

8000 Aarhus C

CVR No.: 33595123

Registered office: Aarhus

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Mathias Gredal Nørvig, formand

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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 C, 10.06.2021

Executive Board

Kristian Bang Nørgaard

Board of Directors

Mathias Gredal Nørvig
formand

Mikael Kisbye Kristensen

Anders Leicht Rohde

Independent auditor's report

To the shareholders of Funday Factory ApS

Opinion

We have audited the financial statements of Funday Factory ApS for the financial year 01.01.2020 - 31.12.2020, 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 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 judgement and maintain professional scepticism 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.
- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 Entity'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 evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

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 audit 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 audit 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 the 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 C, 10.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Fauerskov

State Authorised Public Accountant
Identification No (MNE) mne35428

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

2020 was the year where Funday Factory started to see return from the investments in games and partnership from the previous two years. The fiscal year marked the turning point going from the short-term consulting business model to long-term commercial partnerships and in-house productions. In this light, the result of the year is satisfactory.

2020 was also the year where our first game on the Bullet League IP was launched globally, we brought several games to the global market together with Snap on the Snapchat platform and kick-started development of new Funday Factory game IPs.

We continued to develop both the technical and creative knowledge, production processes and skills to stand stronger. Today, Funday Factory is developing gaming experiences for more platforms and more markets than ever before and serving millions of players all over the world playing our epic games based on social and shared experiences.

The 2021 outlook is promising. We expect further growth during the year while also continuing to invest in the future, new games, new partnerships and develop for new platforms and markets.

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 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		18,467,022	14,507,920
Staff costs	1	(16,028,446)	(16,640,598)
Depreciation, amortisation and impairment losses		(371,107)	(37,778)
Operating profit/loss		2,067,469	(2,170,456)
Income from investments in group enterprises		(627,308)	0
Other financial income	2	43,264	16,748
Impairment losses on financial assets		0	(182,000)
Other financial expenses		(473,977)	(25,161)
Profit/loss before tax		1,009,448	(2,360,869)
Tax on profit/loss for the year	3	(363,000)	518,000
Profit/loss for the year		646,448	(1,842,869)
Proposed distribution of profit and loss			
Retained earnings		646,448	(1,842,869)
Proposed distribution of profit and loss		646,448	(1,842,869)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Development projects in progress	5	0	312,055
Intangible assets	4	0	312,055
Other fixtures and fittings, tools and equipment		163,577	111,314
Leasehold improvements		173,979	0
Property, plant and equipment	6	337,556	111,314
Investments in group enterprises		3,075,411	2,802,715
Receivables from group enterprises		286,037	264,849
Other investments		0	0
Deposits		384,612	140,175
Financial assets	7	3,746,060	3,207,739
Fixed assets		4,083,616	3,631,108
Trade receivables		3,607,727	779,984
Contract work in progress		88,214	372,271
Receivables from group enterprises		567,101	912,298
Deferred tax		37,000	400,000
Other receivables		151,097	252,360
Income tax receivable		671,176	0
Prepayments		608,565	62,468
Receivables		5,730,880	2,779,381
Cash		997,304	745,720
Current assets		6,728,184	3,525,101
Assets		10,811,800	7,156,209

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		86,340	86,340
Reserve for development expenditure		0	243,403
Retained earnings		4,826,831	3,936,980
Equity		4,913,171	4,266,723
Other payables		1,344,496	511,173
Non-current liabilities other than provisions	8	1,344,496	511,173
Contract work in progress		33,525	0
Trade payables		282,091	170,329
Payables to group enterprises		2,845	2,845
Payables to shareholders and management		167,688	0
Joint taxation contribution payable		645,176	0
Other payables		3,422,808	2,078,517
Deferred income		0	126,622
Current liabilities other than provisions		4,554,133	2,378,313
Liabilities other than provisions		5,898,629	2,889,486
Equity and liabilities		10,811,800	7,156,209
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	86,340	243,403	3,936,980	4,266,723
Transfer to reserves	0	(243,403)	243,403	0
Profit/loss for the year	0	0	646,448	646,448
Equity end of year	86,340	0	4,826,831	4,913,171

Notes

1 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	14,635,812	14,617,222
Pension costs	873,014	1,002,273
Other social security costs	179,440	275,688
Other staff costs	340,180	745,415
	16,028,446	16,640,598
Average number of full-time employees	29	33

2 Other financial income

	2020	2019
	DKK	DKK
Financial income from group enterprises	21,188	14,849
Exchange rate adjustments	22,076	1,899
	43,264	16,748

3 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Change in deferred tax	363,000	(518,000)
	363,000	(518,000)

4 Intangible assets

	Development projects in progress
	DKK
Cost beginning of year	312,055
Disposals	(312,055)
Cost end of year	0
Impairment losses for the year	(312,055)
Reversal regarding disposals	312,055
Amortisation and impairment losses end of year	0
Carrying amount end of year	0

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

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	188,318	0
Additions	103,446	181,848
Cost end of year	291,764	181,848
Depreciation and impairment losses beginning of year	(77,004)	0
Depreciation for the year	(51,183)	(7,869)
Depreciation and impairment losses end of year	(128,187)	(7,869)
Carrying amount end of year	163,577	173,979

7 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Other investments DKK	Deposits DKK
Cost beginning of year	2,802,715	264,849	182,000	140,175
Additions	900,004	21,188	0	287,373
Disposals	0	0	(182,000)	(42,936)
Cost end of year	3,702,719	286,037	0	384,612
Impairment losses beginning of year	(627,308)	0	(182,000)	0
Reversal regarding disposals	0	0	182,000	0
Impairment losses end of year	(627,308)	0	0	0
Carrying amount end of year	3,075,411	286,037	0	384,612

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Doomsday ApS	Aarhus	ApS	58	461,197	(5,644,868)

8 Non-current liabilities other than provisions

The outstanding debt after 5 years amounts to DKK 0.

9 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	2,257,000	140,000

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.

11 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 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.

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.

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
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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income

is measured at cost.