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Copenhagen Game Productions ApS

J.M.Thieles Vej 7B, 1961 Frederiksberg C

Company reg. no. 32 66 47 84

Annual report

1 May 2023 - 30 April 2024

The annual report was submitted and approved by the general meeting on the 11 November 2024.

Dajana Dimovska
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instanceDKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Executive Board has approved the annual report of Copenhagen Game Productions ApS for the financial year 1 May 2023 - 30 April 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2024 and of the results of the Company's operations for the financial year 1 May 2023 – 30 April 2024.

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

We recommend that the annual report be approved at the Annual General Meeting.

Frederiksberg C, 11 November 2024

Executive board

Timothy Robert May	Dajana Dimovska
Managing director	Director

The independent practitioner’s report

To the Shareholders of Copenhagen Game Productions ApS

Conclusion

We have performed an extended review of the financial statements of Copenhagen Game Productions ApS for the financial year 1 May 2023 - 30 April 2024, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 30 April 2024 and of the results of the Company's operations for the financial year 1 May 2023 - 30 April 2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management’s Responsibilities for the Financial Statements

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

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

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The independent practitioner’s report

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management’s Review

Management is responsible for the Management’s Review.

Our conclusion on the financial statements does not cover the Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management’s Review and, in doing so, consider whether the Management’s Review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management’s Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 11 November 2024

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

Peter Birk Stokholm
State Authorised Public Accountant
mne48468

Company information

The company	Copenhagen Game Productions ApS J.M.Thieles Vej 7B 1961 Frederiksberg C	
	Company reg. no.	32 66 47 84
	Established:	15 December 2009
	Domicile:	Copenhagen
	Financial year:	1 May - 30 April
Executive board	Timothy Robert May, Managing director Dajana Dimovska, Director	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Bankers	Nordea Bank	
Subsidiary	NapNok Dooel Skopje, Macedonia	

Management´s review

Description of key activities of the company

Like previous years, the company's primary purpose is to develop computer games with own IPs for modern gaming consoles. Secondarily, the company has a goal to provide consultancy services for web- and gaming development in general.

Significant changes in the company's activities and financial matters

Income or loss from ordinary activities after tax totals TDKK 683 against TDKK 1.499 last year. Management considers the net profit or loss for the year as unsatisfactory.

Copenhagen Game Production ApS has recently been involved in a tax case with the Danish tax authorities concerning our application for tax credits and an increased tax-deduction for development expenses. The tax authorities have declined our application, disputing the eligibility conditions for the tax credit.

We strongly disagree with this assessment, as we are confident that our development efforts fully meet the necessary conditions, given that our work is both innovative and groundbreaking, which we firmly consider eligible for these tax incentives.

Consequently, we have actively challenged this ruling and are pursuing all available avenues to reverse this decision.

We have engaged with legal and tax advisory experts to ensure a comprehensive and thorough appeal process. Management is committed to protecting the company's right to benefit from the incentives that support innovation within Denmark's Game development industry. We will continue to contest the decision, maintaining our view that the company's expenses meet the necessary criteria for increased tax relief.

Our financial statements, as of April 30, 2024, reflect this position, as we work to resolve this matter in a manner favorable to the company and in alignment with the applicable tax regulations.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which may have a material impact on the company's financial position.

Income statement 1 May - 30 April

All amounts in DKK.

Note		2023/24	2022/23
	Gross profit	**1.719.770**	**2.598.549**
1	Staff costs	-944.861	-779.263
	Depreciation and impairment of non-current assets	-27.980	-27.980
	Operating profit	**746.929**	**1.791.306**
	Other financial income	31.251	1.621
2	Other financial expenses	-68.650	-52.046
	Pre-tax net profit or loss	**709.530**	**1.740.881**
3	Tax on net profit or loss for the year	-26.139	-241.467
	Net profit or loss for the year	**683.391**	**1.499.414**
	Proposed distribution of net profit:		
	Dividend for the financial year	0	200.000
	Transferred to retained earnings	683.391	1.299.414
	Total allocations and transfers	**683.391**	**1.499.414**

Balance sheet at 30 April

All amounts in DKK.

Note	Assets	2024	2023
	Non-current assets		
4	Other fixtures, fittings, tools and equipment	83.940	111.920
	Total property, plant, and equipment	83.940	111.920
5	Investment in group enterprise	37.265	37.265
	Total investments	37.265	37.265
	Total non-current assets	**121.205**	**149.185**
	Current assets		
	Trade receivables	2.292.828	1.580.068
6	Deferred tax assets	3.246	0
	Income tax receivables	19.569	319.648
	Other receivables	111.567	134.625
	Prepayments	15.253	0
	Total receivables	2.442.463	2.034.341
	Cash and cash equivalents	1.650.031	1.784.941
	Total current assets	**4.092.494**	**3.819.282**
	Total assets	**4.213.699**	**3.968.467**

Balance sheet at 30 April

All amounts in DKK.

