

ANNUAL REPORT 2022



TROPHY GAMES

Trophy Games Development A/S, Mikkel Bryggers Gade 4, 2nd floor, 1460 Copenhagen K, Denmark

Company reg no. 29240299. Accounting period: 1. Jan - 31. Dec 2022.

Chairman of the meeting: _____

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BUSINESS HIGHLIGHTS 2022



Group revenue*
DKK 50.6m
+22% YoY growth



EBITDA*
DKK 8.9m
+314% YoY growth



Cash and cash
equivalents
DKK 28.2m & no debt
end of year



Organization
42 FTE
+1.5 new FTEs



Installs
7,294,332 installs
+20% YoY growth



Unique paying users
150,779 users
+42% YoY growth



Transactions
596,300 transactions
+25% YoY growth



Publishing agreement
**Signed contract with
The Ranchers**

Character:
Manager

Game:
Five



*Group numbers include acquisitions with full-year effect



MESSAGE FROM THE CEO



As mentioned in the half-year report 2022, Trophy Games did a paradigm shift in 2022, changing focus from top-line to bottom-line growth. The macroeconomic environment caused us to scale with caution. The most significant impact in that regard was a reduction of our advertising spend. We now aim for a shorter period for breakeven than we did a year ago. This paradigm shift caused us to change our guidance, reducing revenue estimates and increasing EBITDA estimates. I am pleased to report we have managed to hit the updated guidance.

Our entire Sports and Arcade Series are in the retaining phase. That means they have very few employees maintaining them, and they will generate a solid cash flow for that reason. In 2022 these games generated DKK 15.2m (2021: 7.8m) in EBITDA. The games have a very long life, so with, for example, a 15% decline yearly, they will generate DKK 47.2m in EBITDA for the next five years. Creating great games with a long lifetime is our philosophy. They will generate more profit once we stop scaling and developing the games.

The end year cash position is DKK 28.2m and no debt. This gives us excellent acquisitions and scaling opportunities the next couple of years.

Significant events for the year were Airline Manager scaling, signing the publisher deal with the much-anticipated PC Premium game The Ranchers (read my [CEO letter #1](#) about publishing and The Ranchers), and building and releasing Shipping Manager. We are starting to scale Shipping Manager and have already begun producing Train Manager and soon Truck Manager. The KPIs for Shipping Manager indicate the same potential as Airline Manager, but it is too early to say.

Most things went well in 2022, but we have decided to take impairment on Warhammer AoS: Soul Arena and Five as we recognize the games are unlikely to generate significant revenue. The whole impairment amounts to DKK 16.2m, but it is money we have already paid on development over the last couple of years. The

development of FIVE and Warhammer AoS: Soul Arena will stop. Making games that do not hit their mark is a condition in the game industry.

2023 will be the most exciting year in Trophy Games history. The scaling of the Transport Series (Airline, Shipping, and Train) and at least the Early Access release of the Ranchers are all significant events, and we are very excited about the outcome.

Starting with the 2023 guidance, we have decided not to include potential acquisitions. We are still looking for good acquisition opportunities. Still, we are not happy with the current valuations, which have yet to adapt to our new financial reality, so we are patient. On that note, by the end of January 2023, 13 months after its acquisition, Tiny Titan Studios has had an ROI of 56%, and it looks like it will pass 100% this year.

Keep an eye out for our investor day and CEO letters that will give valuable insights into the company.

Regards,
Søren Gleie



Søren Gleie
CEO & Founder, Trophy Games Development



SUMMARY 2022

The group revenue grew 22% compared to 2021, reaching DKK 50.6m, while EBITDA increased 314% from DKK 2.2m to DKK 8.9m.

EBITDA in Focus

We have focused uncompromising attention on a strong EBITDA rather than top-line growth during the financial year. That said, we've still managed to deliver a YoY growth of revenue of 22% which is an increase of DKK 9.1m. This performance is dwarfed by the 314% YoY growth in EBITDA, which is an increase of DKK 6.7m.

Revenue growth comes primarily from our Transport Series, while the EBITDA growth comes from the Sports, Transport, and Arcade Series.

The Sports Series has contributed more to EBITDA than in the previous year. Early in 2022, we decided to stop spending on marketing for Pro 11. Subsequently, the Sports Series' revenue dropped during the year but generated an EBITDA of DKK 12.9m (2021: 7.8m).

The Arcade Series is the handful of games we acquired on 31 December 2021 in the takeover of the Canadian game company Tiny Titan Studios. Nearly all revenue of these games comes from the game Tiny Rails. We optimized Tiny Rails in 2022, and as a result, the revenue increased to DKK 3.5m, which is DKK 0.7m (25%) better than in 2021. EBITDA from the entire series was DKK 2.3m in 2022.

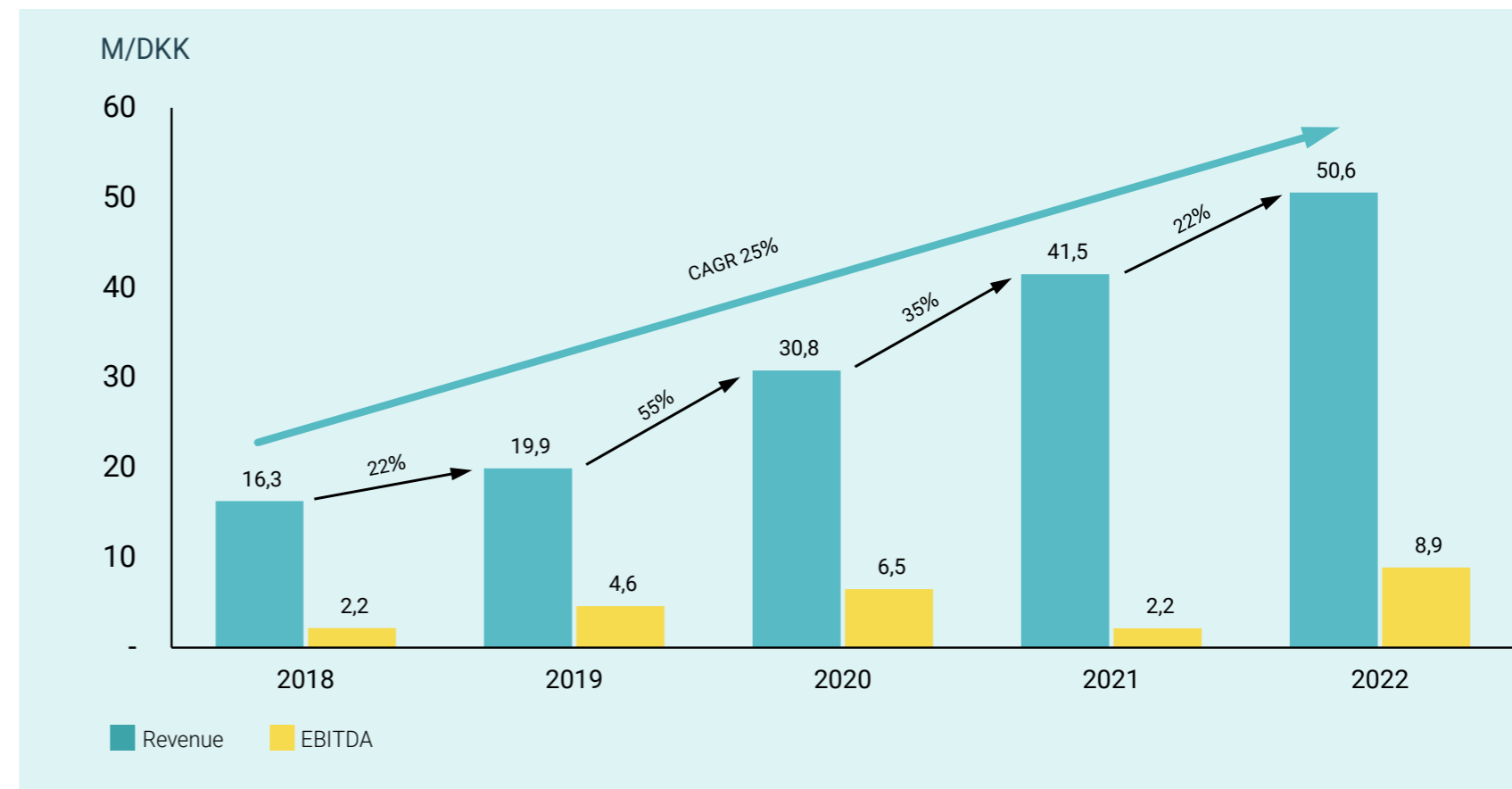
The Transport Series consists of the already-released games Airline Manager and Shipping Manager plus the upcoming games Train Manager, Truck Manager, and Sky Haven.

Airline Manager generated DKK 23.5m (2021: 8.7m) in 2022 and has been the most significant contributor to our revenue growth for the year. In total, the revenue from Airline Manager improved by DKK 14.8m since last year. Much of this was fueled by our marketing spend, which was also DKK 8.0m higher than the previous year.

The Transport Series had an overall EBITDA of DKK 1.4m (2021: 0.3m) in 2022. We have invested a lot in this game series. Shipping Manager was released on Google Play in December 2022 and will be on other platforms in Q1 2023. We expect to release Train and Truck Manager in 2023, but in 2022 all three games were already in development.

Revenue Drivers 2022 Changed

While the Transport Series contributed with growth in 2022 as we hoped for, not everything went as we planned in 2022.





The Sports Series, with primarily Pro 11, changed focus due to market conditions. We stopped marketing spending for Pro 11, which naturally caused a drop in revenue. For the year, the Sports Series generated a DKK 8.0m lower revenue than the previous year; however EBITDA increased by DKK 5.0m for the year.

Warhammer AoS: Soul Arena did not reach its target for 2022. The game needed a lot of rework during 2022, and even though a master release of all this work was released in Q1 2023, we expect it to have a low chance of becoming successful. We guided it to add DKK 9-10m in revenue for 2022, but the actual result was only DKK 0.2m.

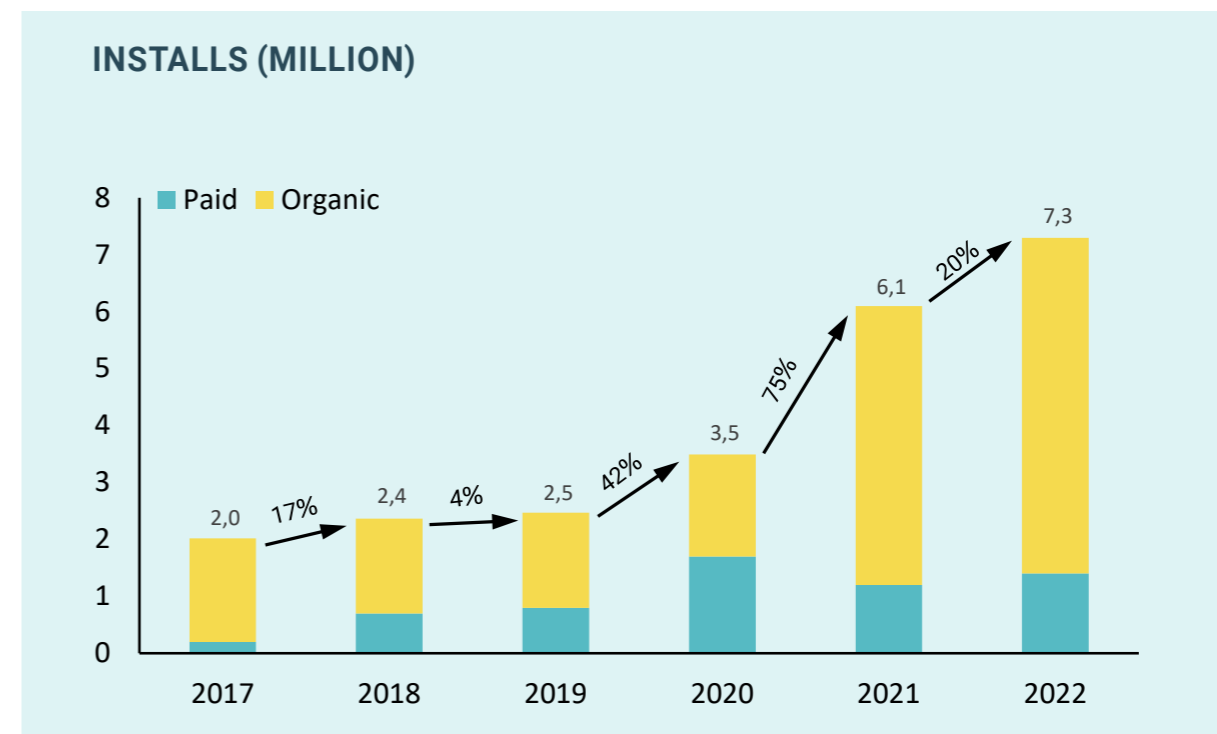
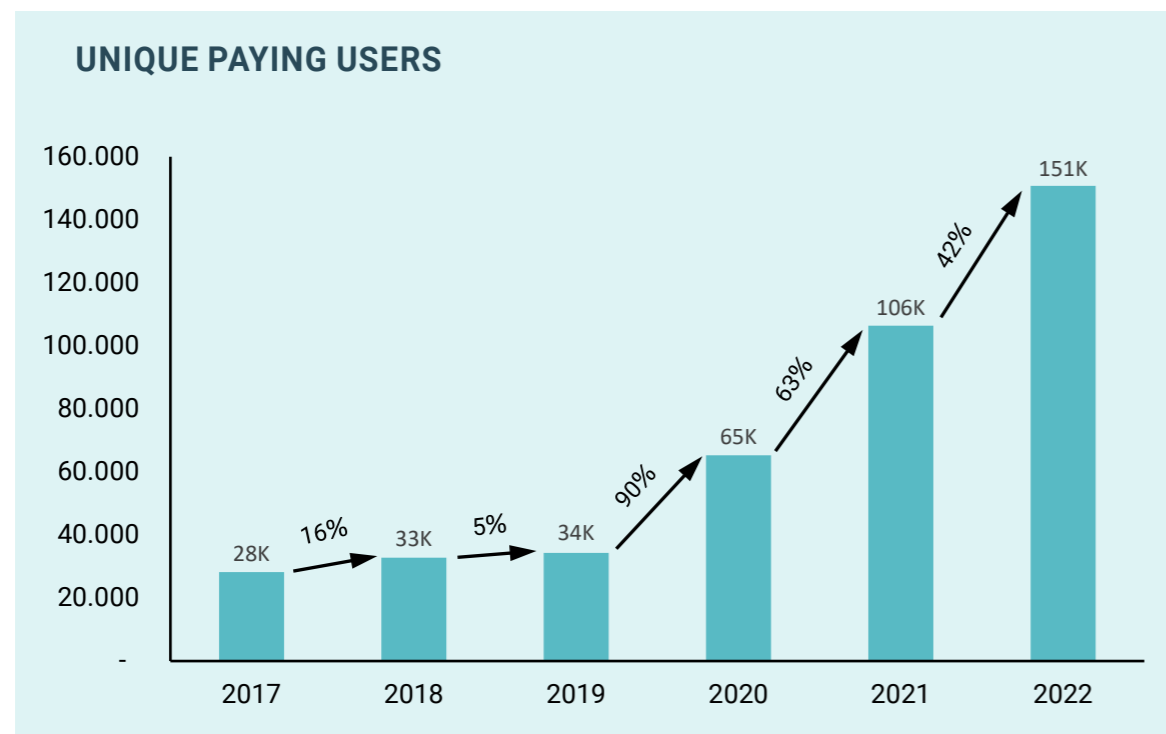
Our acquisitions strategy has been impacted a lot by the recent market changes. We aimed to make acquisitions adding DKK 8-10m to the top line. We did make one acquisition of the Lithuanian game company PIU-PIU LT, UAB which contributed to DKK 0.7m in revenue. Among the major events, the signing of a publishing agreement with the game 'The Ranchers', will not contribute to revenue until 2023.

