
Nordisk Games A/S

Mosedalvej 14, DK-2500 Copenhagen

Annual Report for 2023

CVR No. 41 48 49 18

The Annual Report was
presented and adopted at
the Annual General
Meeting of the company

21 June, 2024

Chairman of the general
meeting

Helle Bjørnskov Fischer



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nordisk Games A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Valby, 19 June 2024

Executive Board

Allan Mathson Hansen
CEO

Board of Directors

Thomas Rehling
Chair

Allan Mathson Hansen

Helle Bjørnskov Fischer

Ebba Ljungerud

Independent Auditor's report

To the shareholder of Nordisk Games A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordisk Games A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 19 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Christian Møller Gyrsting
State Authorised Public Accountant
mne44111

Martin Jarness Schmidt Andersen
State Authorised Public Accountant
mne49061

Company information

The Company	Nordisk Games A/S Mosedalvej 14 DK-2500 Copenhagen CVR No: 41 48 49 18 Financial period: 1 January - 31 December Incorporated: 1 July 2020 Municipality of reg. office: Copenhagen
Board of Directors	Thomas Rehling, chair Allan Mathson Hansen Helle Bjørnskov Fischer Ebba Ljungerud
Executive Board	Allan Mathson Hansen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Key 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.

Development in the year

The Company is a holding company with limited revenue from operations. The gross profit for 2023 amounts to EUR 5.4 million (2022: EUR -0.1 million). The improved gross profit in 2023 is related to reversal of earn-out liability.

Profit before tax amounted to EUR -28.7 million (2022: EUR -7.6 million). The decrease in profit before tax is mainly related to write-down of the company's investments in Supermassive Games ltd. and Star Stable Entertainment AB. In addition, interest rates have increased significantly.

Net profit for the year amounted to EUR -25.1 million (EUR -6.0 million). The result is not considered satisfactory and lower than expected.

Outlook

For 2024, a loss before tax of EUR 15-20 million is expected primarily due to interest costs. Compared to 2023 the improved result can be explained by the write-downs on investments in related parties in 2023.

Description of the Group's intellectual resources

It is essential for Nordisk Games A/S' continued growth to attract and retain well-trained employees with expertise related to the company's activities.

Operating risks

Nordisk Games A/S is a wholly-owned subsidiary in the Egmont Group.

Nordisk Games is 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 interests.

Corporate Finance at Egmont is responsible 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.

Credit risks

The Group's financing consists primarily of group internal loans and credit facilities with the parent company, Egmont International Holding A/S. Egmont International Holding A/S has pledged to provide the company with the necessary financial support for the whole of 2024.

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.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		TEUR	TEUR
Gross profit/loss	2	5,372	-81
Staff expenses	3	-3,246	-3,287
Depreciation and impairment losses of property, plant and equipment		-8	-13
Profit/loss before financial income and expenses		2,118	-3,381
Write down of investments in subsidiaries		-5,890	0
Income from investments in participating interests		-10,734	400
Financial income	4	11	468
Financial expenses	5	-14,234	-5,103
Profit/loss before tax		-28,729	-7,616
Tax on profit/loss for the year	6	3,663	1,602
Net profit/loss for the year		-25,066	-6,014

Distribution of profit

	2023	2022
	TEUR	TEUR
Proposed distribution of profit		
Retained earnings	-25,066	-6,014
	-25,066	-6,014

Balance sheet 31 December

Assets

	Note	2023	2022
		TEUR	TEUR
Other fixtures and fittings, tools and equipment		0	14
Property, plant and equipment		0	14
Investments in subsidiaries	7	193,593	208,082
Investments in participating interests	8	74,896	78,057
Other investments		1	1
Fixed asset investments		268,490	286,140
Fixed assets		268,490	286,154
Receivables from group enterprises		44	3,577
Receivables from participating interests		2,001	0
Other receivables		19	19
Deferred tax asset		381	1,377
Corporation tax		3,727	273
Receivables		6,172	5,246
Current assets		6,172	5,246
Assets		274,662	291,400

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TEUR	TEUR
Share capital		10,000	10,000
Retained earnings		8,165	21,775
Equity		18,165	31,775
Payables to group enterprises		237,617	0
Other payables		0	4,921
Long-term debt	9	237,617	4,921
Trade payables		44	74
Payables to group enterprises	9	18,389	254,194
Other payables	9	447	436
Short-term debt		18,880	254,704
Debt		256,497	259,625
Liabilities and equity		274,662	291,400
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Statement of changes in equity

	Share capital	Retained earnings	Total
	TEUR	TEUR	TEUR
Equity at 1 January 2023	10,000	21,775	31,775
Tax-free group grant	0	11,138	11,138
Foreign exchange gain Net	0	318	318
profit/loss for the year	0	-25,066	-25,066
Equity at 31 December 2023	10,000	8,165	18,165

	Share capital	Retained earnings	Total
	TEUR	TEUR	TEUR
Equity at 1 January 2022	10,000	27,789	37,789
Net profit/loss for the year	0	-6,014	-6,014
Equity at 31 December 2022	10,000	21,775	31,775

Notes to the Financial Statements

1. Financing conditions

The company's short-term liabilities amount to TEUR 19,006 against current assets of TEUR 5,704 per 31 December 2023. The company's solvency ratio per 31 December 2023 amounts to 6.5% against 10.9% at the end of 2022. The company is financed to a significant extent by operating credits that are made available to the company via Egmont International Holding A/S.

