Nordisk Games A/S

Annual Report 2022

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Dirigent
Helle
Bjørnskov Fischer

Mosedalvej 14
2500 Valby
Denmark
www.nordiskgames.com
info@nordiskgames.com
Registered office: Copenhagen

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Management's Review

Consolidated financial highlights	2022	2021 *)	2020	2019	2018 (**)
Key figures (EUR million)					
Revenue	120.8	88.3	59.1	54.9	25.0
Profit before net financials, depreciation, amortisation and impairment losses (EBITDA)	24.7	30.7	17.4	17.0	14.6
Operating profit	9.4	17.4	8.6	10.3	12.4
Profit/(loss) from investments in associates	3.9	3.0	2.7	(2.5)	0.7
Operating profit after result from associates	13.4	20.5	11.3	7.8	13.1
Financial income and expenses, net	(4.3)	(0.1)	0.1	(0.3)	(0.8)
Profit before tax (EBT)	9.1	20.3	11.3	7.5	12.3
Profit for the year	8.9	18.3	9.3	5.2	11.8
Total assets	350.0	278.8	200.9	159.9	153.3
Investments in intangible assets	10.5	5.6	6.7	3.2	0.0
Investments in property, plant and equipment	2.0	1.4	6.9	5.3	0.0
Net interest-bearing debt ***	244.0	161.3	101.5	100.1	98.1
Equity	47.4	63.6	22.2	0.1	0.1
Cash generated from operations ****	12.7	17.7	20.1	10.1	5.7
Financial ratios (%)					
Operating margin	7.8	19.7	14.6	18.8	49.4
Equity ratio	13.5	22.2	11.1	0.0	0.0
Return on equity	18.9	44.6	83.5	9,645.4	21,916.2
Average number of full-time employees	827	502	423	317	162

* Restated due to the application of the pooling of interest method, cf. the description in accounting principles
** Comparative figures for 2018 are not restated in connection with the implementation of IFRS 16 on 1 January 2019
*** Including IFRS 16 leasing debt
*** Calculated before net financials and tax

Financial ratios stated in the consolidated financial statements have been calculated in accordance with the Danish Finance Society's "Recommendations & Ratios". For terms and definitions, please see the accounting policies.

The Group was established in 2021 in connection with an intra-group restructurering to consolidate Egmont's gaming activities in one individual sub-group. The Financial figures for previous years are prepared as if the group had always excisted due to the 2021 business combination under common control being carried out applying the "pooling of interest method". In 2022, Nitro Games Oyj was acquired in a business combination under common control and due to the application of the "pooling of interest method", comparative figures for 2021 have being restated. References are made to note 1 - Accounting principles, where the accounting impact is described in further details.

The Group's primary activities

Nordisk Games A/S is the parent company of a global group of gaming studios, hereafter named Nordisk Games. Our vision is to build a global gaming powerhouse and become market leader in selected gaming verticals. The purpose is to bring amazing stories to life for the gamers and to create the leading entertainment IP's of tomorrow through the global group of gaming studios.

The growth strategy is based on current investments, acquisitions, and organic growth.

As of year-end, Nordisk Games is comprised of three fully owned studios, one studio with majority ownership, and two associated studios. The fully owned studios are Avalanche Studios Group (Sweden), Flashbulb (Denmark), and Supermassive Games (UK). The studio where Nordisk Games owns a majority with 50.4% of the shares and votes is Nitro Games Oyj (Finland). The two associated studios are Star Stable Entertainment (56.9%) which is based in Sweden and Mercury Steam (40.0%) which is based in Spain. The shares in Danish based Multiverse ApS have been converted to shares in Swedish based Adventure Box AB. The investment in Adventure Box AB is presented as other long-term investment on the balance sheet.

Nordisk Games' strength is partnering with our studios in a decentralized organization combining entrepreneurship, scalability, and structure. We believe the best results will be generated through our studios operating with a high degree of independence while benefitting from being part of a larger group. The management team at Nordisk Games is comprised of industry experts with an extensive gaming experience and a service-oriented mindset. Day to day operations of the studios is mainly handled by the local management teams while service and support functions are delivered to the studios from Nordisk Games' office in Copenhagen.

After decades of high growth, games have become the largest entertainment segment with a global market size of USD 184 billion in 2022 and is expected to grow to USD 211 billion in 2025 per Newzoo. However, consumers are now spending less, and we expect 1-2 years of market decline before returning to tailwind. We see this period as an opportunity to optimize the performance in our current studios and solidify our foundation so that we are well positioned to take advantage of opportunities as the sector continues to grow.

The largest threat currently faced by Nordisk Games is largely driven by the macro-economic trends connected with rising interest rates and inflation and the associated impact on major games publishers. Publishers are increasing their focus on existing IPs and have less appetite for work-for-hire projects which are the foundation for multiple studios in our portfolio. As a result, we are focusing on the quality of the games we are producing to maintain our strong reputation in the work-for-hire market and maintain our strong relationships with the publishers.

Development in activities and financial matters
During 2022 Nordisk Games continued to grow its portfolio organically and through investments and acquisitions.

In May 2022, 50.4% of the shares in the listed Finnish mobile games developer Nitro Games Oyj were transferred from Egmont to Nordisk Games. Nitro Games Oyj is consolidated in the 2022 figures for Nordisk Games with the minority´s ownership of the company presented separately. Since this was an intra-group transfer, comparative figures for 2021 are restated retrospectively as if the Nordisk Games group had owned this company since Egmont obtained majority control in 2021 in accordance with the pooling of interest method.

During spring of 2022 Nordisk Games also made a small additional acquisition of shares in Swedish Star Stable AB, increasing the ownership share from 56.6% to 56.9%. Despite the large ownership position, Star Stable is not consolidated due to the shareholder agreement.

In July 2022 Nordisk Games increased its ownership from 30.7% to 100% in Supermassive Games Ltd which is based in the United Kingdom.

Profit and Loss
The revenues for 2022 were EUR 120.8 million (2021: EUR 88.3 million, all numbers within parentheses hereunder are from 2021). The growth was 37% and was mainly due to the acquisition of Supermassive Games.

Other operating income amounted to EUR 0.8 million (2021: EUR 6.6 million) and was impacted by the revaluation of existing shares in Supermassive when acquiring 100% of the company in July 2022.

Direct cost amounted to EUR 26.3 million (2021: EUR 13.7 million). The increase in direct cost is a result of the acquisition of Supermassive Games.

Personnel expenses have increased to EUR 58.7 million (2021: EUR 39.8 million). The increase is a direct result of increasing the number of employees because of acquiring Supermassive Games.

Depreciation and amortisation amounted to EUR 15.3 million (2021: EUR 13.3 million). The increase is primarily a result of higher amortisation of intangible assets in Avalanche Studios Group and the addition of the intangible assets in Supermassive Games to the group numbers.

Profit before tax amounted to EUR 9.1 million (2021: EUR 20.3 million), corresponding to a margin of 7.5% (margin of 23%). The decrease in profit before tax is a result of an increase in direct costs and personnel costs. In addition, interest rates have increased significantly. Furthermore, last year other operating income was unusually high contributing with EUR 6.6 million in profit.

Balance sheet
The Balance sheet on December 31, 2022, is dominated by non-current assets, EUR 273 million. From that, EUR 146 million are related to intangible assets connected to the acquisition of the consolidated entities, Avalanche Studios Group, Flashbulb, Supermassive Games and Nitro Games.

The second largest non-current asset is investments in associates, EUR 74 million.
Non-current assets have increased from EUR 219 million 2021 to EUR 273 million by the end of 2022. The change is mainly connected to the acquisition of Supermassive Games, changing it from an associated company to a fully owned subsidiary.

Current assets have increased from EUR 60 million in 2021 to EUR 77 million in 2022. The increase is mainly due to a higher number of prepayments, which is mainly connected to a growing operational business.

To finance the acquisitions, loans from group companies of EUR 71 million have been drawn down.

Cash flow
Cash flows from operating activities amounted to net EUR 12.7 million (EUR 17.7 million) and is mainly generated from the operations. Changes in working capital was negative, EUR -17.8 million, and mainly due to higher receivables.

Cash flow from investing activities was negative, EUR -70.0 million (EUR -37.2 million). Most of the negative cash flow comes from the acquisitions of Supermassive and Nitro, a total amount of EUR 57.4 million.

Cash flow from financing activities was positive and amounted to EUR 64.7 million (EUR 25.6 million) due to the draw down of loans from the Parent company to finance the additional investments described above. The growth of the business is mainly financed by cash flow from operations and borrowings from parent company.

Acquisitions
Nordisk Games has in total paid out EUR 277.7 million for shares in the portfolio companies since day one. Total paid out dividends and group contributions from the portfolio companies amounts to EUR 68.1 million.

During 2022, Nordisk Games made the following external investments:

In Supermassive Games an investment was made with EUR 57.2 million for the remaining 35 percent of the votes and 69 percent of the ownership plus an earn-out. For Star Stable ownership increased slightly from 56.6 percent to 56.9 percent by a pay-out of EUR 0.4 million.

Description of the result for the year compared to expectations in last year's annual report
The growth of the business and profit in 2022 was below expectations for 2022 from previous years. The increase in revenue is mainly due to the acquisition of Supermassive Games and the studio being a part of the consolidated numbers for the second half of the year as well as full year effect of other 2021 acquisitions.

Historically the organic growth of Avalanche Studios has been the main driver for the growth of Nordisk Games. However, during 2022 Avalanche did not reach the expected levels of revenue and profitability. This was mainly due to the self- published launch of The Angler not performing as successfully as anticipated.

Additionally, the macro-economic factors of inflation and rising interest rates had a negative impact across the entire games market resulting in lower than anticipated organic growth in games studios around the world. The decrease of the global games market from USD 193 billion in 2021 to USD 184 billion in 2022 represents the first decline in the global market over the last ten years. Analyst expectations are that the market will return to growth over the mid to long term with the market expected to be USD 211 billion in 2025.

Events after the balance sheet date
In April 2023, CEO Mikkel Weider left Nordisk Games and Allan Hansen, the CEO of Nordisk Film, was appointed interim CEO.

Due to macro-economic challenges faced by the publishers and the associated impact on work-for-hire projects and the overall stagnation of the global games market, work for hire contracts have been postponed or cancelled.

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

Outlook for 2023
The financial results for 2023 are, due to the above mentioned macro-economic challenges and increased interest rates and currency fluctuations, expected to be lower than 2022. Reported revenue is however expected to increase by 25% mainly due to the inclusion of the full year for Supermassive Games, but profit before tax is expected to decline in the range of EUR 25 million to EUR 30 million. Additionally, the Nordisk Games portfolio of studios is not anticipated to increase in size during the year.

The long-term outlook remains positive for Nordisk Games and the overall game market with the global market expected to increase at a CAGR of 4.6% from USD 184B as of 2022 to USD 211B as of 2025. The share of gamers across age groups continues increase as gamers continue to game as they age. Additionally, the number of women playing games continues to increase – particularly in the casual mobile sector. Finally, the number of gamers continues to grow in emerging markets due to less expensive hardware and increased internet access. Nordisk Games expects to be profitable again in 2024.

