



Crey A/S

Christian IX's Gade 10, 2.
1111 København K
CVR No. 40112987

Annual report 2022

The Annual General Meeting adopted the
annual report on 02.08.2023

Amer Ramzan

Chairman of the General Meeting

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Entity details

Entity

Crey A/S

Christian IX's Gade 10, 2.

1111 København K

Business Registration No.: 40112987

Registered office: Copenhagen

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Amer Ramzan

Mathias Gredal Nørvig

Janos Flösser

Executive Board

Janos Flösser

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Crey A/S for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 02.08.2023

Executive Board

Janos Flösser

Board of Directors

Amer Ramzan

Mathias Gredal Nørvig

Janos Flösser

Independent auditor's report

To the shareholders of Crey A/S

Opinion

We have audited the financial statements of Crey A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We refer to note 1 to the financial statements, which states that the Entity's ability to continue as going concern is dependent on two conditions:

The Entity has an option agreement related to the sale of immaterial rights in 2023 which expire on 1 July 2029. Management has assumed that the option agreement will generate sufficient liquidity to meet future obligations, but we evaluate a material uncertainty to exist in relation to the outcome of the option agreement.

Furthermore, the parent company's statement of support is dependent on the parent company's ability to negotiate continued postponement of repayment of the parent company's debt from both external and internal loan-givers of existing debt. Management has assumed that this will be possible, but we evaluate a material uncertainty to exist in relation to the upcoming negotiations.

As stated in note 1, this indicates that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion has not been modified with respect to this matter.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 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 judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 02.08.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Rasmus Villadsen Madsen

State Authorised Public Accountant
Identification No (MNE) mne45822

Management commentary

Primary activities

The company's primary activity is to develop and market an online platform that allows users to express their creativity, share their creations and interact with the Community.

Description of material changes in activities and finances

Crey A/S's activity has consisted of development of its own technology for a social gaming platform which allows users to build, create and play games together. This has been done in collaboration with subsidiaries.

The company's subsidiaries are in 2023 under voluntary liquidation and under bankruptcy, which is why the development of technology for a social gaming platform has stopped. As a result, in 2023 the company has transferred the rights to the IT platform to an external party and therefore no longer has any rights related to the gaming platform.

This transfer of rights includes an option agreement, which is based on future events. The outcome of this event is based on an option agreement over which the subsidiary has no direct influence and as the outcome of the option agreement is unclear in relation to both amounts and timing, the no payment for the option has been booked in the financial statement for 2022.

The Entity's ability to continue as going concern is dependent on the parent company's ability to provide sufficient liquidity to the Entity which require for the parent company to negotiate postponement of repayments of existing debt. For further information see note 1 in the financial statement.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		(5,477,740)	(3,790,657)
Depreciation, amortisation and impairment losses		(30,201,143)	(3,656,560)
Operating profit/loss		(35,678,883)	(7,447,217)
Other financial income	2	179,614	740,193
Impairment losses on financial assets		(46,935,171)	0
Other financial expenses	3	(119,240)	(3,996,244)
Profit/loss before tax		(82,553,680)	(10,703,268)
Tax on profit/loss for the year		4,826,756	2,141,727
Profit/loss for the year		(77,726,924)	(8,561,541)
Proposed distribution of profit and loss			
Retained earnings		(77,726,924)	(8,561,541)
Proposed distribution of profit and loss		(77,726,924)	(8,561,541)

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	5	0	17,402,160
Intangible assets	4	0	17,402,160
Investments in group enterprises		0	1,844,081
Receivables from group enterprises		0	45,024,759
Financial assets	6	0	46,868,840
Fixed assets		0	64,271,000
Other receivables		247,568	15,519
Joint taxation contribution receivable	7	2,815,756	2,574,722
Prepayments		0	3,699
Receivables		3,063,324	2,593,940
Cash		321,739	1,740,110
Current assets		3,385,063	4,334,050
Assets		3,385,063	68,605,050

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		400,000	400,000
Reserve for development expenditure		0	13,573,685
Retained earnings		(85,874,058)	(21,720,819)
Equity		(85,474,058)	(7,747,134)
Deferred tax		0	2,011,000
Provisions		0	2,011,000
Payables to group enterprises		87,414,548	73,076,200
Non-current liabilities other than provisions	8	87,414,548	73,076,200
Trade payables		212,040	216,999
Payables to group enterprises		1,232,533	1,047,985
Current liabilities other than provisions		1,444,573	1,264,984
Liabilities other than provisions		88,859,121	74,341,184
Equity and liabilities		3,385,063	68,605,050
Going concern	1		
Contingent assets	9		
Contingent liabilities	10		

Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	400,000	13,573,685	(21,720,819)	(7,747,134)
Transfer to reserves	0	(13,573,685)	13,573,685	0
Profit/loss for the year	0	0	(77,726,924)	(77,726,924)
Equity end of year	400,000	0	(85,874,058)	(85,474,058)

Notes

1 Going concern

In 2022 the Entity's primary costs related to development projects. This type of cost is no longer relevant for the Entity, as the development project related to the Entity's social gaming platform has been divested in 2023. Consequently, the Entity's costs are expected to be limited in the coming years.

