

ANNUAL REPORT

1. January - 31. December 2019

GHOST SHIP GAMES APS

**Wildersgade 41 A, st.
1408 København K**

CVR-No. 37 98 98 19

3. Financial year

The Annual Report was presented and
adopted by the Annual General Meeting
15. May 2020

Søren Lundgaard
Chairman of the meeting

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Please note that Danish decimal and digit grouping symbols have been used in the Annual Report.

The Company:

Ghost Ship Games ApS
Wildersgade 41 A, st.
1408 København K

Board of Directors:

Mikkel Martin Pedersen
Henrik Edwards
Per Anton Westbergh

Executive Board:

Søren Lundgaard

Auditors:

Lægård Revision
Statsautoriseret revisionsfirma
Østerbrogade 62
2100 København Ø

Today the Board of Directors and the Executive Board presented the Annual Report for 2019 for Ghost Ship Games ApS.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We find the accounting policies applied appropriate, and the Annual Report therefore provides a true and fair view of the Company's assets, liabilities and equity, financial position and results of the company. In our opinion, the Management's Review includes a true and fair description of the matters mentioned in the review.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 15. May 2020.

Executive Board:

Søren Lundgaard

Board of Directors:

Mikkel Martin Pedersen
(Chairman)

Henrik Edwards

Per Anton Westbergh

To the shareholders of Ghost Ship Games ApS.**Opinion:**

We have audited the Financial Statements of Ghost Ship Games ApS for the financial year 1. January - 31. December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. 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 Company's financial position at 31. December 2019 and of the results of the Company's operations for the financial year 1. January - 31. December 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 the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and 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 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 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 of accounting information 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 judgment and maintain professional skepticism 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Auditor's Responsibilities for the Audit of the Financial Statements - continued:

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 Management's Review:

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 15. May 2020.
Lægård Revision, CVR-No. 18 43 70 82
State Authorised Public Accountants

Kurt Lægård
State Authorised Public Accountant
MNE-No. mne15013

Principal activities:

Ghost Ship Games ApS' principal activities are development and marketing of computer games.

The annual report of Ghost Ship Games ApS for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act regarding reporting class B enterprises.

The significant areas of the accounting policies, which are presented using the same policies as last year, are mentioned below.

GENERALLY REGARDING RECOGNITION AND MEASUREMENT

Income is recognised in the Income Statement as earned, including value adjustments of financial assets and liabilities. Likewise, all expenses including depreciation/amortisation, impairment losses, and reversals which are due to changes in estimated amounts previously recognised in the Income Statement, are recognised in the Income Statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability is reliable.

On initial recognition, assets and liabilities are recognised at cost. Subsequently, assets and liabilities are measured as described below for each item.

Allowances are made for predictable losses and risks that arise before the presentation of the Annual Report and that confirm or invalidate circumstances that existed at the balance sheet date.

The carrying value of the tangible fixed assets, are reviewed annually to determine, if there are any indication of impairment, besides what is determined as normal depreciation. If this is the case, the assets will be written down to its recoverable amount.

THE INCOME STATEMENT:

Gross income:

Gross income comprises the net turnover, other operating income, direct costs, grants and other external costs.

Revenue:

Revenue from services is recognized in the income statement, when the service have been delivered.

Direct costs:

Direct costs are recognized in the income statement as costs in the acquisition year.

Other operating income:

Other operating income comprises items of a secondary activity, including profit on sale of intangible and tangible fixed assets.

Other external costs:

Other external costs include costs relating to sales, advertising, administration and premises.

Staff costs:

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs include public allowances.

Financials:

Financial income and costs are recognised in the income statement, with the amounts concerning the financial year. Financial income and costs include interest and transactions in foreign currency.

Tax on results for the year:

Tax on results for the year which comprises current tax and changes in deferred tax is recognised in the Income Statement with the portion of taxes related to the taxable income for the year whereas the portion attributable to entries on equity is recognised directly in equity.

AKTIVER:**Intangible fixed assets:**

Acquired other similar rights are measured at cost less accumulated amortisations and impairments. Acquired other similar rights are amortized on a straight-line basis over the estimated economic useful life, which is estimated to be 5 years.

Tangible fixed assets:

Equipment, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less expected residual value after the end of the asset's life.

Cost includes the purchase price, as well as expenses directly attributable to the acquisition, up until the moment the asset is ready to be commissioned.

Assets are depreciated under the straight-line method over the expected useful lives of the assets and the scrap value:

	Operating time	Scrap value
Other plants, fixtures and equipment	3-5 år	0

Small assets are recognised as costs in the Income Statement in the year of acquisition.

Profits and losses arising from disposal of plant and equipment are stated as the difference between the selling price less the selling costs and the carrying amount of the asset at the time of the disposal. Profits and losses are recognised in the Income Statement in other operating income or other operating expenses.

Financial assets:

Other receivables are measured at amortized cost, which normally corresponds to the nominal value.

Receivables:

Receivables are measured at amortised cost which usually equals nominal value. The value will be adjusted to meet expected losses.

Prepayments:

Prepayments recognized under assets include incurred expenses relating to subsequent financial years.

Securities:

Securities recognized under current assets are measured at fair value at the balance sheet date.

Cash funds:

Cash equivalents consist of bank deposits and cash. Cash and cash equivalents are carried at fair value.

LIABILITIES:**Prepayments from customers:**

Received prepayments from customers, recognized under liabilities, include payments relating to revenue in subsequent years.