Due to the ongoing Russian invasion of Ukraine, Nordisk Games continues to not have any sales in Russia.

Description of the Group's intellectual resources
The intellectual resources are primarily the game brands in the fully owned companies, whereof The Hunter: Call of the Wild in Avalanche is the strongest. Avalanche has also published the games The Angler and Generation Zero.

The acquisition of Supermassive resulted in the addition of intellectual resources, with the Dark Pictures Anthology being the most renowned. Besides Avalanche and Supermassive, Nordisk Games also has the game Trailmakers, which was developed by Flashbulb.

Secondarily, the technology developed for the games is unique and a resource. Both Avalanche and Flashbulb have developed their own game engine. A self-developed game engine provides increased creative freedom and lower direct variable costs compared to a proprietary game engine.

Thirdly, the customer base has continued to grow and is a resource. This is exemplified by the game The Hunter: Call of the Wild, which has a strong customer base with an average of 1.3 million monthly active players during 2022 and 6.3 million new players trying the game for the first time in 2022.

Description of the Group's R&D activities
The largest group of employees are developers working within R&D department. The work area contains programming, design, and graphics.

The R&D activities are mainly on our own or as work for hire where an external company owns the IP.

The daily work is in general structured in projects. The projects have certain starting points and deadlines, allocated resources and a purpose or a mission. Beside that the projects also have one or more managers leading the project.

The main languages at R&D are C++ and JavaScript.

Description of the Group's risk exposure
Nordisk Games are mainly leaning on the risk policies that are developed by the parent company Egmont. Nordisk Games is exposed to certain financial risks, primarily related to foreign exchange and interests.

Corporate Finance at Egmont is used for centralised management of liquidity and financial risks in the group's wholly owned entities. The overall framework for financial risk management is laid down in the Egmont group's Treasury policy. The Treasury policy comprises the Egmont group's currency and interest rate policy, financing policy and policy regarding credit risks.

Foreign currency risks
Nordisk Games is exposed to exchange rate fluctuations due to the individual consolidated enterprises entering purchase and sales transactions, and having receivables and payables denominated in currencies other than their functional currency. Forward exchange contracts are used to ensure that the actual exposure does not exceed the currency exposure limit of the Egmont group and thereby impacting the risk in Nordisk Games.

Liquidity risks
The Nordisk Games liquidity reserve comprises cash and cash equivalents and unutilised credit facilities. To ensure optimum utilisation of cash and cash equivalents the Egmont group operates with cash pools, which Nordisk Games is a part of.

Translation risks
The Nordisk Games' primary currency risk exposure is denominated in SEK and GBP and relates to the Nordisk Games' investments in the wholly owned studios Avalanche, in Sweden, and Supermassive Games, in the United Kingdom. As a main rule, this currency risk is not hedged, as ongoing hedging of such long-term investments is not considered to be the best strategy based on overall risk and cost considerations.

Statutory CSR report
Nordisk Games are wholly owned by Egmont and the Corporate Social Responsibility (CSR) implemented by Egmont is also implemented by Nordisk Games.

Egmont has since 2013 been a signatory to the UN Global Compact supporting the Ten principles of human and labour rights, protection of the environment and anti-corruption. Hence, Egmont's statutory report on CSR includes the UN Global Compact guiding principles for Communication on Progress (COP).

The full CSR report can be downloaded at: https://www.egmont.com/key-figures-reports.

The CSR report also includes Egmont's report on targets and policy with respect to sections 99a, 99b and 99d of the Danish Financial Statements Act on corporate social responsibility, the underrepresented gender, and on data ethics respectively.

Description of the politic concerning the underrepresented gender in management, cf. §99b
When candidates are selected for the board of directors at Nordisk Games A/S, all candidates are evaluated based on the same criteria, regardless of gender. The prerequisite for consideration for a board position is above all based on qualifications, and the board will ensure that both women and men are considered for election to the board.

Nordisk Games A/S' board of directors consists of two men and two women. The company's goal is for the board to continue to have an equal representation of men and women. As a result of the equal gender representation on the board, Nordisk Film A/S is not obligated to set targets.

It is the company's policy to increase the proportion of underrepresented gender in other managerial positions, which include the appointed CEO and employees with employee responsibilities. This is actively done in accordance with internal guidelines, which require candidates of both genders to be included in the recruitment process for new leaders. Ultimo 2022, other management consists of three men and two women, resulting in an equal representation.

Income Statement of the Group

(EURk)

Note		2022	2021 *)
2	**Revenue**	**120,780**	**88,256**
3	Other operating income	760	6,555
	Direct production costs	-26,314	-13,701
	Other external expenses	-11,817	-10,649
4	Personnel expenses	-58,724	-39,767
5	Depreciation, amortisation and impairment losses	-15,265	-13,263
	Operating profit	**9,420**	**17,431**
12	Profit after tax from investments in associates	3,941	3,031
	Operating profit after result in associates	**13,361**	**20,462**
6	Financial income	1,441	2,939
7	Financial expenses	-5,723	-3,081
	Profit before tax	**9,079**	**20,320**
8	Tax on profit for the year	-127	-2,070
	Net profit for the year	**8,952**	**18,250**
	Net profit for the year attributable to:		
	Owners of the Company	10,311	18,765
	Non-controlling interests	-1,359	-515
	Total	**8,952**	**18,250**

*) Restated due to the application of the pooling of interest method, cf. the description in accounting principles

Statement of Comprehensive Income of the Group

(EURk)

Note		2022	2021 *)
	Profit for the year	**8,952**	**18,250**
	Items to be reclassified to the income statement in subsequent periods:		
	Foreign exchange adjustments on translation of foreign entities	-13,058	-2,214
15	Net value adjustment of hedging instruments after tax	84	-608
		-12,974	**-2,822**
	Other comprehensive income after tax	**-12,974**	**-2,822**
	Total comprehensive income	**-4,022**	**15,428**

*) Restated due to the application of the pooling of interest method, cf. the description in accounting principles

Statement of Financial Position of the Group at 31 December

(EURk)

Note	Assets	2022	2021 *)
	Goodwill	122,868	91,270
	Own produced rights	35,306	13,832
	Trademarks	22,729	13,537
9	**Intangible assets**	**180,903**	**118,639**
	Tools and equipment	3,474	1,422
	Leasehold improvements	1,067	232
10	**Property, plant and equipment**	**4,541**	**1,654**
11	**Lease assets**	**12,811**	**4,103**
12	Investments in associates	73,648	94,141
	Other long term investments	1	0
16	Deferred tax assets	1,424	58
	Other non-current assets	**75,073**	**94,199**
	Total non-current assets	**273,328**	**218,595**
19	Trade receivables	6,132	21,243
	Receivables from group companies	28,298	28,592
	Corporate tax receivable	527	313
	Other receivables	26,248	5,013
	Prepayments	11,976	944
	Receivables	**73,181**	**56,105**
13	**Cash and cash equivalents**	**3,488**	**4,103**
	Total current assets	**76,669**	**60,208**
	Total assets	**349,997**	**278,803**

*) Restated due to the application of the pooling of interest method, cf. the description in accounting principles

Statement of Financial Position of the Group at 31 December

(EURk) (Continued)

Note	Equity and liabilities	2022	2021 *)
14	Share capital	10,000	10,000
	Retained earnings and other reserves	22,312	37,332
	Proposed group contribution	14,838	14,634
	Owners share of equity	**47,150**	**61,966**
	Non-controlling interests	257	1,616
	Total Equity	**47,407**	**63,582**
16	Deferred tax	4,727	3,306
19	Lease liabilities	9,191	2,452
19	Loans from group companies	0	78,153
19	Other long term loans	4,921	2,865
	Non-current liabilities	**18,839**	**86,776**
	Other credit institutions	0	8
19	Lease liabilities	3,941	2,127
	Trade payables	2,953	2,363
19	Loans from group companies	257,773	106,831
	Corporate income tax	0	1,192
	Other payables	18,539	15,439
	Deferred income	545	485
	Current liabilities	**283,751**	**128,445**
	Total liabilities	**302,590**	**215,221**
	Total equity and liabilities	**349,997**	**278,803**

*) Restated due to the application of the pooling of interest method, cf. the description in accounting principles

Cash Flow Statement of the Group

(EURk)

Note		2022	2021 *)
	Profit for the year	8,952	18,250
	Adjustment for non-cash operating items, etc.:		
	Other non-cash operating items, net	3,649	-4,343
5	Depreciation, amortisation and impairment losses	15,265	13,263
	Cash generated from operations before change in working capital	**27,866**	**27,170**
	Change in receivables	-18,867	-10,639
	Change in trade payables and other payables	3,750	1,168
	Change in working capital	**-15,117**	**-9,471**
	Cash generated from operations	**12,749**	**17,699**
	Interest received	5	2
	Interest paid	-5,101	-61
	Interest expense, lease liabilities	-156	-203
	Corporate income tax paid	-733	-1,236
	Cash flows from operating activities	**6,764**	**16,201**
9	Acquisition of intangible assets	-10,500	-5,639
10	Acquisition of property, plant and equipment	-2,025	-1,362
12	Acquisition of associated companies	-431	-21,403
23	Acquisition of subsidiaries	-57,433	-11,407
	Other long term investments	-1	0
12	Dividends from joint ventures and associated companies	400	2,590
	Cash flows from investing activities	**-69,990**	**-37,221**
19	Borrowing from group companies	79,410	34,275
	Loans from group companies (net change in cash-pool balance)	294	-955
	Loans from credit institutions	-1,732	2,865
	Other long term liabilities	3,780	0
19	Instalments on lease liabilities	-3,525	-2,782
	Group contribution	-13,487	-7,815
	Cash flows from financing activities	**64,740**	**25,588**
	Net cash flows from operating, investing and financing activities	**1,514**	**4,568**
	Cash and cash equivalents at 1 January	4,103	54
	Foreign exchange adjustment of cash and cash equivalents	-2,129	-519
13	**Cash and cash equivalents at 31 December**	**3,488**	**4,103**

*) Restated due to the application of the pooling of interest method, cf. the description in accounting principles

The cash flow statement cannot be derived directly from the balance sheet and income statement.

