Cego Holding ApS

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

Annual report 2020

The Annual General Meeting adopted the annual report on 31.03.2021

Jef Nymand Hounsgaard
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: 01.01.2020 - 31.12.2020

Board of Directors

Jacob Frederik Christensen
Anders Gautier Christensen
Jesper Hørsholt
Peter Thorlund Haahr

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 01.01.2020 - 31.12.2020

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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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, 31.03.2021

Executive Board

Jacob Frederik Christensen

Board of Directors

Jacob Frederik Christensen

Anders Gautier Christensen

Jesper Hørsholt

Peter Thorlund Haahr

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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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 and 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 31.03.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000
Key figures		
Gross profit/loss	195,882	60,049
Operating profit/loss	101,375	3,633
Net financials	(9,270)	(1,923)
Profit/loss for the year	61,017	(5,809)
Balance sheet total	1,045,009	1,076,310
Investments in property, plant and equipment	1,690	12,524
Equity	555,208	494,191
Cash flows from operating activities	121,897	35,214
Cash flows from investing activities	(21,201)	(1,101,955)
Cash flows from financing activities	(94,200)	1,032,500
Ratios		
Return on equity (%)	11.63	(1.20)
Equity ratio (%)	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: the Group) offers online casino platforms within the casual gaming and the competition category. Being present on the Northern European markets, the Group's gaming platforms are subject to license requirements and exposed to competition under local gambling jurisdictions.

The purpose of the company is to own shares in other companies and business related hereto.

Development in activities and finances

During 2020 the group has been reorganized, with the purpose to centralize game development and enable multiple-market presence, with local brands offering proprietary in-house developed casino- and bingo games. As a consequence, all administrative Group functions have been moved to CEGO A/S, including Marketing, Compliance, HR and Finance.

Brand specific activities are to remain in the subsidiary entities, SpilNu.dk A/S, Lyckost ApS and Datoselskabet af 17.06.2020 ApS, that offer online casino products in markets where licenses have obtained. CEGO has a strong belief in its product offerings, which appeal to casual gamers across market segments.

In Denmark, the SpilNu.dk brand has a proven business model that for a decade has demonstrated growth and profitability by offering unique own developed games and quality user experiences. On that basis, the Group will continue to support the newly formed subsidiary entities, Lyckost ApS and Datoselskabet af 17.06.2020 ApS, in its endeavors to expand presence in new markets and replicate the success of Spilnu.dk outside Denmark.

Organisational activities related to game development and platform operations have been consolidated within Magnet Gaming ApS.

Free-to-play and casual gaming activities related to the Komogvind.dk site have been consolidated within the newly formed Superpog ApS.

Profit/loss for the year in relation to expected developments

Profit/loss for the year shows a positive DKK 61.0 million (2019: Negative DKK 5.8 million), which the Executive Management considers satisfactory. The result is reflecting that the CEGO Holding ApS was formed mid-year 2019 with associated non-recurring cost. The residual improvements are driven by operational performance.

Outlook

The Executive Management expects 10-20% increase in revenue in 2021. The Group's net result is expected to decrease compared to 2020 as a result of continued investments in new markets

Knowledge resources

The expertise of the Group's personnel is essential to all areas of the business, ensuring that the Group will be able to meet these market requirements. These e.g. include legislative actions, consumer behavior and competition. Therefore, the number of employees in most parts of the business has been ramped up, namely within Platform Operations and Product Development. In addition, the number of employees that are engaged in compliance related activities, such as AML, Responsible Gambling, GDPR and Information Security, has more than doubled.

CEGO is devoted to staying in a forefront position in the utilization of new technologies in platform operations and product development, while remaining compliant at all times.

Events after the balance sheet date

No events, which would influence the evaluation of this annual report, have occurred after the balance sheet date to this date.

COVID-19 is not expected to have a material impact on the financial statements of the Group.

Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Gross profit/loss		**195,882**	**60,049**
Staff costs	1	(29,524)	(13,358)
Depreciation, amortisation and impairment losses		(64,983)	(43,058)
Operating profit/loss		**101,375**	**3,633**
Other financial income		133	10
Other financial expenses		(9,403)	(1,933)
Profit/loss before tax		**92,105**	**1,710**
Tax on profit/loss for the year	2	(31,088)	(7,519)
Profit/loss for the year	3	**61,017**	**(5,809)**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Completed development projects	5	37,859	34,175
Acquired intangible assets		230	351
Goodwill		929,093	979,089
Development projects in progress	5	7,036	4,579
Intangible assets	4	**974,218**	**1,018,194**
Other fixtures and fittings, tools and equipment		2,368	2,129
Leasehold improvements		172	241
Property, plant and equipment	6	**2,540**	**2,370**
Deposits		1,210	1,210
Fixed asset investments	7	**1,210**	**1,210**
Fixed assets		**977,968**	**1,021,774**
Manufactured goods and goods for resale		3	0
Inventories		**3**	**0**
Trade receivables		16,253	16,746
Other receivables		818	332
Tax receivable		5,403	0
Prepayments	8	939	329
Receivables		**23,413**	**17,407**
Cash		**43,625**	**37,129**
Current assets		**67,041**	**54,536**
Assets		**1,045,009**	**1,076,310**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	9	500	500
Reserve for development costs		35,018	29,548
Retained earnings		519,103	464,143
Proposed dividend for the financial year		587	0
Equity		**555,208**	**494,191**
Deferred tax	10	8,687	7,434
Provisions		**8,687**	**7,434**
Bank loans		398,300	119,500
Other payables		3,883	398,000
Non-current liabilities other than provisions	11	**402,183**	**517,500**
Current portion of non-current liabilities other than provisions	11	40,000	15,000
Bank loans		612	520
Prepayments received from customers		13,924	14,241
Trade payables		3,173	2,819
Tax payable		0	9,493
Other payables		21,222	15,112
Current liabilities other than provisions		**78,931**	**57,185**
Liabilities other than provisions		**481,114**	**574,685**
Equity and liabilities		**1,045,009**	**1,076,310**
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Transactions with related parties	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Total DKK'000
Equity beginning of year	500	29,548	464,143	0	494,191
Transfer to reserves	0	5,470	(5,470)	0	0
Profit/loss for the year	0	0	60,430	587	61,017
Equity end of year	**500**	**35,018**	**519,103**	**587**	**555,208**

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		101,375	3,633
Amortisation, depreciation and impairment losses		64,983	43,058
Working capital changes	12	9,516	3,645
Cash flow from ordinary operating activities		**175,874**	**50,336**
Financial income received		133	10
Financial expenses paid		(9,403)	(1,932)
Taxes refunded/(paid)		(44,707)	(13,200)
Cash flows from operating activities		**121,897**	**35,214**
Acquisition etc. of intangible assets		(26)	0
Acquisition etc. of property, plant and equipment		(1,690)	(435)
Staff costs classified as assets		(19,485)	(8,151)
Acquisition of goodwill		0	(1,093,369)
Cash flows from investing activities		**(21,201)**	**(1,101,955)**
Free cash flows generated from operations and investments before financing		**100,696**	**(1,066,741)**
Loans raised		438,300	597,500
Repayments of loans etc.		(532,500)	(65,000)
Cash capital increase		0	500,000
Cash flows from financing activities		**(94,200)**	**1,032,500**
Increase/decrease in cash and cash equivalents		**6,496**	**(34,241)**
Cash and cash equivalents beginning of year		37,129	71,370
Cash and cash equivalents end of year		**43,625**	**37,129**

Cash and cash equivalents at year-end are composed of:			
Cash		43,625	37,129
Cash and cash equivalents end of year		**43,625**	**37,129**

Notes to consolidated financial statements

1 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	41,327	16,274
Pension costs	4,353	1,599
Other social security costs	757	421
Other staff costs	2,572	1,579
	49,009	**19,873**
Staff costs classified as assets	(19,485)	(6,515)
	29,524	**13,358**

Average number of full-time employees	85	83

	Remuneration of management 2020 DKK'000	Remuneration of management 2019 DKK'000
Total amount for management categories	1,194	772
	1,194	**772**

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

2 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	29,933	11,989
Change in deferred tax	1,253	(4,470)
Adjustment concerning previous years	13	0
Refund in joint taxation arrangement	(111)	0
	31,088	**7,519**

3 Proposed distribution of profit/loss

	2020 DKK'000	2019 DKK'000
Ordinary dividend for the financial year	51,187	0
Retained earnings	9,830	(5,809)
	61,017	**(5,809)**

4 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	147,241	6,008	999,921	6,176
Transfers	2,177	0	0	(2,177)
Additions	14,503	26	0	4,982
Disposals	(75,991)	(425)	0	(1,945)
Cost end of year	**87,930**	**5,609**	**999,921**	**7,036**
Amortisation and impairment losses beginning of year	(113,066)	(5,657)	(20,832)	(1,597)
Amortisation for the year	(12,461)	(147)	(49,996)	0
Reversal regarding disposals	75,456	425	0	1,597
Amortisation and impairment losses end of year	**(50,071)**	**(5,379)**	**(70,828)**	**0**
Carrying amount end of year	**37,859**	**230**	**929,093**	**7,036**

5 Development projects

In 2020, DKK 19.485 thousand has been capitalized allocated on 58 projects of which 34 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 five years.

The Groups revenue has increased compared to last year which expresses that the development projects have market potentials. The projects are in online slot machines, cash games and casual games without cash involved.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	10,670	1,838
Additions	1,639	51
Disposals	(41)	0
Cost end of year	**12,268**	**1,889**
Depreciation and impairment losses beginning of year	(8,541)	(1,597)
Reversal of impairment losses	2	0
Depreciation for the year	(1,376)	(120)
Reversal regarding disposals	15	0
Depreciation and impairment losses end of year	**(9,900)**	**(1,717)**
Carrying amount end of year	**2,368**	**172**

7 Fixed asset investments

	Deposits DKK'000
Cost beginning of year	1,210
Cost end of year	**1,210**
Carrying amount end of year	**1,210**

8 Prepayments

Prepayments mainly consist of smaller intersecting costs.

