

3D Realms Entertainment ApS

Sofiendalsvej 88, 9200 Aalborg SV

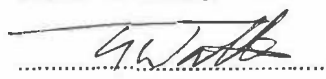
CVR no. 36 91 21 97

Annual report

for the period 1 July 2020 - 31 March 2021

Approved at the Company's annual general meeting on 31 August 2021

Chair of the meeting:


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Timothy Willits





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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of 3D Realms Entertainment ApS for the financial year 1 July 2020 - 31 March 2021.


The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2021 and of the results of the Company's operations for the financial year 1 July 2020 - 31 March 2021.

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, 31 August 2021
Executive Board:


Todd Stephen Hollenshead
Timothy Richard Willits

Independent auditor's report on the compilation of financial statements

To the general management of 3D Realms Entertainment ApS

We have compiled the financial statements of 3D Realms Entertainment ApS for the financial year 1 July 2020 - 31 March 2021 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant ethical requirements in the Danish act on approved auditors and audit firms and FSR - Danish Auditors' code of ethics, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Aalborg, 31 August 2021
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 July 2020 - 31 March 2021
Website	https://3drealms.com
Executive Board	Todd Stephen Hollenshead Timothy Richard Willits
Accountant	EY Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, 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 2020/21 shows a loss of DKK 630 thousand against a profit of DKK 2,758 thousand last year, and the balance sheet at 31 March 2021 shows equity of DKK 1,819 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 July 2020 - 31 March 2021

Income statement

Note	DKK'000	2020/21 9 months	2019/20 12 months
	Gross profit	684	4,185
2	Staff costs	-548	-406
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-453	-219
	Profit/loss before net financials	-317	3,560
3	Financial expenses	-151	-93
	Profit/loss before tax	-468	3,467
4	Tax for the year	-162	-709
	Profit/loss for the year	-630	2,758
	Recommended appropriation of profit/loss		
	Reserves according to the articles of association	20	611
	Retained earnings/accumulated loss	-650	2,147
		-630	2,758

Financial statements 1 July 2020 - 31 March 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	372	558
	Acquired intangible assets	1,356	0
	Development projects in progress	1,350	1,139
		<u>3,078</u>	<u>1,697</u>
	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	163	71
		<u>163</u>	<u>71</u>
6	Investments		
	Investments in group enterprises	0	0
		<u>0</u>	<u>0</u>
	Total fixed assets	<u>3,241</u>	<u>1,768</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	2,758	98
	Receivables from group enterprises	1,474	1,051
	Joint taxation contribution receivable	0	87
	Other receivables	272	4,967
		<u>4,504</u>	<u>6,203</u>
	Cash	1,491	976
	Total non-fixed assets	<u>5,995</u>	<u>7,179</u>
	TOTAL ASSETS	<u>9,236</u>	<u>8,947</u>



Financial statements 1 July 2020 - 31 March 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50	50
	Reserve for development costs	1,344	1,324
	Retained earnings	425	1,075
	Total equity	1,819	2,449
	Provisions		
	Deferred tax	227	343
	Total provisions	227	343
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	1,170	327
	Payables to group enterprises	3,853	3,629
	Payables to associates	1,829	1,888
	Joint taxation contribution payable	252	252
	Other payables	86	59
		7,190	6,155
		7,190	6,155
	TOTAL EQUITY AND LIABILITIES	9,236	8,947

1 Accounting policies

7 Contractual obligations and contingencies, etc.

Financial statements 1 July 2020 - 31 March 2021

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 July 2019	50	713	-1,072	-309
Transfer through appropriation of profit	0	611	2,147	2,758
Equity at 1 July 2020	50	1,324	1,075	2,449
Transfer through appropriation of loss	0	20	-650	-630
Equity at 31 March 2021	<u>50</u>	<u>1,344</u>	<u>425</u>	<u>1,819</u>

Financial statements 1 July 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies

The annual report of 3D Realms Entertainment ApS for 2020/21 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.

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

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures.

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, other operating income 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.

Financial statements 1 July 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

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.

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 from investments in subsidiaries and associates

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 expenses

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

Financial statements 1 July 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

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 Company and its Danish group entities are jointly taxed. 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.

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".

Financial statements 1 July 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries and associates

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries 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.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

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

Receivables are measured at amortised cost.

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

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.

Financial statements 1 July 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

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".

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

Liabilities are measured at net realisable value.

DKK'000	2020/21 9 months	2019/20 12 months
2 Staff costs		
Wages/salaries	537	393
Other social security costs	2	0
Other staff costs	9	13
	548	406
Average number of full-time employees	1	1
3 Financial expenses		
Interest expenses, group entities	56	72
Other financial expenses	95	21
	151	93
4 Tax for the year		
Estimated tax charge for the year	279	252
Deferred tax adjustments in the year	-117	343
Tax adjustments, prior years	0	114
	162	709

Financial statements 1 July 2020 - 31 March 2021

Notes to the financial statements

5 Intangible assets

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. The first game is fully developed and published in the financial year of 2019/20. The depreciation has begun for the completed development project. Completed development projects are depreciated over 3 years according to the Company's accounting policies.

The Company have also development projects in progress, which have been partially completed, while additional parts of the development projects are expected to be completed in the financial year of 2021/22.

Management have high expectations of the development projects and have not found indications of impairment losses in relation to the carrying amount.

6 Investments

Name	Domicile	Interest
Subsidiaries		
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

The Company is not liable for the underbalance of the subsidiaries, which is why these are not recognised as of 31 March 2021.

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent company, MDN Holding ApS, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 27 thousand with remaining contract terms of 6 months as of 31 March 2021.