

Static Sky ApS

Emil Holms Kanal 14
2300 København S
CVR no. 35 47 11 70

**Annual report for the period
1 October 2020 to 30 September 2021**

Adopted at the annual general meeting on 10
March 2022

Charles Michael Hinshaw
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Static Sky ApS for the financial year 1 October 2020 - 30 September 2021.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 September 2021 and of the results of the company's operations for the financial year 1 October 2020 - 30 September 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends to the company in general meeting that the financial statements for 2021/22 are not to be audited. Management considers the criteria for not auditing the financial statements to be met.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 10 March 2022

Executive board

Charles Michael Hinshaw
CEO

Emil Evald Johansen
director

The company in general meeting has resolved that the financial statements for the coming financial year are not be audited.

Independent auditor's report on extended review

To the shareholder of Static Sky ApS

Report on extended review of the Financial Statements

Qualified Opinion

We have performed extended review of the financial statements of Static Sky ApS for the financial year 1 October 2020 - 30 September 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on our procedures, except for the potential effects of the matter(s) described in the "Basis for Qualified Opinion" paragraph, the financial statements give a true and fair view of the company's financial position at 30 September 2021 and of the results of the company's operations for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

Basis for Qualified Opinion

We were appointed auditors of the Company during the financial year 2020/2021. In connection with our extended review, we were unable to confirm the existence or valuation of development projects in progress recognized in the opening balance per. 1 October 2020 at DKK 173,912. In 2020/2021, the development projects are written down to DKK 0. As a result, our opinion on the financial statements for the current year (2020/2021) is modified due to the potential effect of the development projects and the possible effect on the income statement for 2020/2021 and the balance sheet and equity per. 30 September 2021, including the presentation. Our opinion on the financial statements comparative figures for 2019/2020 is also modified due to the possible impact on the income statement for 2019/2020 and the balance sheet and equity per—30 September 2020, including the presentation.

We conducted our extended review in accordance with the Danish Business Authority's standard on auditor's report for small enterprises and FSR - danish auditors' standard on extended review of financial statements in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor'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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Management's responsibilities for the financial statements

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

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

Independent auditor's report on extended review

Auditor's responsibility for the extended review of the financial statements

Our responsibility is to express a conclusion on the accompanying financial statements. This requires us to perform procedures in order to obtain limited assurance for our conclusion on these financial statements, and in addition perform specifically required supplementary procedures in order to obtain additional assurance for our conclusion.

An extended review of financial statements includes procedures primarily consisting of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and the specifically required supplementary procedures, and evaluating the evidence obtained.

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 these financial statements.

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 extended review 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 extended review, 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, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Independent auditor's report on extended review

Report on other legal and regulatory requirements

Violation of the capital loss provisions of the Danish Companies Act

The Company has lost more than half its share capital. Management has not taken steps to convene and hold a general meeting within the deadlines stipulated by the Danish Companies Act, not given the shareholders an account of the Company's financial position and not proposed any measures to be taken in that regard.

Management may incur liability in this respect.

Kgs. Lyngby, 10 March 2022

ECOMENTOR

statsautoriseret revisionsaktieselskab

CVR no. 26 06 32 21

Christian Agerholm

State Authorised Public Accountant

MNE no. mne34367

Company details

The company

Static Sky ApS
Emil Holms Kanal 14
2300 København S
CVR no.: 35 47 11 70
Reporting period: 1 October 2020 - 30 September 2021
Incorporated: 21 August 2013
Financial year: 8th financial year
Domicile: Copenhagen

Executive board

Charles Michael Hinshaw, CEO
Emil Evald Johansen, director

Auditors

ECOMENTOR
statsautoriseret revisionsaktieselskab
Engelsborgvej 31
2800 Kgs. Lyngby

Management's review

Business review

The company's aim is to develop, market, promote, license and sell computer games and related products.

Financial review

The company's income statement for the year ended 30 September 2021 shows a loss of DKK 186.594, and the balance sheet at 30 September 2021 shows equity of DKK 102.894.

The income statement shows a loss for the year which is as expected. This has resulted in a loss of more than half the share capital. Management believes it can be reestablished by the current activity.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Description of significant changes in the company's business and financial conditions

The development projects in progress have been written down as a result of the possible launch of the game Static Sky is on stand-by.

Income statement 1 October - 30 September

	Note	2020/21 DKK	2019/20 DKK
Gross profit	2	-14.283	10.950
Staff costs	1	0	0
Profit/loss before amortisation/depreciation and impairment losses		-14.283	10.950
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-173.912	0
Profit/loss before net financials		-188.195	10.950
Financial costs	3	-797	-148
Profit/loss before tax		-188.992	10.802
Tax on profit/loss for the year	4	2.398	94.222
Profit/loss for the year		-186.594	105.024
Distribution of profit			
Retained earnings		-186.594	105.024
		-186.594	105.024

Balance sheet 30 September

	<u>Note</u>	<u>2020/21</u> DKK	<u>2019/20</u> DKK
Assets			
Development projects in progress		<u>0</u>	<u>173.912</u>
Intangible assets		<u>0</u>	<u>173.912</u>
Total non-current assets		<u>0</u>	<u>173.912</u>
Other receivables		<u>6.250</u>	<u>0</u>
Receivables		<u>6.250</u>	<u>0</u>
Cash at bank and in hand		<u>143.069</u>	<u>143.757</u>
Total current assets		<u>149.319</u>	<u>143.757</u>
Total assets		<u><u>149.319</u></u>	<u><u>317.669</u></u>

Balance sheet 30 September

	Note	2020/21 DKK	2019/20 DKK
Equity and liabilities			
Share capital		277.294	277.294
Share premium account		0	2.010.647
Retained earnings		-174.400	-1.998.453
Equity		102.894	289.488
Trade payables		12.500	0
Payables to subsidiaries		31.367	0
Corporation tax		0	2.398
Other payables		2.558	25.783
Total current liabilities		46.425	28.181
Total liabilities		46.425	28.181
Total equity and liabilities		149.319	317.669
Contingent liabilities	5		
Mortgages and collateral	6		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 October 2020	277.294	12.194	289.488
Net profit/loss for the year	0	-186.594	-186.594
Equity at 30 September 2021	277.294	-174.400	102.894

Notes

	2020/21 DKK	2019/20 DKK
1 Staff costs		
Average number of employees	0	0
2 Special items		
Impairment Intangible assets	173.912	0
	173.912	0
3 Financial costs		
Other financial costs	687	0
Percentage surcharge, corporation tax	110	148
	797	148
4 Tax on profit/loss for the year		
Current tax for the year	0	2.398
Deferred tax for the year	0	-96.620
Adjustment of tax concerning previous years	-2.398	0
	-2.398	-94.222

5 Contingent liabilities

The company is jointly taxed with its parent company, Framebunker ApS (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes for income year 2020/21 onwards as well as for payment of withholding taxes on dividends, interest and royalties.

The company has no contingent liabilities.

Notes

6 Mortgages and collateral

The company has no mortgages or collateral

Accounting policies

The annual report of Static Sky ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2020/21 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue and other operating income less other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities. Average number of employees is calculated based on the ATP-method.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, foreign currency transactions, and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the disposal of development projects are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Fixtures and fittings, tools and equipment	3-5 years	0 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash which are subject only to insignificant risks of changes in value.

Accounting policies

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

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Charles Michael Hinshaw

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