Cego Holding ApS

Lauritzens Plads 1, 4.
9000 Aalborg
CVR No. 40559493

Annual report 2023

The Annual General Meeting adopted the annual report on 27.03.2024

Esben Serup Thomsen
Chairman of the General Meeting

Contents

Entity details

Entity
Cego Holding ApS
Lauritzens Plads 1, 4.
9000 Aalborg

Business Registration No.: 40559493
Registered office: Aalborg
Financial year: 01.01.2023 - 31.12.2023

Board of Directors
Peter Thorlund Haahr, Chairman
Jacob Frederik Christensen
Anders Gautier Christensen

Executive Board
Jacob Frederik Christensen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Cego Holding ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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.

Aalborg, 21.03.2024

Executive Board

Jacob Frederik Christensen

Board of Directors

Peter Thorlund Haahr
Chairman

Jacob Frederik Christensen

Anders Gautier Christensen

Independent auditor's report

To the shareholders of Cego Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Cego Holding ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aalborg, 21.03.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen
State Authorised Public Accountant
Identification No (MNE) mne34173

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Gross profit/loss	129,713	156,897	163,736	215,365	66,564
Operating profit/loss	(11,096)	22,062	32,923	101,376	3,633
Net financials	(29,162)	(19,338)	(13,916)	(9,273)	(1,922)
Profit/loss for the year	(42,249)	(8,276)	5,878	61,017	(5,808)
Balance sheet total	937,944	1,000,135	1,030,691	1,045,010	1,076,310
Investments in property, plant and equipment	1,905	1,624	3,143	1,690	12,524
Equity	512,487	554,736	563,014	555,208	494,191
Cash flows from operating activities	25,594	59,793	90,286	121,898	35,214
Cash flows from investing activities	(27,067)	(26,894)	(22,880)	(21,201)	(1,101,995)
Cash flows from financing activities	(27,000)	(20,442)	(37,534)	(94,200)	1,032,500
Ratios					
Return on equity (%)	(7.92)	(1.48)	1.05	11.63	(1.20)
Equity ratio (%)	54.64	55.47	54.62	53.13	45.92

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

CEGO Holding (henceforth: CEGO) develops and operates online casino products, focusing on the Casual Segment. CEGO currently has online casino activities in Denmark, Sweden, and the UK. CEGO operates subject to license requirements and is exposed to competition under local gambling jurisdictions.

The purpose of CEGO Holding is to own shares in other companies and businesses related hereto.

Development in activities and finances

CEGO is currently present in three markets with its casual online casino offerings. In Denmark, it operates www.spilnu.dk, which has been in operation since the liberalization of the Danish market in 2012. In Sweden, www.lyckost.se was launched in 2020, and since 2021, CEGO has also entered the UK market with happytiger.co.uk.

The online casino activities involve the offering of slot machines, Bingo, and Casino, all running on an in-house-built platform. This platform has been optimized to support a continuously strong customer experience in the future and to facilitate commercial initiatives designed for multi-market operations.

CEGO's in-house studio has achieved notable success in 2023, having developed and launched seven distinct in-house slot machines, alongside the introduction of Bingo 90, all tailored to cater to casual players.

CEGO embarked on international investments in 2020, with plans to sustain and expand these efforts in the foreseeable future. The focus in 2024 will be on leveraging the momentum attained in the UK market and intensifying operational efforts in this region. Concurrently, CEGO aims to uphold its status as the preferred casual iCasino operator in Denmark. Consequently, the company intends to discontinue operations in Sweden during 2024

Responsible Gambling

CEGO’s primary objective is to offer casual, fun, and entertaining games. We take an active role in creating a healthy environment where players feel safe and well-taken care of. Responsibility in gambling is an inherent part of our core values and the way we work. All employees receive responsible gambling training, and it is an integrated part of our daily operations.

Responsibility is at the forefront of our employees' minds when creating marketing content, new games, etc. Additionally, the Customer Support Team undergoes extra training to ensure a high level of attention towards potential adverse gambling behavior and to initiate safer gambling protocols when needed. The Customer Support Team is supervised in the area of responsible gambling by both an internal and external psychologist.

Being responsible is not a single action or intervention but the sum of a series of initiatives. At CEGO, these initiatives are implemented based on our overall approach, which is to be aware of and understand our players, helping them prevent potential unhealthy gambling patterns. We strive to do so in an incident-based, respectful, and personalized manner. One of the ways we achieve this is through Care Calls to players, performed by our in-house psychologist or personnel trained by experts in the field of problem gambling. We collaborate with external psychologists and support third-party research projects, both financially and with our extensive knowledge, to increase awareness and responsibility in gambling for the betterment of our players and society.

