

Slipgate Ironworks ApS

Sofiendalsvej 88A, 1 TV, DK-9200 Aalborg SV

CVR no. 38 54 11 61

Annual report 2022/23

Approved at the Company's annual general meeting on 29 September 2023

Chair of the meeting:

.....

Frederik Burciu Schreiber

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Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Slipgate Ironworks ApS for the financial year 1 April 2022 – 31 March 2023.

The annual report has been 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 2023 and of the results of its operations for the financial year 1 April 2022 – 31 March 2023.

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, 29 September 2023

Executive Board:

.....
Frederik Burciu Schreiber

Board of Directors:

.....
Timothy Richard Willits

.....
Todd Stephen Hollenshead

Independent auditor's report

To the shareholders of Slipgate Ironworks ApS

Opinion

We have conducted an extended review of the financial statements of Slipgate Ironworks ApS for the financial year 1 April 2022 – 31 March 2023, 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 2023 and of the results of the Company's operations for the financial year 1 April 2022 – 31 March 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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. Management is also responsible 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 audit 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 entity, 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.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aalborg, 29 September 2023
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	Slipgate Ironworks ApS
Address, postal code, city	Sofiendalsvej 88A, 1TV, DK-9200 Aalborg SV
CVR no.	38 54 11 61
Established	1 April 2017
Registered office	Aalborg
Financial year	1 April 2022 – 31 March 2023
Website	slipgateironworks.com
Board of Directors	Timothy Richard Willits Todd Stephen Hollenshead
Executive Board	Frederik Burciu Schreiber
Auditors	EY Godkendt Revisionspartnerselskab Østre Havnegade 65, 9000 Aalborg

Management's review

Operating review

Principal activities

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

Development in activities and financial matters

The income statement for 2022/23 shows a profit of DKK 6.6 million against a profit of DKK 4.9 million last year, and the balance sheet at 31 March 2023 shows equity of DKK 12.2 million.

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

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 2022 – 31 March 2023

Income statement

Note	DKK'000	2022/23	2021/22
		12 months	15 months
	Gross profit	24,294	12,134
2	Staff costs	-15,343	-5,534
	Depreciation, amortisation and impairment losses	-259	-82
	Profit before net financials	8,692	6,518
	Financial income	398	33
3	Financial expenses	-646	-196
	Profit before tax	8,444	6,355
4	Tax for the year	-1,880	-1,427
	Profit for the year	<u>6,564</u>	<u>4,928</u>
	Proposed distribution of profit		
	Transferred to equity reserves	6,564	4,928
		<u>6,564</u>	<u>4,928</u>

Financial statements 1 April 2022 – 31 March 2023

Balance sheet

Note	DKK'000	2022/23	2021/22
	ASSETS		
	Fixed assets		
	Intangible assets		
	Acquired intangible assets	2,702	0
		2,702	0
	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	1,363	913
		1,363	913
	Investments		
	Other securities and investments	13	13
	Deposits	259	257
		272	270
	Total fixed assets	4,337	1,183
	Non-fixed assets		
	Receivables		
	Trade receivables	411	582
	Work in progress	4,009	2,461
	Receivables associates	0	4
	Receivables from group entities	7,762	1,157
	Joint taxation contribution receivable	49	49
	Other receivables	2,662	1,480
	Prepayments	0	216
		14,893	5,949
	Cash	2,628	1,208
	Total non-fixed assets	17,521	7,157
	TOTAL ASSETS	21,858	8,340

Financial statements 1 April 2022 – 31 March 2023

Balance sheet

Note	DKK'000	2022/23	2021/22
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50	50
	Retained earnings	12,159	5,595
	Total equity	12,209	5,645
	Provisions		
	Deferred tax	145	37
	Total provisions	145	37
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Deposits to group entities	0	27
		0	27
	Current liabilities other than provisions		
	Trade payables	2,746	740
	Joint taxation contribution payable	3,272	1,499
	Payables to group entities	2,071	0
	Other payables	1,415	392
		9,504	2,631
	Total liabilities other than provisions	9,504	2,658
	TOTAL EQUITY AND LIABILITIES	21,858	8,340

- 1 Accounting policies
- 4 Contractual obligations and contingencies, etc.
- 5 Group matters

Financial statements 1 April 2022 – 31 March 2023

Statement of changes in equity

DKK'000	Share capital	Dividend proposed	Retained earnings	Total
Equity at 1 January 2021	50	8,000	667	8,717
Dividend distributed	0	-8,000	0	-8,000
Transferred; see distribution of profit/loss	0	0	4,928	4,928
Equity at 1 April 2022	50	0	5,595	5,645
Transferred; see distribution of profit/loss	0	0	6,564	6,564
Equity at 31 March 2023	50	0	12,159	12,209

Financial statements 1 April 2022 – 31 March 2023

Notes

1 Accounting policies

The annual report of Slipgate Ironworks ApS for 2022/23 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.