Statement of Changes in Equity of the Group

(EURk)

	Share capital	Reserve for hedging transactions	Reserve for foreign exchange	Retained earnings	Proposed group contribution *	Non-controlling interests	Total equity
Equity at 1 January 2022	**10,000**	**-608**	**1,865**	**36,075**	**14,634**	**1,616**	**63,582**
Net profit for the year	0	0	0	-4,527	14,838	-1,359	8,952
Foreign exchange adjustments on translation of foreign entities	0	0	0	-11,911	-1,147	0	-13,058
Value adjustments of hedging instruments after tax	0	84	0	0	0	0	84
Total comprehensive income in 2022	**0**	**84**	**0**	**-16,438**	**13,691**	**-1,359**	**-4,022**
Paid group contribution	0	0	0	0	-13,487	0	-13,487
Tax on proposed group contribution	0	0	0	3,057	0	0	3,057
Share based payment	0	0	0	424	0	0	424
Effect of pooling of interest method in connection with business combinations under common control	0	0	0	-2,147	0	0	-2,147
Equity at 31 December 2022	**10,000**	**-524**	**1,865**	**20,971**	**14,838**	**257**	**47,407**
Equity at 1 January 2021	**5,818**	**0**	**4,079**	**4,496**	**7,815**	**0**	**22,208**
Net profit for the year	0	0	0	4,131	14,634	-515	18,250
Foreign exchange adjustments on translation of foreign entities	0	0	-2,214	0	0	0	-2,214
Value adjustments of hedging instruments after tax	0	-608	0	0	0	0	-608
Total comprehensive income in 2021	**0**	**-608**	**-2,214**	**4,131**	**14,634**	**-515**	**15,428**
Capital increase by contribution in kind	4,182	0	0	11,893	0	0	16,075
Paid group contribution	0	0	0	0	-7,815	0	-7,815
Tax on proposed group contribution	0	0	0	3,015	0	0	3,015
Effect of application of the pooling of interest method for the year	0	0	0	12,540	0	2,131	14,671
Equity at 31 December 2021	**10,000**	**-608**	**1,865**	**36,075**	**14,634**	**1,616**	**63,582**

** To Egmont entities outside of the Nordisk Games Group.*

Note

1 Accounting policies

The annual report of Nordisk Games A/S for 2022 comprises both the consolidated financial statements of the parent company and its subsidiaries (the Group) and the separate financial statements of the parent company.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and additional requirements in the Danish Financial Statements Act.

Nordisk Games A/S has adopted all new or amended standards (IFRS) and interpretations (FRIC) as adopted by the EU and which are effective for the financial year 1 January – 31 December 2022. The implementation of these new or amended standards and interpretations has no material impact on the financial statements for the year.

The separate financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act.

The Nordisk Games group was established in 2021 through an internal re-structuring of the games companies within the Egmont Group. The Shares in the associated companies Supermassive Games Ltd. and Mercury Steam Entertainment S.J were contributed in kind to increase the share capital in Nordisk Games A/S, and in addition the shares in the wholly owned subsidiary, Fatalist Partners (including the underlying investments in the Avalanche Group) and the shares in the associated companies Star Stable AB, Flashbulb ApS and Multiverse ApS were acquired internally from the respective Egmont Group companies at equity value as of 1 January 2021 against a loan from the parent company. As the business transfer is a common control transaction, the pooling of interest method has been applied as the accounting method for the business combination. Consequently, the annual report presents the previous years' financials and comparative figures as if the Group had always existed.

On 19 June 2023, the Board of Directors and the Executive Board discussed and approved the annual report of Nordisk Games A/S for 2022. The annual report will be presented to the shareholders of Nordisk Games A/S for adoption at the annual general meeting on 19 June 2023 in immediate extension thereof.

BASIS OF PREPARATION

The functional currency of Nordisk Games is Danish kroner (DKK). The consolidated financial statements are presented in euro (EUR).

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments (which are measured at fair value).

In 2022, Nitro Games Oyj was acquired in a business combination under common control transaction. Due to the application of the pooling of interest method, comparative financial information for 2021 has been restated to include the results from the date of obtaining control on 1 September 2021 when the Egmont group originally obtained majority control over Nitro Games Oyj. However, as Nordisk Games acquired the shares legally on 17 May 2022 against a loan from the parent company, the equity value including accumulated profits related the period before 1 January 2022 are offset against a corresponding loan payable to the parent company on 31 December 2021. The adjustment in equity is included within "Effect of pooling of interest method" in the equity schedule.

In 2022, the full year result for the year and other comprehensive income relating to Nitro Games Oyj is reflected. The effect of pooling of interest method in the equity for 2022 amounts to EUR -2.147 thousand and comprise of a variance in the purchase price on 17 May 2022 compared to carrying value on 1 January 2022.

Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment, positively or negatively, to the carrying amount of assets or liabilities affected in future periods.

The most significant estimates and judgements for the Group include the following:

- Acquisition of businesses where a number of estimates and judgments are carried out related to allocation of the purchase consideration to identifiable net assets including intangible assets/goodwill as well as value adjustments (step-up acquisitions). Please refer to note 23 for further information.
- Impairment testing related to intangible assets, including goodwill. Outcome of impairment testing are dependent of the critical assumptions applied related to cash flow forecasts but also other factors such as discount rates and growth rates, cf. note 9 for further information.

Consolidated financial statements

The consolidated financial statements comprise Nordisk Games A/S and subsidiaries in which Nordisk Games A/S has control of financial and operating policies in order to obtain returns or other benefits from its activities. Control is usually obtained when the Group holds more than 50% of the voting rights, whether directly or indirectly, or otherwise has a controlling interest in the relevant entity.

Entities in which the Group has significant influence, but not a controlling interest, are considered associates. Significant influence is typically obtained when the Group, directly or indirectly, owns or holds more than 20% of the voting rights, but less than 50%.

When assessing whether Nordisk Games A/S exercises control or significant influence, the potential voting rights that are exercisable at the end of the reporting period are taken into account.

The consolidated financial statements have been prepared by consolidating the financial statements from Nordisk Games A/S and the individual subsidiaries, prepared in accordance with the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on transactions between the consolidated entities are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the associate. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

Business combinations

Businesses acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Businesses disposed of or wound up are recognised in the consolidated financial statements until the date of disposal or winding-up. The comparative figures are not restated for newly acquired businesses. Discontinued operations are disclosed separately.

The acquisition method is used for acquisitions of new businesses over which Nordisk Games Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax is recognised in respect of the fair value adjustments made.

The acquisition date is the date when Nordisk Games Group effectively obtains control of the acquired business. Costs attributable to business combinations are expensed as incurred.

Step acquisitions, where either control, joint control or significant influence is obtained, the existing equity interest is remeasured at fair value and the difference between the fair value and carrying amount is recognised in the income statement as other operating income. The additional equity investments acquired are recognised at fair value in the balance sheet.

Any excess (goodwill) of the consideration transferred, the value of non-controlling interests in the acquired entity and the fair value of any existing equity interest over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill under intangible assets.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test at least annually.

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the presentation currency of Nordisk Games Group, are treated as assets and liabilities belonging to the foreign entity and upon initial recognition translated into the foreign entity's functional currency at the exchange rate at the transaction date.

Negative differences (negative goodwill) are recognised in profit for the year at the acquisition date.

The consideration for an acquired business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed, and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it subsequently becomes apparent that the identification or measurement of the consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the determination is adjusted retrospectively, including goodwill, until 12 months after the acquisition, and the comparative figures are restated. Subsequently, goodwill is not adjusted. Changes to estimates of contingent considerations are recognised in the income statement.

The acquisition of further non-controlling interests after obtaining control is considered an owner's transaction, and the difference between acquisition cost and the share of such non-controlling interests acquired is recognised directly in equity.

Gains and losses on the disposal or winding-up of subsidiaries, jointly controlled entities and associates are stated as the difference between the selling price or the disposal consideration and the carrying amount of net assets, including goodwill, at the date of disposal, less cost of disposal. If the disposal of either control, joint control or significant influence takes place in stages, the retained equity investment is measured at fair value, and the difference between the fair value and carrying amount is recognised in the income statement.

Business combinations under common control
Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and where control is not transitory, are considered as business combinations under common control, if the transfer meets the definition of a business in accordance with IFRS 3.

Associated companies, which by nature is not controlled neither before nor after the transaction, which are included in a combined transaction together with controlled entities, which collectively forms a business, are also considered to be a business combination under common control.

Business combinations under common control is accounted for using the pooling of interest method, where assets and liabilities are recognized at their carrying values at the first day of the fiscal year of the transaction and thereby not resulting in recognition of new assets and liabilities, including goodwill. Comparative figures for previous years are restated to reflect the group as acquired business had always been owned.

Non-controlling interests
On initial recognition, non-controlling interests are measured at the fair value of the ownership share or at the proportionate share of the fair value of the acquired business' identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill in relation to the non-controlling interests' ownership share of the acquired business is thus recognised, while, in the latter scenario, goodwill in relation to the non-controlling interests is not recognized.

The measurement of non-controlling interests is chosen transaction by transaction and stated in the notes in connection with the description of the acquired business.

Foreign currency translation
A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the individual reporting entity operates. Transactions denominated in currencies other than the functional currency are considered foreign currency transactions.

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

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

In the consolidated financial statements, the income statements of associates with another functional currency than the presentation currency (EUR) are translated at the exchange rates at the transaction date, and the balance sheet items are translated at the exchange rates at the end of the reporting period. An average exchange rate for each month is used as the transaction date exchange rate to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such foreign entities at the exchange rates at the end of the reporting period and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised directly in other comprehensive income and presented in equity under a separate translation reserve.

On disposal of wholly owned foreign entities or associates with another functional currency than the presentation currency (EUR), the exchange rate adjustments that have been recognised in other comprehensive income and are attributable to the entity are reclassified from other comprehensive income to the income statement together with any gains or losses from the disposal.

On partial disposal of foreign subsidiaries with another functional currency than the presentation currency (EUR) without a loss of control, a proportionate share of the translation reserve is transferred from the Group to the non-controlling interests' share of equity.

On partial disposal of associates, the proportionate share of the accumulated translation reserve recognised in other comprehensive income is transferred to the income statement for the year together with any gains or losses from the disposal.

Derivative financial instruments
Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and a set-off of positive and negative values is only made when the entity has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in future cash flows are recognised in other comprehensive income in equity under a separate hedging reserve until the hedged cash flows affect the income statement. At that time, any gains or losses resulting from such hedged transactions are transferred to other comprehensive income and recognised under the same item as the hedged item.

If the hedging instrument no longer qualifies for hedge accounting, the hedge will cease to be effective. The accumulated change in value recognised in other comprehensive income is transferred to the income statement when the hedged cash flows affect the income statement. If the hedged cash flows are no longer expected to be realised, the accumulated change in value will be transferred to the income statement immediately. The portion of a derivative financial instrument not included in a hedge is recognised under financial items.

For derivative financial instruments that do not qualify for treatment as hedging instruments and changes in fair value are currently recognised in the income statement under financial items.

INCOME STATEMENT

Revenue

Nordisk Games separates customer contracts into performance obligations and recognises revenue from these separately. For customer contracts that includes more than one performance obligation, Nordisk Games allocates the transaction price to the individual performance obligations proportionate to their stand-alone selling price.

The Group recognises revenue when or as control passes to the customer. Revenue is measured at its fair value, which comprise net present value when payments exceed 12 months.

Revenue is measured excluding VAT and taxes and including all types of discounts provided to customers.

All types of variable consideration such as rebates, penalties etc. are recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur subsequently.

Gaming revenue
Gaming revenue include revenue derived from work for hire contracts and self-published games.