Top funnel growth:

The successful year for Airline Manager has impacted all our top funnel KPIs.

We saw a growth of 20% YoY in our 2022 installs. A total of 7.3m (2021: 6.0m) users downloaded our games during the year, a 1.2m increase from last year.

The unique paying users grew to 150,779. An improvement of 42% since last year. These paying users made a total of 596,300 transactions which is 25% more transactions than we had in 2021.

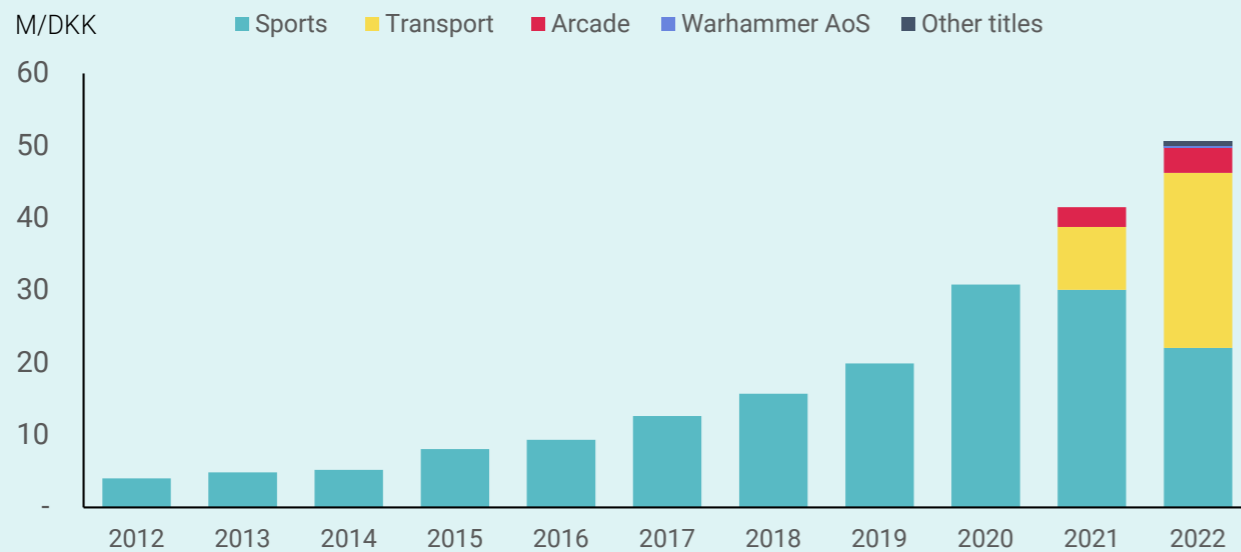




GAMES SERIES BREAKDOWN

	Revenue			Marketing			EBITDA			Headcount		
	DKK 50.6m			DKK 14.7m			DKK 8.9m			41.5		
k DKK	2022	2021	Diff,	2022	2021	Diff,	2022	2021	Diff,	2022	2021	Diff,
Sports	22,058	30,103	(8,045)	622	9,016	(8,394)	12,885	7,881	5,004	5,4	15,9	(10,5)
Transport	24,205	8,665	15,540	13,247	5,274	7,974	1,398	319	1,079	19,0	7,0	12,0
Arcade	3,477	2,760	717	-	-	-	2,345	-	2,345	0,6	-	0,6
Warhammer	213	-	213	319	176	143	(2,197)	(2,959)	762	9,1	12,0	(2,9)
Other titles	635	-	635	428	-	428	(612)	-	(612)	2	-	2
HQ	-	-	-	98	25	73	(4,884)	(3,085)	(1,799)	5,4	5,1	0,3
TOTAL	50,588	41,528	9,060	14,714	14,491	223	8,935	2,156	6,779	41,5	40,0	1,5

Revenue per series



The results in 2022 validate our **development phase strategy**. We have been less aggressive in marketing our games, resulting in lower revenue growth but higher EBITDA growth. While many games will contribute to the revenue growth in 2023, I am also pleased to see the portfolio of games in our Retain phase increasing because the games in this phase are the ones we primarily will make profit from.



Daniel Luun,
CEO, Trophy Games Publishing
& Co-owner, Trophy Games Development



GAME DEVELOPMENT PHASES

The game development phase chart explains our operational strategy for each game in our portfolio.

Dream it: The idea and concept are being drafted on an early and low-cost level.

Do it: Development starts. Employees are allocated, and the project is being created.

Nail it: The game is released partially or fully while we refine it based on data.

Scale it: Marketing effort starts. Development is still ongoing but at a lower level.

Retain it: Marketing and development are on a low level. Focus on retaining the loyal user base built and maximizing profit on the long tail.

Game Movements in 2022

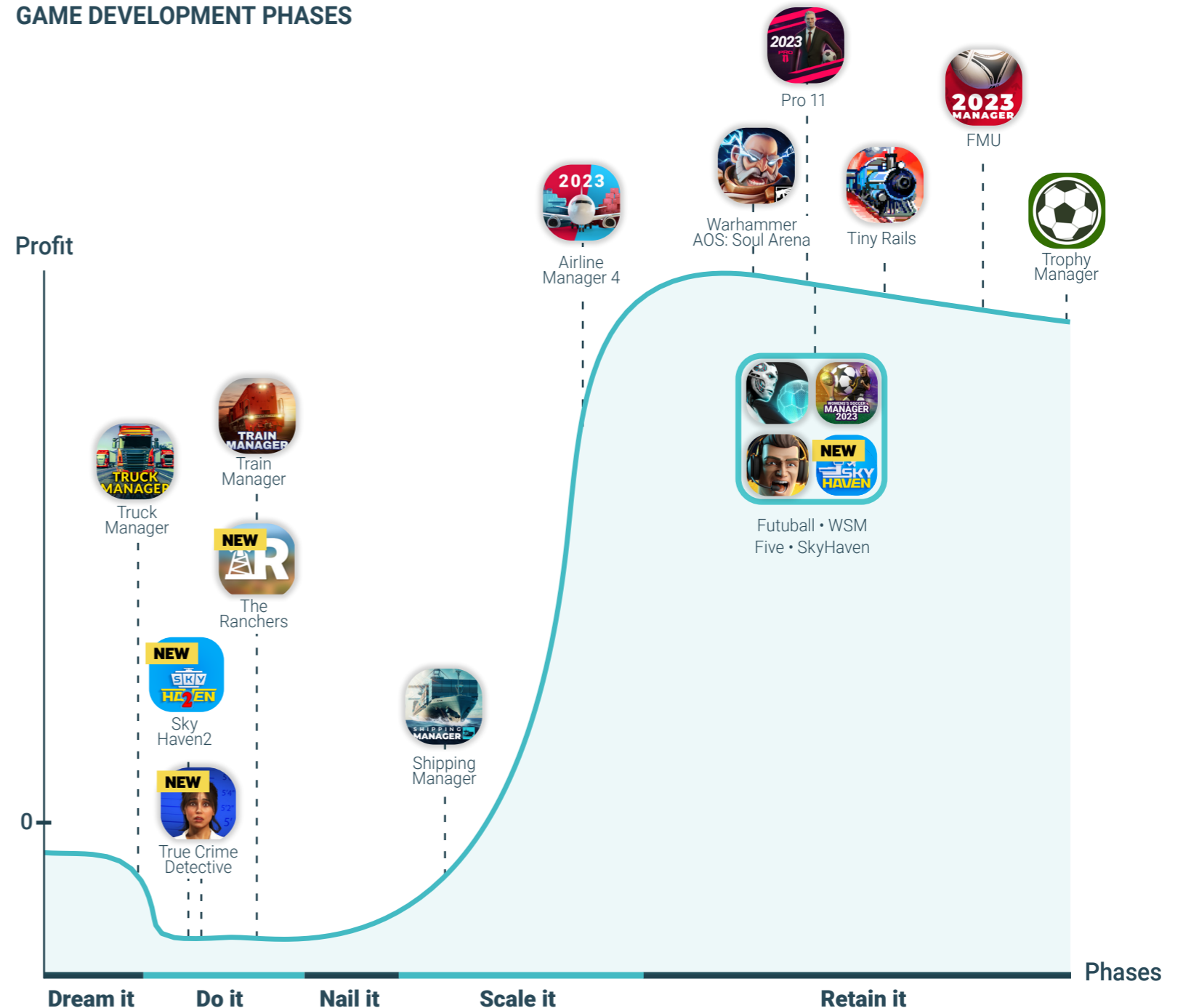
New games **The Ranchers**, **Sky Haven**, **Sky Haven 2** and **True Crime Detective** added to the portfolio.

Futuball, **Warhammer AoS: Soul Arena**, and **Five** moved into the Retain phase.

Shipping Manager progressed to the 'Nail it' phase after being released in December 2022.

Train Manager moved to the 'Do it' phase after development started in late 2022.

GAME DEVELOPMENT PHASES





GAME SERIES - SPORTS

The Sports Series include all of our football manager games, Trophy Manager (TM), Football Management Ultra (FMU), Futuball, Women's Soccer Manager (WSM), Pro 11, as well as our esports manager game, Five.

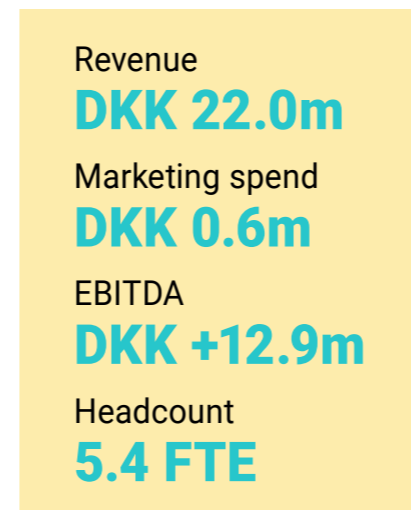
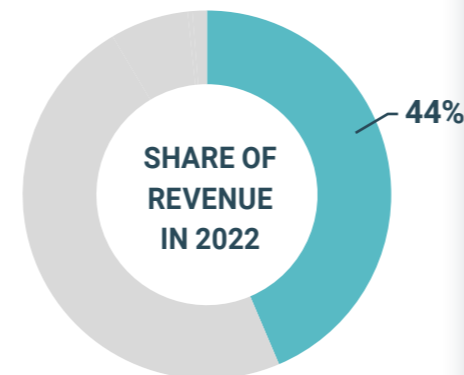
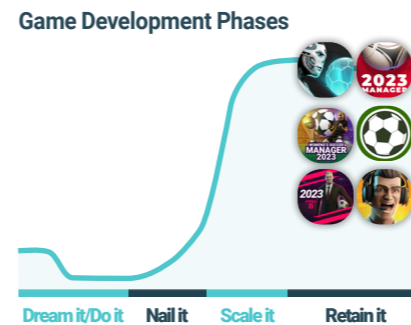
In all the games, you take on the team manager role. You must operate everything from tactics, transfers to finances and strategy to build your team and promote it to higher league levels and more prestigious tournaments.

The games are mid-core, meaning they are easy to learn but hard to master. This game format attracts loyal and long-term users, which is the strength of this series. All Sports games in the series are now in the Retain phase.

Latest News

A bunch of new features was released to Pro 11 during the year to cater to long-term users. It includes a brand-new 3D stadium. We will continue making minor improvements toward loyal users in all our football games since we focus on retaining our user base and having them play for as many years as possible.

We stopped working on Five. The game data has not proven good enough to further investment. We did see good organic installs for the game, but many of them come via football keywords, and it has proven a lot harder than we anticipated to teach the installing audience this new e-sport manager game genre we tried to create. As a result, we moved Five to the Retain phase and took a full impairment of DKK 1.2m.





GAME SERIES - TRANSPORT

The Transport Series consists of Airline Manager 4 and the newly released Shipping Manager, which went live 1st of December 2022 plus Train Manager and Truck Manager which are in development. Airline Manager was acquired in April 2021 as an established game by the one-person company Xombat. After the takeover, we optimized it in game design, app store presence, and monetization.

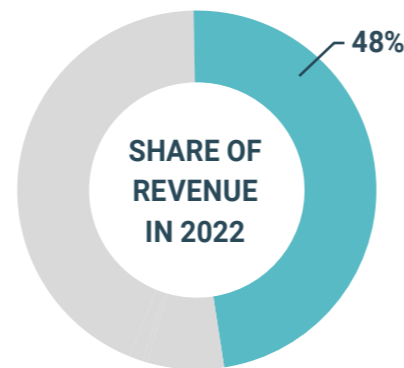
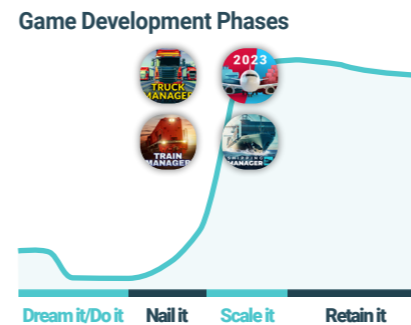
Airline Manager is about creating an airline company and managing it as CEO, where you have to do all sorts of operational tasks from buying planes for your fleet, doing maintenance and A-checks to running marketing campaigns, and trying to make the company's stock price go up. The game appeals to hardcore flight enthusiasts and has an extremely high retention rate.

Latest News

The release of Shipping Manager has shown some promising KPIs. Retention is matching Airline Manager, if not better, and we still have features to develop and add to the game. The big unknown for Shipping Manager is how large an organic install base the game has. Currently, it is getting around 300 organic installs a day.

Once more features are added, we will start the 'Scale It' phase and marketing efforts. After that, we will have a better idea of the overall potential of the game. We hope it will end up matching Airline Manager's revenue within a year. Airline Manager generated DKK 23.4m (2021: 8.7m) in revenue during 2022.

The 3rd transport game, Train Manager, is set for release in the summer of 2023, while we will soon start work on the 4th game, Truck Manager, which has a release target of late 2023. We are building both games on the same code framework as Airline and Shipping Manager.



Revenue	DKK 24.2m
Marketing spend	DKK 13.2m
EBITDA	DKK +1.4m
Headcount	19 FTE





GAME SERIES - ARCADE

The Arcade Series consists of the games Tiny Rails, Kung Fu Z (KFZ), Dash Quest, Dash Quest 2, Dash Quest Heroes, and TapSmiths. We acquired all games in our purchase of Tiny Titan Studios at the end of 2021.