Tax payable and deferred tax:

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on previous years' taxable income and taxes paid on account/prepaid.

Deferred tax is measured according to the balance sheet liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, e.g. in respect of shares in which the statement of the tax base can be made according to alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets including the tax value of tax loss carryforwards, are measured at the expected realisable value, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Liabilities:

Liabilities concerning debts to suppliers and other debts are measured at amortised cost which usually corresponds to the nominal value.

Conversion of foreign currency:

Transactions in foreign currency are translated at the exchange rates on the transaction date. Differences in exchange rates arising between the transaction date and the payment date are recognized in the income statement as financial income and expenses.

Receivables, debt and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are measured at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the time of the origin of the debt is recognized in the income statement under financial income and expenses.

Note	2019	2018
GROSS PROFIT	23.777.676	27.219.157
1 Staff costs	-10.922.182	-8.482.394
PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES	12.855.494	18.736.762
Depreciation	-120.150	-69.980
PROFIT/LOSS BEFORE INTEREST AND TAX	12.735.344	18.666.782
Financial income	31.333	117.064
Financial expenses	-494.770	-186.843
PROFIT/LOSS BEFORE TAX	12.271.907	18.597.004
Tax on profit for the year	-2.672.484	-4.070.592
PROFIT/LOSS AFTER TAX	9.599.423	14.526.412
PROPOSED DISTRIBUTION OF PROFIT		
Dividend for the year	10.000.000	0
Extraordinary dividend in the financial year	12.000.000	1.650.000
Retained earnings	-12.400.577	12.876.412
TOTAL DISTRIBUTION	9.599.423	14.526.412

BALANCE SHEET AS AT 31. DECEMBER 2019
ASSETS

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Note	31/12 2019	31/12 2018
Acquired other similar rights	83.334	133.334
INTANGIBLE ASSETS	83.334	133.334
Other fixtures and fittings, tools and equipment	260.590	330.740
TANGIBLE ASSETS	260.590	330.740
Other receivables	277.616	277.616
FINANCIAL ASSETS	277.616	277.616
NON-CURRENT ASSETS	621.540	741.690
Trade receivables	5.518.334	6.531.880
Receivables from group enterprises	3.342.779	0
Deferred Tax	2.100	0
Other receivables	1.271.544	111.026
Prepayments	85.206	76.580
RECEIVABLES	10.219.963	6.719.487
SECURITIES	0	415.966
CASH AND CASH EQUIVALENTS	8.048.785	12.817.890
CURRENT ASSETS	18.268.749	19.953.342
TOTAL ASSETS	18.890.288	20.695.031

BALANCE SHEET AS AT 31. DECEMBER 2019
LIABILITIES

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<u>Note</u>	<u>31/12 2019</u>	<u>31/12 2018</u>
Contributed capital	80.000	80.000
Retained earnings	597.370	12.997.947
Proposed dividend for the financial year	10.000.000	0
EQUITY	10.677.370	13.077.947
Provisions for deferred tax	0	1.100
PROVISIONS	0	1.100
2 Other long-term payables	396.160	0
LONG-TERM LIABILITIES OTHER THAN PROVISIONS	396.160	0
2 Short-term part of long-term liabilities other than provisions	0	0
Prepayments received from customers	1.944.035	1.944.035
Trade payables	2.191.042	109.959
Short-term tax payables	2.675.684	3.373.392
Other short-term payables	1.005.997	2.188.598
SHORT-TERM LIABILITIES	7.816.758	7.615.984
LIABILITIES	8.212.918	7.615.984
LIABILITIES AND EQUITY	18.890.288	20.695.031

Note

3 Contingent liabilities

1	Staff costs	2019	2018
	Wages and salaries	8.829.669	7.136.961
	Pensions	1.359.201	865.540
	Other social security contributions	134.778	135.274
	Other employee costs	598.535	344.619
	TOTAL	10.922.182	8.482.394

Average number of full time employees	20	16
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2	Other long-term payables		
	Repayments in next financial year	0	0
	Other payables falling due more than 5 years after the balance sheet date	0	0

3 Contingent liabilities

The company's total contingent liabilities amount to approx. DKK 370.000.

The Company is jointly and severally liable for the corporate tax of the Group's jointly taxed income and for certain withholding tax as dividend tax and royalties tax. The total corporation tax is stated in the annual report for Ghost Ship Holding ApS CVR no. 37 86 40 05, which is management company in relation to the joint taxation. Any subsequent corrections of joint taxation income and withholding taxes, etc. could result in the company's liability amounting to a larger amount.

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Kurt Lægård

Statsautoriseret revisor

På vegne af: Lægård Revision

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IP: 91.133.xxx.xxx

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NEM ID 

Mikkel Martin Pedersen

Bestyrelsesformand

På vegne af: Ghost Ship Games ApS

Serienummer: PID:9208-2002-2-382589736071

IP: 188.177.xxx.xxx

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NEM ID 

Søren Lundgaard

Direktør og dirigent

På vegne af: Ghost Ship Games ApS

Serienummer: PID:9208-2002-2-125199359828

IP: 152.115.xxx.xxx

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NEM ID 

Henrik Edwards

Bestyrelsesmedlem

På vegne af: Ghost Ship Games ApS

Serienummer: PID:9208-2002-2-806443320933

IP: 152.115.xxx.xxx

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NEM ID 

ANTON WESTBERGH

Bestyrelsesmedlem

På vegne af: Ghost Ship Games ApS

Serienummer: 19850209xxxx

IP: 89.233.xxx.xxx

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