

3D Realms Entertainment ApS

Sofiendalsvej 88, 9200 Aalborg SV

CVR no. 36 91 21 97

Annual report 2023/24

Approved at the Company's annual general meeting on 3 July 2024

Chair of the meeting:



Frederik Bårdci Schreiber

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 April 2023 - 31 March 2024	7
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of 3D Realms Entertainment ApS for the financial year 1 April 2023 - 31 March 2024.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.


We recommend that the annual report be approved at the annual general meeting.

Aalborg, 3 July 2024
Executive Board:

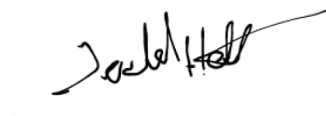


Frederik Burciu Schreiber

Board of Directors:



Timothy Richard Willits



Todd Stephen Hollenshead

Independent auditor's report

To the shareholders of 3D Realms Entertainment ApS

Conclusion

We have conducted an extended review of the financial statements of 3D Realms Entertainment ApS for the financial year 1 April 2023 - 31 March 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's standard on extended review for Small entities and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. 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 believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence

We are independent of the Company 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.

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 that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 for our conclusion on the financial statements and perform specifically required supplementary procedures to obtain additional assurance for our conclusion.

An extended review comprises procedures that primarily consist of making enquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our conclusion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

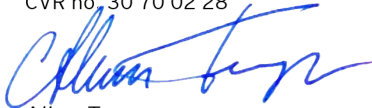
In connection with our extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise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

Independent auditor's report

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 3 July 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Allan Terp
State Authorised Public Accountant
mne33198



Martin Bøgsted
State Authorised Public Accountant
mne40035

Management's review

Company details

Name	3D Realms Entertainment ApS
Address, Postal code, City	Sofiendalsvej 88, 9200 Aalborg SV
CVR no.	36 91 21 97
Established	29 May 2015
Registered office	Aalborg
Financial year	1 April 2023 - 31 March 2024
Website	https://3drealms.com
Board of Directors	Timothy Richard Willits Todd Stephen Hollenshead
Executive Board	Frederik Burciu Schreiber
Auditors	EY Godkendt Revisionspartnerselskab Østre Havnegade 65, 9000 Aalborg, Denmark

Management's review

Business review

The Company's principal activity is developing and publishing computer games as well as related business at the discretion of Management.

Financial review

The income statement for 2023/24 shows a loss of DKK 2,901 thousand against a profit of DKK 2,128 thousand last year, and the balance sheet at 31 March 2024 shows equity of DKK 4,512 thousand.

Management considers the Company's financial performance in the year unsatisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 April 2023 - 31 March 2024

Income statement

Note	DKK'000	2023/24	2022/23
	Gross profit	3,844	7,005
2	Staff costs	-6,224	-3,570
	Depreciation	-1,297	-584
	Profit/loss before net financials	-3,677	2,851
	Income from investments in group enterprises	11	-11
	Financial income	76	26
3	Financial expenses	-133	-115
	Profit/loss before tax	-3,723	2,751
4	Tax for the year	822	-623
	Profit/loss for the year	-2,901	2,128
	Recommended appropriation of profit/loss		
	Reserves according to the articles of association	-936	-235
	Retained earnings/accumulated loss	-1,965	2,363
		-2,901	2,128

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK'000	2023/24	2022/23
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	2,369	0
	Acquired intangible assets	0	306
	Development projects in progress and prepayments for intangible assets	0	3,305
		<u>2,369</u>	<u>3,611</u>
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	118	53
		<u>118</u>	<u>53</u>
7	Investments		
	Investments in group entities	23	12
		<u>23</u>	<u>12</u>
	Total fixed assets	<u>2,510</u>	<u>3,676</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	348	979
	Receivables from group entities	2,608	3,150
	Joint taxation contribution receivable	603	0
	Other receivables	572	388
		<u>4,131</u>	<u>4,517</u>
	Cash	<u>1,469</u>	<u>2,442</u>
	Total non-fixed assets	<u>5,600</u>	<u>6,959</u>
	TOTAL ASSETS	<u>8,110</u>	<u>10,635</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50	50
	Reserve for development costs	1,848	2,578
	Reserve for exchange rate adjustments	0	1
	Retained earnings	2,614	4,785
	Total equity	<u>4,512</u>	<u>7,414</u>
	Provisions		
	Deferred tax	331	550
	Total provisions	<u>331</u>	<u>550</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	1,285	352
	Payables to group entities	1,278	1,283
	Joint taxation contribution payable	0	818
	Other payables	704	218
		<u>3,267</u>	<u>2,671</u>
	Total liabilities other than provisions	<u>3,267</u>	<u>2,671</u>
	TOTAL EQUITY AND LIABILITIES	<u>8,110</u>	<u>10,635</u>