Work for hire
Work for hire contracts usually comprise one performance obligation that is satisfied over time as Egmont delivers hours at a fixed rate per man month, thus having a right to consideration that corresponds directly with the value transferred to the customer to date. Revenue deriving from work for hire is recognised at the amount that Nordisk Games has a right to invoice based on percentage of completion of the various milestones.

Self-published games
Revenue from self-published games without no future material free content communicated at time of release, is recognised at the time of delivery to the customer (download).

When Nordisk Games promises to deliver future material free content, the customer contract includes an additional performance obligation. Nordisk Games allocates the transaction price in such arrangements by determining the stand-alone selling price of the performance obligations that is recognised upon release.

Direct production costs

Direct production costs comprise of costs directly attributable to generating the year's income, including commissions to sales platforms, user acquisitions, etc.

Other external expenses

Other external expenses comprise costs relating to the group's primary activities, which has been incurred in the year, including costs for distribution, sales, marketing, administration, premises, bad debt losses, etc.

Other operating income and costs
Other operating income and costs comprise items secondary to the principal activities of the entities, including gains and losses on the disposal of businesses (including re-measuring of existing shares in step-acquisitions), intangible assets and property, plant and equipment and right-of-use assets, as well as recognition of badwill and value adjustments of investment properties at fair value and government grants. Gains and losses on the disposal of entities, intangible assets and property, plant and equipment are determined as the selling price less disposal costs and the carrying amount at the date of disposal.

Gains and losses from re-measuring existing shares in step-acquisitions are determined as the fair value of new shares acquired, adjusted for control premium less the carrying value of those shares prior to the step-acquisitions.

Share of results from investments in associates
The proportionate share of the associates' results after tax and non-controlling interests after elimination of the proportionate share of intra-group gains/losses is recognised in the consolidated income statement.

Financial income and expenses
Financial income and expenses comprise interest income and expense, amortisation of financial assets and liabilities including leases and foreign exchange adjustments. Furthermore, changes in the fair value of derivative financial instruments which are not designated as hedging instruments as well as the ineffective portion of the hedges are also included.

Tax for the year
Nordisk Games A/S is jointly taxed with its Danish subsidiary Flashbulb ApS and the other Danish entities within the Egmont Group. The current Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year, comprises the year's current tax charge and deferred tax adjustments. The tax expense is recognised in profit or loss, other comprehensive income or directly in equity.

Group contribution distributed from Swedish subsidiaries (Avalanche Group) to other Swedish Egmont group entities in the Swedish joint taxation, but outside the Nordisk Games Group are treated as an equity transaction, hence the tax income relating to deductible contributions are recognized in equity.

BALANCE SHEET

Intangible assets

Intellectual property rights with a definite useful life, such as acquired trademarks and games titles, are measured at cost on initial recognition and amortised on a straight-line basis over the useful life (typically 5 to 10 years).

Own produced rights are amortised according to a revenue-based method over the period during which they are expected to generate income on the respective market and in the respective media. This is to reflect that consumption of economic benefits are significantly higher at the beginning of the games' useful life.

Amortisation is made on the basis of the asset's residual value less any impairment losses, where the assets have a definite useful life. The residual value and useful life of the assets are reassessed every year. If the residual value exceeds the carrying amount, depreciation is discontinued.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under other operating income or other operating costs, respectively.

Goodwill

On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Nordisk Games has identified one cash-generating unit being the gaming business and thus constitutes the Group as a whole. This is due to synergies within the group, joint administration and the use of the Group's games lab for testing computer games.

Trademarks

Acquired intellectual property rights, including trademarks, are measured at cost on initial recognition. Trademarks with a definite useful life are amortised on a straight-line basis over the useful life (typically 5 to 10 years).

Own produced rights

Development projects regarding in-house produced games rights that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are demonstrated, and where the Group intends to complete and use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administration expenses and development costs. Other development costs are recognised in profit and loss under other external costs.

In-house produced games rights are measured at cost, which includes indirect production costs, accumulated amortisation and impairment, or at the recoverable amount where this is lower.

Own produced rights are amortized on straight-line basis over the useful life (typically 3 to 5 years).

Property, plant and equipment

Plant and machinery equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Subsequent costs, e.g., in connection with replacing components of plant and equipment, are recognised in the carrying amount of the relevant asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised in the balance sheet, and the carrying amount is transferred to the income statement. All other costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

When individual components of an item of property, plant and equipment have different useful lives, the cost of such individual components is accounted for and depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives, based on the following estimates of the useful lives of the assets:

Tools and equipment	3 - 5 years
Leasehold improvements	3 - 5 years

Depreciation is made on the basis of the asset's residual value less any impairment losses. The residual value and useful life of the assets are reassessed every year. If the residual value exceeds the carrying amount, depreciation is discontinued.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under other operating income or other operating costs, respectively.

Leases

Lease assets

Lease assets are recognised at the commencement date of the lease which is the date the underlying asset is available for use. Lease assets are measured at cost, less any accumulated depreciation and potential impairment, adjusted for any remeasurement of lease liabilities. The cost includes the amount of lease liabilities recognised, initial direct costs incurred less any lease incentives received. Lease payments on short-term leases (lease term of 12 months or less) and leases of low value assets are recognised as expense on a straight-line basis over the lease term in profit and loss.

Lease assets are depreciated over the shorter of the expected lease term and the estimated useful lives of the assets – which is typically 2-10 years.

If ownership of the leased assets transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The lease assets are also subject to impairment testing.

Rent concessions regarding Covid-19 are not accounted for as lease modifications.

Lease liabilities
Lease liabilities are measured at the net present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that do not depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in profit and loss in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date, because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the carrying amount of lease liabilities is remeasured if there is a modification whether it is a change in the in-substance fixed lease payments, a change lease term (termination or extension), or a change in the assessment to purchase the underlying asset.

The Group's lease liabilities are included in the interest-bearing debt.

Impairment of non-current assets
Goodwill is subject to annual impairment tests, initially before the end of the acquisition year and if there is any indication of impairment.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit or groups of cash-generating units to which goodwill has been allocated. If the carrying amount exceeds the recoverable amount, it is written down to the recoverable amount via the income statement. As a main rule, the recoverable amount is calculated as the present value of expected future net cash flows from the entity or activity (cash-generating unit or groups of cash-generating units) to which goodwill has been allocated.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is tested annually for impairment indicators. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs of disposal and its value in use. Value in use is the present value of future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement.

Impairment losses of goodwill are not reversed. Impairment losses on other assets are reversed only to the extent that changes in the assumptions and estimates underlying the calculation of impairment losses have occurred. Impairment losses are only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Investments in associated companies

Investments in associated companies are recognised in the consolidated financial statements according to the equity method, which means that the investments are measured in the balance sheet at the proportionate share of the associated companies' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group gains and losses and plus any excess values on acquisition, including goodwill. Investments in associated companies are tested for impairment when impairment indicators are identified.

Investments in associated companies with negative net asset values are measured at EUR 0 (nil). If the Group has a legal or constructive obligation to cover a deficit in the associated company, such deficit is recognised under liabilities.

On the acquisition of investments in joint ventures and associated companies, the acquisition method is used; see description of business combinations.

Other investments

Equity investments where the Group does not have significant influence or control and not classified as subsidiary, associate or joint venture are included under other investments and are measured as financial assets at fair value through the income statement.

Net gains and losses arising from changes in the fair value of financial assets are recognised in the income statement as financial income or expenses. Financial assets for which no active market exists are carried at fair value based on a valuation methodology.

Receivables

Trade receivables are hold with the objective to collect the contractual cash flows. Receivables are therefore measured at fair value on initial recognition and are subsequently measured at amortised cost using the effective interest method less any impairment. Receivables are impaired at initial recognition. The impairment equals lifetime expected credit loss allowance on receivables in accordance with the simplified approach.

Accrued revenue from gaming platforms, which relate to the accounting year, but are settled in subsequent years, is included in trade receivables.

Prepayments

Prepayments, which are recognised under assets, comprise costs incurred concerning subsequent financial years. Prepayments are measured at cost

Equity

Proposed group contribution

Group contributions in Swedish group entities are recognized as a liability at the date when they are adopted at the annual general meeting. The proposed group contribution payment for the year is disclosed as a separate item under equity.

Dividend

Dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity.

Current tax payable/receivable and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on the basis of all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill that 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 result for the year or taxable income. Where different tax rules can be applied to determine the tax value, deferred tax is measured based on planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to be realised as current tax. Changes in deferred tax due to changed tax rates are recognised in the comprehensive income for the year.

Share based payment

The value of services received in exchange for granted stock options is measured at the fair value of the stock options granted. The Group has only entered into an equity-settled programme, which is measured at the fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The counter entry is recognised directly in equity as an owner transaction. On initial recognition of the stock options, an estimate is made of the number of stock options expected to vest. That estimate is subsequently revised for changes in the number of stock options expected to vest so that the total recognition is based on the actual number of vested stock options. Accordingly, recognition is based on the number of stock options ultimately vested. The fair value of granted stock options is estimated using an option pricing model, taking into account the terms and conditions upon which the stock options were granted.

Provisions

Provisions are recognised when the Group incurs a legal or constructive obligation due to an event occurring before or at the end of the reporting period, and meeting the obligation is likely to result in an outflow of economic benefits. Provisions are measured at the best estimate of the costs required to settle the obligation. The costs required to settle the obligation are discounted provided that such discounting would have a material effect on the measurement of the liability. A pre-tax discount rate is used that reflects the current market interest rate level plus risks specific to the liability.

Financial and non-financial liabilities

Financial liabilities are recognised at the date of borrowing as the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, such that the difference between the proceeds and the nominal value is recognised under financial expenses in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income, including payments received relating to income in subsequent years. Deferred income is measured at cost.

CASH FLOW STATEMENT

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition, and cash flows from disposals of businesses are recognised until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit for the year before net financials, adjusted for non-cash operating items, changes in working capital and corporate income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and disposal of businesses and activities and the acquisition and disposal of intangible assets, property, plant and equipment and other non-current assets, as well as securities.

Cash flows from financing activities comprise the raising of loans and repayment of interest-bearing debt including lease liabilities, donations made and transactions with non-controlling interests.

Cash and cash equivalents comprise cash and marketable securities with a residual term of less than three months at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rates at the transaction date.

FINANCIAL TERMS

In this annual report the following financial terms are used:

Operating profit (loss)	Profit (loss) before tax and net financials.
Operating profit after result from associates	Profit after results from associates.
EBITDA	Operating profit (loss) before net financials, depreciation, amortisation and impairment losses.
EBIT	Operating profit (loss)
EBT	Profit (loss) before tax

FINANCIAL RATIOS

Financial ratios stated in the consolidated financial statements have been calculated in accordance with the Danish Finance Society's "Recommendations & Ratios".

