

# Chungi ApS

C/O Nikolaj Vigel Reinholdts Andersen, Østre Lindeskov 94, 2600 Glostrup

CVR no. 41 95 45 82

## Annual report

for the year 1 January - 31 December 2023

Approved at the Company's annual general meeting on 5 March 2024

Chairman of the meeting:

.....

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

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## Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Chungi ApS for the financial year 1 January - 31 December 2023.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

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.

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

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

Copenhagen, 5 March 2024  
Executive Board:

.....  
Nikolaj Vigel Reinholdts  
Andersen

.....  
James Bower

.....  
Daniel David Forbes Profit

## Independent auditor's report on the compilation of financial statements

### To the general management of Chungi ApS

We have compiled the financial statements of Chungi ApS for the financial year 1 January - 31 December 2023 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements in the Danish Auditors Act and International Ethics Standards Board for Professional Accountants' International Code of Ethics for Professional Accountants (IESBA Code), including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 5 March 2024  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Anders Roe Eriksen  
State Authorised Public Accountant  
mne46667

## Management's review

### Company details

Name	Chungi ApS
Address, Postal code, City	C/O Nikolaj Vigel Reinholdts Andersen, Østre Lindeskov 94, 2600 Glostrup
CVR no.	41 95 45 82
Established	16 December 2020
Registered office	København
Financial year	1 January - 31 December
Executive Board	Nikolaj Vigel Reinholdts Andersen James Bower Daniel David Forbes Profit

### Management commentary

#### Business review

The Company create experiences within the game "Minecraft". These experiences are sold through a partnership with Microsoft on the Minecraft Marketplace.

#### Financial review

The income statement for 2023 shows a profit of DKK 1,186,456 against a profit of DKK 2,695,771 last year, and the balance sheet at 31 December 2023 shows equity of DKK 1,324,899.

#### Events after the balance sheet date

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

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2023	2022
	<b>Gross profit</b>	2,083,096	3,564,744
3	Staff costs	-433,511	-180,100
	<b>Profit before net financials</b>	1,649,585	3,384,644
4	Financial income	4,842	0
5	Financial expenses	-36,451	-19,616
	<b>Profit before tax</b>	1,617,976	3,365,028
6	Tax for the year	-431,520	-669,257
	<b>Profit for the year</b>	<u>1,186,456</u>	<u>2,695,771</u>
	<b>Recommended appropriation of profit</b>		
	Proposed dividend recognised under equity	900,000	2,610,000
	Retained earnings	286,456	85,771
		<u>1,186,456</u>	<u>2,695,771</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2023</u>	<u>2022</u>
	<b>ASSETS</b>		
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	144,299	506,961
	Corporation tax receivable	138,044	0
	Other receivables	43,971	129,815
		<u>326,314</u>	<u>636,776</u>
	<b>Cash</b>	1,621,522	3,075,729
	<b>Total non-fixed assets</b>	<u>1,947,836</u>	<u>3,712,505</u>
	<b>TOTAL ASSETS</b>	<u><u>1,947,836</u></u>	<u><u>3,712,505</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2023	2022
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
7	Share capital	60,000	60,000
	Retained earnings	364,899	78,443
	Dividend proposed	900,000	2,610,000
	<b>Total equity</b>	<b>1,324,899</b>	<b>2,748,443</b>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	71,912	217,339
	Payables to associates	3,174	0
	Corporation tax payable	519,674	679,851
	Other payables	28,177	66,872
		<b>622,937</b>	<b>964,062</b>
	<b>Total liabilities other than provisions</b>	<b>622,937</b>	<b>964,062</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,947,836</b>	<b>3,712,505</b>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 8 Contractual obligations and contingencies, etc.
- 9 Security and collateral



## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2022	60,000	-7,328	0	52,672
Transfer through appropriation of profit	0	85,771	2,610,000	2,695,771
<b>Equity at 1 January 2023</b>	60,000	78,443	2,610,000	2,748,443
Transfer through appropriation of profit	0	286,456	900,000	1,186,456
Dividend distributed	0	0	-2,610,000	-2,610,000
<b>Equity at 31 December 2023</b>	60,000	364,899	900,000	1,324,899

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Chungi ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

#### Reporting currency

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

#### Foreign currency translation

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

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

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

The Company earn income from selling services (experiences) within the game "Minecraft". These experiences are sold through a partnership with Microsoft on the Minecraft Marketplace.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Normally, the services is recognised as revenue at the time of delivery and the transfer of the risk to the end-user of the Minecraft experience.