1 Accounting policies

8 Contractual obligations and contingencies, etc.

Financial statements 1 April 2023 - 31 March 2024

Statement of changes in equity

DKK'000	Share capital	Reserve for development costs	Reserve for exchange rate adjustments	Retained earnings	Total
Equity at 1 April 2022	50	2,761	0	2,475	5,286
Transfer through appropriation of profit	0	-235	0	2,363	2,128
Currency translation of foreign entity	0	0	1	-1	0
Tax on items recognised directly in equity	0	52	0	-52	0
Equity at 1 April 2023	50	2,578	1	4,785	7,414
Transfer through appropriation of loss	0	-936	0	-1,965	-2,901
Currency translation of foreign entity	0	0	-1	0	-1
Tax on items recognised directly in equity	0	206	0	-206	0
Equity at 31 March 2024	50	1,848	0	2,614	4,512

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies

The annual report of 3D Realms Entertainment ApS for 2023/24 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3 years
Acquired intangible assets	2-5 years
Fixtures and fittings, other plant and equipment	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in group entities

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as "Other operating income" or "Other operating expenses".

Investments in group entities

Equity investments in group entities are measured according to the equity method.

On initial recognition, equity investments in group entities are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Liabilities are measured at net realisable value.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000	2023/24	2022/23		
2 Staff costs				
Wages/salaries	5,599	3,290		
Pensions	574	246		
Other social security costs	51	34		
	<u>6,224</u>	<u>3,570</u>		
Average number of full-time employees	<u>11</u>	<u>5</u>		
3 Financial expenses				
Interest expenses, group entities	22	26		
Other financial expenses	111	89		
	<u>133</u>	<u>115</u>		
4 Tax for the year				
Estimated tax charge for the year	0	369		
Deferred tax adjustments in the year	-219	254		
Refund in joint taxation	-603	0		
	<u>-822</u>	<u>623</u>		
5 Intangible assets				
	Completed development projects	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
DKK'000				
Cost at 1 April 2023	891	1,624	3,305	5,820
Transferred	3,305	0	-3,305	0
Cost at 31 March 2024	<u>4,196</u>	<u>1,624</u>	<u>0</u>	<u>5,820</u>
Impairment losses and amortisation at 1 April 2023	891	1,318	0	2,209
Amortisation for the year	936	306	0	1,242
Impairment losses and amortisation at 31 March 2024	<u>1,827</u>	<u>1,624</u>	<u>0</u>	<u>3,451</u>
Carrying amount at 31 March 2024	<u>2,369</u>	<u>0</u>	<u>0</u>	<u>2,369</u>

Completed and development projects in progress

Completed and development projects in progress include the development of new games, including adaptation for different console versions.

The development include programming, porting and project management. Completed development projects are depreciated over 3 years according to the Company's accounting policies.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment
Cost at 1 April 2023	343
Additions	120
Cost at 31 March 2024	463
Impairment losses and depreciation at 1 April 2023	290
Depreciation	55
Impairment losses and depreciation at 31 March 2024	345
Carrying amount at 31 March 2024	118

7 Investments

DKK'000	Investments in group entities
Cost at 1 April 2023	2,787
Cost at 31 March 2024	2,787
Value adjustments at 1 April 2023	-2,775
Profit/loss for the year	11
Value adjustments at 31 March 2024	-2,764
Carrying amount at 31 March 2024	23

Group entities

Name	Domicile	Interest
Apogee Software Ltd. d/b/a 3D Realms	Texas, USA	95.00%
Action Entertainment Inc.	Texas, USA	100.00%

Action Entertainment Inc., Texas, USA owns the remaining 5,00% of Apogee Software Ltd. d/b/a 3D Realms, Texas, USA

8 Contractual obligations and contingencies, etc.

The Company was until the 28 March 2024 jointly taxed with other Danish entities in the Embracer Group AB group where Ghost Ship Holding ApS (CVR no. 37 86 40 05) acted as management company.

After the 28 March 2024 the Company is jointly taxed with other Danish entities in the Saber Cayman Ltd. group where Slipgate Ironworks ApS (CVR no. 38 54 11 61) acts as management company and is liable unlimitedly and jointly and severally with other Danish jointly taxed group entities for payment of Danish corporation taxes as well as withholding taxes on interest, royalties and dividends falling due for payment. The total known net liability of the jointly taxed companies on corporation taxes and withholding taxes due is shown in the management company's annual report. Any subsequent corrections to the joint taxation income may result in the company's liability amounting to a larger amount.