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

Presentation 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 recognized 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 recognized in the most recent financial statements is recognized in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognized 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 recognized 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 recognized in revenue.

Gross profit

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

Other operating income

Other operating income comprise items secondary to the principal activities of the Company, including rental income from the temporary lease out of production facilities.

Cost of sales

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

Financial statements 1 April 2022 – 31 March 2023

Notes

1 Accounting policies (continued)

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 comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Amortization/depreciation

The item comprises amortization/depreciation of intangible assets and property, plant and equipment. The basis of amortization/depreciation, which is calculated as cost less any residual value, is amortized/depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	2-5 years
Fixtures and fittings, other plant and equipment	3 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 recognized.

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

Financial income and expenses

Financial income and expenses are recognized 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 for the year

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 recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized 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 2022 – 31 March 2023

Notes

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 amortization and impairment losses.

Gains and losses on the sale of intangible assets are recognized 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 recognized in the income statement as "Other operating income" or "Other operating expenses".

Other securities and investments

Securities which the Company intends to hold to maturity are measured at amortised cost, using the effective interest rate method at the date of acquisition. Value adjustments are recognised in the income statement under "Net financials".

Securities and investments consisting of listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Impairment of fixed assets

The carrying amount of property, plant and equipment and other securities and investments 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 recognized 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 write-down of financial receivables.

An impairment loss is recognized 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 recognized on an individual basis.

Financial statements 1 April 2022 – 31 March 2023

Notes

1 Accounting policies (continued)

Work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

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

Proposed dividends

Dividend proposed for the year is recognized 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".

Corporation tax and deferred tax

Current tax payables and receivables are recognized 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 crystallize as current tax. Deferred tax assets are recognized at the expected value of their utilization; 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 is recognized in the income statement.

Liabilities other than provisions

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Financial liabilities comprising amounts payable to credit institutions, trade payables and payables to group entities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Freeze liability, which comprises frozen holiday funds, is measured at net realisable value, including indexation. Indexation is recognised in the income statement as interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 April 2022 – 31 March 2023

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1 Accounting policies (continued)

Fair value

Fair value is determined based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

DKK'000	2022/23 12 months	2021/22 15 months
2 Staff costs		
Wages and salaries	13,489	5,446
Pensions	1,758	44
Other social security costs	96	44
	15,343	5,534
Average number of full-time employees	30	10
3 Financial expenses		
Interest expenses, group entities	35	0
Other financial expenses	611	196
	646	196
4 Tax for the year		
Estimated tax charge for the year	1,772	1,390
Deferred tax adjustment for the year	108	37
	1,880	1,427

Financial statements 1 April 2022 – 31 March 2023

Notes

4 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with other Danish entities in the Embracer Group AB group where Ghost Ship Holding ApS (CVR no. 37 86 40 05) 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.

Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 1,658 thousand with remaining contract terms of 38 months as of 31 March 2023.

5 Group matters

The company's share capital of DKK 50,000 is wholly owned by Embracer Group Lager 2 AB, Sverige.

Consolidated financial statements

The company's ultimate parent company which prepares group annual report in which the company is included as a subsidiary is Embracer Group AB, Sweden.

The group annual report of the ultimate parent company can be obtained at the following address: Älvgatan 1, 652 25 Karlstad, Sweden

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Frederik Burciu Schreiber

Executive Board

On behalf of: The Company

Serial number: 711cf807-9f46-41f4-a857-674f01e5cf60

IP: 178.157.xxx.xxx

2023-09-30 14:53:03 UTC



Frederik Burciu Schreiber

Chair of the meeting

On behalf of: The Company

Serial number: 711cf807-9f46-41f4-a857-674f01e5cf60

IP: 178.157.xxx.xxx

2023-09-30 14:53:03 UTC



Timothy Richard Willits

Board of Directors

On behalf of: The Company

Serial number: twillits@saber3d.com

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2023-10-01 18:00:51 UTC

Todd Stephen Hollenshead

Board of Directors

On behalf of: The Company

Serial number: thollenshead@saber3d.com

IP: 198.199.xxx.xxx

2023-10-04 18:15:56 UTC

Martin Bøgsted

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: 8f11bd27-38e6-47f9-b2bd-80433c77ac30

IP: 85.203.xxx.xxx

2023-10-04 18:19:48 UTC



Allan Terp

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: 3db8ddc0-a72b-41b0-96f4-9194dba55950

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