Only the game Tiny Rails has any meaningful revenue producing around 95% of the series' total revenue. KFZ has decent install numbers but needs to monetize better.

In Tiny Rails, you build a train by collecting cars, cabooses, engines and travel around the world with cargo and passengers. You unlock new places on the world map you can explore as you go along.

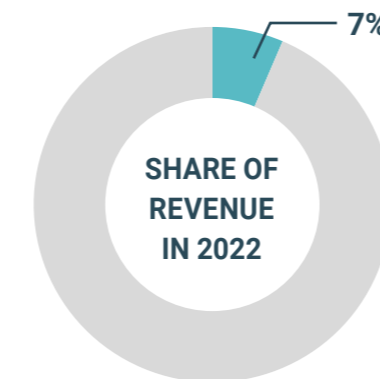
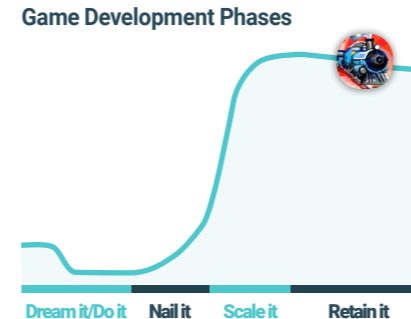
The games are all easy to learn and targeted toward users who like playing casual games.

All games are fully developed and in the Retain phase.

Latest News

We added many new features in 2022 to improve Tiny Rails monetization model and the app store appearance. Very little work is planned on the games in this series in 2023.

The results of the 2022 improvements have been good, and we expect the portfolio of Arcade games we acquired a year ago to have earned the investment back within 2023, with a long tail still to come.



Revenue
DKK 3.4m

Marketing spend
DKK 0m

EBITDA
DKK +2.4m

Headcount
0.6 FTE

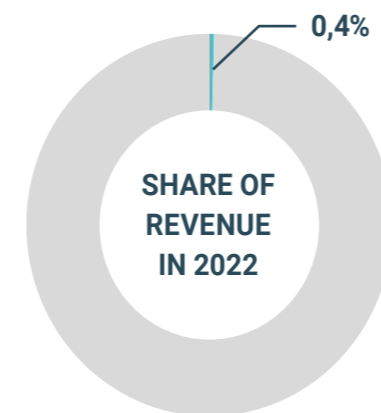
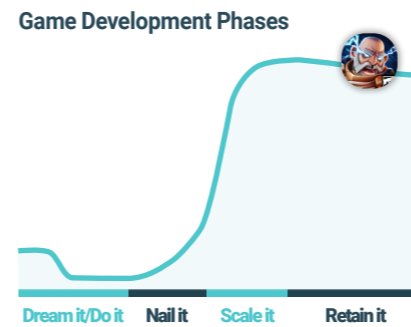




GAME SERIES - WARHAMMER

Last half of 2022 was used to rework and improve the onboarding phase for Warhammer AoS: Soul Arena. The rework was included in a major game update at the end of January 2023.

The Warhammer team had nine employees at the end of the year and has been reduced to three employees starting early February 2023.

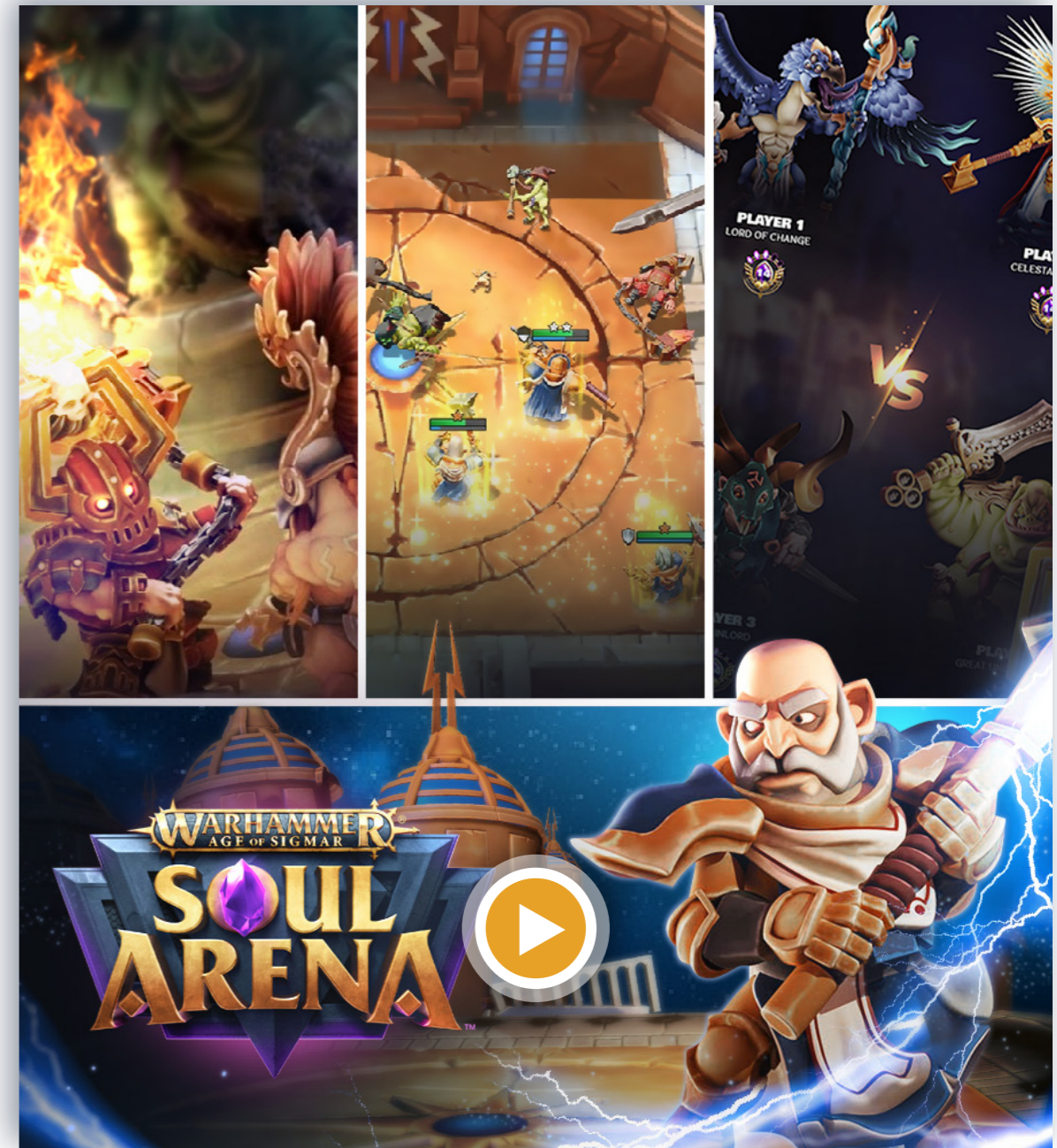


Revenue
DKK 0.2m

Marketing spend
DKK 0.3m

EBITDA
DKK -2.2m

Headcount
9.1 FTE



GAME SERIES – PUBLISHING

This new series emerged as we signed an agreement with RedPilzStudio to be the publisher of the game 'The Ranchers'.

The Ranchers is an open-world country-life sim for 1-4 players where players can raise animals, grow crops, craft machines, build a dream house, and explore the gigantic open world where mines and dangerous monsters abound. Create, develop, and manage your ranch yourself or with your friends. The Ranchers is the first title from RedPilzStudio, an independent studio based in Paris, France, and has amassed over 300,000 Steam wishlists already.

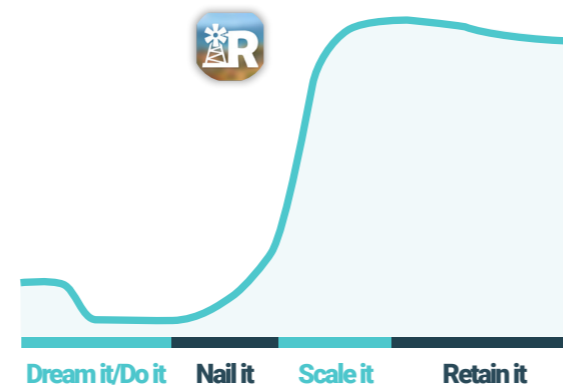
Publisher Agreement Structure

Being a publisher of games for other developers has opened a new door of opportunities for us. Typically a publishing agreement is structured, so the publisher gets 100% of the revenue and pays the developer a cut, mainly around 25-75% of the profit. In addition, the publisher is expected to contribute to the final development stage of the game with funding and expertise. We expect the deal with RedPilz to be the first of many.

Ranchers Potential

While it's difficult to project how a premium game on Steam will perform, [a study from GameDiscover](#) indicates that the median

Game Development Phases



sale in the first week after release is 20% sale per wishlist. For example, with an average store price of EUR 29.95, a wishlist of 300,000 would amount to around DKK 13.2m in sales before fees and taxes in the first week after release. The study shows outliers in the range from 1.5% to 100% conversion of the wishlist in week 1.

[Another study from GameDiscover](#) explored the long tail of Steam sales. The study showed that the median sale one year after release would be 3x the sales in week 1.

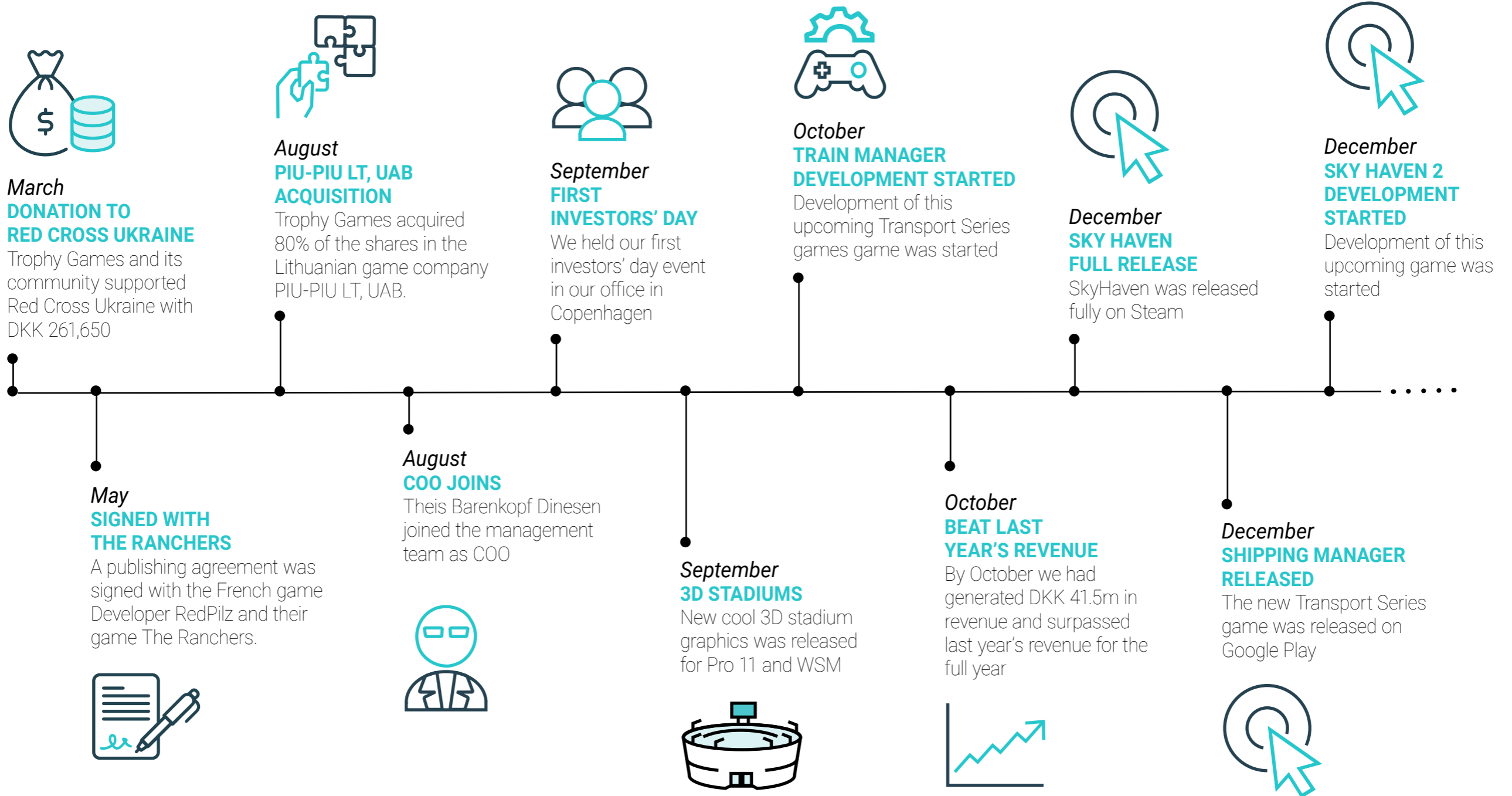
These examples demonstrate that Steam wishlists are somewhat predictive of how a game may do at launch, but there is no guarantee.

We expect 'The Ranchers' to be released in H2 2023.





TIMELINE OF MILESTONES IN 2022





BUSINESS SUMMARY



CHAIRMAN'S STATEMENT



2022 has been an exciting and challenging year for Trophy Games and our first full financial year as a listed company. The financial year has been characterized by unforeseen macroeconomic challenges, such as extraordinarily high inflation rates in key markets combined with hyperinflation in Turkey and a complete sales stop in Russia.

During 2022, we have also recognized extraordinary impairments of DKK 16.2m due to bad performance in our games Warhammer AoS: Soul Arena and Five.

Despite the macroeconomic challenges and incurred impairments, Trophy Games has shown a solid performance through a focused commitment to maintain a strong cash position and focusing on profitability. In 2022 we realized a 20% growth in total installs and a 42% growth in unique paying users compared to 31 December 2021. The increase form the basis of our 22% growth in revenue and our more than quadrupled EBITDA from DKK 2.2m in 2021 to DKK 8.9m in 2022. Despite a challenging year, Trophy Games

has proven a solid performance in 2022 and is continuously moving in the right direction with a strong commitment to an ambitious growth plan, with an increase of 22% in revenue. 2023 will be a very exciting journey for Trophy Games with sustainable growth, better profitability, and the continuous launch of excellent games.

I am excited - I hope you are too.

All the best,
Jan Dal Lehrmann
Chairman of the board

Jan Dal Lehrmann
Chairman of the board
since 2006





EQUITY STORY

In 2006, we were gamer nerds with an extraordinary passion for football manager games. We were playing the existing online multiplayer football manager games but decided that we could create something even better, thus Trophy Manager (TM) was born.

We spent the following eight years refining and scaling TM. In 2012 our second game, Football Management Ultra (FMU), was released. FMU was, like TM, originally a browser game but was more fast-paced and had a new approach to monetize and quickly surpassed TM in revenue. This, combined with the birth of smartphones and the fact that TM retained fantastic long-term retention and made a superb profit over the following years. Even though we moved most costs towards FMU, a new corporate strategy was hatched, which is now the foundation of our growth. Also note that we have been self-financed since the initial investment we received in 2006, which has affected our growth rate.