To secure the financing of the operation, the company has received a commitment from Egmont International Holding A/S to provide the company with the necessary financial support until and including 31 December 2024.

2. Other operating income

Reversal of earn-out liability

	2023	2022
	TEUR	TEUR
	4,911	0
	<u>4,911</u>	<u>0</u>

3. Staff Expenses

Wages and salaries

Pensions

Other social security expenses

	2023	2022
	TEUR	TEUR
	3,028	3,102
	203	173
	15	12
	<u>3,246</u>	<u>3,287</u>

Average number of employees

	<u>14</u>	<u>15</u>
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4. Financial income

Other financial income

	2023	2022
	TEUR	TEUR
	11	468
	<u>11</u>	<u>468</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TEUR	TEUR
5. Financial expenses		
Interest expense on loans from group entities	14,226	5,023
Foreign exchange loss	8	78
Other financial expenses	0	2
	<u>14,234</u>	<u>5,103</u>

	<u>2023</u>	<u>2022</u>
	TEUR	TEUR
6. Income tax expense		
Current tax for the year	-3,727	-278
Deferred tax for the year	22	-1,324
Adjustment of tax concerning previous years	-1,095	0
Adjustment of deferred tax concerning previous years	1,137	0
	<u>-3,663</u>	<u>-1,602</u>

Notes to the Financial Statements

	2023	2022
	TEUR	TEUR
7. Investments in subsidiaries		
Cost at 1 January	208,082	126,471
Exchange adjustment	-457	-419
Additions for the year	0	65,955
Transfers for the year	-8,142	16,075
Cost at 31 December	<u>199,483</u>	<u>208,082</u>
Revaluations for the year, net	-5,890	0
Value adjustments at 31 December	<u>-5,890</u>	<u>0</u>
Carrying amount at 31 December	<u>193,593</u>	<u>208,082</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Flashbulb ApS	Copenhagen	100%
Fatalist Partners AB	Stockholm, Sweden	100%
Supermassive Games Ltd	Guildford, United Kingdom	100%

The transfer relates to change in classification of Nitro Games from subsidiary to participating interests as ownership changed from 50.37% to 26.05% during the year.

Value revaluations for the year, relates to write-down of the company's investments in Supermassive Games Ltd.

Notes to the Financial Statements

	2023	2022
	TEUR	TEUR
8. Investments in participating interests		
Cost at 1 January	78,057	93,700
Exchange adjustment	-169	432
Transfers for the year	8,142	-16,075
Cost at 31 December	<u>86,030</u>	<u>78,057</u>
Revaluations for the year, net	<u>-11,134</u>	<u>0</u>
Value adjustments at 31 December	<u>-11,134</u>	<u>0</u>
Carrying amount at 31 December	<u>74,896</u>	<u>78,057</u>

Investments in participating interests are specified as follows:

Name	Place of registered office	Ownership
Mercury Steam Entertainment S.L	Madrid, Spain	40%
Star Stable Entertainment AB	Stockholm, Sweden	56,91%
Nitro Games Oyj	Kotka, Finland	26,05%

The transfer relates to change in classification of Nitro Games from subsidiary to participating interests as ownership changed from 50.37% to 26.05% during the year.

The value adjustment for the year, net relate to write-down of the company's investments in Star Stable Entertainment AB (TEUR 4,732) and Nitro Games Oyj (TEUR 6,402)

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TEUR	TEUR
9. Long-term debt		
The debt falls due for payment as specified below:		
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	237,617	0
Long-term part	237,617	0
Other short-term debt to group enterprises	18,389	254,194
	<u>256,006</u>	<u>254,194</u>
Other payables		
After 5 years	0	0
Between 1 and 5 years	0	4,921
Long-term part	0	4,921
Other short-term payables	447	436
	<u>447</u>	<u>5,357</u>

10. Contingent liabilities

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

Notes to the Financial Statements

11. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

Egmont Fonden is the ultimate parent company and is the largest and smallest group which prepares consolidated accounts in which the company is included.

Related parties

<u>Name</u>	<u>Place of registered office</u>
Egmont International Holding A/S, Parent Company for Nordisk Games A/S	Vognmagergade 11, 1120 København K
Egmont Fonden, Ultimate parent company	Vognmagergade 11, 1120 København K

12. Subsequent events

No circumstances have occurred after the balance sheet date that have a significant influence on the assessment of the annual report.

Notes to the Financial Statements

13. Accounting policies

The Annual Report of Nordisk Games A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TEUR.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of Egmont Fonden, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Revenue

Revenue is recognised 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 at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Notes to the Financial Statements

Other operating income and expenses

Other operating income and costs comprise items secondary to the principal activities of the entities, including gains and losses on the disposal of entities, reversal of earn-out liabilities, intangible assets and property, plant and equipment, as well as recognition of goodwill. 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.

Income from investments in subsidiaries and participating interests

Dividends from subsidiaries and associates are recognised as income in the income statement when adopted at the General Meeting of the companies. However, dividends relating to earnings in the companies before they were acquired by the Parent Company are set off against the cost of the companies.

Financial income and expenses

Financial income and expenses comprise interest income and expense, amortisation of financial assets and liabilities and foreign exchange adjustments.

Tax on profit/loss for the year

The company is jointly taxed with other Danish companies in the Egmont International Holding group. The company is liable unlimitedly and jointly with the other companies in the joint taxation for Danish corporate taxes and withholding taxes on dividends, interest and royalties within the joint taxation group.

Balance sheet

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

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 to the Financial Statements

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax jurisdiction.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at net realisable value, substantially corresponding to nominal value.