

Greater Bag of Holding ApS

Gammel mønt 2, 1117 Copenhagen

CVR no. 40 64 83 21

Annual report 2021/22

Approved at the Company's annual general meeting on 8 August 2022

Chair of the meeting:

.....

Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	6
Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022	12
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Cash flow statement	16
Notes to the financial statements	17

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 2021 - 31 March 2022.

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 2022 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 2021 - 31 March 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 8 August 2022

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 2021 - 31 March 2022, 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 2022, 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 2021 - 31 March 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Independent auditor's report

Non-compliance with the Danish Financial Statements Act

The company did not prepare a consolidated financial statement for the financial year 2020/2021 as requested in the danish Financial Statement Act section 1 10 (1). Management may incur liability in this respect.

Vejle, 8 August 2022

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 2021 - 31 March 2022
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	2021/22	2020/21	2019/20
Key figures			
Revenue	538,020	502,586	212,814
Operating profit/loss	226,547	337,330	11,497
Net financials	8,510	-4,807	-2,801
Profit for the year	182,684	264,405	5,327
Total assets			
Total assets	921,530	658,113	273,218
Share capital	40	40	40
Equity	590,154	408,126	143,723
Amount relating to investments in property, plant and equipment			
Amount relating to investments in property, plant and equipment	-7,849	-3,520	-789
Financial ratios			
Return on assets	28.7%	72.4%	4.2%
Current ratio	247.8%	211.9%	0.0%
Equity ratio	45.6%	44.8%	52.6%
Return on equity	35.2%	83.5%	0.0%
Average number of full-time employees			
Average number of full-time employees	210	158	143

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

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

Management's review

Data ethics

The Group are 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 Groups's privacy policy.

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

- Group 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 Group 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.

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.

Financial review

The income statement for 2021/22 shows a profit of DKK 182,684 thousand against a profit of DKK 264,405 thousand last year, and the group's balance sheet at 31 March 2022 shows equity of DKK 590,154 thousand.

The Group's main source of revenue is still "HITMAN 3" released back in Jan 2021. Hitman 3 overperformed the first year against the initial sales budget and performs well in year 2 with the release on steam. The game also launched on Microsoft game pass which adds additional revenue including the performance bonus and minimum guarantees. Backlog continues to perform well.

The revenue in FY22 is higher than the expectations last year mainly because of the game pass launch and Hitman 3 sales higher than expectation on other platforms.

Management considers the result for the year to be satisfactory.

Adjustment prior year:

Prior years amortization of goodwill have been calculated on an incorrect amount, and accordingly, the share of profit from investments in group enterprises for 2020/21 was measured incorrectly. Therefore, the error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements.

In consequence of the restatement of the parent company financial statements the income from investments in group enterprises prior year has been increased with DKK 9,465 thousand (reduced amortization of goodwill DKK 9,465 thousand) The total effect on equity at 1 April 2020 and 31 March 2021 is DKK 9,465 thousand and DKK 18,931 thousand, respectively.

Management's review

Knowledge resources

The Group is considering opening more subsidiary studios in new countries to accommodate for our needs for growth.

Recruitment of the right talent is a very competitive space in the industry. Furthermore, there are significant salary increases due to inflation which might continue next year.

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 game engine technology.

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 a small risk of discrimination and bias, since especially women are a minority in the gaming industry. The Group wants to work to prevent discrimination and bias and create a safe environment. Every second month we invite all the minorities to a lunch to create a safe forum, where they can discuss any concerns, experiences, and improvement areas they might have. In 2021, no human rights violations have been observed. Going forward, the Group will continue with our lunch meetings to minimize the risk of discrimination and bias.

Anticorruption

There is a small risk of corruption as our suppliers are based in the EU. The Group does not engage in any bribery or corruption. To prevent corruption, in 2021 we conducted ongoing supplier management. All supplier agreements must go through a legal process and a finance process before it is signed by the COO. After that, the contract is put into the ERP system, where it cannot be changed. In 2021 there have been no cases of corruption. Furthermore, in 2021 we have planned that all relevant employees will be invited to an anticorruption course in the future and in 2022 we will continue with the ongoing supplier management.