We monitor our players' behavior using software that analyzes Big Data. This information is used in dialogue with the players to proactively support changes in their behavior if it indicates that playing for fun may be at risk.

Furthermore, we continuously stay updated on the newest research to enhance our processes and support our players in the best possible way.

At CEGO we aim to maintain our collaboration with external experts/organizations and stakeholders, supporting a continuously safe gambling environment for our customers. Overall, CEGO strives to create a safe environment for our players that encourages and enables them to maintain a healthy approach towards gambling.

Diversity, recruitment, and employee composition

The CEGO company culture is rooted in entrepreneurship, agility, a flat hierarchy, and, above all, an openness to new developments, diverse ways of working, and new colleagues. CEGO is dedicated to providing equal opportunities to individuals, irrespective of gender, ethnicity, race, political views, religion, or sexual orientation. We embrace all facets of diversity, recognizing the importance of both the right skillset and mindset. Recruitment and promotion of managers at CEGO are aimed at fostering diversity within the leadership team.

Our goal is to become the preferred employer in the IT, gaming, and software sectors in our local market. We focus on attracting talent and providing our colleagues and employees with the best opportunities to ensure a long and rewarding tenure within CEGO.

In 2023, the CEGO Group welcomed 11 new employees while 15 employees departed. Of the new joiners, 20% are female. The current gender composition is 80% male and 20% female, with a more balanced distribution in departments other than IT development. The average seniority at CEGO is more than 5 years. We prioritize our employees' well-being, believing that thriving employees enhance our company culture and contribute to the best results for both the individual and the company.

CEGO is more than just a workplace; it's a culture. We consider ourselves a family, and we eagerly anticipate welcoming new family members. Social activities, ranging from weekly board game nights to physical workouts and in-house sports tournaments, are integral to our culture. We also prioritize physical and mental well-being by offering flexible working conditions, easy access to health insurance, free gym access, and more.

CEGO upholds and respects internationally recognized labor rights as specified in the International Labor Organization (ILO) core conventions. We comply with all applicable federal, state, and local laws and regulations regarding employer/employee rights and obligations, including the right to freedom of association and collective bargaining. Additionally, we have initiatives that strengthen diversity right from the recruitment process, such as participating in HR fairs, designing inclusive job advertisements, and actively leveraging our employees' networks.

Governance

The CEGO business must always be governed in a legally compliant manner, supporting the optimal protection of customers and employees within CEGO. Through our robust compliance frameworks, policies, procedures, workflows, and educational programs, we ensure that CEGO's governance and business ethics adhere to the highest standards.

All revenue in CEGO is generated from licensed markets. By operating exclusively in domestically regulated markets, CEGO can guarantee our customers the highest standards of quality in player protection and gambling products, certified in accordance with the license requirements in the applicable jurisdiction.

Profit/loss for the year in relation to expected developments

Loss for the year is DKK 42.2 million. The loss for the year is impacted by the increased investments in new market growth.

Outlook

Management expects continued investments in growth in 2024 leading to a loss in the range DKK 20 to 40 million.

Knowledge resources

CEGO is dedicated to maintaining a leading position in the adoption of new technologies across platform operations, product development, and compliance, with a primary focus on catering to casual players. The expertise of CEGO's personnel is pivotal to all aspects of the business and the Group.

Research and development activities

The company capitalizes development costs incurred during internal projects related to Games and Platform development. In the fiscal year 2023, the company capitalized DKK 25 million on such development projects. This capitalization primarily pertains to salaries allocated to these projects.