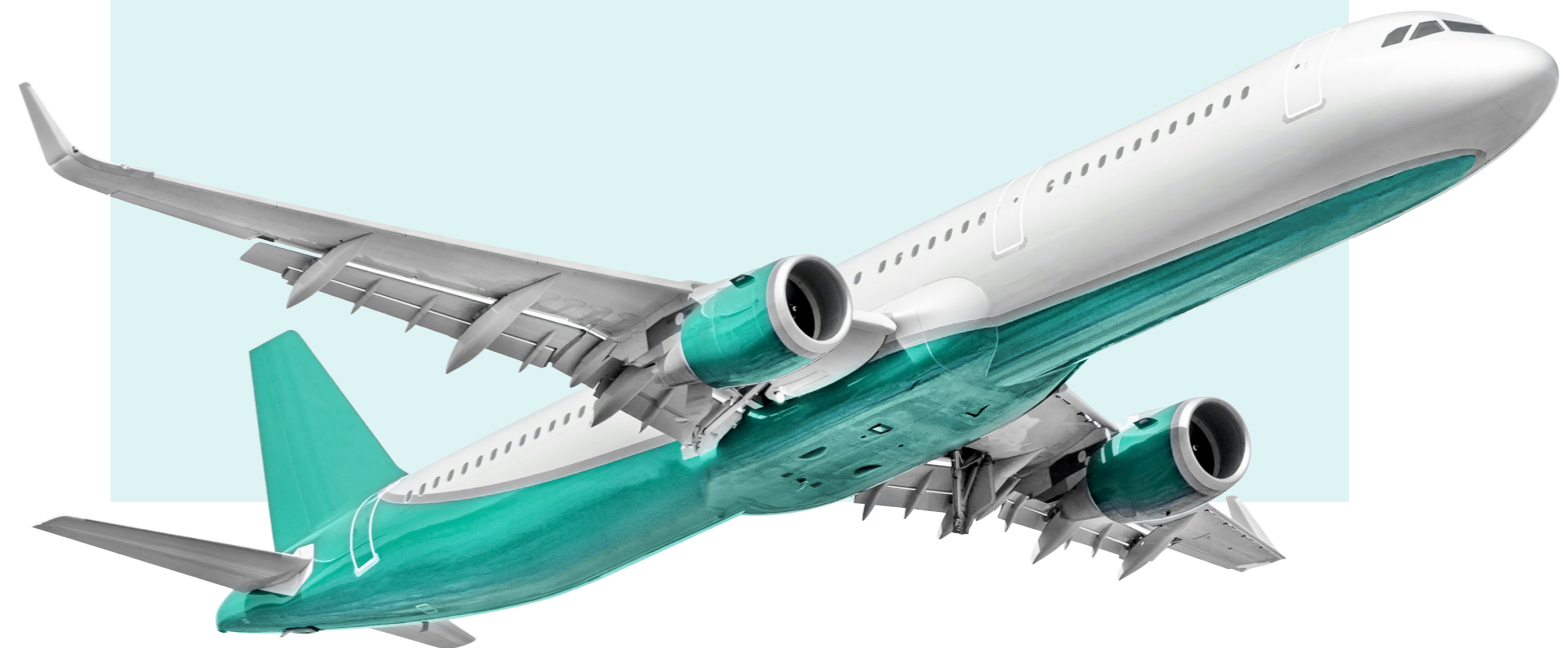
In 2015 we started working on more football titles – aimed directly toward smartphone users, with Pro 11 being released in 2017, WSM in 2018, and Futuball in 2019. We branched out to new genres in 2021, including Five and Warhammer AoS: Soul Arena, and we started making acquisitions.

In April 2021, the game Airline Manager 4 was acquired. Today this game is the foundation of our transport series, which includes Shipping Manager, SkyHaven, and the upcoming Train and Truck Manager.

OUR AIM

We strive to be the world's leading strategy game studio providing endless entertainment and challenging gameplay for all our players.

Using our lifelong passion for games, we seek to develop the most competitive, creative, innovative, and profitable multiplayer games across all platforms and create games we want to play ourselves.





Our total game portfolio is currently around 20 game titles, which cover genres such as sports, transport, arcade, and strategy. Most games share challenging gameplay targeted towards an 18y+ audience and have a theme that is linked to a real-life hobby or occupation.

Our strategy is to expand our game portfolio with both own-developed titles, acquisitions, and publishing agreements, which will grow our company and profit. In 2023 our first game under a publishing agreement, The Ranchers, will be released.



Our aim has always been to develop games we want to play ourselves forever.

This approach has given our portfolio a long tail where the games keep generating profit years after they peak. Our strategy is to grow the game portfolio year by year and constantly have new games in development or scaling phase while the number of games in the retain phase increase along with our profit.



Søren Gleie
CEO & Founder, Trophy Games Development





CONSOLIDATED KEY FIGURES AND FINANCIAL RATIOS

k DKK	2022	2021	2020	2019	2018
Financial highlights					
Profit and loss accounts					
Revenue	50,588	37,653	30,810	19,930	21,928*
Income from operating activities	(16,466)	(1,917)	4,709	4,489	2,057
EBITDA	8,926	2,157	6,523	4,612	2,192
Net financials	(396)	(362)	(168)	(145)	(71)
Profit for the year	(12,480)	(920)	3,622	3,259	1,567
Balance sheet					
Total assets	59,823	75,006	14,504	11,570	5,605
Total equity and minority	51,871	64,351	9,481	5,859	2,600
Cash flows					
Operating activities	3,726	1,857	6,506	3,418	1,673
Investing activities	(13,217)	(21,448)	(4,574)	(4,020)	(1,314)
Hereof investments in tangible fixed assets	(1)	(848)	0	0	0
Financing activities	0	55,790	(3,532)	2,062	70
Net cash flow for the year	(9,491)	36,199	(1,600)	1,459	430
Employees					
Average number of employees	34	22	12	10	11
Key Ratios					
Solvency ratio (%)	87%	86%	65%	51%	46%
Return on equity (%)	-21%	-2%	47%	77%	86%

*The revenue reflected in the key figures for 2018, includes revenue from the company subsidiary Trophy Games Publishing ApS from the period of 15th of August 2017 to 31st of December 2017. Trophy Games Publishing ApS was established 15th of August 2017 and the first financial year of the subsidiary was 15th of August 2017 to 31st of December 2018.

Financial Position

The company's development strategy is based on having a diversified game portfolio to maximize potential and reduce risk. Some of these games have become very successful and profitable.

An impairment of DKK 16.2m on capitalized development cost was done in 2022, see more on page 35. Remaining development cost of DKK 4.8m is related to none-released games.

Completed development projects are amortized on a straight-line basis over the estimated life, which is conservatively estimated to be between three and ten years.

Over time, the company expects such write-downs to be more than compensated for by the revenue and profits produced by successful games in the portfolio.

Cash at hand amounted to DKK 28.2m, and the company has no debt. Consolidated equity amounted to DKK 51.8m.

Mariana Chucuri
CFO





SHARE LOCKUP, OUTSTANDING OPTIONS & WARRANTS

The purpose of the share option program is to give Trophy Games the possibility to achieve extraordinary results by offering certain employees, which are capable of contributing significantly to the long-term success of Trophy Games, a share-based incentive program to ensure that the employees' interest are aligned with the interest of the shareholders' of Trophy Games.

There are currently no shares under lockup. All lockups expired a year after our IPO April 27th of 2021.

We have two programs. Program 1, will vest over a period of three years and can be exercised after the third anniversary of the option grant. Program 2, will vest over a period of two years and can be exercised prior to 1 January 2025.

Both programs can be exercised at a strike price of DKK 8 per share equal to the market price established for subscription by investors in the IPO. In the aggregate, the program will include a maximum vesting of 413,231 options (each option exercisable for one share) equal to 1.50% of the share capital. Trophy Games will not give out options in the money.

Executive Management:

Nothing, but plans for a program to CFO.

Employees:

	Created	Strike Price	Expiration	Amount
Employee Program 1	23 April 2021	8 DKK	23 April 2024	105,278
Employee Program 2	23 April 2021	8 DKK	1 January 2025	307,953



2023 OUTLOOK & GUIDANCE

2023 Main Growth Drivers:

The Ranchers

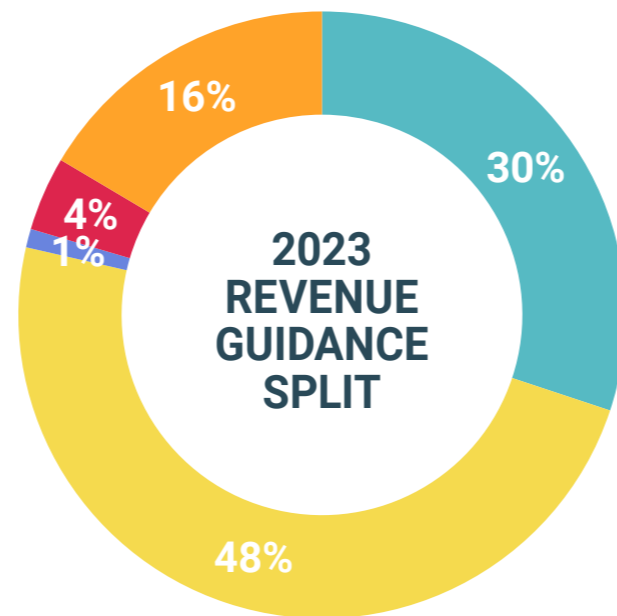
The release of 'The Ranchers' will be the most significant driver of our revenue in 2023. We expect the title to contribute with DKK 9-10m for the year, but studies show that this amount has a high degree of uncertainty and can be lower, but also a lot higher.

The Transport Series

We expect Shipping Manager to impact the 2023 revenue significantly. The game has the potential to match Airline Manager's revenue over time. The target for Shipping Manager in 2023 will reach DKK 8-9.5m in revenue. Also, the releases of Train and Truck Manager can impact revenue, but as they are scheduled for release later in the year, the impact will be less significant.

Acquisitions

It is still part of our strategy to expand our game portfolio by acquiring new companies and making more publishing agreements. The market's current state suggests preserving cash and only striking if a no-brainer case appears.



- Sport Series
- Transport Series
- WarhammerAoS: Soul Arena
- Arcade Games
- The Ranchers

Group Revenue Guidance



DKK 56-65m

EBITDA Guidance



DKK 8-14m

EBT Guidance



DKK 3-8m



RISKS

Platform Dependency

Trophy Games' revenue is made through large platforms such as Google Play Store, Apple's App Store, Microsoft Store, Huawei App Gallery, Steam, and more. It accounted for 95% of Trophy Games' annual revenue in 2022. Selling through platforms always comes with a risk, as the platforms can make policy changes game developers have to follow as we have no negotiation power towards the big tech companies. We do not expect significant changes in 2023, but it is a risk to keep in mind.

New Games

Releasing a new game and making predictions are complicated. Trophy Games has 16 years of experience and a lot of expertise in measuring data and predicting game performance. Still, with brand new titles like The Ranchers and Shipping Manager, it comes with a possible outcome of the game either failing big or taking off like a rocket. We have made a relatively conservative budget on how we feel the games will develop, but the chance of limited success for the new release is a risk factor.

Upstaffing issues

Competition for great developers is high but not new to the industry. Trophy Games have historically been very successful in finding skillful candidates. We have

grown from 23 to 41.5 FTEs during the last two years, but there is a risk factor that if we continue to grow and scale up our staff, it might not be easy to find talented candidates for all the positions we need.

Compliance

Regulatory changes are a natural risk for the gaming industry. We have seen the impact of GDPR. Parts of the industry have also been forced to rethink their game mechanisms, trying to replace loot boxes. Historically Trophy Games have not been impacted much by regulation changes, and we do not expect we will be in 2023, but it is a risk.



Character:
Financial
Director

Game:
Five



MARKET INSIGHTS

Post-Covid numbers

According to Newzoo’s global games market report 2022, the global mobile gaming market size is estimated to generate revenue of USD 103.5 billion in 2022, representing 53% of the market and 5.1% year-on-year growth. North America’s games market will grow just +0.5% year on year to \$51.3 billion in 2022, while Europe’s will decline marginally (-0.03%) to \$34.1 billion. Solid mobile growth and, to a lesser extent, modest PC growth in these regions are the only factors offsetting a steep overall decline.

Meanwhile, populated areas with mobile-first markets will see solid growth this year, with the Middle East and Africa growing +10.8% to \$7.1 billion and Latin America growing +6.9% to \$8.7 billion in 2022. Console’s downturn hardly impacted these mobile-first markets.

Newzoo estimates the games market will continue to grow in the following years, reaching \$225.7 billion in 2025, a +4.7% CAGR between 2020 and 2025. This signals our belief that the games market will continue thriving in a post-pandemic world, albeit slower than during the pandemic.

Russian Users

All Russian users have been prohibited from making international payments for any game by any company in all stores since March, and ad income has decreased to nearly nothing. This has naturally hit the whole market.

Trophy Games had around DKK 1.5m in revenue from Russian users in 2021. Most impacted was our game Tiny Rails, where around 15% of the active users are from Russia. For all our other games, it’s between 1-2%.

Inflation

Inflation is a hot topic currently. While it does not directly impact the market with higher cost levels, it indirectly affects most of the world with a lower disposable income. For Trophy Games, the inflation in Turkey especially has had an impact. Turkey is a top 10 country in our football games in terms of both revenue and active users.

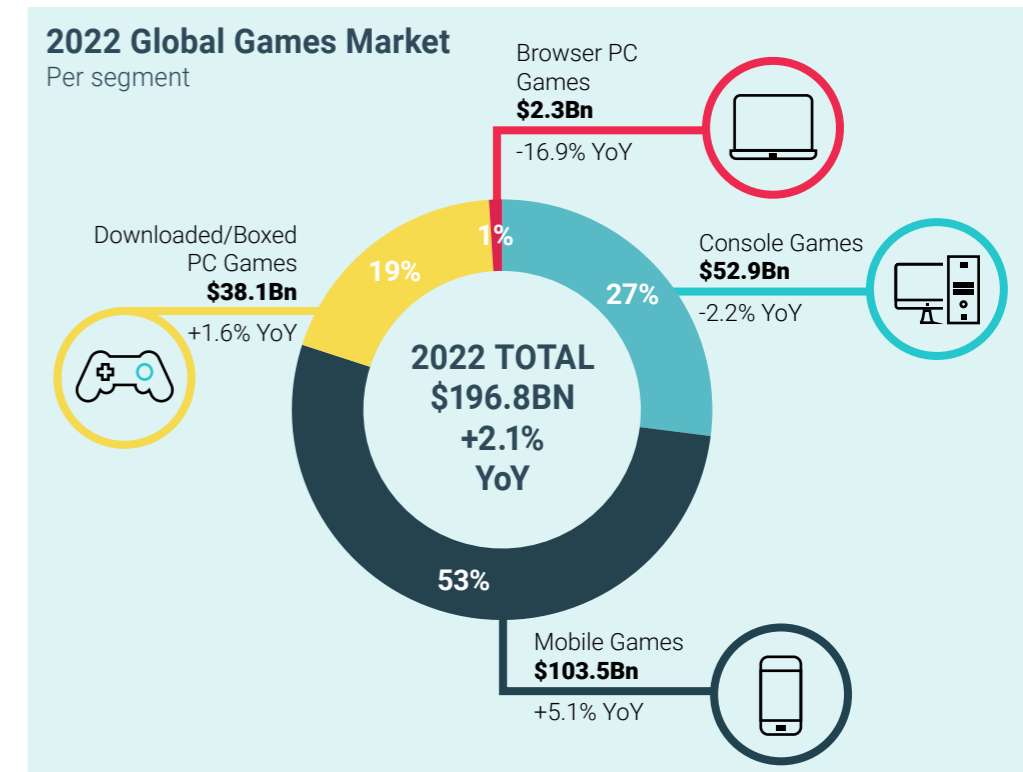
Ad Income

Game studios with a high ad-based revenue will become increasingly troubled by increased compliance, giving lower ad income. Especially those reliant on ad income via Apple. Trophy Games’ revenue from ads is less than 5% of the total revenue. The movement in the market is something we monitor closely, and it’s an important consideration for our acquisition strategy. We are seeing more organic installs across our games. This could result from more compliance tightening that will punish smaller game studios.