Environmental and climate issues

In the Group we give high priority to the environment and make demand on ourselves and our suppliers. The most significant, but small risks, in relation to the environment and climate are related to our energy consumption and food waste. Our goal is to minimize our environmental and climate related risks. In the DK offices we have in 2021 used 100%green certified electricity from Ørsted and in 2022 we will renegotiate this agreement with Ørsted. In 2021 we used 50-60%environment friendly products, e.g., toilet paper, soap and furniture and 50-60%ecological products and vegetables in the cantina. In 2022 we will continue to focus on environment friendly products and ecological products and vegetables and furthermore we expect to buy environmental certifications.

Social and employee conditions

We highly focus on the wellbeing of our employees and on the development potential of our employees. There is a risk of our employees leaving the Group since there is a demand for labor in the gaming industry, which is why we focus on how we can retain our employees. Every week a Peakon satisfaction survey is send out to all of our employees with 4-5 questions. The employees can be anonymous in the Peakon satisfaction survey to make sure, that our employees feel safe to be honest about any concerns and criticisms they might have. Based on the results of the survey initiatives are made to accommodate our employees wishes, suggestions and criticism. In 2021 the Peakon satisfaction survey showed that out employees wanted a review of the payroll process and how pay is distributed, which is why we held a meeting regarding this matter. Once a year we have IOI Week, which fosters innovation and creativity among our employees. In the IOI week the employees have the opportunity to work with 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 2022 continue with the IOI Week and the Peakon satisfaction surveys.

Covid-19 in relation to corporate responsibility in 2021

As for many other companies, the Covid-19 pandemic has affected the Group's employees, customers, suppliers, and other business associates. As a company, we have followed the government's recommendations, focused on hygiene, and provided extra cleaning. Through this process our primary focus has been to ensure good conditions for our employees. Therefore, we have provided the possibilities of working from home 2 days a week and increased the level of information from the management to the employees. As an additional consideration and service, we offered our employees to transport their computers to their home base. In the future, we will have an increased focus on the mental well-being of our employees and continue to offer our employees to work from home 2 days a week.

Management's review

Account of the gender composition of Management, cf. §99b

The Group has a Board of Directors consisting of 3 men and 0 women. It is the Group's goal to achieve an equal gender distribution by 2026 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 rest of the management consists of 23 men and 7 women and 15% of our employees are females. We believe that all genders should have equal opportunities, which is why we work hard to promote the gender distribution in the rest of the management. Upon recruitment and promotion, we will ensure that all genders have equal opportunities in the process. By extension we have in 2021 focused on employer branding, where our own female employees are used to attract new female employees.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The revenue in FY23 is expected to be somewhere between DKK 450 to 500M. The expected result for FY23 before tax is DKK 250 to 300M

We had a couple of years with solid revenue and profits, due to launch of a title. There is a risk the next couple of calendar years, the EBITDA and profits will drop. This is due to long production phases ahead, before the next releases hit the market. More precisely fiscal 24 and 25 estimates show a significant decrease.

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Income statement

Note	DKK'000	Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
2	Revenue	538,020	502,586	0	0
	Other external expenses	-55,006	-41,959	-18	-18
	Gross profit	483,014	460,627	-18	-18
3	Staff costs	-110,928	-51,543	0	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-145,539	-71,754	0	0
	Profit/ loss before net financials	226,547	337,330	-18	-18
	Income from investments in group enterprises	0	0	130,504	178,737
	Financial income	9,689	0	0	0
	Financial expenses	-1,179	-4,807	-1	-3
	Profit before tax	235,057	332,523	130,485	178,716
4	Tax for the year	-52,373	-68,118	0	0
	Profit for the year	182,684	264,405	130,485	178,716
	Specification of the Group's results of operations:				
	Shareholders in Greater Bag of Holding ApS	125,998	183,202		
	Non-controlling interests	56,686	81,203		
		182,684	264,405		

