

Greater Bag of Holding ApS


Gammel mønt 2, 1117 Copenhagen

CVR no. 40 64 83 21

Annual report 2022/23

Approved at the Company's annual general meeting on 10 October 2023

Chair of the meeting:



Martin Buhl Svanum

Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	5
Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023	13
Income statement	13
Balance sheet	14
Statement of changes in equity	16
Cash flow statement	17
Notes to the financial statements	18

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Greater Bag of Holding ApS for the financial year 1 April 2022 - 31 March 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 March 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 April 2022 - 31 March 2023.

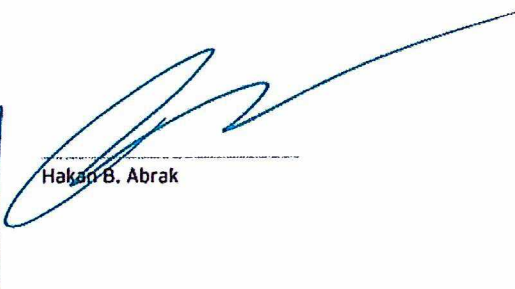
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 10 October 2023
Executive Board:



Christian Ole Elverdam



Hakan B. Abrak

Independent auditor's report

To the shareholders of Greater Bag of Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Greater Bag of Holding ApS for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2023, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2022 - 31 March 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 the 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 Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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:

Independent auditor's report

- ▶ 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 Group's and the Parent Company'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 Group's and the Parent Company'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 Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Vejle, 10 October 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Heidi Brander
State Authorised Public Accountant
mne33253

Management's review

Company details

Name	Greater Bag of Holding ApS
Address, Postal code, City	Gammel mønt 2, 1117 Copenhagen
CVR no.	40 64 83 21
Established	9 July 2019
Registered office	Copenhagen
Financial year	1 April 2022 - 31 March 2023
Executive Board	Christian Ole Elverdam Hakan B. Abrak
Auditors	EY Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark

Management's review

Financial highlights for the Group

DKK'000	2022/23	2021/22	2020/21	2019/20
Key figures				
Revenue	636,120	538,020	502,586	212,814
Operating profit/loss	364,694	226,547	337,330	11,497
Net financials	-25,787	8,510	-4,807	-2,801
Profit for the year	261,349	182,684	264,405	5,327
Balance sheet				
Total assets	1,129,894	921,529	658,113	273,218
Investments in property, plant and equipment	10,686	7,849	3,521	789
Share capital	40	40	40	40
Equity	851,506	590,157	408,126	143,723
Financial ratios				
Return on assets	35.6%	28.7%	72.4%	4.2%
Current ratio	374.0%	247.8%	211.9%	0.0%
Equity ratio	53.3%	45.6%	44.8%	52.6%
Return on equity	35.4%	35.2%	83.5%	0.0%
Personnel				
Average number of full-time employees	245	210	158	143

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Average assets}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}} \times 100$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss for the year after tax excl. non-controlling interests}}{\text{Average equity excl. non-controlling interests}} \times 100$

Management's review

Business review

The Group develops, publishes and markets computer games globally.

Our mission is to develop impactful games, with impactful people, creating ground-breaking characters, universes and concepts, all developed with our own proprietary platforms and technology.

The group also base game projects on high profile licensed IPs.

Financial review

The income statement for 2022/23 shows a profit of DKK 261,349 thousand against a profit of DKK 182,684 thousand last year, and the balance sheet at 31 March 2023 shows equity of DKK 851,506 thousand.

FY23 revenue and profit are higher than the expectations due to "World of Assassination" (WOA) and Backlog performing better than expectation. Hitman 3 launch on Microsoft game pass back in FY22 has also brought in a considerable revenue in FY23 including the performance bonus.

IO Interactive has not released any new major products this fiscal, as we are focusing on ongoing long term production cycles.

Sales related to the back catalogue have performed as expected towards the sales budgets. This is due to ongoing initiatives to keep Hitman 1, 2 and 3 relevant through frequent patches and updates. We have also packaged the trilogy into one product that is the World of Assassination (WOA) according to the original vision, with additional DLC`s bundled into it.

The group's balance sheet as per 31st March 2023 shows equity of DKK 852 million. Management considers the result for the year to be satisfactory.