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

Operating margin $$\frac{\text{Operating profit x 100}}{\text{Revenue}}$$

Equity ratio $$\frac{\text{Equity, excl. non-controlling interests, x 100}}{\text{Total assets}}$$

Return on equity $$\frac{\text{Net profit for the year, excl. non-controlling interests, x 100}}{\text{Average equity, excl. non-controlling interests}}$$

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

2 Revenue	2022	2021
Work for hire projects	58,703	33,221
Self-published games	62,077	55,035
Total	**120,780**	**88,256**
At point in time	62,077	55,035
Transferred over time	58,703	33,221
Total	**120,780**	**88,256**

Geographical split of revenue

The majority of revenue derives from sale of self-published games mainly being distributed to gamers globally via the platforms Steam, Xbox, PS and EPIC. Consequently, revenue is not being reported on geographical level. Other data is, however, monitored closely pr. country level such as customers engagement, new players and DLC (downloadable content). Based on this data, US and Western Europe are the top markets and regions when it comes to revenue.

3 Other operating income	2022	2021
Step-up gain on step-acquisition of Flashbulb ApS	0	6,555
Step-up gain on step-acquisition of Supermassive Games Ltd	745	0
Other	15	0
Total	**760**	**6,555**

4 Personnel expenses	2022	2021
Wages and salaries	45,284	29,429
Pensions	3,509	1,404
Other social security costs	9,507	8,934
Share-based payment	424	0
Total	**58,724**	**39,767**
Average number of full-time employees	877	502

Remuneration of the Executive Board and the Board of Directors for 2022 amounts to EUR 470 thousands including share based payment of EUR 126 thousand and pension of EUR 25 thousand. Remuneration of the Executive board and Board of Directors for 2022 are grouped and disclosed in total in accordance with Danish Financial Statement's Act § 98B, section 3.1. No allocation from group companies have been made.

Remuneration of the Executive Board and the Board of Directors for 2021 is not disclosed in accordance with Danish Financial Statement's Act 98, section 3.2

Besides remuneration, no other transactions have been carried out with the Executive Board and the Board of Directors for 2022 and 2021.

Remuneration of key management personnel amounts to EUR 453 thousand (2021: EUR 832 thousand), of which pensions amount to EUR 25 thousand (2021: EUR 42 thousand) and share based payment EUR 126 thousand (2021: EUR 0 thousand, as established in 2022).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

4 Personnel expenses (continued)

Share-based payment

A long term share-based incentive programme has been issued targeted at executive employees, selected second level management and senior specialists in Nordisk Games Group. The share options have been granted for free and without any related performance conditions, however certain key employees have acquired 1 share option for every 9 free share opions at the fair value at the grant date.

All share options vest 3 years after grant, followed by a 2 years excercise window. The options are settled in shares, however the Board of Directors in Nordisk Games A/S has the right to settle the option in cash at market price.

Usual good and bad leaver conditions apply for the exercise of the options. Special provisions apply if changes in the capital structure of Nordisk Games A/S occur.

The fair value of the share options of EUR 3.78 is calculated on the basis of a share price equal to the exersice price.

Share option programme	**Granted in**
Number of persons included in the programme	13
Total number of share options granted	1,525,000
Vesting date	31.05.2025
Exercise period begins	01.06.2025
Exercise period ends	31.05.2027
Exercise price	3.78
Fair value at the date of the grant	1.48

Outstanding share options	
1. January 2022	0
Share options granted during the year	1,525,000
31. December 2022	**1,525,000**

The fair value calculated at the grant date is based on a Black-Scholes option pricing model.

Fair value, liability and expense recognised in the statement of profit or loss:
The share options granted are recognised in profit or loss on a straight line basis over the vesting period on the basis of the fair value at the time of grant. The total expense recognised in respect of equity-settled programme amounted to EUR 424 thousands before tax. At 31 December 2022, the fair value of the remaining equity-settled programmes amounts to EUR 1,584 thousands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

5 Depreciation, amortisation and impairment losses	2022	2021
Amortisation, intangible assets	-10,425	-8,000
Impairment losses, intangible assets	-534	-1,729
Depreciation, property, plant and equipment	-1,281	-728
Depreciation of lease assets	-3,025	-2,806
Total	**-15,265**	**-13,263**

6 Financial income		
Foreign exchange gains	1,436	2,937
Other financial income	5	2
Total	**1,441**	**2,939**

7 Financial expenses		
Foreign exchange loss	-92	-2,557
Interest expense on lease liabilities	-156	-203
Interest expense on group loans	-5,023	-36
Fair value adjustment on derivatives	-374	-260
Other financial expenses	-78	-25
Total	**-5,723**	**-3,081**

8 Taxes		
Current tax	-2,459	-3,214
Deferred tax	2,347	1,050
Adjustments for prior years, current tax	-15	0
Adjustments for prior years, deferred tax	0	94
Total	**-127**	**-2,070**

Tax on the profit for the year results as follows:

Calculated tax, 22.0% on profit before tax	-1,997	-4,470
Adjustment of calculated tax in foreign entities relative to 22.0%	266	484
Tax effect of:		
Non-taxable income	1,535	1,442
Non-deductible expenses	-333	-58
Share of net profit/(loss) in associates	867	667
Tax loss, not recognized as deferred tax	-744	0
Adjustments for prior years	-15	94
Other	294	-229
Total	**-127**	**-2,070**
Effective tax rate	1.4%	10.2%

The effective tax rate in 2022 was primarily affected by Video Games Tax Relief (VGTR) in UK (EUR 5,382 thousand).

Tax recognised in other comprehensive income:

Tax on value adjustment of hedging instruments	-22	158
Total	-22	158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

9 Intangible assets

	Goodwill	Trademarks	Own-produced rights	Own-produced rights in progress	Total
Cost at 1 January 2022	91,270	25,075	24,615	0	140,960
Foreign exchange adjustments	-5,338	-1,729	773	0	-6,294
Additions	0	0	10,500	0	10,500
Transferred	0	0	0	0	0
Additions through business combinations	36,936	14,905	15,276	0	67,117
Cost at					0
31 December 2022	**122,868**	**38,251**	**51,164**	**0**	**212,283**
Amortisation and impairment losses at 1 January 2022	0	-11,538	-10,783	0	-22,321
Foreign exchange adjustments	0	1,058	842	0	1,900
Transferred	0	0	0	0	0
Amortisation	0	-5,042	-5,383	0	-10,425
Impairment losses	0	0	-534	0	-534
Amortisation and impairment losses					0
at 31 December 2022	**0**	**-15,522**	**-15,858**	**0**	**-31,380**
Carrying amount					
at 31 December 2022	**122,868**	**22,729**	**35,306**	**0**	**180,903**
Cost at 1 January 2021	69,393	21,787	8,038	6,645	105,863
Foreign exchange adjustments	-1,296	-412	-89	-119	-1,916
Additions	0	0	5,639	0	5,639
Transferred	0	0	6,526	-6,526	0
Additions through business combinations	23,173	3,700	4,501	0	31,374
Cost at					
31 December 2021	**91,270**	**25,075**	**24,615**	**0**	**140,960**
Amortisation and impairment losses at 1 January 2021	0	-6,712	-4,546	-1,580	-12,838
Foreign exchange adjustments	0	157	124	-36	245
Transferred	0	0	-1,616	1,616	0
Amortisation	0	-4,983	-3,016	0	-7,999
Impairment losses	0	0	-1,729	0	-1,729
Amortisation and impairment losses					
at 31 December 2021	**0**	**-11,538**	**-10,783**	**0**	**-22,321**
Carrying amount					
at 31 December 2021	**91,270**	**13,537**	**13,832**	**0**	**118,639**

9 Intangible assets (continued)

Goodwill
The carrying amount of goodwill is tested for impairment at least annually or if there is any indication of impairment. At 31 December 2022, Management carried out an impairment test of the carrying amount of goodwill, which relates to one cash-generating unit, 'Games'.

In the impairment test, the recoverable amount, equivalent to the discounted value of expected future net cash flows, is compared with the carrying amount of the cash-generating unit.

The recoverable amount is based on the value in use, determined by using expected net cash flows that are based on management-approved budgets and business plans for 2023, projections for subsequent years up to and including 2027, and average growth during the terminal period.

Key assumptions
The key assumptions in the calculation of value in use are development in revenues and gross margins and determination of discount rates and growth rate during terminal period.

On the back of the most recent 2023 outlook, which is impacted by the macro-economic challenges faced by publishers and the associated impact on work-for-hire projects and the overall stagnation of the global games market, etc., revenues in the cash-generating unit over the forecast period are expected to grow between 2%-27% annually until 2027 from an increased focus on self-published games and work for hire projects. Nordisk Games expects to return to profitability again in 2024 and through a strong focus on the cost based to increase profitability and margins even further going forward.

Discount rates are determined on basis of a risk-free rate, plus market risk premium and a small stock premium. The risk-free rate is based on a 5 year-average of the risk-free rate for Denmark, Norway and Sweden. The applied pre-tax discount rate amounts to 12.1 % for 2022 (2021: 11.1 %).

The market risk premium is calculated as a general market risk premium of 6.2% multiplied by the non-leveraged beta value. Further, a small-cap premium is added.

The non-leveraged beta values are based on the non-leveraged beta values for peer-group companies.

Expected growth during the terminal period amounts to 2.0% (2021: 2.0%), which is not estimated to exceed the long-term average growth rate in the games business.

Impairment tests for goodwill for 2022 show that the recoverable amount exceeds the carrying amount.

Sensitivity
The Group assesses that probable changes in the assumptions underlying the impairment calculations will not result in a need to write down goodwill for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

9 Intangible assets (continued)

Trademarks

All trademarks have a definite useful life, hence no impairment tests are required. As no indications of impairment have been identified, no impairment tests of trademarks have been performed.

Own produced rights

The Group's own produced rights primarily relate to the games "The Hunter","The Angler", "Trailmakers", "Rubber Bandits" and the "Dark Pictures" which all are performing well and contribute to the Group's profitable activities.

The Group makes regular estimates of the remaining useful lives of own produced games rights based on its expected sales on the various platforms, which are naturally subject to uncertainty as actual sales may differ from estimated sales.

The Group continuously receives sales estimates, and if impairment indicators are identified, own produced games rights are written down for impairment. The useful lives of in-house produced games rights for 2022 were in general at the expected level.

10 Property, plant and equipment

	Tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	2,958	441	3,399
Foreign exchange adjustments	-280	-35	-315
Additions through business combinations	1,275	1,111	2,386
Additions	2,025	0	2,025
Disposals	0	-107	-107
Cost at 31 December 2022	**5,978**	**1,410**	**7,388**
Depreciation and impairment losses at 1 January 2022	-1,536	-209	-1,745
Foreign exchange adjustments	162	17	179
Depreciation	-1,130	-151	-1,281
Depreciation and impairment losses at 31 December 2022	**-2,504**	**-343**	**-2,847**
Carrying amount at 31 December 2022	**3,474**	**1,067**	**4,541**

	Tools and equipment	Leasehold improvements	Total
Cost at 1 January 2021	1,705	358	2,063
Foreign exchange adjustments	-31	-7	-38
Additions through business combinations	13	0	13
Additions	1,272	90	1,362
Cost at 31 December 2021	**2,958**	**441**	**3,399**
Depreciation and impairment losses at 1 January 2021	-857	-106	-963
Foreign exchange adjustments	-57	2	-55
Depreciation	-622	-105	-727
Depreciation and impairment losses at 31 December 2021	**-1,536**	**-209**	**-1,745**
Carrying amount at 31 December 2021	**1,422**	**232**	**1,654**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

11 Lease assets	2022	2021
Carrying amount at 1 January	**4,103**	**5,564**
Foreign exchange adjustments	-189	-77
Additions including business combinations	11,922	1,422
Depreciation	-3,025	-2,806
Carrying amount at 31	**12,811**	**4,103**

The lease assets consists mainly of property leases (rent of offices). The lease contracts are typically made for fixed periods of 2 to 5 years, but may have extension options included in the lease term. Lease terms are negotiated on an individual basis and contains different terms and conditions including payment terms, termination rights, index-regulations, maintenance etc. Additions during 2022 mainly relates to the acquisition of Supermassive Games.