Consolidated income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Gross profit/loss		**129,713**	**156,897**
Staff costs	1	(68,325)	(66,161)
Depreciation, amortisation and impairment losses	2	(72,103)	(68,510)
Other operating expenses		(381)	(164)
Operating profit/loss		**(11,096)**	**22,062**
Other financial income	3	549	139
Other financial expenses	4	(29,711)	(19,477)
Profit/loss before tax		**(40,258)**	**2,724**
Tax on profit/loss for the year	5	(1,991)	(11,000)
Profit/loss for the year	6	**(42,249)**	**(8,276)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	8	51,779	49,085
Acquired intangible assets		310	696
Goodwill		779,105	829,101
Development projects in progress	8	12,938	10,353
Intangible assets	7	**844,132**	**889,235**
Other fixtures and fittings, tools and equipment		2,581	2,677
Leasehold improvements		178	505
Property, plant and equipment	9	**2,759**	**3,182**
Deposits		1,232	1,232
Other receivables		1,580	1,647
Financial assets	10	**2,812**	**2,879**
Fixed assets		**849,703**	**895,296**
Trade receivables		22,720	14,305
Other receivables		1,360	777
Prepayments	11	6,679	3,802
Receivables		**30,759**	**18,884**
Cash		**57,482**	**85,955**
Current assets		**88,241**	**104,839**
Assets		**937,944**	**1,000,135**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	12	502	502
Retained earnings		511,985	554,234
Equity		**512,487**	**554,736**
Deferred tax	13	13,913	12,917
Provisions		**13,913**	**12,917**
Bank loans		225,506	278,444
Other payables	14	69,305	3,633
Non-current liabilities other than provisions	15	**294,811**	**282,077**
Current portion of non-current liabilities other than provisions	15	62,500	100,000
Bank loans		2	2
Prepayments received from customers		16,636	12,702
Trade payables		14,419	8,914
Tax payable		970	9,049
Other payables	16	22,206	19,738
Current liabilities other than provisions		**116,733**	**150,405**
Liabilities other than provisions		**411,544**	**432,482**
Equity and liabilities		**937,944**	**1,000,135**
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	502	554,234	554,736
Profit/loss for the year	0	(42,249)	(42,249)
Equity end of year	**502**	**511,985**	**512,487**

Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		(11,096)	22,062
Amortisation, depreciation and impairment losses		72,103	68,674
Working capital changes	17	272	741
Cash flow from ordinary operating activities		**61,279**	**91,477**
Financial income received		543	139
Financial expenses paid		(27,179)	(19,477)
Taxes refunded/(paid)		(9,049)	(12,346)
Cash flows from operating activities		**25,594**	**59,793**
Acquisition etc. of intangible assets		0	(298)
Acquisition etc. of property, plant and equipment		(1,905)	(1,624)
Capitalization of development costs		(25,162)	(24,972)
Cash flows from investing activities		**(27,067)**	**(26,894)**
Free cash flows generated from operations and investments before financing		**(1,473)**	**32,899**
Loans raised		63,000	0
Repayments of loans etc.		(90,000)	(20,442)
Cash flows from financing activities		**(27,000)**	**(20,442)**
Increase/decrease in cash and cash equivalents		**(28,473)**	**12,457**
Cash and cash equivalents beginning of year		85,955	73,498
Cash and cash equivalents end of year		**57,482**	**85,955**
Cash and cash equivalents at year-end are composed of:			
Cash		57,482	85,955
Cash and cash equivalents end of year		**57,482**	**85,955**

Notes to consolidated financial statements

1 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	61,063	59,169
Pension costs	5,988	5,704
Other social security costs	1,274	1,288
	68,325	**66,161**

Average number of full-time employees	106	109

	Remuneration of management 2023 DKK'000	Remuneration of management 2022 DKK'000
Total amount for management categories	300	2,238
	300	**2,238**

According to section 98B(3) no.2 of the Danish Financial Statement Act, remuneration to management has been disclosed together under one category, as it otherwise will lead to an individual's remuneration being disclosed.

The group has issued a warrant program in order to motivate the participants to work in the best interest of the Group and to motivate the participants to work for the realisation of any business strategy and to retain participants in their employment, etc. within the group.

2 Depreciation, amortisation and impairment losses

	2023 DKK'000	2022 DKK'000
Amortisation of intangible assets	68,844	66,462
Impairment losses on intangible assets	1,056	0
Depreciation on property, plant and equipment	2,203	2,048
	72,103	**68,510**

3 Other financial income

	2023 DKK'000	2022 DKK'000
Other interest income	393	51
Exchange rate adjustments	6	32
Other financial income	150	56
	549	**139**

4 Other financial expenses

	2023 DKK'000	2022 DKK'000
Other interest expenses	28,339	17,894
Exchange rate adjustments	501	629
Other financial expenses	871	954
	29,711	**19,477**

5 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Current tax	995	9,149
Change in deferred tax	996	1,851
	1,991	**11,000**

6 Proposed distribution of profit/loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(42,249)	(8,276)
	(42,249)	**(8,276)**

7 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	103,687	6,526	999,921	10,353
Transfers	12,895	0	0	(12,895)
Additions	9,488	0	0	15,674
Disposals	(1,602)	0	0	(194)
Cost end of year	**124,468**	**6,526**	**999,921**	**12,938**
Amortisation and impairment losses beginning of year	(54,602)	(5,830)	(170,820)	0
Impairment losses for the year	(1,056)	0	0	0
Amortisation for the year	(18,462)	(386)	(49,996)	0
Reversal regarding disposals	1,431	0	0	0
Amortisation and impairment losses end of year	**(72,689)**	**(6,216)**	**(220,816)**	**0**
Carrying amount end of year	**51,779**	**310**	**779,105**	**12,938**

