

Slipgate Ironworks ApS

Sofiendalsvej 88A, 1. tv., 9200 Aalborg SV

CVR no. 38 54 11 61

Annual report 2023/24

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

Chair of the meeting:



Frederik Bårdciu Schreiber

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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 Slipgate Ironworks 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:

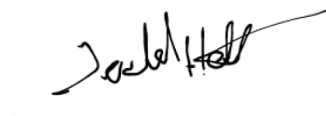


Frederik Burciu Schreiber

Board of Directors:



Timothy Richard Willits
Chairman



Todd Stephen Hollenshead

Independent auditor's report

To the shareholders of Slipgate Ironworks ApS

Conclusion

We have conducted an extended review of the financial statements of Slipgate Ironworks 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.

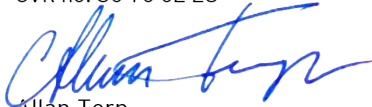
In connection with our extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise 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	Slipgate Ironworks ApS
Address, Postal code, City	Sofiendalsvej 88A, 1. tv., 9200 Aalborg SV
CVR no.	38 54 11 61
Established	1 April 2017
Registered office	Aalborg
Financial year	1 April 2023 - 31 March 2024
Board of Directors	Timothy Richard Willits, Chairman 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 1,948 thousand against a profit of DKK 6,564 thousand last year, and the balance sheet at 31 March 2024 shows equity of DKK 10,261 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	25,701	24,293
2	Staff costs	-27,457	-15,343
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-481	-259
	Profit/loss before net financials	-2,237	8,691
	Financial income	113	53
3	Financial expenses	-340	-300
	Profit/loss before tax	-2,464	8,444
4	Tax for the year	516	-1,880
	Profit/loss for the year	-1,948	6,564
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-1,948	6,564
		-1,948	6,564

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK'000	<u>2023/24</u>	<u>2022/23</u>
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Acquired intangible assets	2,702	2,702
		<u>2,702</u>	<u>2,702</u>
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	1,800	1,363
		<u>1,800</u>	<u>1,363</u>
	Investments		
	Other securities and investments	4	13
	Deposits, investments	190	259
		<u>194</u>	<u>272</u>
	Total fixed assets	<u>4,696</u>	<u>4,337</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	1,406	411
	Construction contracts	639	4,009
	Receivables from group enterprises	11,328	7,761
	Joint taxation contribution receivable	601	49
	Other receivables	241	2,662
		<u>14,215</u>	<u>14,892</u>
	Cash	<u>1,346</u>	<u>2,628</u>
	Total non-fixed assets	<u>15,561</u>	<u>17,520</u>
	TOTAL ASSETS	<u><u>20,257</u></u>	<u><u>21,857</u></u>

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK'000	<u>2023/24</u>	<u>2022/23</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50	50
	Retained earnings	10,211	12,159
	Total equity	<u>10,261</u>	<u>12,209</u>
	Provisions		
	Deferred tax	229	145
	Total provisions	<u>229</u>	<u>145</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	3,068	2,744
	Payables to group enterprises	2,281	2,071
	Corporation tax payable	0	3,272
	Other payables	4,418	1,416
		<u>9,767</u>	<u>9,503</u>
	Total liabilities other than provisions	<u>9,767</u>	<u>9,503</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>20,257</u></u>	<u><u>21,857</u></u>

1 Accounting policies

7 Contractual obligations and contingencies, etc.

Financial statements 1 April 2023 - 31 March 2024

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 April 2023	50	12,159	12,209
Transfer through appropriation of loss	0	-1,948	-1,948
Equity at 31 March 2024	<u>50</u>	<u>10,211</u>	<u>10,261</u>

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies

The annual report of Slipgate Ironworks 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.

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 11/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.

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.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

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 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.

Depreciation

The item comprises depreciation of property, plant and equipment.

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

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

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 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.

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.

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.

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 intangible assets and property, plant and equipment 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.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

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 or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Construction contracts

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.

Securities and investments

Securities and investments consisting in 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.

Cash

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

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

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".

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.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000	<u>2023/24</u>	<u>2022/23</u>
2 Staff costs		
Wages/salaries	24,051	13,488
Pensions	3,010	1,658
Other social security costs	396	197
	<u>27,457</u>	<u>15,343</u>
Average number of full-time employees	<u>51</u>	<u>30</u>
3 Financial expenses		
Interest expenses, group entities	103	35
Other financial expenses	237	265
	<u>340</u>	<u>300</u>
4 Tax for the year		
Estimated tax charge for the year	0	1,772
Deferred tax adjustments in the year	85	108
Refund in joint taxation	-601	0
	<u>-516</u>	<u>1,880</u>
5 Intangible assets		
DKK'000		<u>Acquired intangible assets</u>
Cost at 1 April 2023		<u>2,702</u>
Cost at 31 March 2024		<u>2,702</u>
Carrying amount at 31 March 2024		<u>2,702</u>

Acquired intangible assets

Acquired intangible assets includes rights for projects in development, therefore no depreciation has been recorded in the financial year.

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	1,730
Additions	918
Cost at 31 March 2024	2,648
Impairment losses and depreciation at 1 April 2023	367
Depreciation	481
Impairment losses and depreciation at 31 March 2024	848
Carrying amount at 31 March 2024	1,800

7 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 Games 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 forpayment. The total known net liability of the jointly taxed companies on corporation taxes and with holding 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 1.157 thousand in interminable rent agreements with remaining contract terms of 26 months as os 31 March 2024.