According to [Sensor Tower’s latest report](#) published in 2022, the mobile app market began to correct itself after unusually high spending and download growth at the beginning of the pandemic. Growth in most

countries fell in 2022; they predict an acceleration into 2023 and beyond as the markets return to normal. Global consumer spending in mobile apps is projected to reach \$233 billion by 2026. A growth of more than \$100 billion compared to the \$132 billion spent in 2021. Expect solid growth on both stores, with a projected compound annual growth rate (CAGR) of 14 percent on the App Store and 9 percent on Google Play over the next five years.

Consumer spending growth in North America will surpass that in both stores in Asia and Europe. North American revenue will climb by 113 percent by 2026 (134 percent on the App Store and 78 percent on Google Play), compared to 84 percent growth in Europe and 45 percent growth in Asia.





ORGANIZATION AND CULTURE

Alongside developing and publishing exciting games with immersive gameplay, Trophy Games strives to be a responsible organization with healthy and mindful core values. As such, the organization has defined a vision, company values, personnel guidelines, a sustainable environment, and socially responsible initiatives. The following section will provide an overview of initiatives taken by Trophy Games to obtain and sustain a responsible organization.

Vision and Company

Trophy Games strives to be the world’s leading strategy game studio providing endless entertainment and challenging gameplay for all players. Using knowledge from a lifelong gaming passion, the company seeks to develop the most competitive, creative, innovative, and profitable multiplayer games across all platforms.

To ensure the quality of our games, we design, develop, and publish games that we would want to play ourselves. With game mechanics that encourage users to keep playing and promote a high lifetime value because of formidable long-term retention. Our loyal user base provides a strong carryover to new games, thus assisting new game rollouts.

Team

Management at Trophy Games knows that skilled employees are a key success factor in maintaining a viable and profitable business. As such, the employees at Trophy Games are our most valued asset and are all

introduced to a great work environment characterized by freedom and room for creativity. We see a healthy work/life balance as an essential factor in our corporate culture, long term employees confirm our great corporate culture, and we have had very few employees leaving since 2006. Trophy Games recognizes that creativity thrives differently among people, and as such, essential room for creativity is provided to employees. Among other initiatives, employees at Trophy Games can work from home at flexible times during the day to fit work into a personal schedule.

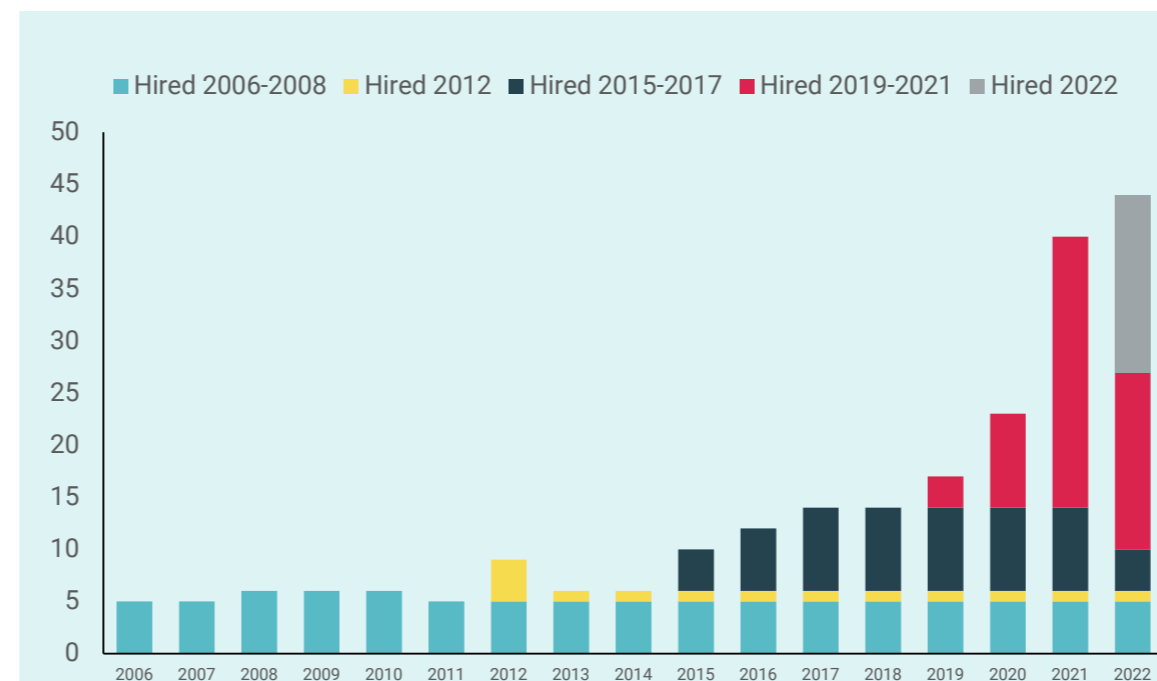
Strong Organization

We are pleased to have completed a successful scale-up of our organization since our IPO in April 2021. We have assembled a top-industry team of dedicated

professionals with excellent skills in programming and graphics, which covers the needs of our current and upcoming projects.

The executive management team added Theis Barenkopf Dinesen in 2022 as the new COO. Theis’ role is to streamline the organization and work methods and be the link between a growing and fast-moving organization while maintaining an agile work approach and strong company culture.

The Trophy family now consists of 44 employees (summarized to 41.5 FTE) with 15 nationalities and an 80/20 mix of genders. Most of our employees are working in the Copenhagen office.



The ability to work in an industry that is very close to my heart, the great colleagues, and the ability to apply my skills to all relevant teams and aspects of the company.

In broader terms, I would describe working at Trophy as an opportunity to grow and be challenged a comfortable and steady pace, where you get the freedom to explore various aspects of the industry and how different abilities can be applied in various ways in the company.

Amanda Schmidt
Partnerships Manager

EXPERIENCED DEVELOPMENT AND PUBLISHING OF FREEMIUM GAMES

In Trophy Games' development of games with high daily monetization and retention levels, the freemium business model, including variations of F2P (free-to-play) has been chosen as the primary business model in terms of monetization.

Freemium means that games are free to start playing, and users are not required to pay up-front to start the game. In Trophy Games' freemium games, players can unlock extra content, boost their level, and speed up the process for real money. Such game features could include in-game currency injections, extra training for players, and new top-class youth talents. The freemium revenue model has similar traits to SaaS revenue models as it equally does not sell the product upfront; however, it builds on continuous revenue streams through monthly or annually paying users.

The freemium revenue model adopted by Trophy Games has allowed the company a much higher install base than what could have been attained by using alternative, up-front payment revenue models. Trophy Games' historical conversion rate has been high in the gaming industry. The company will have secured a continuously lucrative business model if Trophy Games can maintain excellent conversion from free to paying users.

Monetization strategies within individual games differ. However, the vast majority of games within the Trophy

Games game portfolio use the freemium revenue model.

Historically, Trophy Games have secured a monthly conversion of upwards of 4% of players. As a result, the games can achieve superior revenue levels with moderate numbers of signups. By using the freemium revenue model with frequent monthly payments from players, Trophy Games receive significant benefits in terms of predictability and agility.

The freemium model allows for earlier releases of titles as we do not sell the product upfront but along the way and, similarly, for continuous updates of released games. By continuously upkeep of existing titles, players are retained, producing a vast LTV of customers. Trophy Games titles have an extensive lifetime because of this.

Upon developing and releasing new games, Trophy Games will typically release an early beta to evaluate the interest and retention. Using the freemium model provides instant feedback from users, and Trophy Games receives valuable information about customer behavior that enables an increasingly tailored approach



to capture the most valuable customers. Should the game beta produce continuous negative KPIs, Trophy Games can cost-control and focus on other profitable titles.



SUPERIOR DATA-DRIVEN

Superior, data-backed game development results in a high influx and retention of customers.

Trophy Games develop games through multiple years of LiveOps and perfecting every tiny detail in gameplay. We have become experts in optimizing and making game mechanics that make players want to continue playing. This has proven a fundamental point to the daily operations at Trophy Games. By building the company on a foundation of game enthusiasts, Trophy Games has valuable insights into what gamers want to play. Resultantly, R&D practices at Trophy Games consist of determining what games the staff would enjoy playing themselves.

To gain further valuable insights into what Trophy Games customers want, the company is frequently in direct contact with users to better understand their needs and sentiments about features and mechanics in gameplay. This level of user inclusion creates a sense of ownership and further promotes customer retention.

Gameplay is essential to loyal users, and recurring revenue

Trophy Games develops and releases games that are very hard to master and have a lot of intellectual challenges for the players. Our games have a high degree of realism and a well-balanced game economy, making the interplay competition fierce and challenging.

Because of the specific game mechanics included in Trophy Games' games, the customers retain and remain loyal.

 At the intersection of creativity and technology lies Trophy Games, where data-driven game development reigns supreme and delivers superior gaming experiences that captivate players for years.



Søren Gleie
CEO & Founder,
Trophy Games
Development

Characters:
CT, Club President & Player

Games:
Five & Pro 11





GOVERNANCE



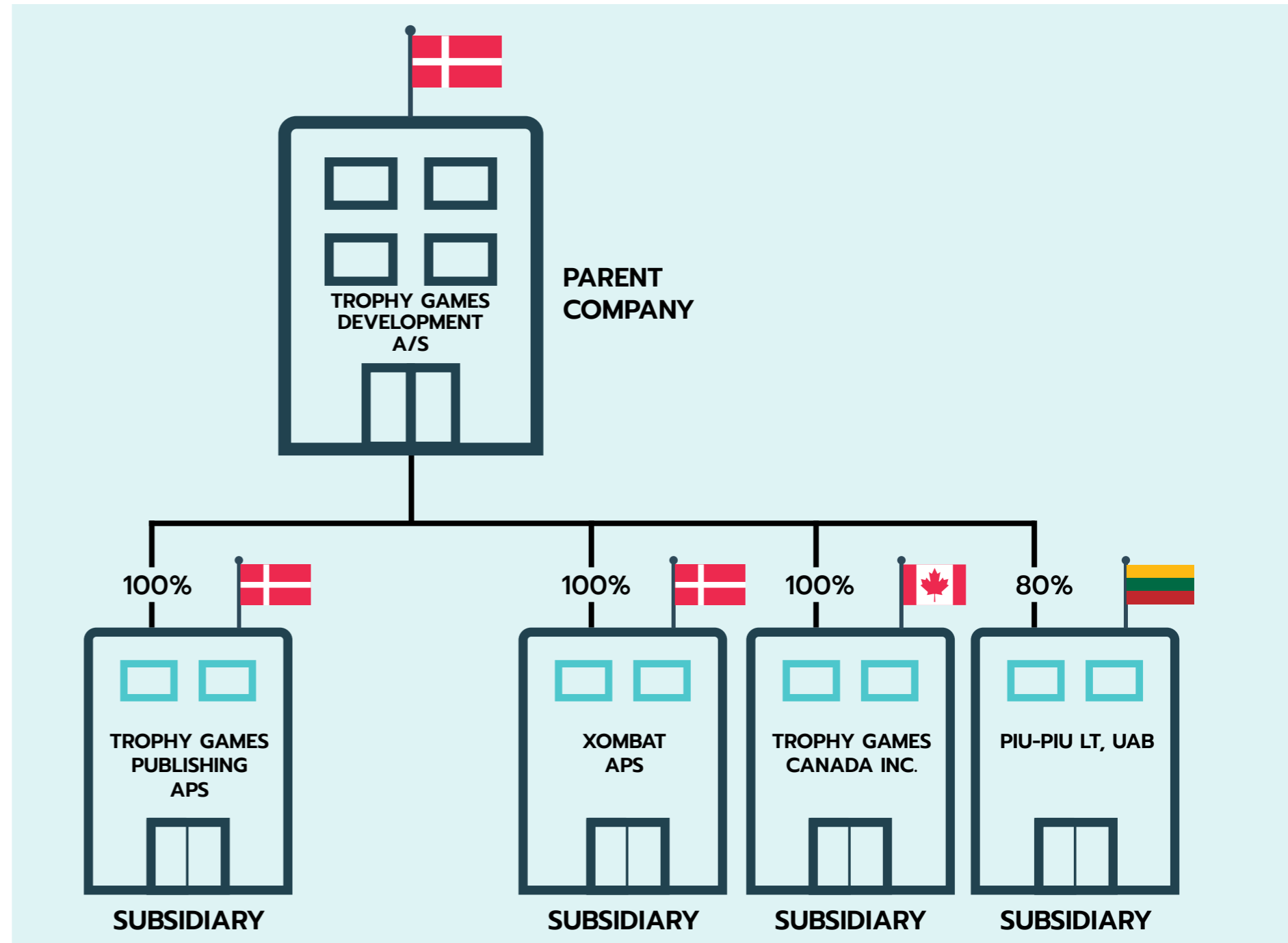
COMPANY STRUCTURE

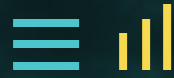
Søren Gleie and Niklas Iversen founded Trophy Games in 2006, driven by a passion for games and the need to create something better than what was available in the online multiplayer market. Consequently, the company has preliminarily established an organizational structure that caters to extensive scaling and development.

In today's organization, the Trophy Games Group consists of 5 companies; Trophy Games Development A/S, Trophy Games Publishing ApS, Xombat ApS, Trophy Games Canada Inc. and PIU-PIU LT, UAB. Trophy Games Publishing, Xombat, and Trophy Games Canada Inc. are all owned as direct subsidiaries of Trophy Games Development. Trophy Games Development A/S owns 80% of the Lithuanian company PIU-PIU LT, UAB shares, [which was acquired in 2022](#).

Trophy Games Development holds the codes and IPR associated with the development of the respective games. Trophy Games Publishing is utilized as the distribution company. The company is responsible for the daily business management of the games and all sales and marketing.