FY23 has been a year with development focus for IO Interactive. However, we are still driving sales on catalogue and focusing our attention on our internal productions and external partnerships. We are happy to see that our fans and community are still engaging with WOA, especially the Freelancer mode, which has given the players new ways to play the game. We do expect some years ahead of us, where the focus is going to be less on launching and driving product sales and much more efforts on internal projects for new products in the future. Therefore, we expect significantly more conservative results for the coming years. Furthermore, this will also have a significant impact on IO`s free cash.

Knowledge resources

The group has started a new subsidiary in Istanbul, Turkey - named IOI Istanbul. The new company is fully owned by IO Interactive A/S.

Attracting and retaining highly talented employees is a strategic important focus area. IOI will continue to make significant investments in recruitment and further development of its employees. IOI Istanbul is an important part of this investment, opening for talent recruitment on another continent.

Management's review

Product and business diversification including internal growing pains

It has been a long-term strategic goal for the group to diversify the product portfolio by developing new games that cater to audiences different from the fans of the Hitman franchise. Becoming a multi project studio again and growing across multiple countries is bringing equal opportunities and challenges. The products in question are still the minor activities on the Hitman Franchise next to our major projects James Bond & fantasy project. The latter two are done in collaboration with external partners with both internal and external publishing and financing. These projects are big bets and are of course very challenging to realize from both creative and talent perspective.

Creating new IP`s, working on a major licensing IP also bring significant risks, as core systems, technology, new game loops, growing pains with bigger teams all require the groups foundation to be transformed into something different, new, and usually more advanced/complex. We are focused on making this transformation as smooth as possible despite the growing aches and challenges it imposes. We have grown over the years across several studios across different countries, which is challenging for our culture and ways of doing things, which means that our attrition has increased compared to what we have been used to. To combat this, we must evolve and embrace the new talent and new knowledge needed to achieve our ambitions with our projects and at the same time integrate them into our values. We are also acknowledging the increased competitive landscape for talent, not only globally but also in Scandinavia.

Recognition and measurement uncertainties

For a prolonged time including through the last quarter of FY23 the management has been in negotiations with a partner for one of the development projects. There are only a few and yet important points to be fully negotiated with the partner. According to the management's assessment of the situation, there is a strong belief that the contract will finalized and signed in the near future, hence the management has decided to include an amount of DKK 97m in development asset.

In the period from the 1st of April 2023 to the 30th of Sep 2023 there has been additional costs of DKK 47 m. associated with the project. In the case this contact will not be finalized and signed, then a total of DKK 144m will be at risk of impairment. In case that happens, management will try to work on a constructive solution for the invested amount.

Research and development activities

It is an important competitive factor for the group to be at the forefront of game technology.

Therefore, the group will continue to invest substantially in research and development of our own game engine technology, modernizing it with new systems like animation, rendering technology and alike. Also, we are investing in multiplayer technology.

Outlook

As mentioned at the end under the financial review, we are looking into the coming years where its about investing and producing more than driving sales. This of course can be an issue on the longer term, if we are not successful in delivering our big bets. We therefore expect a significantly decrease in both revenue and profit before tax in FY24. The revenue in FY24 is expected to be somewhere between DKK 100 to 150 million. Loss before tax is expected to be DKK 10 to 50 million.

Events after the balance sheet date

No events materially affecting the groups financial position, except the potential effect of the agreement mentioned in note 2, have occurred after the financial year end.

Management's review

Data Ethics

The group is preparing an official policy concerning data ethics. This policy shall have its foundation in the data ethics objectives which the company already comply with, including the general principles of lawful processing, and will exist and function in addition to the company's privacy policy.

The company's data ethics policy rest on four main principles:

- ▶ Company shall only process the personal data of customers, employees, and partners to the extent that necessary legal basis is established
- ▶ Any processing of personal data shall be transparent for the data subject
- ▶ Personal data shall be protected and only used for internal purposes
- ▶ The collection of personal data shall not exceed what is necessary, and the purposes for processing shall be clearly defined

The company ensures that employees and partners contribute to an ethical and responsible processing of all personal information and data. Accordingly, the company is continuously instructing the employees in data ethics and data security, and ensures that employees and partners have signed an appropriate duty of confidentiality.

The direction shall continuously assess if the policy needs revision. Additionally, the direction is responsible for the implementation of the policy in the company's day-to-day operation, and for an ongoing apprise of the work with data ethics.

Management's review

Statutory CSR report

The statement below constitutes the Group's statutory reporting on corporate responsibility, cf. §99a of the Danish Financial Statement Act.

Business model

The Group is a developer and publisher of AAA computer games for the global market. The mission is to develop and publish world class computer games, based on the group's originally developed characters, universes and concepts and its proprietary technology. The Group Also develop games based on high-profile licensed IPs.