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Balance sheet

Note	DKK'000	Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		ASSETS			
		Fixed assets			
5	Intangible assets				
	Completed development projects	95,310	146,881	0	0
	Acquired intangible assets	0	0	0	0
	Goodwill	24,996	31,245	0	0
	Development projects in progress and prepayments for intangible assets	40,348	55,120	0	0
		<u>160,654</u>	<u>233,246</u>	<u>0</u>	<u>0</u>
6	Property, plant and equipment				
	Fixtures and fittings, other plant and equipment	7,347	3,497	0	0
	Leasehold improvements	2,306	1,410	0	0
	Property, plant and equipment under construction	113	33	0	0
		<u>9,766</u>	<u>4,940</u>	<u>0</u>	<u>0</u>
7	Investments				
	Investments in group enterprises	0	0	420,647	290,602
		<u>0</u>	<u>0</u>	<u>420,647</u>	<u>290,602</u>
	Total fixed assets	<u>170,420</u>	<u>238,186</u>	<u>420,647</u>	<u>290,602</u>
	Non-fixed assets				
	Receivables				
	Trade receivables	85,637	146,761	0	0
	Dividend receivable from group enterprises	0	656	0	0
	Corporation tax receivable	45	85	0	0
	Other receivables	26,583	14,689	0	0
	Prepayments	692	527	0	0
		<u>112,957</u>	<u>162,718</u>	<u>0</u>	<u>0</u>
	Cash	<u>638,153</u>	<u>257,209</u>	<u>0</u>	<u>0</u>
	Total non-fixed assets	<u>751,110</u>	<u>419,927</u>	<u>0</u>	<u>0</u>
	TOTAL ASSETS	<u><u>921,530</u></u>	<u><u>658,113</u></u>	<u><u>420,647</u></u>	<u><u>290,602</u></u>

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Balance sheet

Note	DKK'000	Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		EQUITY AND LIABILITIES			
		Equity			
8	Share capital	40	40	40	40
	Net revaluation reserve according to the equity method	0	0	310,647	188,203
	Retained earnings	420,549	295,010	109,905	102,323
	Shareholders in Greater Bag of Holding ApS' share of equity	420,589	295,050	420,592	290,566
	Non-controlling interests	169,565	113,076	0	0
	Total equity	590,154	408,126	420,592	290,566
	Provisions				
9	Deferred tax	28,301	43,344	0	0
	Total provisions	28,301	43,344	0	0
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
	Other payables	0	8,487	0	0
		0	8,487	0	0
	Current liabilities other than provisions				
	Prepayments received from customers	204,216	39,455	0	0
	Trade payables	7,738	9,951	18	14
	Corporation tax payable	65,698	42,213	0	0
	Payables to shareholders and management	34	19	34	19
	Other payables	25,389	106,518	3	3
		303,075	198,156	55	36
	Total liabilities other than provisions	303,075	206,643	55	36
	TOTAL EQUITY AND LIABILITIES	921,530	658,113	420,647	290,602

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties
- 13 Fee to the auditors appointed by the Company in general meeting
- 14 Appropriation of profit

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Statement of changes in equity

		Group				
Note	DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	Equity at 1 April 2021	40	295,010	295,050	113,076	408,126
	Adjusted equity at 1 April 2021	40	295,010	295,050	113,076	408,126
	Transfer through appropriation of profit	0	125,998	125,998	56,686	182,684
	Other value adjustments of equity	0	-459	-459	459	0
	Dividend distributed	0	0	0	-656	-656
	Equity at 31 March 2022	40	420,549	420,589	169,565	590,154

		Parent company			
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 April 2021	40	169,272	102,323	271,635
	Adjustment of equity through corrections of errors	0	18,931	0	18,931
	Adjusted equity at 1 April 2021	40	188,203	102,323	290,566
14	Transfer, see "Appropriation of profit"	0	122,903	7,582	130,485
	Other value adjustments of equity	0	-459	0	-459
	Equity at 31 March 2022	40	310,647	109,905	420,592