Extension and termination options are typically found in leases in order to maximise operational flexibility in terms of managing contracts.

Financial lease liabilities recognised at 31 December	2022	2021
Current	3,941	2,127
Non-current	9,191	2,452
Total	**13,132**	**4,579**

Recognised in profit and loss:		
Depreciation of lease assets	3,025	2,806
Interest expense on lease liabilities	156	203

Lease payments on lease agreements with short-term lease commitments and leases, which are considered as low value leases, amounts to EUR 0,2 million (2021: EUR 0.1 million).

12 Investments in associates	2022	2021
Cost at 1 January	90,824	54,858
Foreign exchange adjustments	-4,233	-349
Additions*	431	37,478
Disposals (transfer to consolidated subsidiary)	-16,469	-1,163
Cost at 31 December	**70,553**	**90,824**
Adjustments at 1 January	3,317	2,923
Foreign exchange adjustments	-6	-35
Share of profit/(loss) for the year	3,941	3,031
Dividends	-400	-2,590
Disposals (transfer to consolidated subsidiary)	-3,757	-12
Adjustments at 31 December	**3,095**	**3,317**
Carrying amount at 31 December	**73,648**	**94,141**

** Additions in 2021 include non-cash contribution in kind relating to shares in Supermassive Games Ltd. from the parent company of EUR 16,075 thousand.*

Investments in 2022 is the purchase of additional shares in Star Stable AB.
Note 24 includes a list of the Group's investments in associates.

Disposals in 2022 is referring to the purchase of the remaining shares in Supermassive Games Ltd, making it a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

12 Investments in associates (continued)

	Star Stable AB		Mercury Steam		Others	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Comprehensive income						
Revenue	34,102	34,310	14,796	14,852	0	28,896
Net profit for the year	-2,491	3,577	5,080	5,712	0	6,538
Other comprehensive income	0	0	0	0	0	0
Dividend received	0	1,501	400	800	0	289
Balance sheet						
Non-current assets	2,959	2,751	16,156	14,707	0	17,375
Current assets	5,538	10,689	12,559	9,486	0	18,687
Non-current liabilities	137	0	7,862	9,944	0	2,053
Current liabilities	3,375	4,628	1,919	300	0	7,920
Equity	4,985	8,812	18,934	13,949	0	26,089
Nordisk Games Group's share of equity	**2,837**	**4,991**	**7,574**	**5,580**	**0**	**8,015**
Goodwill and other PPA-values	46,959	49,748	16,278	17,505	0	8,302
Investments in associates	**49,796**	**54,739**	**23,852**	**23,085**	**0**	**16,317**

Supermassive Games Ltd is included in 'others' in the 2021-figures, but is reclassified to fully owned subsidiaries consolidated line-by-line from the acquisition date on 8 July 2022, thus is not included in the presented 2022-figures.

13 Cash and cash equivalents	2022	2021
Cash and bank account deposits	3,488	4,103

No cash or cash equivalents are restricted. Positive cash-pool balance is included in receivables from group companies and negative cash-pool balances are included in short-term loans from group companies.

14 Equity

Capital management

Management continually assesses the need to adjust the capital structure. It is the Group's policy to use cash flows from operating activities to invest in developing the Group's revenue and earnings and to invest in additional companies.

The equity share of total assets amounted to 13.5% at the end of 2022 (2021: 22.2%).

Share capital

The share capital comprise 743,930 shares of DKK 100 (EUR 14) each.
The shares are divided into A and B shares, where the A shares have one more vote, with a split of 90% B shares.

Change in the share capital the last five years have been as follows:

	2022	2021	2021	2019	2018
Opening balance	10,000	5,818	54	54	54
Capital increase (contribution in kind)	-	4,182	5,764	0	0
Ending balance	**10,000**	**10,000**	**5,818**	**54**	**54**

The contribution in kind comprise of Mercury Steam Entertainment S.I. (in 2020) and Supermassive Games Ltd. (in 2021), whereas the other acquired companies have been purchased and financed through loans from the parent company, Egmont International Holding A/S.

15 Hedging instruments	2022	2021
Value adjustments for the year	106	-783
Value adjustments transferred to financial expenses	0	17
Taxes on fair value adjustments	-22	158
Total	**84**	**-608**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

16 **Deferred tax**	**2022**	**2021**
Deferred tax at 1 January	3,248	3,455
Adjustments relating to previous years	0	-94
Foreign exchange adjustments	0	-129
Additions through business combinations	2,402	1,066
Deferred tax for the year recognised in the income statement	-2,347	-1,050
Deferred tax at 31 December	**3,303**	**3,248**
Deferred tax has been recognised in the balance sheet as follows:		
Deferred tax, asset	-1,424	-58
Deferred tax, liability	4,727	3,306
Deferred tax, net	**3,303**	**3,248**

Deferred tax assets are recognised for all unutilised tax losses to the extent it is considered probable that taxable profits will be realised in the foreseeable future against which the losses can be offset. The amount to be recognised in respect of deferred tax assets is based on an estimate of the probable time of realising future taxable profits and the amount of such profits.

The Group has assessed that deferred tax assets totalling EUR 1,424 thousand, primarily attributable to tax losses in Denmark can be realised in the foreseeable future. This is based on the forecasted earnings in which tax assets can be utilised.

The deferred tax relates to	**2022**	**2021**
Intangible assets	4,727	3,306
Property, plant and equipment	-5	-5
Tax losses allowed for carryforward, etc.	-1,419	-53
Total	**3,303**	**3,248**

17 Fees to auditors

With reference to section 96.3 of the Danish Financial Statement's Act, fees paid to the statutory auditors of the Group are not disclosed, but references are made to Egmont Fondens annual report for 2022, in which the fees for Nordisk Games A/S Group are included.

18 Contingent liabilities and collateral

The parent company and Danish subsidiaries are jointly taxed with other Danish companies in the Egmont International Holding group. The Group's Danish entities have joint and several unlimited liability for Danish corporation taxes.

Contractual obligations relating to short-term leases and low-value leases amount to EUR 0.2 million (2021: EUR 0.1 million).

The Group has issued bank guarantees towards landlords regarding leased premises amounting to EUR 0.3 million (2021: EUR 0.3 million).

19 Financial risks and financial instruments

As a result of its operations, investments and financing, the Group is exposed to certain financial risks, primarily related to foreign exchange and interests.

Nordisk Games Group uses the centralised Corporate Finance department in Egmont, which is responsible for centralised management of liquidity and financial risks in the Group's wholly owned entities. Corporate Finance operates as counterparty to the Group's entities, thus undertaking centralised management of liquidity and financial risks. Liquidity and financial risks arising in associated companies are reported to Corporate Finance and thus managed on a decentralised basis. Management monitors the Group's financial risk concentration and financial resources on an ongoing basis.

The overall framework for financial risk management is laid down in the Egmont Group's Treasury Policy, which is approved annually by the Board of Trustees. The Treasury Policy comprises the Group's currency and interest rate policy, financing policy and policy regarding credit risks in relation to financial counterparties and includes a description of approved financial instruments and risk framework. The overall framework is assessed on an ongoing basis.

The Group's policy is to refrain from engaging in speculative transactions. Thus, the Group's financial management focuses exclusively on managing financial risks that are a consequence of the Group's operations, investments and financing.

Currency risks
The Group is exposed to exchange rate fluctuations as a result of the individual consolidated enterprises entering into purchase and sales transactions and having receivables and payables denominated in currencies other than their functional currency. Forward exchange contracts are used to ensure that the actual exposure does not exceed the currency exposure limit of the Group.

The Group is using forward contracts to hedge currency risks related to future milestone payments from work-for-hire projects. The cumulative value adjustments recognised in other comprehensive income amount to EUR 0.1 million (2021: EUR -0.6 million), which will be recognised in the income statement during 2023 and 2024.

As at 31 December 2022, a drop of 5% in the USD/SEK exchange rate would affect total comprehensive income positvely with EUR 0.5 million (2021: EUR 0.6 million). The sensitivity analysis is based on financial derivatives instruments recognised at 31 December.

Translation risks
The Group's primary currency risk exposure is denominated in SEK and GBP and relates to the Group's investments in wholly-owned entities and associated companies. As a main rule, these currency risks are not hedged, as ongoing hedging of such long-term investments is not considered to be the best strategy based on overall risk and cost considerations. Due to decrease in exchange rate, the equity in 2022 is affected negatively by EUR 13.1 million (2021: negatively by EUR 2.2 million).

A 5% drop in the exchange rates of SEK would have impacted the 2022 profits by about EUR -0.7 million (2021: EUR -0.8 million), and the equity at 31 December 2022 by about EUR -7.7 million (2021: EUR -5.7 million). A positive change in foreign exchange rates would have a reverse impact on profits and equity at end-2022 and end-2021 all other things being equal.

A 5% drop in the exchange rates of GBP would have impacted the 2022 profits by about EUR -0.4 million and the equity at 31 December 2022 by about EUR -2.0 million. A positive change in foreign exchange rates would have a reverse impact on profits and equity at end-2022 all other things being equa (2021: not material due to Supermassive being acquired in 2022).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

19 Financial risks and financial instruments (continued)

Interest rate risks

As a result of its investment and financing activities, the Group has an exposure related to fluctuations in interest rate levels.

The Group mainly have group loans to the parent company with a CIBOR floating rate plus fixed interest margin for the loan period, hence the interest rate risk is considered low.

Liquidity risks

The Games Group's liquidity reserve comprises cash and cash equivalents and unutilised credit facilities. To ensure optimum utilisation of cash and cash equivalents, the Group is a part of the Egmont Group cash pool. The Group has net interest-bearing debt of EUR 244.0 million (2021: EUR 161.3 million).

The Group's financing consists primarily of group internal loans and credit facilities with the parent company, Egmont International Holding A/S. The credit facility with the parent company amounts to EUR 238 million and was fully drawn at 31 December 2022. The loan matured ordinary on 1 April 2023, however was replaced at 31 March 2023 by a long term loan maturing at 31 March 2026. As at 31 December 2022 the entire internal loan is presented as a short-term loan due to the maturity date being within 12 months at the balance sheet date.