Human rights

There is in general a lot of focus on inclusion and diversity in the Video Games Industry. However, there is still a small risk of discrimination and bias, since especially women are a minority in the industry.

There is in general a lot of focus on inclusion and diversity in the Video Games Industry. However, there is still a small risk of discrimination and bias, since especially women are a minority in the industry.

The group wants to work to prevent discrimination and bias and create a safe environment.

In 2022 / 2023 the group continuously monitored responses to our weekly engagement survey, which has specific questions related to corporate responsibility. In general, we are happy about the results which show that the employees have trust in the group in this regard.

However, one improvement we have made in 2022 / 2023 is to put in place a framework for Employee Resource Groups (ERGs).

Employees belonging to a minority will benefit from being able to start or being a part of a community of people with similar backgrounds, genders, or identities. The group intend to use these communities as a source for feedback on what we are doing and inspiration for how we can develop the company while making sure all employees feel treated equally.

Anticorruption

There is a small risk of corruption as most of our suppliers are based in the EU. However, IO Interactive has established a new studio outside the EU in Istanbul. It is the policy of the group to not engage in any form of bribery or corruption. In 2022 and 2023 we have further developed our supplier and procurement processes. We are currently working on hiring a procurement specialist / manager to make sure we have clear ownership of these processes. All supplier agreements must go through a legal process and a finance process before new contracts are signed by the COO. Vendors are managed in our ERP system and the group is working on implementing a formal contract management system to replace the current file-based solution. As of August 2023, there have been no cases of corruption.

Management's review

Environmental and climate issues

Emissions and impact on climate has for several years been a focus area for the group because emissions from the technology, entertainment and gaming industry is a material risk for the climate.

Many initiatives have been implemented to reduce Scope 1 and 2 emissions. E.g., Green certificates from Ørstad to ensure 100% green energy in Denmark, replacement of old equipment and policies to reduce power consumption, initiatives to reduce food waste, and the goal to buy 50 - 60 % organic or environment friendly products and ingredients for the cantina in Denmark.

It is estimated that around 1% of IOI's total emission comes from Scope 1 and 2. We are therefore currently focused on Scope 3 upstream, mainly travel-related emissions. We have implemented a new travel system that going forward will provide information for emissions related to employee travel. This will allow us to put in place more specific measures to bring down or compensate for emissions.

About 93% of the total emission related to the groups products is Scope 3 downstream, which is emission at the customer and related to distribution from first party online game stores / services. This is an area that is currently very hard for the group to impact. But the group is participating in project anchored with Vision Denmark to better quantify and impact downstream emissions.

Social and employee conditions

We highly focus on the wellbeing of our employees and on developing the potential of our employees. There is a risk of our employees leaving the group since there is a high demand for labor in the gaming industry, which is why we focus on how we can retain our employees.

Every week an engagement survey is sent out to all our employees with 4-5 questions, by a system named Peakon. The employees can be anonymous in surveys to make sure that our employees feel safe to be honest about any concerns and criticisms they might have. The aggregated responses give a real time picture of how the employees in general or specific segments of the employees feel about most aspects of their work life.

One of the topics we have identified as a focus area in 2022 / 2023 is a need for improving communication and information flows. This is a national consequence of the growth of the company. To resolve this, we have revamped our meeting structure and responsibilities for information sharing among different leadership roles.

In 2022 we once again had IOI Week, which fosters innovation and creativity among our employees. In the IOI week the employees have the opportunity to work on their own projects and at the end of the week, the employees will present their project to share knowledge and inspiration to the rest of the team. We will in 2023 continue with the IOI Week and the Peakon satisfaction surveys.

Covid-19 in relation to corporate responsibility in 2022

IO still has a policy to allow people to work home two days a week (Tuesdays and Fridays). It is possible for the employee to swap days if it is approved by their manager.

The statement below constitutes the Group's statutory reporting on corporate responsibility, cf. §99a of the Danish Financial Statement Act.

Management's review

Account of the gender composition of Management

Gender distribution in management, cf. §99b

The statement below constitutes IO Interactive's statutory reporting on gender distribution in management, cf. §99b.

IO Interactive has a Board of Directors consisting of 3 men and 0 women. It is IO Interactive's goal to achieve an equal gender distribution by 2028 among the members elected by the General Assembly, i.e., that 1 in 3 members is a woman. The objective has not yet been achieved, as there have been no elections in the Board of Directors in the current year.

