



Spilnu.dk A/S

Lauritzens Plads 1, 4.
9000 Aalborg
CVR No. 33960476

Annual report 2019

The Annual General Meeting adopted the
annual report on 25.03.2020

Peter Thorlund Haahr

Chairman of the General Meeting

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Entity details

Entity

Spilnu.dk A/S

Lauritzens Plads 1, 4.

9000 Aalborg

CVR No.: 33960476

Registered office: Aalborg

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Peter Thorlund Haahr, chairman

Anders Gautier Christensen

Jacob Frederik Christensen

Jesper Hørsholt

Executive Board

Jacob Frederik Christensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Spilnu.dk A/S 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.

Aalborg, 25.03.2020

Executive Board

Jacob Frederik Christensen

Board of Directors

Peter Thorlund Haahr
chairman

Anders Gautier Christensen

Jacob Frederik Christensen

Jesper Hørsholt

Independent auditor's report

To the shareholders of Spilnu.dk A/S

Opinion

We have audited the financial statements of Spilnu.dk A/S 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.

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 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.

Aalborg, 25.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen

State Authorised Public Accountant
Identification No (MNE) mne34173

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Gross profit/loss	180,084	121,780	111,853	104,319	86,395
Operating profit/loss	150,652	98,870	91,838	89,472	75,516
Net financials	332	321	654	839	2,094
Profit/loss for the year	117,756	77,353	72,068	71,082	58,959
Total assets	122,719	131,297	117,166	114,979	77,890
Investments in property, plant and equipment	464	368	70	0	0
Equity	60,530	95,895	90,542	92,174	61,092
Ratios					
Return on equity (%)	150.56	82.98	78.89	92.76	114.21
Equity ratio (%)	49.32	73.04	77.28	80.17	78.43

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Return on equity

The entity's return on capital invested in the entity by the owners.

Solvency ratio

The financial strength of the entity.

Primary activities

Spilnu.dk A/S operates the website Spilnu.dk, which offers online casino within the gaming category of casual gaming, which is subject to licence requirements and exposed to competition under the Danish Gambling Act.

Development in activities and finances

Profit for the year amounts to DKK 117,756 thousand (2018: 77,353 thousand). According to Management, the results are considered satisfactory.

Outlook

The company is expecting the result in 2020 to be slightly lower or in line with 2019, as the marketing spend is lowered significant (around 30%).

Particular risks

No unusual circumstances occurred during the financial year and up to the reporting date, and the Company has not assumed any special risks. The financial statements have not been associated with significant uncertainty in relation to recognition and measurement. In connection with the financial reporting, the Company's management has assessed the valuation of its development projects. The Company's management has not assessed the need for write-down of its development projects.

Intellectual capital resources

The knowledge and competence level of the employees are important parameters in relation to the development of Spilnu.dk A/S 'products. It is endeavored to continually have the right knowledge and competences that will help Spilnu.dk A/S continue to maintain its customers in a competitive environment and continue its growth through the development of new games for the Company's gaming platform and business partners.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Covid-19 is not expected to impact the financial statements of the Company.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		180,083,787	121,780,388
Staff costs	2	(17,061,819)	(13,314,032)
Depreciation, amortisation and impairment losses		(12,370,105)	(9,596,342)
Operating profit/loss		150,651,863	98,870,014
Other financial income	3	629,458	555,645
Other financial expenses		(297,007)	(234,872)
Profit/loss before tax		150,984,314	99,190,787
Tax on profit/loss for the year	4	(33,227,829)	(21,838,103)
Profit/loss for the year	5	117,756,485	77,352,684

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	7	29,080,029	23,472,433
Acquired intangible assets		93,467	170,079
Development projects in progress	7	3,512,763	6,115,587
Intangible assets	6	32,686,259	29,758,099
Other fixtures and fittings, tools and equipment		551,391	334,219
Property, plant and equipment	8	551,391	334,219
Fixed assets		33,237,650	30,092,318
Trade receivables		16,020,573	19,997,396
Receivables from group enterprises		40,127,785	25,159,902
Other receivables		295,382	426,768
Prepayments	9	48,666	2,078,930
Receivables		56,492,406	47,662,996
Cash		32,989,316	53,541,303
Current assets		89,481,722	101,204,299
Assets		122,719,372	131,296,617

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital	10	1,000,000	1,000,000
Reserve for development expenditure		24,742,680	21,028,654
Retained earnings		96,908,322	16,865,865
Proposed extraordinary dividend		(96,121,000)	0
Proposed dividend		34,000,000	57,000,000
Equity		60,530,002	95,894,519
Deferred tax	11	6,579,801	6,990,093
Provisions		6,579,801	6,990,093
Bank loans		490,326	415,217
Prepayments received from customers		14,241,143	13,331,655
Trade payables		1,845,909	2,523,493
Joint taxation contribution payable		26,068,121	498,063
Other payables		12,964,070	11,643,577
Current liabilities other than provisions		55,609,569	28,412,005
Liabilities other than provisions		55,609,569	28,412,005
Equity and liabilities		122,719,372	131,296,617
Events after the balance sheet date	1		
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Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Proposed dividend DKK
Equity beginning of year	1,000,000	21,028,652	16,865,865	0	57,000,000
Ordinary dividend paid	0	0	0	0	(57,000,000)
Extraordinary dividend paid	0	0	0	(96,121,000)	0
Transfer to reserves	0	3,714,028	(3,714,028)	0	0
Profit/loss for the year	0	0	83,756,485	0	34,000,000
Equity end of year	1,000,000	24,742,680	96,908,322	(96,121,000)	34,000,000