The Group's financial liabilities fall due as shown below. The debt repayment schedule is based on undiscounted cash flows incl. estimated interest payments based on current market conditions:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Lease liabilities	13,132	13,288	2,396	10,817	0
Trade payables	2,953	2,953	2,953	0	0
Loans from Group companies	257,773	262,796	257,773	0	0
Non-derivative financial instruments	**273,858**	**279,037**	**263,122**	**10,817**	**0**
Derivative financial instruments*	0	0	0	0	0
31 December 2022	**273,858**	**279,037**	**263,122**	**10,817**	**0**
Lease liabilities	4,579	5,122	2,276	2,846	0
Trade payables	2,363	2,363	2,363	0	0
Loans from Group companies	184,984	185,020	106,831	78,153	0
Non-derivative financial instruments	**191,926**	**192,505**	**111,470**	**80,999**	**0**
Derivative financial instruments*	0	0	0	0	0
31 December 2021	**191,926**	**192,505**	**111,470**	**80,999**	**0**

* Hedging instruments comprise a positive fair value at the balance sheet date, thus is included in other current assets. Please see categories of financial instruments below.

The total cash outflow for lease assets amounted to EUR 3,681 thousand (2021: EUR 2,985 thousand) of which repayment of lease liabilities amounted to EUR 3,525 (2021: 2,782 thousands) and EUR 156 thousands were payment of interests (2021: EUR 203 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

19 Financial risks and financial instruments (continued)

Changes in liabilities arising from financing activities

	Non-current borrowings	Non-current lease liabilities	Current borrowings	Current lease liabilities	Total liabilities from financing activities
1 January 2022	81,018	2,452	106,831	2,128	192,429
Effect of pooling-method	1,139	0	-5,712	0	-4,573
Cash flows, net	79,410	0	0	-3,525	75,885
Reclassification	-156,654	6,739	156,654	-6,739	0
Other *	0	0	0	11,922	11,922
Foreign exchange adjustments	8	0	0	155	163
31 December 2022	**4,921**	**9,191**	**257,773**	**3,941**	**275,826**
1 January 2021	152,857	3,271	6	2,669	158,803
Effect of pooling-method	2,865	0	-1,616	0	1,249
Cash flows, net	34,275	0	0	-2,782	31,493
Reclassification	-108,441	-819	108,441	819	0
Other *	0	0	0	1,422	1,422
Foreign exchange adjustments	-538	0	0	0	-538
31 December 2021	**81,018**	**2,452**	**106,831**	**2,128**	**192,429**

** Other includes additions and remeasurement of lease liablities.*

Credit risks

The Group's credit risks relate primarily to trade receivables and cash and cash equivalents. The Group is not exposed to any significant risks associated with a particular customer or business partner. According to the Group's policy for accepting credit risk, all major customers are regularly credit rated.

Trade receivables:
Lifetime expected loss allowance for group trade receivables is calculated on basis on a simplified approach. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics. The expected loss rates are based on historical credit losses experienced in the last 3 years (2019-2021). The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables on basis of development in corporate insolvencies in the geographical areas.

As no historical losses have been incurred and there is no expectation of any changes in the risk exposure going forward, no expected credit loss have been recognized at 31 December 2022 (2021: 0).

Breakdown of the ageing on trade receivables is shown below:

Trade receivables	2022	2021
Not past due	5,650	21,071
Past due - up to 30 days	482	9
Past due - between 30 and 90 days	0	163
Total	**6,132**	**21,243**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

19 Financial risks and financial instruments (continued)

Categories of financial instruments

Financial assets used as hedging instruments	0	14
Financial assets measured at amortised cost	72,654	55,792
Financial liabilities measured at amortised cost	271,727	191,926

The carrying amount of receivables and other financial liabilities (current) is equal to the fair value.

Group internal loans are floating-rate cash loans on arms length basis with short ordinary maturity, and thus the fair value is equal to the carrying amount.

Derivative financial instruments are valued at fair value on the basis of inputs other than listed prices that are observable for the liability, either directly or indirectly (level 2).

20 Related parties

Nordisk Games A/S' related parties comprise the following:

Parties exercising control

Egmont International Holding A/S, which is the sole owner of and controls the Company.

Egmont International Holding A/S is fully owned and controlled by Egmont Fonden, which prepare consolidated financial statements in which the Nordisk Games group is included.

Other related parties

The members of the Executive Board and the Board of Directors

Transactions with related parties

The purchase of the shares in Nitro Oyj by Nordisk Games A/S in May 2022 was a related party transaction within the Egmont Group.

Related party transactions in 2021 comprised of non-cash capital increase in connection with the associated company Supermassive Games Ltd. being contributed in kind to Nordisk Games A/S by Egmont International Holding A/S. This resulted in a capital increase of a total of EUR 16.1 million. A similar non-cash capital increase was done in 2020, where the associated company Mercury Steam Entertainment S.l. was contributed in kind increasing the equity in the Group with EUR 22.2 million.

Furthermore, the other group entities and associated companies were acquired by Nordisk Games A/S on 22 December 2021 in connection with the establishment of the Nordisk Games Group from the respective Egmont entities, which previously owned the Games companies.

The acquisitions of shares in the Games companies was financed through intercompany loans from Egmont International Holding A/S, which carries interests on an arms-length basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

20 Related parties (continued)

Trading with group enterprises	2022	2021
Acquisition of services (facility costs and management fees)	2,200	2,448
Interests on group loans	5,023	36

Capital transactions and balances with		
Loans from group enterprises	255,642	175,684
Receivables from group enterprises (including cash-pool)	28,298	28,592

Related parties where the Group has significant influence also comprise associates; see notes 12.

Transactions with associates are very limited and comprise of revenue of EUR 45 thousand (2021: 24).

21 Standards and interpretations not yet adopted

IASB has issued a number of amended standards which have not yet entered into force, and which have consequently not been incorporated into the consolidated financial statements for 2022.

22 Subsequent events

In April 2023, CEO Mikkel Weider left Nordisk Games and Allan Hansen, the CEO of Nordisk Film, was appointed interim CEO.

As described in note 19, the parent company loan that matured ordinary on 1 April 2023, was replaced at 31 March 2023 by a long term loan maturing at 31 March 2026.

Due to macro-economic challenges faced by the publishers and the associated impact on work-for-hire projects and the overall stagnation of the global games market, work for hire contracts have been postponed or cancelled.

No other events have occured after the balance sheet date to this date which would significantly influence the evaluation of this annual report.

23 Acquisition and divestment of businesses

Acquisitions in 2022

In 2022, the Group has acquired the remaining 69% of the shares in Supermassive Games Ltd. And now holds 100% of the shares.

The acqusition has impacted revenue with for the Group in 2022 with EUR 22.6 million amounting to 69.5 % of the total revenue growth in 2022. EBIT for 2022 was impacted with EUR 7.4 million, excluding the impact deriving from re-valuation of existing shares in connection with the step-acquisition (step-up-gain) of EUR 0.7 million presented as other operating income. If Supermassive Group had been acquired on 1 January 2022, revenue for 2022 would have amounted to EUR 45.9 million and EBIT would have amounted to EUR 15.0 million, including full year amortization of trademark and a game.

Fair value at acquisition date	**Supermassive Games Ltd.**
Intangible assets	30,181
Property, plant and equipment	2,386
Other non-current assets	0
Current assets	30,661
Non-current financial liabilities	-2,292
Other non-current liabilities	-2,342
Current financial liabilities	-4,233
Other current liabilities	-8,814
Identifiable net assets	**45,547**
Goodwill	36,936
Purchase consideration	**82,483**
Cash and cash equivalents, acquired	-5,614
Contingent purchase considerations (earn outs)	-4,872
Fair value of existing share of net assets in connection with step-acquisitions	-20,581
Total cash consideration paid	**51,416**

In addition to the cash consideration paid in relation to Supermassive Games Ltd., EUR 6,017 thousands deferred payment related to the acquisition of Nitro Games Oyj has been settled in 2022. Total cash consideration paid in 2022 amounts to EUR 57,433 thousands.

Transaction costs attributable to the acquisitions are recognised in Other external expenses when incurred, but are immaterial, as the due diligence process was mainly handled inhouse, hence there were no significant external transaction costs in connection with the acquisitions.

Supermassive Games Ltd. Is one of the larger gaming studios in United Kingdom with approximately 300 employees. Supermassive is specialised in narrative games especially within the horror genre, where it is one of the market leaders, and have sold millions of games and won several awards. The company has great success of creating high quality games for other companies (Work for Hire) as well as co-financing with publishers where Supermassive retains the IP. The shares were acquired from the founders on 8 July 2022.

Goodwill is mainly realted to the workforce and the knowhow within the company. Additional major adjustments include the trademark Supermassive and the value of The Quarry (an interactive horror game), which both were recognised as intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

23 Acquisition and divestment of businesses - continued

Acquisitions in 2021

In 2021, the Group acquired the remaining 57.03% of the shares in Flashbulb ApS and now holds 100% of the shares. In May 2022, 50.34% of the shares in Nitro Games were acquired from Egmont Holding Oy. As described in the Accounting Principles, due to the application of the pooling of interest method, the shares are treated as acquired at 1 September 2021, when the Egmont Group initially obtained control of the Company.

The acquisition of Flashbulb impacted revenue for the Group in 2021 with EUR 2.8 million. EBIT for 2021 was impacted with EUR -1.1 million, excluding the impact deriving from re-valuation of exisiting shares in connection with the step-acquisitions (step-up-gain) of EUR 6.6 million presented as other operating income. If Flashbulb had been acquired on 1 January 2021, revenue for 2021 would have amounted to EUR 6.3 million and EBIT would have amounted to EUR -1.0 million, including a full year amortization of trademarks.

The acquisition of Nitro Games impacted revenue for the Group in 2021 with EUR 1.6 million. EBIT for 2021 was impacted with EUR -1.0 million. If Nitro had been acquired on 1 January 2021, revenue for 2021 would have amounted to EUR 2.9 million and EBIT would have amounted to EUR -3.0 million.

Fair value at acquisition date	**Nitro Games Oyj**	**Flashbulb ApS**
Intangible assets	2,903	5,298
Property, plant and equipment	0	13
Other non-current assets	0	27
Current assets	4,645	1,856
Other current liabilities	-3,098	-2,341
Identifiable net assets	**4,450**	**4,853**
Goodwill	7,365	15,711
Minority interest	-2,131	0
Purchase consideration	**9,684**	**20,564**
Cash and cash equivalents, acquired	-3,667	-1,425
Fair value of existing share of net assets in connection with step-acquisitions	0	-7,732
Deferred payment	-6,017	0
Total cash consideration paid	**0**	**11,407**

Flashbulb ApS, Denmark

The Group acquired the remaining 57.03% of the shares (and now holds 100% of the shares) in Flashbulb ApS, a Danish Games studio, with headquarters in Copenhagen. The entity develops video games and has previously developed the game Trailmakers while the game Rubber Bandits was launched shortly after the acquisition. The shares were acquired from the founders on 25 November 2021.