The different management layers, IOI has the following distribution between men and women:

C suite

CEO, COO, CCO, CMO and CFO

4 men and 1 woman (20% female representation)

Middle Management:

Managers of a studio, department or area with people management responsibility

6 male and 5 female (45% female representation)

Lead:

People with the craft specific responsibility for a discipline, e.g., Animation. Responsible for training, mentoring, and setting quality standards.

18 male and 6 female (25% female representation).

Director role on the projects:

Responsible for specific part of the games vision in a certain area, e.g., Tech or Audio. Working with the leads to implement the vision.

15 male and 0 female (0% representation)

Producer:

Responsible for managing time, cost and quality on the projects.

10 male and 5 female (33% female representation)

We believe that all genders should have equal opportunities and we believe that representation is an important factor to inspire women to aspire for leadership positions. However, it is important for IO to hire and promote based on merit.

Upon recruitment and promotion, we will ensure that all genders have equal opportunities in the process. By extension we have in 2022 and 2023 focused on employer branding, where our own female employees are used to attract new female employees.

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Income statement

Note	DKK'000	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
4	Revenue	636,120	538,020	0	0
5	Other external expenses	-67,957	-55,006	-202	-18
	Gross profit	568,163	483,014	-202	-18
6	Staff costs	-121,129	-110,928	0	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-82,341	-145,539	0	0
	Other operating expenses	-43	0	0	0
	Profit/loss before net financials	364,650	226,547	-202	-18
	Income from investments in group enterprises	0	0	181,247	130,504
	Financial income	3,164	9,689	0	0
	Financial expenses	-28,951	-1,179	0	-1
	Profit before tax	338,863	235,057	181,045	130,485
7	Tax for the year	-77,514	-52,373	44	0
	Profit for the year	261,349	182,684	181,089	130,485
	Specification of the Group's results of operations:				
	Shareholders in Greater Bag of Holding ApS	181,089	125,998		
	Non-controlling interests	80,260	56,686		
		261,349	182,684		

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Balance sheet

Note	DKK'000	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		ASSETS			
		Fixed assets			
8	Intangible assets				
	Completed development projects	51,902	95,310	0	0
	Acquired intangible assets	30,401	0	0	0
	Goodwill	18,747	24,996	0	0
	Development projects in progress and prepayments for intangible assets	203,415	40,348	0	0
		<u>304,465</u>	<u>160,654</u>	<u>0</u>	<u>0</u>
9	Property, plant and equipment				
	Fixtures and fittings, other plant and equipment	12,178	7,346	0	0
	Leasehold improvements	3,838	2,306	0	0
	Property, plant and equipment under construction	571	113	0	0
		<u>16,587</u>	<u>9,765</u>	<u>0</u>	<u>0</u>
10	Investments				
	Investments in group enterprises	0	0	601,854	420,647
		<u>0</u>	<u>0</u>	<u>601,854</u>	<u>420,647</u>
	Total fixed assets	<u>321,052</u>	<u>170,419</u>	<u>601,854</u>	<u>420,647</u>
	Non-fixed assets				
	Receivables				
	Trade receivables	185,075	85,637	0	0
	Corporation tax receivable	180	45	44	0
	Joint taxation contribution receivable	0	0	42,978	0
	Other receivables	10,711	26,583	50	0
	Prepayments	1,382	692	0	0
		<u>197,348</u>	<u>112,957</u>	<u>43,072</u>	<u>0</u>
	Cash	<u>611,494</u>	<u>638,153</u>	<u>225</u>	<u>0</u>
	Total non-fixed assets	<u>808,842</u>	<u>751,110</u>	<u>43,297</u>	<u>0</u>
	TOTAL ASSETS	<u><u>1,129,894</u></u>	<u><u>921,529</u></u>	<u><u>645,151</u></u>	<u><u>420,647</u></u>

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Statement of changes in equity

		Group				
		Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Note	DKK'000					
	Equity at 1 April 2022	40	420,552	420,592	169,565	590,157
	Transfer through appropriation of profit	0	181,089	181,089	80,260	261,349
	Equity at 31 March 2023	40	601,641	601,681	249,825	851,506

		Parent company			
		Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Note	DKK'000				
	Equity at 1 April 2022	40	310,647	109,905	420,592
17	Transfer, see "Appropriation of profit"	0	181,207	-118	181,089
	Equity at 31 March 2023	40	491,854	109,787	601,681