Two of the subsidiaries of Trophy Games Group are located at the company headquarters in central Copenhagen, Denmark. Trophy Games Canada Inc., a Canadian Company with no employees, situated in London, Ontario. PIU-PIU LT, UAB is based in Vilnius, Lithuanian. Trophy Games also has a small office in Odense where a few full-time employees work.





BOARD OF DIRECTORS

Shares owned: 4,425,027 (16.03%) on 31 December 2022 either directly or by wholly or partly owned companies.

Profession: Serial entrepreneur and investor

Description: Jan Dal Lehrmann has a significant career within entrepreneurship with several successful investments and exits in companies such as Bilbasen, Autobutler, Bazoom, Actimo, and Benjamin Media.

For the past ten years, Jan has, through active board roles, been dedicated to helping and investing in startups with a focus on culture, strategy, and internationalization.

Other key positions: Board member in Normal A/S, Plecto, Trophy Games, Unwire, Softpay, Repeatly Leasing, and Formula Auto.

Other key positions: Board member in Normal A/S, Plecto, Trophy Games, Unwire, Softpay, Repeatedly Leasing and Formula Auto.

Educational background: Masters in sales and marketing from the International Advertising Association (Copenhagen).



Jan Dal Lehrmann
Chairman

Karsten Ree Holding owns 4,425,027 (16.03%) shares on 31 December 2022 either directly or by wholly or partly owned companies.

Profession: CEO at Karsten Ree Holding.

Description: Rene Eghammer has 15 years of experience from the auditor industry followed by eight years at Carlsberg Group covering various positions within finance, business controlling and M&A. Today, Rene focus on business development and optimization of existing portfolio companies at Karsten Ree Holding, as well as being responsible for the M&A activities within the Karsten Ree Holding Group.

Educational background: Cand. Merc. Aud. from Copenhagen Business School



Rene Eghammer
Board member

Shares owned: 1,450 (< 0.1%) on 31 December 2022 either directly or by wholly or partly owned companies.

Profession: Lawyer at Moalem Weitemeyer Advokatpartnerselskab.

Description: Pernille Nørkær is a Danish qualified lawyer and has more than 15 years of experience advising Danish and multinational companies. As a lawyer Pernille has been working with a wide number of Danish and international companies within the industry of retail, entertainment, sport, esports and online gambling. In the period from 2005 – 2008 Pernille was inhouse counsel in the Danish listed sport and entertainment group Parken Sport & Entertainment A/S.

Other positions: Board member Svendborg Importfirma A/S, board member Moalem Weitemeyer and board member of Astralis A/S

Educational background: Master of Laws, University of Copenhagen



Pernille Nørkær
Board member

Shares owned: 4,505,375 (16.32%) on 31 December 2022 either directly or by wholly or partly owned companies.

Profession: Chief Executive Officer & Co-founder of Trophy Games Development.

Description: Søren Gleie is founder of Trophy Games and a computer game nerd. While having designed and invented computer games since he was a child, his big passion remains numbers, computers and games, making Trophy Games the perfect working place for Søren. As CEO, Søren primarily focus on setting the overall corporate and technical strategy. Further, he oversees teams planning, partnerships, and negotiations, as well as having close interaction with the marketing team.

Educational background: Ba. Scient. Soc., Economics & Computer Science from the University of Roskilde



Søren Gleie
Board member

Shares owned: 2,375,000 (8.61%) on 31 December 2022 either directly or by companies wholly or partly owned.

Profession: Chief Executive Officer of Trophy Games Publishing.

Description: Daniel Luun has been with the company since 2007 and has an immense passion for computer games, especially football manager games. His profile is built around creating fantastic game experiences for the users while keeping a strong focus on optimizing game design for monetization. Daniel has become an expert within the fields of game design, UX, and monetization, and is therefore primarily in charge of monetization and game development, but oversees finances, marketing, sales and team management as well.

Educational background: Ba. BCom, Business and Commerce from Copenhagen Business School.



Daniel Luun
Board member





MANAGEMENT

The areas of responsibility between Søren Gleie and Daniel Luun are in fine balance with extensive and ongoing communication between the two executives. Søren leads the overall company strategy, partnerships, M&A, the tech department, and the marketing team. In addition, he is in daily contact with the CMO, CTO and the CFO.

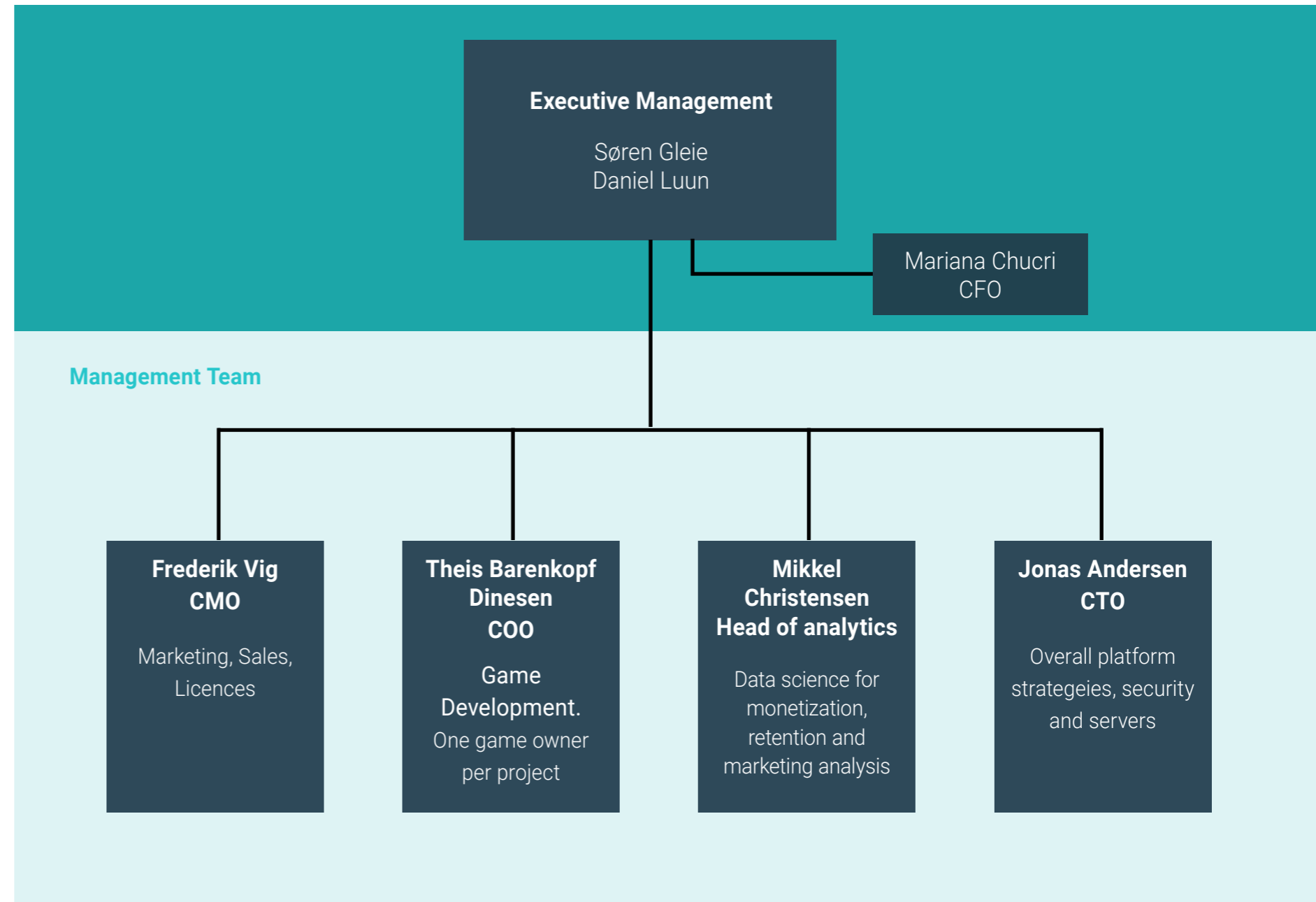
Daniel leads game planning and management, assigns tasks, and interacts daily with the coding and graphics departments. Analytics, support, and community management are also under Daniel's supervision, with regular contact with the Head of Analytics and the Support & Community Manager.

Mariana Chucri joined Trophy Games in October 2021 as CFO. Mariana is the lead on all financial aspects of the company.

The Management Team

Theis Barenkopf Dinesen joined as COO in 2022. His role is to streamline the organization and work methods and be the link between a growing and fast-moving organization while maintaining an agile work approach and strong company culture. Theis is also leading the recruitment process in Trophy Games.

In addition to Trophy Games' Executive Management, the Management Team consists of four members.



BOARD PRACTICES AND GOVERNANCE

Trophy Games' Board of Directors have extensive experience in several fields of great importance for the Company. Rene Eghammer and Jan Dal Lehrmann are valued contributors to the Company's organic and acquisitive growth profile. Both have significant experience with M&A.

Pernille Nørkær was added to the board in January 2021. Pernille is a partner at Moalem Weitemyer Advokatpartnerselskab and has 15 years of experience in commercial contracts, corporate compliance, and general advisory for Danish and international companies. Pernille focuses on IT and tech companies as well as professional sports clubs and betting companies.

The Board of Directors at Trophy Games is ultimately responsible for the Company and supervision of the Executive Management. The chairman and the Board Members are elected at the Annual General Assembly and are elected for one year at a time. In addition to the Annual General Assembly and at least quarterly Board meetings, the Board of Directors gathers as the Chairman of the Board of Directors deems necessary.





ENVIRONMENT & SOCIAL RESPONSIBILITY HIGHLIGHTS





Trophy Games extensively strives to become and remain an environmentally and socially friendly workplace. The company acknowledges the need for active choices to reduce the imprint on the planet produced by today's business operations. Therefore, Trophy Games' servers run on 100% renewable energy. Similarly, the company compensates to be carbon neutral for all employees.

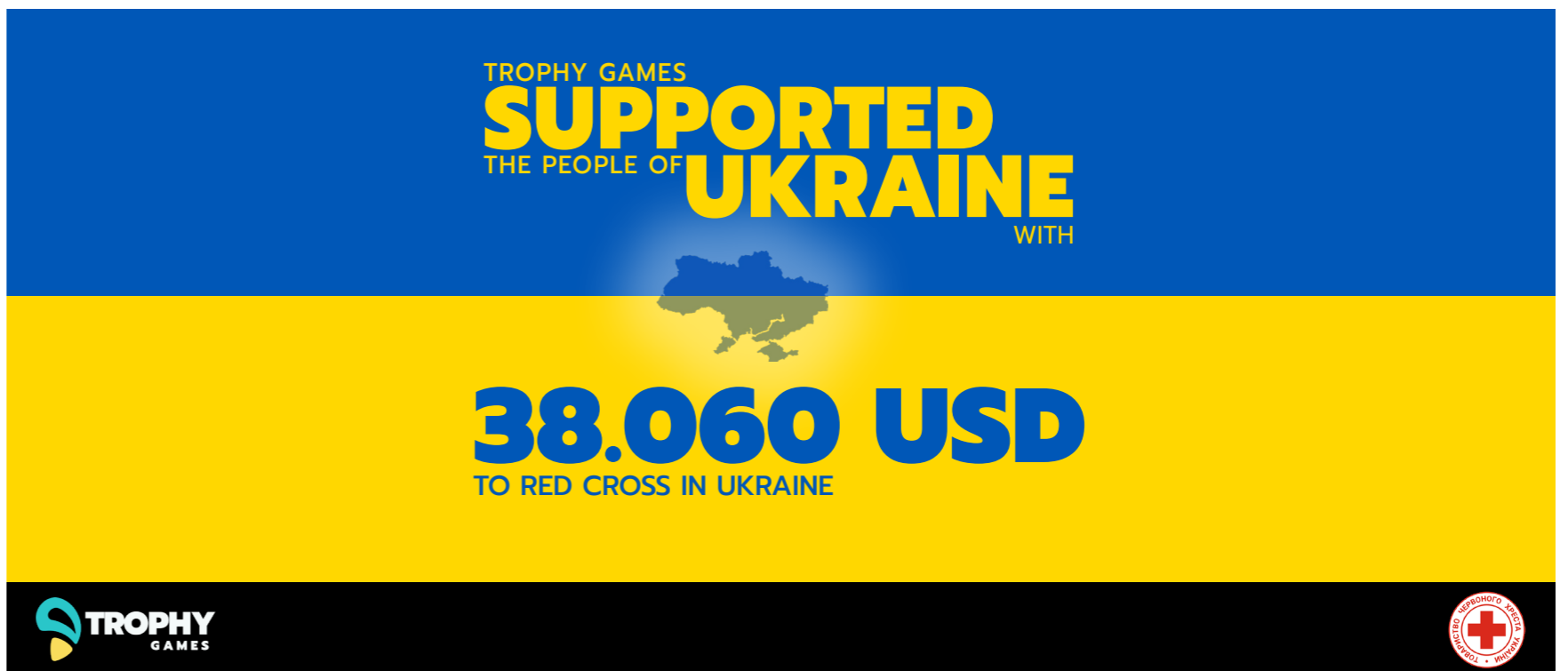
Upon the need to travel, the management and employees at Trophy Games predominantly utilize trains and bicycles.

Further, being a digital business, paper consumption is automatically low, yet the company still aims at the least possible paper consumption. To further spare the environment, Trophy Games subsidizes public transport costs for employees to promote collective transportation.

In 2022 Trophy Games and its community dedicated a day of sales amounted to DKK 261,650 which was donated to Red Cross Ukraine in support of our players and partners from the region.

Trophy Games are historically carbon-neutral since the company was founded in 2006.

 <p>Servers running on 100% renewable energy.</p>	 <p>Employee compensation for CO₂ neutrality</p>	 <p>Use of public transportation and bicycle upon the need to travel</p>	 <p>Reducing consumption of paper to a minimum</p>
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TROPHY GAMES
SUPPORTED
THE PEOPLE OF **UKRAINE**
WITH



38.060 USD
TO RED CROSS IN UKRAINE

TROPHY GAMES logo and Red Cross logo are visible at the bottom.



COMPANY INFORMATION

Trophy Games is an innovative, Denmark-based game studio that develops and publishes mobile and pc games.

COMPANY INFORMATION

Trophy Games Development A/S
Mikkel Bryggers Gade 4, 2nd floor
1460 Copenhagen K, Denmark

Website: www.trophy-games.com

Email: corporate@trophy-games.com

Company reg no. 29240299

Established 5 January 2006

Municipality of domicile: Copenhagen, Denmark

Financial year: 1 January - 31 December

Board of Directors

Jan Dal Lehrmann

Daniel Luun

René Eghammer

Søren Westrup Gleie

Pernille Nørkær

Executive board

Søren Westrup Gleie

Auditors

PricewaterhouseCoopers

Chartered Accountant Company

Nobelparken Jens Chr. Skous Vej 1

8000 Aarhus C, Denmark

Certified Advisor

Norden CEF A/S
Kongevejen 365
2840 Holte

Name usage explained:

Trophy Games = Group

Trophy Games Development = Parent

Trophy Games Publishing = Subsidiary

Xombat ApS = Subsidiary

Trophy Games Canada = Subsidiary

PIU-PIU LT, UAB = Subsidiary

Financial Calendar

21/03/2023 - Annual General Meeting

17/05/2023 - Quarterly Update Q1 2023

16/08/2023 - Half-year report 2023

15/11/2023 - Quarterly Update Q3 2023



FINANCIAL STATEMENTS



FINANCIAL STATEMENT REVIEW

PRIMARY ACTIVITIES

The group's activities comprise of developing, manufacturing, publishing and selling online games for computers, tablet, mobiles and related products as well as to directly or not directly conduct other business related hereto in the opinion of the Board of Directors.