The Entity has an option agreement related to the sale of immaterial rights in 2023. As the Entity subsequently is without activity, the option agreement is the only current possibility for the Entity to generate future positive cash flow. Management of the Entity has no direct influence of the outcome of the option agreement which expire on 1 July 2029. In presenting the financial statements, Management assumed that the option agreement will generate sufficient liquidity to meet future obligations even though material uncertainty is related to this assumption.

The Entity has received a statement of support from the parent company valid until 31.12.2023. However, the Entity's continued operation is conditional on the parent company's ability to fulfil the statement of support. Management estimates that the parent company will have the ability to provide the required financial support to the Entity.

However, the statement of support is only valid if the parent company on a standalone basis continue to meet the going concern assumption which is dependent on both external and internal loan givers of the parent company accepting to continue postponement of repayments of existing debt which managements assesses is possible to obtain even though material uncertainty is related to this assumption.

Based on the above assumptions, the Management has prepared the financial statement according to the principles of going concern.

2 Other financial income

	2022	2021
	DKK	DKK
Financial income from group enterprises	0	706,762
Exchange rate adjustments	179,614	33,431
	179,614	740,193

3 Other financial expenses

	2022	2021
	DKK	DKK
Financial expenses from group enterprises	0	3,872,893
Other interest expenses	5,934	14,434
Exchange rate adjustments	113,306	108,917
	119,240	3,996,244

4 Intangible assets

	Completed development projects DKK
Cost beginning of year	22,502,743
Additions	12,798,983
Cost end of year	35,301,726
Amortisation and impairment losses beginning of year	(5,100,583)
Impairment losses for the year	(24,244,663)
Amortisation for the year	(5,956,480)
Amortisation and impairment losses end of year	(35,301,726)
Carrying amount end of year	0

5 Development projects

Crey develops its own technology for a social gaming platform which allows users to build, create and play games together. The company's subsidiaries are in 2023 under voluntary liquidation and under insolvens, which is why the development of technology for a social gaming platform has stopped. As a result, the company has transferred the rights to the IT platform to an external party and therefore no longer has any rights related to the gaming platform. As a result, a write-down has been made in the 2022.

6 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	4,544,824	45,024,759
Additions	0	71,431
Disposals	(5,100)	(45,096,190)
Cost end of year	4,539,724	0
Impairment losses beginning of year	(2,700,743)	0
Impairment losses for the year	(1,838,981)	0
Impairment losses end of year	(4,539,724)	0
Carrying amount end of year	0	0

The company's subsidiaries are in 2023 under voluntary liquidation and bankruptcy. As a result, a write-down has been made in the 2022 financial statement. Furthermore a write-down has been made related to receivables from group enterprises, which mainly consists of receivables from Crey Games ApS, which has been taken under bankruptcy in 2023. The company does not expect to receive any dividends why a write-down has been made.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Crey Games ApS - under bankruptcy	Denmark	ApS	100
Bit-Globe ApS - under liquidation	Denmark	ApS	100
Bit-Globe Hungary Kft.	Hungary	Kft.	100

7 Joint taxation contribution receivable

Tax receivable recognized in the balance sheet relates to the use of the tax credit scheme under § 8X of the Equalization Act, where the company can be paid the tax value of tax losses which originate from costs for research and development.

Based on the review of the criteria for using the scheme, it is the management's opinion that the company is entitled to use the scheme and the recognition has been made on the basis of this assessment.

However, whether the criteria for applying the scheme are met is based on a discretionary assessment. As a result, there may be a risk that the tax authorities assess that the criteria are not met. If applicable, the receivable will have to be reversed in whole or in part via the income statement in subsequent financial years.

8 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK
Payables to group enterprises	87,414,548
	87,414,548

The parent company has given a positive statement that the debt per 31.12.2022 not to be redeemed within the coming year.

9 Contingent assets

The company has a deferred tax asset of DKK 6,603,000 that has not been recognized in the balance sheet due to uncertainty about the timing of its utilization.

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Crey Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are the following.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. reserve in equity.

Income statement

Gross profit or loss

Gross loss comprises external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income

Other financial income comprises including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc.**

Development projects with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights,

the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.