##### Gross profit

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

##### Cost of sales

Cost of sales includes the cost of goods and services used in generating the year's revenue.

##### Other external expenses

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

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

##### Financial income and expenses

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

##### Tax

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

##### Balance sheet

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Receivables

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

Receivables are measured at amortised cost.

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Cash

Cash comprise bank accounts which are readily convertible into cash and with minor risks of changes in value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

##### *Proposed dividends*

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

##### Income taxes

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

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

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

#### 2 Events after the balance sheet date

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

DKK	2023	2022
<b>3 Staff costs</b>		
Wages/salaries	430,671	180,100
Other social security costs	2,840	0
	433,511	180,100

In 2022, the operations were initiated and hence the staff costs did not cover a full year.

	2023	2022
Average number of full-time employees	1	1

#### 4 Financial income

Exchange gain	46	0
Interest allowance, tax paid in advance	4,796	0
	4,842	0

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2023	2022
<b>5 Financial expenses</b>		
Interest expenses, bank and vendors etc.	0	1,716
Exchange losses	2,976	0
Interest surcharges on income taxes	33,475	17,900
	<u>36,451</u>	<u>19,616</u>
<b>DKK</b>	<b>2023</b>	<b>2022</b>
<b>6 Tax for the year</b>		
Estimated tax charge for the year	362,252	669,257
Tax adjustments, prior years	69,268	0
	<u>431,520</u>	<u>669,257</u>

For 2022, the Company reports their taxable income in United Kingdom (2/3) and Denmark (1/3). The split of income is based on the working domicile of the 3 director which is 2 directors in United Kingdom and 1 in Denmark. The work efforts are splitted equally between the directors.

The effective tax rate for 2022 is impacted by this split with income tax in United Kingdom of 19% income tax rate and Denmark with income tax rate of 22%

In 2023, the Company resumed their income tax return for 2022 with the Danish Authorities regarding interpretation of permanent establishment. Tax for the year is impacted by the change of income tax jurisdiction from 33%tax basis to 100%taxable income basis to Denmark. The impact is DKK 69 thousand in additional income tax charge for 2022, and surcharge on income tax payable for income year 2022 is recognised as finance costs.

The effective tax rate for 2023 is impacted by the tax charge regarding prior years.

### 7 Share capital

Company was incorporated 16 December 2020 with the share capital of DKK 60 thousand

Analysis of changes in the share capital over the past 3 years:

DKK	2023	2022	2021
Opening balance	60,000	60,000	60,000
	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

### 8 Contractual obligations and contingencies, etc.

The Company has no lease or rent liabilities at 31 December 2023.

### 9 Security and collateral

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

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

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

## Nikolaj Vigel Reinholdts Andersen

### Executive Board

On behalf of: Chungi ApS

Serial number: 4a86e1d7-b816-48eb-b81d-6ea67e65a5d5

IP: 91.101.xxx.xxx

2024-03-05 12:29:03 UTC



## Nikolaj Vigel Reinholdts Andersen

### Chairman

On behalf of: Chungi ApS

Serial number: 4a86e1d7-b816-48eb-b81d-6ea67e65a5d5

IP: 91.101.xxx.xxx

2024-03-05 12:29:03 UTC



## James Bower

### Executive Board

On behalf of: Chungi ApS

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2024-03-05 12:30:46 UTC

## Daniel David Forbes Profit

### Executive Board

On behalf of: Chungi ApS

Serial number: dan.profit@hyperdreamstudios.com

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2024-03-05 12:34:20 UTC

## Anders Roe Eriksen

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: 72ccc8ac-9171-4d19-8f5b-f5be2c8c604b

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