Consolidated financial statements and parent company financial statements 1 April 2022 -
31 March 2023

Cash flow statement

Note	DKK'000	Group	
		2022/23	2021/22
	Profit for the year	261,349	182,684
18	Adjustments	159,900	197,912
	Cash generated from operations (operating activities)	421,249	380,596
19	Changes in working capital	-150,264	122,012
	Cash generated from operations (operating activities)	270,985	502,608
	Income taxes paid	-64,669	-43,898
	Cash flows from operating activities	206,316	458,710
	Additions of intangible assets	-222,289	-69,917
	Additions of property, plant and equipment	-10,686	-7,849
	Cash flows to investing activities	-232,975	-77,766
	Net cash flow	-26,659	380,944
	Cash and cash equivalents at 1 April	638,153	257,209
	Cash and cash equivalents at 31 March	611,494	638,153

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies

The annual report of Greater Bag of Holding ApS for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

Control means a parent company's power to direct a group entity's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The group has chosen IAS 18 as interpretation for revenue recognition.

Income from the rendering of services, is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Licence and royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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

Acquired intangible assets	3 years
Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Profit/loss from investments in group entities

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement.

The proportionate share of the individual group entities' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years.

Acquired intangible assets include trademarks and licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised based on expected future sales. The amortisation period is usually 3 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Investments in group entities

Equity investments in group entities are measured according to the equity method.

On initial recognition, equity investments in group entities are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in group entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

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

Cash

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

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Prepayments received from customers

Prepayments recognised under "Liabilities" comprise prepayments received from customers regarding subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

2 Recognition and measurement uncertainties

For a prolonged time including through the last quarter of FY23 the management has been in negotiations with a partner for one of the development projects. There are only a few and yet important points to be fully negotiated with the partner. According to the management's assessment of the situation, there is a strong belief that the contract will be finalized and signed in the near future, hence the management has decided to include an amount of DKK 97m in development asset.

In the period from the 1st of April 2023 to the 30th of Sep 2023 there has been additional costs of DKK 47 m. associated with the project. In the case this contract will not be finalized and signed, then a total of DKK 144m will be at risk of impairment. In case that happens, management will try to work on a constructive solution for the invested amount.

3 Events after the balance sheet date

No events materially affecting the groups financial position, except the potential effect of the agreement mentioned in note 2, have occurred after the financial year end.

DKK'000	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
4 Segment information				
Breakdown of revenue by geographical segment:				
Europe	286,254	177,547	0	0
America	216,281	263,630	0	0
Others	133,585	96,843	0	0
	<u>636,120</u>	<u>538,020</u>	<u>0</u>	<u>0</u>

Parent company

The Parent company does not have any revenue.

5 Fee to the auditors appointed in general meeting

Total fees to EY	<u>620</u>	<u>424</u>	<u>16</u>	<u>16</u>
Statutory audit 2022/23	282	286	10	9
Tax assistance 2022/23	285	70	0	0
Other assistance 2022/23	<u>53</u>	<u>68</u>	<u>6</u>	<u>6</u>
	<u>620</u>	<u>424</u>	<u>16</u>	<u>15</u>

Consolidated financial statements and parent company financial statements 1 April 2022 -
31 March 2023

Notes to the financial statements

DKK'000	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
6 Staff costs				
Wages/salaries	182,755	150,638	0	0
Pensions	5,590	3,838	0	0
Other social security costs	7,470	5,590	0	0
Other staff costs	0	136	0	0
Staff costs transferred to non-current assets	-74,686	-49,274	0	0
	<u>121,129</u>	<u>110,928</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>245</u>	<u>210</u>	<u>0</u>	<u>0</u>

Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group Management is not disclosed.

Parent company

The parent Company has no employees.

7 Tax for the year				
Estimated tax charge for the year	43,543	67,416	-44	0
Deferred tax adjustments in the year	33,816	-15,043	0	0
Tax adjustments, prior years	155	0	0	0
	<u>77,514</u>	<u>52,373</u>	<u>-44</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

8 Intangible assets

	Group				Total
	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	
DKK'000					
Cost at 1 April 2022	475,628	274	43,743	40,348	559,993
Additions	0	36,461	0	185,828	222,289
Transferred	22,761	0	0	-22,761	0
Cost at 31 March 2023	498,389	36,735	43,743	203,415	782,282
Impairment losses and amortisation at 1 April 2022	380,318	274	18,747	0	399,339
Amortisation for the year	66,169	6,060	6,249	0	78,478
Impairment losses and amortisation at 31 March 2023	446,487	6,334	24,996	0	477,817
Carrying amount at 31 March 2023	51,902	30,401	18,747	203,415	304,465

Development projects in progress

Development projects in progress include development of future game releases. The related expenses primarily consist of internal expenses in the form of payroll costs

When investing in development of games an initial salesbudget is drafted to make sure it is a profitable investment. Management continuously follow up on the progress to make sure the plan is being followed. Furthermore it is considered that the company has the intentions and means to finalize the development projects in progress.

