



Lyckost ApS

Lauritzens Plads 1, 4.
9000 Aalborg
CVR No. 40782184

Annual report 2021

The Annual General Meeting adopted the
annual report on 06.04.2022

Jef Nymand Hounsgaard

Chairman of the General Meeting

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Entity details

Entity

Lyckost ApS

Lauritzens Plads 1, 4.

9000 Aalborg

Business Registration No.: 40782184

Registered office: Aalborg

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Allan Auning-Hansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Executive Board has today considered and approved the annual report of Lyckost ApS for the financial year 01.01.2021 - 31.12.2021.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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

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

Aalborg, 06.04.2022

Executive Board

Allan Auning-Hansen

Independent auditor's report

To the shareholders of Lyckost ApS

Opinion

We have audited the financial statements of Lyckost ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

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

Aalborg, 06.04.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen

State Authorised Public Accountant
Identification No (MNE) mne34173

Management commentary

Primary activities

The primary activity of the Company is to act as an Online Casino Operator in the Swedish market, based on games and platforms provided by its sister company Magnet Gaming ApS. Lyckost ApS is a licensed remote operator of the gambling site Lyckost.se, which offers online casino experiences within the casual gaming category. The company competes subject to the requirements of its remote operator license and pursuant to the Swedish Gambling Act and all other applicable regulation.

Development in activities and finances

Lyckost.se is now an established online casino brand in Sweden following the launch in 2020. During 2021 the in-house build Bingo product was launched in Sweden and has been well received by the Swedish players.

Loss for the year is DKK 21.3 million, which is in line with management expectations and reflects investments made to grow the Swedish market.

Investments in growing the Swedish market are funded by the Company's parent entities.

Income statement for 2021

	Notes	2021 DKK	2019/20 DKK
Gross profit/loss		(26,790,357)	(18,647,583)
Depreciation, amortisation and impairment losses	1	22,128	(55,791)
Operating profit/loss		(26,768,229)	(18,703,374)
Other financial income	2	78,298	0
Other financial expenses	3	(597,033)	(184,614)
Profit/loss before tax		(27,286,964)	(18,887,988)
Tax on profit/loss for the year	4	6,003,132	4,154,257
Profit/loss for the year		(21,283,832)	(14,733,731)
Proposed distribution of profit and loss			
Retained earnings		(21,283,832)	(14,733,731)
Proposed distribution of profit and loss		(21,283,832)	(14,733,731)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2019/20 DKK
Acquired intangible assets		111,177	200,592
Intangible assets	5	111,177	200,592
Fixed assets		111,177	200,592
Trade receivables		1,394,739	1,189,616
Receivables from group enterprises		0	13,263,529
Deferred tax		0	4,216
Joint taxation contribution receivable		6,016,058	4,150,041
Prepayments		79,772	235,645
Receivables		7,490,569	18,843,047
Cash		1,774,828	1,820,391
Current assets		9,265,397	20,663,438
Assets		9,376,574	20,864,030

Equity and liabilities

	Notes	2021 DKK	2019/20 DKK
Contributed capital		40,000	40,000
Retained earnings		1,982,437	1,266,269
Equity		2,022,437	1,306,269
Deferred tax		8,710	0
Provisions		8,710	0
Bank loans		0	304,177
Prepayments received from customers		579,527	370,311
Trade payables		1,714,583	398,467
Payables to group enterprises		3,668,669	15,282,758
Other payables	6	1,382,648	3,202,048
Current liabilities other than provisions		7,345,427	19,557,761
Liabilities other than provisions		7,345,427	19,557,761
Equity and liabilities		9,376,574	20,864,030
Contingent liabilities	7		
Related parties with controlling interest	8		
Non-arm's length related party transactions	9		
Group relations	10		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	40,000	1,266,269	1,306,269
Group contributions etc	0	22,000,000	22,000,000
Profit/loss for the year	0	(21,283,832)	(21,283,832)
Equity end of year	40,000	1,982,437	2,022,437

Notes

1 Depreciation, amortisation and impairment losses

	2021	2019/20
	DKK	DKK
Amortisation of intangible assets	85,214	55,791
Profit/loss from sale of intangible assets and property, plant and equipment	(107,342)	0
	(22,128)	55,791

2 Other financial income

	2021	2019/20
	DKK	DKK
Financial income from group enterprises	78,298	0
	78,298	0

3 Other financial expenses

	2021	2019/20
	DKK	DKK
Financial expenses from group enterprises	393,786	112,451
Other interest expenses	15,725	72,163
Exchange rate adjustments	186,890	0
Other financial expenses	632	0
	597,033	184,614

4 Tax on profit/loss for the year

	2021	2019/20
	DKK	DKK
Change in deferred tax	12,926	(4,216)
Refund in joint taxation arrangement	(6,016,058)	(4,150,041)
	(6,003,132)	(4,154,257)

5 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	256,383
Disposals	(8,896)
Cost end of year	247,487
Amortisation and impairment losses beginning of year	(55,791)
Amortisation for the year	(85,214)
Reversal regarding disposals	4,695
Amortisation and impairment losses end of year	(136,310)
Carrying amount end of year	111,177

6 Other payables

	2021 DKK	2019/20 DKK
VAT and duties	1,135,103	3,060,096
Other costs payable	247,545	141,952
	1,382,648	3,202,048

7 Contingent liabilities

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

8 Related parties with controlling interest

CEGO A/S, Aalborg (parent company)
 CEGO Midco ApS, Aalborg (parent of CEGO A/S)
 CEGO Holding ApS (ultimate parent company)

9 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. The company has received a tax-free group subsidy from the parent company CEGO A / S, of 22.000 tDKK in the financial year.

10 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
 CEGO Holding ApS, Aalborg

Accounting policies

Reporting class

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

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

Non-comparability

The Company's financial year comprises 12 months compared to 16 months last year. The Company's financial year was extended last year due to the start-up phase. Consequently, the comparative figures in the income statement are not directly comparable.

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue

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

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write downs of receivables recognised in current assets.

Depreciation, amortisation and impairment losses

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

Other financial income

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

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

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc. comprises acquired intellectual property rights.

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

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

Receivables

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

Deferred tax

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

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

Joint taxation contributions receivable or payable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Prepayments received from customers

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