8 Development projects

In 2023, DKK 24,985 thousand has been capitalized allocated on 140 projects of which 116 have been launched and those projects are now subject to amortisation. The remaining projects are in preparation. The capitalization solely relates to salary allocated on projects. The projects are often completed within two years and thus amortisation of capitalised expenses on the projects is commenced shortly after the capitalization of the project. The projects are amortised over a period of three to five years. The Groups revenue supports that the development projects have market potentials. The projects are in online slot machines, cash games and bingo.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	16,005	2,889
Additions	1,894	11
Disposals	(176)	0
Cost end of year	**17,723**	**2,900**
Depreciation and impairment losses beginning of year	(13,328)	(2,384)
Depreciation for the year	(1,865)	(338)
Reversal regarding disposals	51	0
Depreciation and impairment losses end of year	**(15,142)**	**(2,722)**
Carrying amount end of year	**2,581**	**178**

10 Financial assets

	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	1,232	1,647
Transfers	0	(67)
Cost end of year	**1,232**	**1,580**
Carrying amount end of year	**1,232**	**1,580**

11 Prepayments

Prepayments mainly consist of smaller costs relating to future periods.

12 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
A-Shares	300,000	1	300
B-Shares	201,734	1	202
	501,734		**502**

13 Deferred tax

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	12,917	11,064
Recognised in the income statement	996	1,851
Adjustment concerning previous years	0	2
End of year	**13,913**	**12,917**

14 Other payables

Non-current other payables comprises holiday pay obligation of DKK 3,836k and loan arrangements of DKK 65,469k.

15 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Bank loans	62,500	100,000	225,506	0
Other payables	0	0	69,305	3,836
	62,500	**100,000**	**294,811**	**3,836**

16 Other payables

	2023 DKK'000	2022 DKK'000
VAT and duties	3,079	4,467
Wages and salaries, personal income taxes, social security costs, etc. payable	705	399
Holiday pay obligation	4,099	3,613
Other costs payable	14,323	11,259
	22,206	**19,738**

17 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in receivables	(11,808)	1,040
Increase/decrease in trade payables etc.	12,080	(299)
	272	**741**

18 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	32,100	1,600

19 Contingent liabilities

The Group has entered into a warrant incentive program with senior executives and other employees that includes the right of purchasing new B shares representing a nominal value of DKK 1 in the company. The company has entered into 4 different warrant programs that are running in the period 2019 to 2028 and comprise a total number of 9,168 warrants equaling a total nominal capital increase of DKK 9.2k.

The warrants are allotted on a monthly basis over a period of 48 to 60 months. The warrants are issued free of charge and the subscription price for the B-shares varies between 1,000 - 3,000 depending on the time of issuance. The allotment of warrants to the participants is conditional on the participant's employment within the group companies. The warrants are only exercisable in the event of an exit and unexercised warrants will be cancelled automatically without notice and without compensation to the participants.

20 Assets charged and collateral

The shares in CEGO A/S and certain bank accounts have been pledged as collateral for the Company's bank loans. The carrying amount of the shares in CEGO A/S amounts to DKK 846,284 thousand and the bank accounts amounts to DKK 12 thousand. The loan balances amounts to DKK 288,006 thousand at the balance sheet date.

21 Transactions with related parties

Only related party transactions not conducted on an arms’s length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

22 Subsidiaries

	Registered in	Corporate form	Ownership %
Spilnu.dk A/S	Aalborg	A/S	100.00
Magnet Gaming ApS	Aalborg	ApS	100.00
CEGO A/S	Aalborg	A/S	100.00
Lyckost ApS	Aalborg	ApS	100.00
CEGO Midco ApS	Aalborg	ApS	100.00
Happytiger ApS	Aalborg	ApS	100.00
Double ApS	Aalborg	ApS	100.00
Datoselskabet af 04.03.2021 ApS	Aalborg	ApS	100.00
CEGO Payco Ltd.	United Kingdom	Ltd	100.00