The net cash purchase price was EUR 11.4 million. Goodwill is mainly related to the workforce and the knowhow within the company related to the management as well as the skills of the general workforce (the knowhow of creating new big successful games going forward). The Trailmakers universe brand/trademark as well as a Game Pass contract for Rubber Bandits were recognised as intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EURk)

23 Acquisition and divestment of businesses - continued

Nitro Games Oyj

The Group acquired the 50.37% shares in Nitro Games Oyj, a Finnish Games studio, with headquarters in Helsinki. The entity design mobile games and has previously developed the game Autogun Heroes and Nerf: Superblast, and also work for hire projects. The shares were acquired on 1 September 2021.

The net cash purchase price was EUR 6.0 million. Goodwill is mainly related to the workforce and the knowhow within the company related to the management as well as the skills of the general workforce (the knowhow of creating successful games going forward).

In addition to acquisitions in subsidiaries, the Group invested further in associated companies, cf. Note 14.

No external transaction costs were incurred in connection with the acquisitions, as the due diligence process was handled inhouse.

Acquisitions after the balance sheet date

No acquisitions have been made after the balance sheet date.

24 Group entities

Subsidiaries

Country	Entity	Registered office	Ownership share 2022	2021
Denmark	Flashbulb ApS	Copenhagen	100.00%	100.00%
Sweden	Fatalist Partners AB	Stockholm	100.00%	100.00%
United Kingdom	Supermassive Games Ltd.	Hampshire	100.00%	30.72%
Finland	Nitro Games Oyj	Kotka	50.37%	50.37%

Associates

Country	Entity	Registered office	Ownership share 2022	2021
Denmark	Multiverse ApS*	Copenhagen	0.00%	19.95%
Spain	Mercury Steam Entertainment S.L.	Madrid	40.00%	40.00%
Sweden	Star Stable Entertainment AB	Stockholm	56.91%	56.64%

* The shares in Multiverse ApS have been replaced by shares in Adventure Box AB. The investment in Adventure Box AB is presented as other long term investments int the balance sheet.

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

The Board of Directors and Management Board have today discussed and approved the annual report of Nordisk Games A/S for the financial year 1 January – 31 December 2022.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU and additional requirements according to the Danish Financial Statements Act, and the parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

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

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's activities and financial matters, the net profit for the year and the Group's and the parent company's financial position.

Copenhagen, 19 June 2023

Management board:

Allan Mathson Hansen
CEO

Board of Directors:

Thomas Rehling Chair	Allan Mathson Hansen	Helle Bjørnskov Fischer

Ebba Ljungerud

To the shareholders of Nordisk Games A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Nordisk Games A/S for the financial year 1 January – 31 December 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 statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2022 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the parent company at 31 December 2022 and of the results of the parent company's operations for the financial year 1 January – 31 December 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 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 Foundation's 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 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 our procedures, we concluded 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for the preparation of the parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

Moreover, Management is responsible 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 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 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional scepticism throughout the audit. We also:

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

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

Copenhagen, 19 June 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant
mne21332

Jens Thordahl Nøhr
State Authorised
Public Accountant
mne32212

Income Statement of the Parent Company

(EURk)

Note		2022	2021 *)
	Revenue	1,742	445
2	Personnel expenses	-3,287	-2,432
	Other external expenses	-1,823	-1,275
	Depreciation of property, plant and equipment	-13	-13
	Operating profit	**-3,381**	**-3,275**
	Dividends from investments in subsidiaries and associates	400	2,590
	Financial income	468	292
	Financial expenses	-5,103	-809
	Profit before tax	**-7,616**	**-1,202**
4	Tax on profit for the year	1,602	706
	Net profit for the year	**-6,014**	**-496**

*) Restated due to the application of the pooling of interest method, cf. the description in accounting principles

Statement of Financial Position of the Parent Company at 31 December

(EURk)

Note	Assets	2022	2021 *)
	Tools and equipment	14	18
	Property, plant and equipment	**14**	**18**
5	Investments in subsidiaries	208,082	126,471
6	Investments in participating interests	78,057	93,700
	Other investments	1	0
	Financial assets	**286,140**	**220,171**
	Total non-current assets	**286,154**	**220,189**
	Receivables from group enterprises	3,577	408
	Deferred tax assets	1,377	53
	Income tax receivable	273	654
	Other receivables	19	1
	Receivables	**5,246**	**1,116**
	Cash and cash equivalents	**0**	**0**
	Total current assets	**5,246**	**1,116**
	Total assets	**291,400**	**221,305**
	Equity and liabilities	**2022**	**2021**
	Share capital	10,000	10,000
	Retained earnings	21,775	27,789
	Total equity	**31,775**	**37,789**
	Loans from group companies	0	67,237
8	Other long term liabilities	4,921	0
	Non-current liabilities	**4,921**	**67,237**
	Loans from group companies	254,194	114,017
	Trade payables	74	195
	Deferred income	0	140
	Other payables	436	1,927
	Current liabilities	**254,704**	**116,279**
	Total liabilities	**259,625**	**183,516**
	Total equity and liabilities	**291,400**	**221,305**

*) Restated due to the application of the pooling of interest method, cf. the description in accounting principles

1 Accounting policies
6 Basis of distribution
9 Related parties

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY (EURk)

Statement of Changes in Equity of the Parent Company at 31 December

Note		Share capital	Retained earnings	Total equity
	Equity at 1 January 2022	**10,000**	**27,789**	**37,789**
6	Transferred, cf. Appropriation of profit	0	-6,014	-6,014
	Equity at 31 December 2022	**10,000**	**21,775**	**31,775**
	Equity at 1 January 2021	**5,818**	**16,392**	**22,210**
	Capital increase by contribution in kind	4,182	11,893	16,075
6	Transferred, cf. Appropriation of profit	0	-496	-496
	Equity at 31 December 2021	**10,000**	**27,789**	**37,789**

1 Accounting policies

The financial statements of Nordisk Games A/S have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class C enterprises (large).

Nordisk Games A/S was established in 2021 through an internal re-structuring of the games companies within the Egmont Group. The Shares in the associated companies Supermassive Games Ltd. And Mercury Steam Entertainment S.J were contributed in kind to increase the share capital in Nordisk Games A/S, and in addition the shares in the wholly owned subsidiary, Fatalist Partners (including the underlying investments in the Avalanche Group) and the shares in the associated companies Star Stable AB, Flashbulb ApS and Multiverse ApS were acquired internally from the respective Egmont companies. During 2022, the shares in Nitro Games Oyj were also acquired internally from an Egmont Company. As the business transfer is a common control transaction, the pooling of interest method has been applied as the accounting method for the business combinations. Consequently, the annual report has been presented as if Nordisk Games A/S had always existed and owned the respective games companies. In preparing the financial statements for 2022, the 2021 comparative financial information was restated to reflect the acquisition of Nitro Games Oyj.

The accounting policies applied in the presentation of the financial statement are consistent with those of the previous year.

No cash flow statement has been included for the parent company, as reference is made to the consolidated cash flow statement.

Fees to auditors is disclosed in the consolidated financial statements of Egmont Fonden.

The accounting policies of the parent company deviate from the Group's accounting policies in the following areas:

Investments in subsidiaries
Investments in subsidiaries are measured at cost. Where cost is lower than the recoverable amount, write-downs are made to this lower value.

Dividends
Dividends from investments in subsidiaries are recognised in the profit and loss statement in the financial year in which the dividend is declared, typically at the time when the general meeting approves the distribution of dividend by the relevant company.

Dividends exceeding the accumulated income from the subsidiaries in the ownership period are deducted in the cost price.

NOTES OF THE PARENT COMPANY (EURk)

2 Personnel expenses	2022	2021
Wages and salaries	3,102	2,330
Pensions	173	90
Other social security costs	12	12
Total	**3,287**	**2,432**
Average number of full time employees	15	10

Remuneration of the Executive Board and the Board of Directors for 2022 amounts to EUR 470 thousands including share based payment of EUR 126 and pensions of EUR 25 thousand. 2021 is not disclosed in accordance with Danish Financial Statement's Act 98, section 3.2. No allocation from group companies have been made.

3 Financial expenses	2022	2021
Foreign exchange loss	78	765
Interest expense on group loans	5,023	36
Other financial expenses	2	7
Total	**5,103**	**808**

4 Tax on profit for the year		
Current tax	278	653
Deferred tax	1,324	53
Total	**1,602**	**706**

5 Investments in subsidiaries		
Cost at 1 January	126,471	109,406
Foreign exchange adjustments (impact from pooling)	-419	-2,391
Additions	65,955	18,532
Transfer from associated companies	16,075	924
Cost at 31 December	**208,082**	**126,471**

For a list of subsidiaries please see note 24 in the consolidated financial statements.

6 Investment in participating interests	2022	2021
Cost at 1 January	93,700	57,781
Foreign exchange adjustments (impact from pooling)	0	-635
Additions	432	37,478
Disposals	-16,075	-924
Cost at 31 December	**78,057**	**93,700**

For a list of participating interests (associated companies) please see note 24 in the consolidated financial statements.

NOTES OF THE PARENT COMPANY (EURk)

7 Appropriation of profit

Result for the year transferred to retained earnings	-6,014	-496
Balance at 31 December	**-6,014**	**-496**

8 Other long term liabilities

Other long term liabilities is related to earn out from the acquisition of Supermassive Games, and is due more than 5 years from the balance sheet date.

9 Related parties

Nordisk Games A/S' related parties comprise the following:

Parties exercising control

Egmont International Holding A/S, which is the sole owner of and controls the Company.

Egmont International Holding A/S is fully owned and controlled by Egmont Fonden, which prepared consolidated financial statements in which Nordisk Games A/S group is included of and controls the Company.

Other related parties

The members of the Executive Board and the Board of Directors.

Trading with group enterprises	2022	2021
Revenue Games Lab and other services to group enterprises	1,742	445
Acquisition of services	218	76
Interests on group loans	5,023	36

Capital transactions and balances with subsidiaries at 31 December	2022	2021
Loans from group enterprises	254,194	175,554
Receivables from group enterprises	3,577	408

Equity investments acquired from other Egmont group companies are disclosed in note 1.

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet med Addo Sign sikker digital underskrift. Underskrivers identitet er fysisk registreret i det elektroniske PDF dokument og vist herunder.

Underskrivere

BankID

Ebba Ljungerud
isajBk7Q45P5ZHisZwn1Yg *20-06-2023 10:48*

MitID

Helle Bjørnskov Fischer
5bcd8c0e-82dd-4d1f-ba51-11e8e1c4359a *20-06-2023 12:39*

MitID

Thomas Rehling
fcb205a5-f265-4891-89dc-3dcdce89d855 *20-06-2023 14:16*

MitID

Allan Mathson Hansen
a0d44532-ddc8-423b-ba74-a08bb8c0440f *21-06-2023 14:05*

MitID

Torben Poul Bender
42c11d2b-6a6d-437e-9225-1dffa84d9687 *21-06-2023 14:08*

NEM ID

Jens Thordahl Noehr
RID:1268040410146 *22-06-2023 08:51*

Dokumenter i transaktionen

0 GAH Annual Report 2022 -FINAL.pdf *Nærværende dokument*