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Cash flow statement

Note	DKK'000	Group	
		2021/22	2020/21
	Profit for the year	182,684	264,405
15	Adjustments	197,912	139,872
	Cash generated from operations (operating activities)	380,596	404,277
16	Changes in working capital	122,012	-61,729
	Cash generated from operations (operating activities)	502,608	342,548
	Income taxes paid	-43,898	0
	Cash flows from operating activities	458,710	342,548
	Additions of intangible assets	-69,917	-177,139
	Additions of property, plant and equipment	-7,849	-3,520
	Cash flows to investing activities	-77,766	-180,659
	Net cash flow	380,944	161,889
	Cash and cash equivalents at 1 April	257,209	95,320
	Cash and cash equivalents at 31 March	638,153	257,209

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies

The annual report of Greater Bag of Holding ApS for 2021/22 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.

Material misstatements

Prior years amortization of goodwill have been calculated on an incorrect amount, and accordingly, the share of profit from investments in group enterprises for 2020/21 was measured incorrectly. Therefore, the error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements.

In consequence of the restatement of the parent company financial statements the income from investments in group enterprises prior year has been increased with DKK 9,465 thousand (reduced amortization of goodwill DKK 9,465 thousand) The total effect on equity at 1 April 2020 and 31 March 2021 is DKK 9,465 thousand and DKK 18,931 thousand, respectively. Reference is also made to the comments in the Management's review.

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 subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary'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.

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

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

Income from the sale of goods for resale, finished goods and service, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

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.

Other operating income and operating expenses

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

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 amortisation/ depreciation, which is calculated as cost less any residual value, is amortised/ depreciated on a straight line 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.

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in subsidiaries

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 subsidiaries' 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.

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.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

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

Development costs comprise expenses, salaries and amortisation directly or indirectly 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.

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies (continued)

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding # 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.

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries 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 deducted from the carrying amount.

Equity investments in subsidiaries 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 subsidiaries 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. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

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

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies (continued)

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

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.

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 2021 - 31 March 2022

Notes to the financial statements

DKK'000	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
2 Segment information				
Breakdown of revenue by geographical segment:				
Europe	177,547	170,839	0	0
America	263,630	281,382	0	0
Others	96,843	50,365	0	0
	<u>538,020</u>	<u>502,586</u>	<u>0</u>	<u>0</u>
Parent company				
The Parent company do not have any revenue.				
3 Staff costs				
Wages/salaries	150,638	159,372	0	0
Pensions	3,611	2,741	0	0
Other social security costs	5,590	3,239	0	0
Other staff costs	136	3,654	0	0
Staff costs transferred to non-current assets	-49,047	-117,463	0	0
	<u>110,928</u>	<u>51,543</u>	<u>0</u>	<u>0</u>
Parent company				
The parent Company has no employees.				
4 Tax for the year				
Estimated tax charge for the year	67,416	42,618	0	0
Deferred tax adjustments in the year	-15,043	25,500	0	0
	<u>52,373</u>	<u>68,118</u>	<u>0</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

5 Intangible assets

DKK'000	Group				Total
	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	
Cost at 1 April 2021	391,785	1,523	43,743	55,120	492,171
Additions	29,569	0	0	40,348	69,917
Disposals	-846	-1,249	0	0	-2,095
Transferred	55,120	0	0	-55,120	0
Cost at 31 March 2022	475,628	274	43,743	40,348	559,993
Impairment losses and amortisation at 1 April 2021	244,904	1,523	12,498	0	258,925
Amortisation for the year	136,260	0	6,249	0	142,509
Amortisation and impairment losses of disposals for the year	-846	-1,249	0	0	-2,095
Impairment losses and amortisation at 31 March 2022	380,318	274	18,747	0	399,339
Carrying amount at 31 March 2022	95,310	0	24,996	40,348	160,654