Parent income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Gross profit/loss		**(365)**	**(101)**
Staff costs	1	(780)	0
Operating profit/loss		**(1,145)**	**(101)**
Income from investments in group enterprises		(39,300)	(8,154)
Other financial income	2	41	3
Other financial expenses	3	(2,625)	(58)
Profit/loss before tax		**(43,029)**	**(8,310)**
Tax on profit/loss for the year	4	780	34
Profit/loss for the year	5	**(42,249)**	**(8,276)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Investments in group enterprises		566,406	553,206
Financial assets	6	**566,406**	**553,206**
Fixed assets		**566,406**	**553,206**
Receivables from group enterprises		281	2,097
Joint taxation contribution receivable		805	9,183
Receivables		**1,086**	**11,280**
Cash		**10,566**	**15**
Current assets		**11,652**	**11,295**
Assets		**578,058**	**564,501**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		502	502
Reserve for net revaluation according to equity method		13,906	53,206
Retained earnings		498,079	501,028
Equity		**512,487**	**554,736**
Other payables	7	65,469	0
Non-current liabilities other than provisions	8	**65,469**	**0**
Payables to group enterprises		2	520
Tax payable		0	9,149
Other payables	9	100	96
Current liabilities other than provisions		**102**	**9,765**
Liabilities other than provisions		**65,571**	**9,765**
Equity and liabilities		**578,058**	**564,501**
Contingent liabilities	10		
Assets charged and collateral	11		
Transactions with related parties	12		

Parent statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	502	53,206	501,028	554,736
Transfer to reserves	0	(39,300)	39,300	0
Profit/loss for the year	0	0	(42,249)	(42,249)
Equity end of year	**502**	**13,906**	**498,079**	**512,487**

Notes to parent financial statements

1 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	780	0
	780	**0**

	Remuneration of Management 2023 DKK'000
Total amount for management categories	300
	300

According to section 98B(3) no.2 of the Danish Financial Statement Act, remuneration to management has been disclosed together under one category, as it otherwise will lead to an individual's remuneration being disclosed. Management did not recieve remuneration from the parent entity in 2022.

The company has issued a warrant program in order to motivate the participants to work in the best interest of the Group and to motivate the participants to work for the realisation of any business strategy and to retain participants in their employment, etc. within the group.

2 Other financial income

	2023 DKK'000	2022 DKK'000
Financial income from group enterprises	29	3
Other interest income	12	0
	41	**3**

3 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	2	52
Other interest expenses	2,623	6
	2,625	**58**

4 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Refund in joint taxation arrangement	(780)	(34)
	(780)	**(34)**

5 Proposed distribution of profit and loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(42,249)	(8,276)
	(42,249)	**(8,276)**

6 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	500,000
Additions	52,500
Cost end of year	**552,500**
Revaluations beginning of year	53,206
Share of profit/loss for the year	(39,300)
Revaluations end of year	**13,906**
Carrying amount end of year	**566,406**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7 Other payables

Non-current other payables comprise loan arrangements of DKK 65,469k.

8 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK'000
Other payables	65,469
	65,469

Of the non-current liabilities, DKK 0 is due after more than 5 years from the balance sheet date.

9 Other payables

	2023 DKK'000	2022 DKK'000
VAT and duties	32	0
Other costs payable	68	96
	100	**96**

10 Contingent liabilities

The Group has entered into a warrant incentive program with senior executives and other employees that includes the right of purchasing new B shares representing a nominal value of DKK 1 in the company. The company has entered into 4 different warrant programs that are running in the period 2019 to 2028 and comprise a total number of 9,168 warrants equaling a total nominal capital increase of DKK 9.2k.

The warrants are allotted on a monthly basis over a period of 48 to 60 months. The warrants are issued free of charge and the subscription price for the B-shares varies between 1,000 - 3,000 depending on the time of issuance. The allotment of warrants to the participants is conditional on the participant's employment within the group companies. The warrants are only exercisable in the event of an exit and unexercised warrants will be cancelled automatically without notice and without compensation to the participants.

Joint taxation

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

11 Assets charged and collateral

None.

Collateral provided for group enterprises

The Entity has provided guarantee for the bank debt in Cego Midco ApS. Bank loans in Cego Midco ApS amount to DKK 288,006k.

12 Transactions with related parties

Only related party transactions not conducted on an arm’s length basis are disclosed in the annual report. During the financial year, the company has provided tax-free group subsidy to its subsidiary Cego Midco ApS of 52,500 tDKK.

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

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.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Profit or loss from divestment of enterprises

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, own work capitalised, other operating expenses, costs of sales and external expenses.

Revenue

Revenue from the sale of games is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is stated as GGR and comprises gross gaming revenue set off against winning and government
taxes.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

Cost of sales comprises expenses incurred to achieve revenue for the financial year; including fees, etc. to payment service provider, annual gaming fee and expenses for white label takers and license fee.

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. This item also includes write downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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 Parent is jointly taxed with all of its 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

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The useful life has been set at 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc comprise development projects completed and in progress 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 under 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.

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. For development projects the amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	3-7 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 20 years.

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

Receivables

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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 cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.