	Total DKK
Equity beginning of year	95,894,517
Ordinary dividend paid	(57,000,000)
Extraordinary dividend paid	(96,121,000)
Transfer to reserves	0
Profit/loss for the year	117,756,485
Equity end of year	60,530,002

Notes

1 Events after the balance sheet date

Covid-19 is not expected to impact the financial statements of the Company.

2 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	26,914,918	21,952,856
Pension costs	2,524,562	2,137,530
Other social security costs	666,433	504,213
Other staff costs	1,038,188	798,003
	31,144,101	25,392,602
Staff costs classified as assets	(14,082,282)	(12,078,570)
	17,061,819	13,314,032
Average number of full-time employees	57	48

	Remuneration of management 2019 DKK	Remuneration of management 2018 DKK
Total amount for management categories	1,877,257	1,107,363
	1,877,257	1,107,363

3 Other financial income

	2019	2018
	DKK	DKK
Financial income from group enterprises	614,957	544,622
Other interest income	14,500	11,000
Other financial income	1	23
	629,458	555,645

4 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax	33,638,121	21,178,063
Change in deferred tax	(410,292)	644,907
Adjustment concerning previous years	0	15,133
	33,227,829	21,838,103

5 Proposed distribution of profit and loss

	2019 DKK	2018 DKK
Ordinary dividend for the financial year	34,000,000	57,000,000
Retained earnings	83,756,485	20,352,684
	117,756,485	77,352,684

6 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	49,640,024	4,780,360	6,115,587
Transfers	5,340,556	0	(5,340,556)
Additions	12,314,037	0	2,737,732
Disposals	(2,523,592)	0	0
Cost end of year	64,771,025	4,780,360	3,512,763
Amortisation and impairment losses beginning of year	(26,167,591)	(4,610,281)	0
Amortisation for the year	(9,740,374)	(76,612)	0
Reversal regarding disposals	216,969	0	0
Amortisation and impairment losses end of year	(35,690,996)	(4,686,893)	0
Carrying amount end of year	29,080,029	93,467	3,512,763

7 Development projects

In 2019, DKK 15,052 thousand has been capitalised allocated on 43 projects of which 34 have been launched and those projects are now subject to amortisation. The 9 remaining projects are in preparation. The capitalisation solely relates to salary allocated on projects.

The projects are often completed within two years and thus amortisation of capitalised expenses on the projects is commenced shortly after the capitalisation of the project. The projects are amortised over a period of five years.

The Company's revenue has increased compared to last year which expresses that the development projects have market potentials. The projects are in online slot machines, partly cash games and casual games without cash involved.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,072,334
Additions	463,668
Disposals	(14,969)
Cost end of year	1,521,033
Depreciation and impairment losses beginning of year	(738,115)
Depreciation for the year	(238,596)
Reversal regarding disposals	7,069
Depreciation and impairment losses end of year	(969,642)
Carrying amount end of year	551,391

9 Prepayments

Prepayments mainly consist of smaller intersecting costs.

10 Share capital

	Number	Nominal value DKK
Share capital	1,000,000	1,000,000
	1,000,000	1,000,000

11 Deferred tax

	2019 DKK
Changes during the year	
Beginning of year	6,990,093
Recognised in the income statement	(410,292)
End of year	6,579,801

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where CEGO Holding ApS serves as the administration company (with Danske Spil until July 31, 2019). 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The Company has issued a letter of subordination to the consolidated company Magnet Gaming ApS, by which the Company subordinates its receivable from Magnet Gaming ApS as of 31 December 2019 and all future receivables vis-à-vis all other creditors in Magnet Gaming ApS. The letter of subordination applies for the period until 31 December 2020.

13 Assets charged and collateral

None.

14 Related parties with controlling interest

CEGO A/S, Aalborg (parent company)

CEGO Holding ApS (ultimate parent company)

15 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
CEGO Holding ApS, Aalborg

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue

Revenue from the sale of games is recognised in the income statement, when delivery has been made and risk has passed to the buyer. Revenue is stated as BSI (GGR) and comprises gross gaming revenue set off against winnings and government taxes.

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 expenses incurred to achieve revenue for the year; Including fees, etc to payment service provider, annual gaming fee and expenses for white label takers and licence fee.

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. This item also includes writedowns of receivables recognised in current assets.

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, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

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	1-7 years
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For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually. Residual values are estimated at DKK 0.

Items of property, plant and equipment 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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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.

Cash flow statement

Cash flow statement has been omitted in the annual report, according to the Danish Financial Statements Act Section 86 subsection 4, as it is included in the Group cash flow statement of Danske Spil A/S.