6 Property, plant and equipment

DKK'000	Group		
	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 April 2021	39,790	7,587	47,410
Additions	5,438	2,298	7,849
Disposals	-21,592	0	-21,592
Transferred	33	0	0
Cost at 31 March 2022	23,669	9,885	33,667
Impairment losses and depreciation at 1 April 2021	36,293	6,177	42,470
Depreciation	1,621	1,402	3,023
Depreciation and impairment of disposals	-21,592	0	-21,592
Impairment losses and depreciation at 31 March 2022	16,322	7,579	23,901
Carrying amount at 31 March 2022	7,347	2,306	9,766

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

7 Investments

DKK'000	<u>Parent company</u> <u>Investments in</u> <u>group</u> <u>enterprises</u>
Cost at 1 April 2021	110,000
Cost at 31 March 2022	110,000
Value adjustments at 1 April 2021	180,602
Profit/loss for the year	136,753
Changes in equity	-459
Value adjustments for the year	-6,249
Value adjustments at 31 March 2022	310,647
Carrying amount at 31 March 2022	420,647

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/ loss DKK'000
Subsidiaries					
IO Interactive A/S	A/S	Copenhagen	70.00%	565,215	188,952

8 Share capital

The parent's share capital has remained DKK 40 thousand over the past 3 years.

9 Deferred tax

Deferred tax relates to:

DKK'000	<u>Group</u>		<u>Parent company</u>	
	2021/22	2020/21	2021/22	2020/21
Intangible assets	29,197	44,440	0	0
Property, plant and equipment	-895	-1,096	0	0
	<u>28,302</u>	<u>43,344</u>	<u>0</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

10 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
Rent and lease liabilities	15,277	6,178	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.

11 Collateral

Group

The group has not provided any security or other collateral in assets at 31 March 2022.

Parent company

The parent Company has not provided any security or other collateral in assets at 31/3 2022.

12 Related parties

Group

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

Significant influence

Related party	Domicile	Basis for significant influence
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

Parties exercising control

Related party	Domicile	Basis for control
Abrak Holding ApS	Copenhagen	Shares
Elverdam Holding ApS	Copenhagen	Shares

Consolidated financial statements and parent company financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

12 Related parties (continued)

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.

13 Fee to the auditors appointed by the Company in general meeting

Statutory audit 2021/22	286
Tax assistance 2021/22	70
Other assistance 2021/22	68
	<u>424</u>

DKK'000

14 Appropriation of profit

Recommended appropriation of profit

Net revaluation reserve according to the equity method
Retained earnings/ accumulated loss

Parent company	
2021/22	2020/21
122,903	169,272
7,582	9,444
<u>130,485</u>	<u>178,716</u>

DKK'000

15 Adjustments

Amortisation/ depreciation and impairment losses
Tax for the year

Group	
2021/22	2020/21
145,539	71,754
52,373	68,118
<u>197,912</u>	<u>139,872</u>

16 Changes in working capital

Change in receivables
Change in trade and other payables
Other changes in working capital

49,065	-114,263
-2,213	6,201
75,160	46,333
<u>122,012</u>	<u>-61,729</u>

ΠΕΝΝΕΟ

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Christian Ole Elverdam

Executive Board

On behalf of: Greater Bag of Holding ApS

Serial number: PID:9208-2002-2-991030598157

IP: 62.116.xxx.xxx

2022-08-09 12:29:14 UTC

NEM ID 

Hakan Bent Abrak

Executive Board

On behalf of: Greater Bag of Holding ApS

Serial number: PID:9208-2002-2-198818634658

IP: 2.107.xxx.xxx

2022-08-09 20:29:43 UTC

NEM ID 

Heidi Klitgaard Brander

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: PID:9208-2002-2-608852229008

IP: 80.197.xxx.xxx

2022-08-10 06:41:06 UTC

NEM ID 

Martin Buhl Svanum

Chair of the meeting

On behalf of: Greater Bag of Holding ApS

Serial number: PID:9208-2002-2-514802472024

IP: 87.59.xxx.xxx

2022-08-11 10:20:44 UTC

NEM ID 

Penneo document key: KISPY-JVQ4U-XBE6P-SNTHM-VD728-CIH5P

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service** <penneo@penneo.com>. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validate>