The Company and its group have reached the updated guidance for 2022.

Revenue and Gross Profit

Revenue for 2022 amounted to DKK 50.6m (2021: 37.6m), an increase of 34% compared to last year, strongly impacted by the Transport Series that grew from DKK 7.5m to DKK 24.2m. This increase was partially offset by a decrease in Sport Series revenue by 27%, and total revenue for this series amounted to DKK 22.1m (2021: 30.1m) in 2022. The Arcade game revenue reached DKK 3.5m. Other titles' revenue amounted to a total of DKK 0.8m.

Gross profit amounted to DKK 17.1m (2021: 8.7m), an increase of 96% compared to 2021.

Costs and expenses

Direct costs were DKK 12.0m (2021: 11.8m) in 2022, representing 24% of total revenue. Other external costs increased by 26% to DKK 21.5m (2021: 17.1m) due to the extra cost from the PIU-PIU LT, UAB transaction. User acquisition costs were unchanged compared to 2021; we spent DKK 14.7m (2021: 14.5m).

Staff costs amounted to DKK 9.3m (2021: 6.9m) in 2022, an increase of 35% due to expanding the team in Trophy games and from PIU-PIU LT, UAB.

Depreciation and amortization in 2022 were DKK 8.0m (2021: 3.7m), an increase of 115% due to the purchase price allocation of Tiny Titans Studio and PIU-PIU LT, UAB.

Impairment cost

Impairment cost in 2022 was DKK 16.2m for intangible assets, primarily due to the development costs related to

Warhammer AoS: Soul Arena. The cost was included in the total depreciation and amortization line in the income statement.

EBITDA

EBITDA was DKK 8.9m (2021: 2.2m), and the EBITDA margin was 18% for the year. It has increased by five times compared to 2021.

EBT and Net profit

EBT was DKK -16.8m (2021: -2.2m), and EBT-margin was -33% for the year. The impairment cost caused the drop. The group and parent companies have a net loss of DKK 12.5m for 2022. Group equity totals DKK 51.8m (2021: 64.3m) as of 31st December 2022.

Cash flow

Available cash at bank and in hand on December 31, 2022, amounted to DKK 28.2m compared to DKK 37.7m at the end of 2021 mostly due to two acquisitions and the publishing deal.

Operating activities

Cash provided by operating activities of DKK 3.7m (2021: 1.8m) increased by 100% in 2022.

Changes in working capital impacted the cash flow with DKK 5.6m, primarily due to the spending on the publishing contract with the Ranchers.

Investing activities

Investing activities consist of investing in other companies that follow our M&A strategy. Cash flow from investing activities amounted to DKK 13.2m (2021: 21.4m), mostly from our intangible assets divided into two categories: completed projects and projects under development. Our completed projects were fully depreciated at the end of 2022. Projects under development for 2022 has increased by DKK 11.1m (2021: 7.5m). What remains is the investments of the companies we purchased the last two years.

Financing activities

We did not use cash on financing activities in 2022.

OTHER DISCLOSURES

Mergers and acquisitions

On August 30th, 2022 Trophy Games announced that the company had entered into an agreement to acquire 80% of the shares in [PIU-PIU LT, UAB](#) for DKK 2.1m in cash net of debt and net working capital.

Risks assessment

The Company's liquidity and cash flow are strong, and the profitability outlook remains positive, enabling Trophy Games to continue executing its business according to its strategy. Based on the Company's assessment, there were no material changes in the risks and uncertainties during the review period.

Like all companies, Trophy Games is exposed to various risks in its operations. A wide range of factors could materially affect future developments and performance. In addition, delays in the release of new games, changes in technology, dependency on key employees, and tax, as well as political risks due to the global nature of the group.

Risks in user acquisition relate to the accuracy of the profit models and the impact on the Group's net profit. New games introduced by competitors and changes in the competitive landscape may also impact the success of Trophy Games' size of marketing investments, game revenues, and the Group's profit. Changes in governmental regulations in different countries and content distributors' terms and policies can have short and long-term implications for the business. The Company engages in several currencies, with the Danish Kroner, EURO, and U.S. dollar being the most significant. Fluctuations in exchange rates, particularly between the DKK, EURO, and USD, could have a material impact on the Company's result.



INCOME STATEMENT

k DKK	Note	Group		Parent	
		2022	2021	2022	2021
Revenue		50,588	37,653	23,226	18,959
Direct costs		(11,994)	(11,840)	0	(2,458)
Other external costs		(21,508)	(17,093)	(15,693)	(11,865)
Gross profit		17,086	8,720	7,533	4,636
Staff costs	1	(9,342)	(6,923)	(4,910)	(3,740)
Depreciation and amortization on tangible, intangible assets and impairment costs	5	(24,210)	(3,714)	(21,389)	(1,845)
Income from operating activities		(16,466)	(1,917)	(18,766)	(949)
Income from subsidiaries after tax		0	0	1,574	(803)
Financial income	2	0	5	0	5
Financial expenses	3	(396)	(367)	(173)	(306)
Profit before tax		(16,862)	(2,279)	(17,365)	(2,053)
Tax on income for the year	4	4,382	1,359	4,891	1,133
Profit for the year		(12,480)	(920)	(12,474)	(920)
The group results are distributed as follows:					
Shareholders of Trophy Games		(12,474)			
Net income attributable to the minority interest		(6)			
		(12,480)			



BALANCE SHEET 31ST DECEMBER

k DKK	Note	Group		Parent	
		2022	2021	2022	2021
Development projects under construction		4,857	9,947	4,857	9,947
Completed development projects		14,576	17,983	0	4,900
Total intangible fixed assets	5	19,433	27,930	4,857	14,847
Fixtures and fittings, tools and equipment		500	782	499	782
Total property, plant and equipment	5	500	782	499	782
Investments in subsidiaries	6	0	0	19,725	15,281
Deposits		753	753	753	753
Total financial assets		753	753	20,478	16,034
Total non-current assets		20,686	29,465	25,834	31,663
Receivables from sales and service		4,086	3,556	504	0
Receivables from group enterprises		0	0	21,075	9,064
Corporation tax receivable		2,697	2,923	0	19
Deferred tax assets	8	930	0	930	0
Other receivables		3,159	1,306	240	577
Total Receivables		10,872	7,785	22,749	9,660
Cash at bank and in hand		28,265	37,756	5,552	29,093
Total current assets		39,137	45,541	28,301	38,753
Total assets		59,823	75,006	54,135	70,416

k DKK	Note	Group		Parent	
		2022	2021	2022	2021
Share capital	7	552	552	552	552
Reserve for development costs		0	0	3,787	11,582
Reserve for revaluation of subsidiaries		0	0	1,647	225
Share premium		0	0	0	0
Retained earnings		51,642	63,799	45,891	51,992
Total equity		52,194	64,351	51,877	64,351
Minority interest on subsidiaries		(323)	0	0	0
Total equity and minority		51,871	64,351	51,877	64,351
Deferred tax liabilities	8	3,391	4,120	0	1,058
Other payables		0	1,333	0	0
Total non-current liabilities		3,391	5,453	0	1,058
Trade payables		921	2,122	2,258	784
Corporation tax		0	36	0	0
Other payables		3,640	3,044	0	4,223
Total current liabilities		4,561	5,202	2,258	5,007
Total liabilities		7,952	10,655	2,258	6,065
Total equity and liabilities		59,823	75,006	54,135	70,416
Contingent liabilities	9				
Collateral	10				
Distribution of profit for the year	11				
Related parties	12				
Accounting policies	15				



STATEMENT OF CHANGES IN EQUITY

k DKK	Group			
	Share capital	Retained earnings	Minority Interest	Total
Equity at 1st January 2021	250	9,232	0	9,482
Capital increase	302	60,498	0	60,800
Cost of capital changes	0	(5,011)	0	(5,011)
Distribution of profit for the year	0	(920)	0	(920)
Equity at 31st December 2021	552	63,799	0	64,351
Equity at 1st January 2022	552	63,799	0	64,351
Addition from acquired companies	0	317	(317)	0
Distribution of profit for the year	0	(12,474)	(6)	(12,480)
Equity at 31st December 2022	552	51,642	(323)	51,871

k DKK	Parent					
	Share capital	Retained earnings	Reserve for development costs	Reserve for re-valuation of subsidiaries	Share premium	Total
Equity at 1st January 2021	250	1,088	7,115	1,028	0	9,482
Capital increase	302	(150)	0	0	60,648	60,800
Transfer	0	60,648	0	0	(60,648)	0
Cost of capital changes	0	(5,011)	0	0	0	(5,011)
Distribution of profit for the year	0	(4,583)	4,466	(803)	0	(920)
Equity at 31st December 2021	552	51,992	11,582	225	0	64,351
Equity at 1st January 2022	552	51,992	11,582	225	0	64,351
Distribution of profit for the year	0	(6,101)	(7,795)	1,422	0	(12,474)
Equity at 31st December 2022	552	45,891	3,787	1,647	0	51,877



CASH FLOW STATEMENT

k DKK	Notes	Group	
		2022	2021
Profit for the year		(12,480)	(920)
Adjustments for non-cash operating items, etc.	13	20,224	2,717
Changes in net working capital	14	(5,632)	12
Cash flow from operating activities before financial items		2,112	1,809
Interests received		0	5
Interests paid		(396)	(367)
Cash flow from ordinary activities		1,716	1,447
Corporation tax, received		2,010	410
Cash flow from operating activities		3,726	1,857
Purchase of intangible fixed assets		(11,115)	(7,502)
Purchase of tangible fixed assets		(1)	(848)
Acquisitions of subsidiaries		(2,101)	(12,345)
Changes in deposits		0	(753)
Cash flow from investing activities		(13,217)	(21,448)
Capital increase		0	55,790
Repayment of long-term debt liabilities		0	0
Cash flow from financing activities		0	55,790
Net cash flow for the year		(9,491)	36,199
Cash at bank and in hand beginning of the year		37,756	1,557
Cash at bank and in hand at end of the year		28,265	37,756



NOTES

1. STAFF COSTS	Group		Parent	
	2022	2021	2022	2021
k DKK				
Wages and salaries	16,464	10,834	12,177	7,470
Pensions	36	50	14	36
Other social security costs	115	78	85	60
Other staff costs	471	475	378	324
Staff costs, gross total	17,086	11,437	12,654	7,890
Capitalized development costs	7,744	4,514	7,744	4,150
	9,342	6,923	4,910	3,740
Average number of employees	34	22	25	14

Wages and salaries accrued by Executive Management and the Supervisory Board is disclosed a whole in accordance with §98b in the Danish Financial Statements Act.

Staff costs include wages and salaries accrued by Executive Management and the Supervisory Board in the amount DKK 875k, (2021: DKK 875k).

The Group's management is part of a long term incentive program that involves an option to acquire shares in the company up to in total 0.48% of the share capital. The exercise price is equal to a calculated net asset value at the time of acquisition. The exercise period for this program ends on 21st April 2024. The incentive program is not recognised in the Financial Statements.

2. FINANCIAL INCOME	Group		Parent	
	2022	2021	2022	2021
k DKK				
Other financial income	0	5	0	5
	0	5	0	5
3. FINANCIAL EXPENSES				
Other financial expenses	(396)	(367)	(173)	(306)
	(396)	(367)	(173)	(306)
4. TAX ON INCOME FOR THE YEAR				
Current tax	(208)	0	922	0
Adjustment of tax from previous years	1,984	363	1,981	363
Adjustment of deferred tax for the year	2,606	996	1,988	770
	4,382	1,359	4,891	1,133



NOTES

5. INTANGIBLE ASSETS	Group		Parent	
	Development projects under construction	Completed development projects	Development projects under construction	Completed development projects
k DKK				
Cost price, 1 January 2022	9,948	23,769	9,948	8,817
Additions	11,115	0	11,115	0
Addition from subsidiaries	0	4,314	0	0
Disposals	0	0	0	0
Transfers	(16,206)	16,206	(16,206)	16,206
Cost price, 31 December 2022	4,857	44,289	4,857	25,023
Amortization, 1 January 2022	0	5,786	0	3,917
Amortization	0	7,721	0	4,900
Impairment cost	0	16,206	0	16,206
Disposals	0	0	0	0
Transfers	0	0	0	0
Amortization, 31 December 2022	0	29,713	0	25,023
Carrying amount, 31 December 2022	4,857	14,576	4,857	0

Development projects under construction and completed development projects includes the development and testing of games under various titles which are launched through several platforms such as the Google Store and the App Store.

Special items

As mentioned in management commentary the result for 2022 is affected negatively by impairment cost on two completed development projects amounting to DKK 16,206k. The projects relate to the development of Warhammer AoS: Soul Arena and FIVE. Management considers these special items.

5. TANGIBLE ASSETS	Group		Parent	
	Leasehold improvements	Fixtures and fittings, tools and equipment	Leasehold improvements	Fixtures and fittings, tools and equipment
k DKK				
Cost price, 1 January 2022	638	210	638	210
Additions	0	1	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Cost price, 31 December 2022	638	211	638	210
Depreciation, 1 January 2022	35	31	35	31
Depreciation	213	70	213	70
Disposals	0	0	0	0
Transfers	0	0	0	0
Depreciation, 31 December 2022	248	101	248	101
Carrying amount, 31 December 2022	390	110	390	109



NOTES

6. INVESTMENTS IN SUBSIDIARIES

k DKK	2022	2021
Cost price, 1 January	15,056	50
Additions	2,101	15,006
Cost price, 31 December 2022	17,157	15,056
Value adjustments, 1 January 2022	225	1,028
Income for the year	1,574	(803)
Other adjustments	769	0
Value adjustments, 31 December 2022	716	225
Carrying amount, 31 December 2022	19,725	15,281
Positive differences arising on initial measurement of subsidiaries at net asset value	3,365	11,663

Name	Registered in	Voting and ownership share
Trophy Games ApS	Copenhagen, Denmark	100 %
Xombat ApS	Copenhagen, Denmark	100 %
Tiny Titans Studios Inc.	Ontario, Canada	100 %
PIU-PIU LT, UAB	Vilnius, Lithuanian	80 %

7. SHARE CAPITAL

The share capital consists of 552,000 shares of DKK 100 nominal value and is paid up in full.

No shares have special rights.