9 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
A-Shares	300,000	1	300,000
B-Shares	200,000	1	200,000
	500,000		**500,000**

10 Deferred tax

Changes during the year	2020 DKK'000	2019 DKK'000
Beginning of year	7,434	0
Recognised in the income statement	1,253	(4,470)
Addition through business combinations etc.	0	11,904
End of year	**8,687**	**7,434**

11 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Bank loans	40,000	15,000	398,300	80,000
Other payables	0	0	3,883	0
	40,000	**15,000**	**402,183**	**80,000**

12 Changes in working capital

	2020 DKK'000	2019 DKK'000
Increase/decrease in inventories	(3)	0
Increase/decrease in receivables	(603)	(4,740)
Increase/decrease in trade payables etc.	10,122	8,385
	9,516	**3,645**

13 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Total liabilities under rental or lease agreements until maturity	1,309	3,004

14 Contingent liabilities

The company has entered an Incentive program with senior executives that includes the possibility of subscribing to new B shares with a nominal DKK 1 in the company in the period 2021-2024. The drawing can be done with a maximum of 1/48 per. month. in the period until 2024, a maximum of nom. 1.100 shares at a price of DKK 1,600 per warrant, corresponding to a capital increase of a total of DKK 1,760,000.

15 Assets charged and collateral
The shares in CEGO A/S has been pledged as collateral for the Company's balances with a bank and other creditor. The carrying amount of the shares amounts to t.DKK 1,039,341. The balances amounts at December 31st to t.DKK 438,300.

16 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.

17 Subsidiaries

	Registered in	Corporate form	Ownership %
SPILNU.dk A/S	Aalborg	A/S	100.0
Magnet Gaming ApS	Aalborg	ApS	100.0
CEGO A/S	Aalborg	A/S	100.0
Lyckost ApS	Aalborg	ApS	100.0
CEGO Midco ApS	Aalborg	ApS	100.0
Datoselskabet af 17.06.2020 ApS	Aalborg	ApS	100.0
Superpog ApS	Aalborg	ApS	100.0

Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Gross profit/loss		**(104)**	**(55)**
Income from investments in group enterprises		61,412	(5,733)
Other financial expenses	1	(402)	(42)
Profit/loss before tax		**60,906**	**(5,830)**
Tax on profit/loss for the year	2	111	21
Profit/loss for the year	3	**61,017**	**(5,809)**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Investments in group enterprises		555,679	494,267
Fixed asset investments	4	**555,679**	**494,267**
Fixed assets		**555,679**	**494,267**
Tax receivable		3,177	1,011
Joint taxation contribution receivable		29,935	14,155
Receivables		**33,112**	**15,166**
Cash		**4**	**0**
Current assets		**33,116**	**15,166**
Assets		**588,795**	**509,433**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		500	500
Reserve for net revaluation according to the equity method		55,679	0
Retained earnings		498,442	493,691
Proposed dividend for the financial year		587	0
Equity		**555,208**	**494,191**
Payables to group enterprises		33,587	13,297
Joint taxation contribution payable		0	1,945
Current liabilities other than provisions		**33,587**	**15,242**
Liabilities other than provisions		**33,587**	**15,242**
Equity and liabilities		**588,795**	**509,433**
Contingent liabilities	5		
Assets charged and collateral	6		
Transactions with related parties	7		

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	500	0	493,691	0	494,191
Transfer to reserves	0	(5,733)	5,733	0	0
Profit/loss for the year	0	61,412	(982)	587	61,017
Equity end of year	**500**	**55,679**	**498,442**	**587**	**555,208**

Notes to parent financial statements

1 Other financial expenses

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	400	41
Other interest expenses	2	1
	402	**42**

2 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Refund in joint taxation arrangement	(111)	(21)
	(111)	**(21)**

3 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Ordinary dividend for the financial year	587	0
Retained earnings	60,430	(5,809)
	61,017	**(5,809)**

4 Fixed asset investments

	Investments in group enterprises DKK'000
Cost beginning of year	500,000
Cost end of year	**500,000**
Revaluations beginning of year	(5,733)
Share of profit/loss for the year	61,412
Revaluations end of year	**55,679**
Carrying amount end of year	**555,679**

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

5 Contingent liabilities

The company has entered an Incentive program with senior executives that includes the possibility of subscribing to new B shares with a nominal DKK 1 in the company in the period 2021-2024. The drawing can be done with a maximum of 1/48 per. month. in the period until 2024, a maximum of nom. 1.100 shares at a price of DKK 1,600 per warrant, corresponding to a capital increase of a total of DKK 1,760,000.

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.

6 Assets charged and collateral

None.

7 Transactions with related parties

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

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.

Non-comparability
Last year was the company's first financial year and was only consolidated for 6 months which is why previous financial year cannot be compared to the current financial 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.

Income statement

Gross profit or loss
Gross profit or loss comprises revenue, 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 comprises gross gaming revenue set off against winning and government taxes.

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 writedowns 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.

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:

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.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

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.

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.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

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.

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.

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.