9 Property, plant and equipment

	Group			Total
	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	
DKK'000				
Cost at 1 April 2022	23,669	9,885	113	33,667
Additions	7,935	2,180	571	10,686
Transferred	113	0	-113	0
Cost at 31 March 2023	31,717	12,065	571	44,353
Impairment losses and depreciation at 1 April 2022	16,323	7,579	0	23,902
Depreciation	3,216	648	0	3,864
Impairment losses and depreciation at 31 March 2023	19,539	8,227	0	27,766
Carrying amount at 31 March 2023	12,178	3,838	571	16,587

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

10 Investments

	<u>Parent company</u> <u>Investments in</u> <u>group</u> <u>enterprises</u>
DKK'000	
Cost at 1 April 2022	110,000
Cost at 31 March 2023	110,000
Value adjustments at 1 April 2022	310,647
Profit/loss for the year	187,496
Changes in equity	-40
Value adjustments for the year	-6,249
Value adjustments at 31 March 2023	491,854
Carrying amount at 31 March 2023	<u>601,854</u>

Parent company

Name	Legal form	Domicile	Interest
IO Interactive A/S	A/S	Copenhagen, Denmark	70.01%
IO Interactive AB	AB	Malmö, Sweden	100.00%
IOI Barcelona S.L	S.L	Barcelona, Spain	100.00%
ISI Istanbul LS	LS	Istanbul, Turkey	100.00%

11 Share capital

The parent's share capital has remained DKK 40 thousand over the past 4 years.

12 Deferred tax

Deferred tax relates to:

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
DKK'000				
Intangible assets	62,863	29,197	0	0
Property, plant and equipment	-745	-895	0	0
	<u>62,118</u>	<u>28,302</u>	<u>0</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

13 Derivative financial instruments

Group

Fair values

The fair value of the below financial instruments deviates from the value recognised in the Group's balance sheet at 31 March 2023.

Fair value disclosures

The Group has the following assets and liabilities measured at fair value:

DKK'000	<u>Valuteterminsfor retning</u>
Group	
Fair value at year end	1,343
Unrealised fair value adjustments for the year, recognised in the income statement	24
Fair value level	1

14 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	<u>Group</u>		<u>Parent company</u>	
	2022/23	2021/22	2022/23	2021/22
Rent and lease liabilities	10,706	15,277	0	0

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes.

15 Collateral

Group

The group has not provided any security or other collateral in assets at 31 March 2023.

Parent company

The parent Company has not provided any security or other collateral in assets at 31 March 2023.

Consolidated financial statements and parent company financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

16 Related parties

Group

Greater Bag of Holding ApS' related parties comprise the following:

Significant influence

<u>Related party</u>	<u>Domicile</u>	<u>Basis for significant influence</u>
Abrak Holding ApS	Copenhagen	Shares
Elverdam Holding ApS	Copenhagen	Shares

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Parent company

Significant influence

<u>Related party</u>	<u>Domicile</u>	<u>Basis for significant influence</u>
Abrak Holding ApS	Copenhagen	Shares
Elverdam Holding ApS	Copenhagen	Shares

Transactions with related parties

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

DKK'000	<u>Parent company</u>	
	<u>2022/23</u>	<u>2021/22</u>
17 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	181,207	122,903
Retained earnings/accumulated loss	-118	7,582
	<u>181,089</u>	<u>130,485</u>

Consolidated financial statements and parent company financial statements 1 April 2022 -
31 March 2023

Notes to the financial statements

DKK'000	Group	
	2022/23	2021/22
18 Adjustments		
Amortisation/depreciation and impairment losses	82,341	145,539
Tax for the year	77,559	52,373
	<u>159,900</u>	<u>197,912</u>
19 Changes in working capital		
Change in receivables	-83,003	49,065
Change in trade and other payables	10,418	-2,213
Other changes in working capital	-77,679	75,160
	<u>-150,264</u>	<u>122,012</u>