8. DEFERRED TAX

k DKK	Group		Parent	
	2022	2021	2022	2021
1 January	4,120	1,828	1,058	1,828
Adjustment of deferred tax for the year	(2,606)	(996)	(1,988)	(770)
Adjustment of deferred tax for subsidiaries	949	3,288	0	0
31 December	2,463	4,120	(930)	1,058

9. CONTINGENT LIABILITIES

The parent company participates in joint taxation with its Danish subsidiaries. The companies bear unlimited joint and several liability for Danish corporation tax and tax at source on dividends, interest and royalties within the joint taxation scheme. Any subsequent adjustment of the income subject to joint taxation or tax at source on dividend etc. could result in an increase of the companies' liability. We have a lease obligation of DKK 3,683k.

10. COLLATERAL

The Group and the parent company has not provided collateral.



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11. DISTRIBUTION OF PROFIT FOR THE YEAR

k DKK	Parent	
	2022	2021
Proposed profit appropriation:		
Reserve for development costs	(7,795)	4,466
Reserve for revaluation of subsidiaries	1,422	(803)
Retained earnings	(6,101)	(4,583)
	(12,474)	(920)

12. RELATED PARTIES

According to section 98(3) of the Danish Financial Statements Act, transactions with wholly-owned subsidiaries are not disclosed. Wages and salaries accrued by Executive Management and the Supervisory Board is disclosed in note 1.

Trophy Games Development A/S has no related parties with controlling influence.

13. ADJUSTMENTS FOR NON-CASH OPERATING ITEMS, ETC

k DKK	Group	
	2022	2021
Financial income	0	(5)
Financial expenses	396	367
Depreciation, amortization and impairment cost	24,210	3,714
Tax on income for the year	(4,382)	(1,359)
	20,224	2,717

14. CHANGES IN NET WORKING CAPITAL

Changes in receivables	(2,157)	(449)
Changes in current liabilities	(3,475)	461
	(5,632)	12



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15. ACCOUNTING POLICIES

The 2022 Annual Report of Trophy Games Development A/S has been prepared in accordance with the provisions applying to reporting class C medium enterprises under the Danish Financial Statements Act.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in k DKK.

Change in depreciation period for development projects

The development projects and the purchase price allocations for intellectual properties (IP) has historically been depreciated over 3 years. In 2022, the depreciation period of intellectual properties (IP) has been changed from 3 years to a period of 3 to 10 years on an independent evaluation of each acquired IP. The change in the accounting estimate is made to give a more true and fair view of the expected life-time of the capitalized development projects.

The change in depreciation periods causes an increase in the result for the year for 2022 of DKK 2,643k. Total intangible assets for completed projects in the group as of 31 December 2022 has increased by DKK 2,643k due to less depreciation on the development projects and the equity increases by the same amount.

Recognition and measurement

The financial statements are prepared in accordance with the historical cost convention.

Revenue is recognized in the income statement as it is earned. Value adjustments of financial assets and liabilities are measured at fair value or amortized cost. The same applies to all expenses incurred to achieve earnings, including depreciations, impairment losses/gains, accruals and reversals due to changes in accounting estimates of amounts previously recognized in the income statement.

Assets are recognized in the statement of financial position when it is probable that future economic benefits will flow to the company, and the value of the asset can be reliably measured.

Liabilities are recognized in the statement of financial position when it is probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item below:

Certain financial assets and liabilities are measured at amortized cost to achieve a constant effective interest rate over the life of the asset or liability. Amortized cost is stated as the original cost less any repayments plus or minus the cumulative amortization of any difference between cost and nominal amount. In this way, capital losses and gains are amortized over the life of the asset or liability.

Recognition and measurement take into consideration anticipated losses and risks that arise before the time of presentation of the annual report and which confirm or invalidate affairs and conditions existing at the statement of financial position date.

Consolidated financial statements

The consolidated financial statements include the parent company Trophy Games Development A/S, as well as the subsidiaries of which Trophy Games Development A/S directly or indirectly holds more than 50% of the voting rights or has a deciding influence in another way.

For the consolidated companies, elimination is carried out of intra-group income and expenses, shareholdings, internal debts and dividends as well as realized and unrealized profits and losses for transactions between the consolidated companies.

Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at



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fair value at the time of acquisition. Acquired contingent liabilities are recognized at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably. The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognized in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognized as goodwill in intangible assets in the balance sheet and are amortized in the income statement on a straight-line basis over their estimated useful lives. Amortization of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognized immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition.

These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortization already made. Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognized in the income statement. In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognized in the income statement.

Investments in subsidiaries are offset with the proportionate share of the subsidiaries' fair value of net assets and liabilities on the acquisition date.

Incentive schemes

The value of share-based payment, including share option plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognized in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

INCOME STATEMENT

Revenue

The net revenue for the "publishing of computer games, tablet and mobile phone games and related products" is recognized in the income statement if delivery and risk transfer to the buyer has taken place before the end of the year. The net revenue is recognized excluding VAT and tax charges on behalf of a third party, as well as with the deduction of discounts in connection with the sale.

Direct costs

Direct costs include the costs incurred to achieve revenue for the year.

Other external costs

Other external expenses comprise expenses for administration, etc.

Staff costs

Staff costs comprises wages and salaries, pension and related expenses.

Results of investments in subsidiaries

The proportionate share of the individual subsidiaries' results after tax, after full elimination of internal profits/loss, is recognized in the parent company's income statement.

Depreciation and amortization

Depreciation is performed on a straight line basis over the estimated useful life, which is estimated to be three years.



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Amortization is performed on a straight line basis over the estimated useful life, which is estimated to be between three and ten years.

Financial income and expenses

Financial income and expenses include interest income and expenses as well as financial gains and losses and foreign currency adjustments.

Tax on income for the year

The parent company is covered by the Danish rules on compulsory joint taxation of Trophy Games Development's Danish subsidiaries. Subsidiaries are covered by joint taxation as of the date they are included in the consolidation in the Consolidated Financial Statement, prior to this they are not part of consolidation

The parent company is the administrative company for the joint taxation and, as a result of this, settles all payments of corporate taxes with the Danish tax authorities.

The applicable Danish corporate tax is allocated by settling joint taxation contributions among the jointly taxed companies, in relation to their taxable incomes. In this connection, companies with tax losses, receive joint taxation contributions from companies that have been able to apply this loss to reduce their own tax profit.

Tax for the year, consisting of the year's current corporate tax, the year's joint taxation contribution and changes in deferred tax rates, is recognized in the statement of income, with the portion that can be attributed to the income for the year, and directly to equity, with the portion that can be directly attributed to equity.

BALANCE SHEET

Intangibles assets

Development projects relate to software that supports the development of games. Development projects that are clearly defined and identifiable are recognized as intangible assets if it is probable that the development project will generate future

economic benefits to the group and the development costs of the individual asset can be measured reliably. Other development costs are recognized as costs in the statement of income as they are incurred.

Development projects are initially measured at cost price. The cost price of development projects comprises costs that can be attributed directly or indirectly to the development projects, and which are necessary to complete the project, counting from the time when the development project first meets the criteria for recognition as an asset.

Completed development projects are amortized on a straight-line basis over the estimated life, which is estimated to be between 3 and 10 years. Development projects are written down to a possible lower recoverable amount, cf. the section on impairment of assets below.

Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Property, plant and equipment are depreciated on a straight line basis over the estimated useful life, which is estimated to be three years.

FINANCIAL ASSETS

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportional share of the companies' equity value measured according to the Group's accounting policies minus or plus unrealized intra-group profits and losses and plus or minus the residual value of positive or negative goodwill measured according to the acquisition method.



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Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0 and any receivables from these companies will be impaired to the extent the receivable is deemed non-collectable. To the extent the parent company has a legal or actual obligation to cover a negative balance that exceeds the receivable; the balance will be recognized under accruals. If Trophy Games Development A/S has a legal or actual obligation to the company's deficit, an allocated commitment will be included to this.

Net revaluation of investments in subsidiaries are shown as a reserve for net revaluation according to the equity method in equity to the extent the carrying amount exceeds the cost price. Dividends from subsidiaries expected to be approved before the approval of the annual report for Trophy Games Development A/S are not bound on the revaluation reserve.

Impairment of non-current assets

The carrying amounts of intangible assets and property, plant and equipment are written down immediately to the recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level at which cash flows are separately identifiable (cash-generating units).

Other non-current assets

Other non-current assets are measured at cost less any impairment following an individual assessment.

Receivables

Receivables are measured at amortized cost. At initial recognition, the Company measures receivables from group enterprises at fair value, and is subsequently measured at amortized costs as the assets are held

within a business model whose objective is to collect the contractual cash flows; and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Impairments for potential losses are made where it is estimated that there is objective indication that a receivable or a portfolio of receivables are impaired. If there is objective indication that an individual receivable is impaired, impairment is made at individual level.

Receivables for which there is no objective indication of impairment at individual level, objective indication for impairment is assessed at portfolio level.

The portfolios are primarily based on the domicile of the debtors and a credit assessment in accordance with the Company's and the Group's credit risk management policy. The objective indicators used for portfolios are established based on historical records of losses.

Impairments are calculated as the difference between the carrying amount of receivables and the present value of anticipated cash flows, including the realisable value of any accepted collaterals. The effective interest rate is used as the discount rate for the individual receivable or portfolio.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.



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Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, from the proceeds.

Reserve for net revaluation applying the equity method covers net revaluations of equity investments in subsidiaries in relation to cost.

The reserve can be eliminated in case of losses, if investments are realized or changes are made to accounting estimates.

The reserve may not be recognized at a negative amount.

Reserve for development projects

The reserve for development projects comprises recognized development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development projects are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

If the recognized development projects are written down, part of the reserve for development projects must be reversed. The reversed portion corresponds to the write-down of the development projects. If a write-down of the development projects is subsequently reversed, the reserve for development projects must be re-established. The reserve for development projects is also reduced by amortization charges. In doing so, the equity reserve will not exceed the amount recognized in the statement of financial position as development projects.

Dividend distribution

Proposed dividends are disclosed as a separate item under equity and recognized as a liability when declared.

Corporate tax and deferred tax

As the administrative company, Trophy Games Development A/S assumes liability for the subsidiaries' corporate taxes to the Danish tax authorities concurrently with the subsidiaries' payment of jointtaxation contributions.

Current tax payable and receivable is recognized in the statement of financial position as calculated tax on the taxable income for the year, adjusted for previous years' taxable income and taxes paid on account. Payable or receivable joint taxation contributions are recognized in the statement of financial position as Payable corporate tax or Corporate tax.

Deferred tax is measured according to the statement of financial position liability method on all temporary differences between accounting and tax values of assets and liabilities. However, deferred tax on temporary differences related to taxable non deductible goodwill, as well as other items where temporary differences – except for acquisitions of companies – have arisen at the time of acquisition without having an effect on the income or taxable income, is not recognized. In cases where the determination of the tax value can be performed under various taxation rules, deferred tax is measured based on management's planned use of the asset, respectively, settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognized at the value at which they are expected to be used, either by elimination in the tax of future earnings, or by offsets in deferred tax payables in companies within the same legal tax entity or jurisdiction.

Adjustment of deferred tax is made concerning performed elimination of unrealized payable intra-group profits and losses. Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation, at the reporting date, when the deferred tax is expected to be crystalized as current tax.



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Liabilities

Financial liabilities are recognized upon raising the loan at the proceeds received, less incurred transaction costs. For subsequent periods, financial liabilities are measured at amortized cost.

Cash flow statement

The cash flow statement shows consolidated cash flow distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents for the year, as well as cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is measured as income for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the cash flow statement for the group.

Cash flow from investing activities covers payments made related to the purchase and divestment of companies and activities, and the purchase and divestment of property, plant and equipment, intangible assets and other financial assets.

Cash flows from financing activities comprise cash inflows from shareholders in their capacity as shareholders.

Cash and cash equivalents comprise holdings of short-term securities that can readily be converted to cash or cash equivalents and for which there is only insignificant risk of changes in value.

Key Figures

The financial ratios have been computed as follows:

Return on equity: $\frac{\text{Profit for the year}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Total equity}}{\text{Total assets}}$



MANAGEMENT'S STATEMENT

The Executive and Board of Directors have today considered and adopted the Annual Report of Trophy Games Development A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2022.

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

Copenhagen, 22 February, 2023

EXECUTIVE BOARD

Søren Westrup Gleie
CEO

BOARD OF DIRECTORS

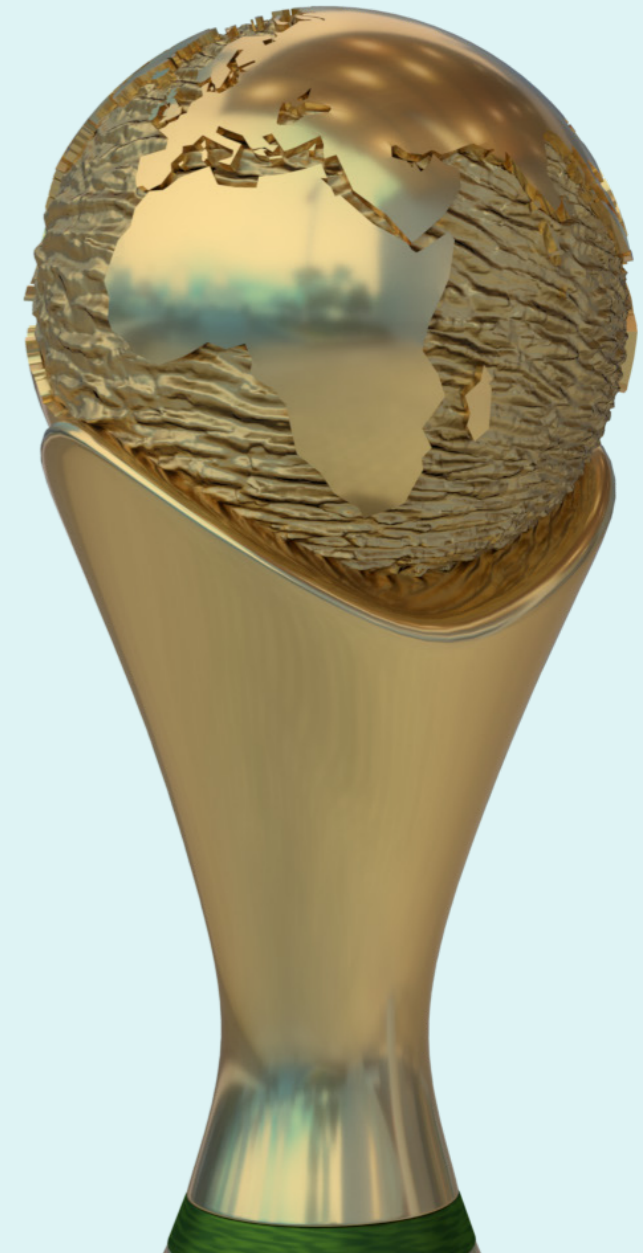
Jan Dal Lehrmann
Chairman

Daniel Luun

René Eghammer

Søren Westrup Gleie

Pernille Nørkær





INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TROPHY GAMES DEVELOPMENT A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Trophy Games Development 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 a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group in accordance with the International Ethics Standards Board for Accountants'

International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 judgment and maintain professional skepticism 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 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 disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that gives a true and fair view

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 22 February 2023

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Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

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