Note	Equity and liabilities	2024	2023
	Equity		
	Contributed capital	125.004	125.004
	Retained earnings	2.851.345	2.167.955
	Proposed dividend for the financial year	0	200.000
	Total equity	**2.976.349**	**2.492.959**
	Liabilities other than provisions		
	Income tax payable	116.298	226.062
7	Other payables	20.911	52.574
	Total long term liabilities other than provisions	137.209	278.636
	Current portion of long term liabilities	33.366	30.490
	Trade payables	549.620	617.701
	Other payables	517.155	548.681
	Total short term liabilities other than provisions	1.100.141	1.196.872
	Total liabilities other than provisions	**1.237.350**	**1.475.508**
	Total equity and liabilities	**4.213.699**	**3.968.467**

8 Charges and security

9 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 May 2023	125.004	2.167.954	200.000	2.492.958
Distributed dividend	0	0	-200.000	-200.000
Profit or loss for the year brought forward	0	683.391	0	683.391
	125.004	**2.851.345**	**0**	**2.976.349**

Notes

All amounts in DKK.

		2023/24	2022/23
1.	**Staff costs**		
	Salaries and wages	932.733	766.833
	Other costs for social security	12.128	12.430
		944.861	**779.263**
	Average number of employees	2	2
2.	**Other financial expenses**		
	Other financial costs	68.650	52.046
		68.650	**52.046**
3.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	122.298	238.062
	Adjustment for the year of deferred tax	-3.246	0
	Adjustment of tax for previous years	-92.913	0
	Calculated addition	0	3.405
		26.139	**241.467**

		30/4 2024	30/4 2023
4.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 May 2023	162.300	22.400
	Additions during the year	0	139.900
	Cost 30 April 2024	**162.300**	**162.300**
	Depreciation and write-down 1 May 2023	-50.380	5.580
	Depreciation for the year	-27.980	-55.960
	Depreciation and write-down 30 April 2024	**-78.360**	**-50.380**
	Carrying amount, 30 April 2024	**83.940**	**111.920**

Notes

All amounts in DKK.

	30/4 2024	30/4 2023
5. Investment in group enterprise		
Acquisition sum, opening balance 1 May 2023	37.265	37.265
Cost 30 April 2024	**37.265**	**37.265**
Carrying amount, 30 April 2024	**37.265**	**37.265**

Financial highlights for the enterprise according to the latest approved annual report

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, Copenhagen Game Productions ApS DKK
NapNok Dooel Skopje, Macedonia	100 %	853.551	49.705	37.265
		853.551	**49.705**	**37.265**

	30/4 2024	30/4 2023
6. Deferred tax assets		
Deferred tax assets 1 May 2023	0	0
Deferred tax of the net profit or loss for the year	3.246	0
	3.246	**0**
The following items are subject to deferred tax:		
Property, plant, and equipment	-1.154	0
Current assets	4.400	0
	3.246	**0**

Notes

All amounts in DKK.

		30/4 2024	30/4 2023
7.	**Other payables**		
	Total other payables	54.277	83.064
	Share of amount due within 1 year	-33.366	-30.490
		20.911	**52.574**

8. Charges and security

As collateral for bank debt, TDKK 54, a retention of title has been granted on property, plant and equipment representing a carrying amount of TDKK 84 at 30 April 2024.

9. Contingencies

Contingent liabilities

As mentioned in the management review, Copenhagen Game Productions ApS has recently been involved in a tax case with the Danish tax authorities concerning our application for tax credits and an increased tax-deduction for development expenses. The tax authorities have declined our application, disputing the eligibility conditions for the tax credit.

We strongly disagree with this assessment, as we are confident that our development efforts fully meet the necessary conditions, given that our work is both innovative and groundbreaking, which we firmly consider eligible for these tax incentives.

Consequently, we have actively challenged this ruling and are pursuing all available avenues to reverse this decision.

We have engaged with legal and tax advisory experts to ensure a comprehensive and thorough appeal process. Management is committed to protecting the company's right to benefit from the incentives that support innovation within Denmark's Game development industry. We will continue to contest the decision, maintaining our view that the company's expenses meet the necessary criteria for increased tax relief.

Our financial statements, as of April 30, 2024, reflect this position, as we work to resolve this matter in a manner favorable to the company and in alignment with the applicable tax regulations.

Should the company not succeed in its appeal, there is a potential liability to repay the tax credit previously claimed. Management continues to actively contest this decision, as we believe the company meets the required conditions for the tax incentives. The financial impact of this contingent liability will depend on the final outcome of the case. A potential obligation exists for a repayment of up to approximately DKK 750,000, contingent on the outcome of an ongoing tax dispute.

Accounting policies

The annual report for Copenhagen Game Productions ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

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

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration and premises.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of tangible assets, respectively.

Accounting policies

Results from investment in group enterprise

Dividend from investment in group enterprise is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, and transactions in foreign currency.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Impairment loss relating to non-current assets

The carrying amount of tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Dajana Dimovska
Direktør og dirigent
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