

KILOO

Kiloo A/S
Bülowsgade 68, st.
8000 Aarhus C
CVR No. 26429463

ANNUAL REPORT

2021

The Annual General Meeting
adopted the annual report on 04.07.2022



Svend Jørgen Jensen
Chairman of the General Meeting

CONTENTS

Entity details	1
Statement by Management	2
Independent auditor's report	3
Management commentary	6
Income statement for 2021	8
Balance sheet at 31.12.2021	9
Statement of changes in equity for 2021	11
Notes	12
Accounting policies	18

ENTITY DETAILS

ENTITY

Kiloo A/S
Bülowsgade 68, st.
8000 Aarhus C

Business Registration No.: 26429463
Registered office: Aarhus
Financial year: 01.01.2021 - 31.12.2021

BOARD OF DIRECTORS

Jacob Møller Jensen, Chairman
Svend Jørgen Jensen
Simon Møller

EXECUTIVE BOARD

Kristian Nordahl

AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Kiloo A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus C, 04.07.2022

EXECUTIVE BOARD



Kristian Nordahl

BOARD OF DIRECTORS



Svend Jørgen Jensen



Jacob Møller Jensen
Chairman



Simon Møller

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KILOO A/S

OPINION

We have audited the financial statements of Kiloo A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Aarhus C, 04.07.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-No. 33963556



Morten Gade Steinmetz
State Authorised Public Accountant
Identification No (MNE) mne34145



Sune Pagh Sølvssteen
State Authorised Public Accountant
Identification No (MNE) mne47819

MANAGEMENT COMMENTARY

	2021 DKK'000	2020 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000
FINANCIAL HIGHLIGHTS					
KEY FIGURES					
Gross profit/loss	64,075	80,090	43,878	81,108	59,599
Operating profit/loss	15,784	47,880	14,392	49,714	10,617
Net financials	2,419	316	199	1,208	2,398
Profit/loss for the year	15,149	37,942	11,418	39,760	10,202
Total assets	68,795	81,952	88,189	122,751	124,780
Investments in property, plant and equipment	25	0	95	198	3,874
Equity	38,345	49,260	27,643	56,478	24,698
RATIOS					
Return on equity (%)	34.58	98.67	27.15	97.96	35.53
Equity ratio (%)	55.74	60.11	31.35	46.01	19.79

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$$

Equity ratio (%) :

$$\frac{\text{Equity} * 100}{\text{Total assets}}$$

MANAGEMENT COMMENTARY

PRIMARY ACTIVITIES

As in previous years, the Company's activities consist in development of software for tablets and smartphones.

DEVELOPMENT IN ACTIVITIES AND FINANCES

Last year, Management expected a gross profit in the range of DKK 65 to 70m for the current year which saw a realized gross profit of DKK 64m, which is satisfactory. Moreover, last year Management expected a profit at the level of DKK 15 to 20m.

The outbreak and spread of COVID-19 have not had any significant impact on the Company's financial position.

PROFIT/LOSS FOR THE YEAR IN RELATION TO EXPECTED DEVELOPMENTS

Management considers profit for the year satisfactory. It was in the range of what was expected.

UNCERTAINTY RELATING TO RECOGNITION AND MEASUREMENT

The Company invests in the development of games, etc. for tablets and smartphones. Expenses in the development phase are capitalised at cost on initial recognition and measured on an ongoing basis by the Company's Management. The Company's Management assesses the costs of completion and expected future cash flows of each development project. Development projects are written down if Management assesses that the future net income is lower than the value of the development project.

Future net income is based on significant estimates and thus subject to some uncertainty.

OUTLOOK

Management expects a lower gross profit and thus a lower profit for the financial year 2021. Profit for the year is expected to be in the range of DKK 15 to 20 million.

KNOWLEDGE RESOURCES

The Company's primary knowledge resources are employees and the historically developed know-how within development of applications for tablets and smartphones. The Company's future earnings are therefore conditional on the knowledge resources within game development but in particular also on market knowledge.

ENVIRONMENTAL PERFORMANCE

The Company has no activities directly affecting the environment. It is the Company's interest to conduct environmentally sound operations.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company's development activities consist of the development of games for tablets and smartphones. Two development projects were completed in the financial year.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

INCOME STATEMENT FOR 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		64,074,629	80,090,323
Staff costs	1	(10,153,799)	(18,484,062)
Depreciation, amortisation and impairment losses	2	(38,136,989)	(14,415,449)
Other operating expenses	3	0	689,646
Operating profit/loss		15,783,841	47,880,458
Other financial income	4	2,976,659	1,128,213
Other financial expenses	5	(557,820)	(812,224)
Profit/loss before tax		18,202,680	48,196,447
Tax on profit/loss for the year	6	(3,053,900)	(10,254,116)
Profit/loss for the year	7	15,148,780	37,942,331

BALANCE SHEET AT 31.12.2021

ASSETS

	Notes	2021 DKK	2020 DKK
Completed development projects	9	3,312,720	28,743,163
Development projects in progress	9	4,576,154	597,665
Intangible assets	8	7,888,874	29,340,828
Other fixtures and fittings, tools and equipment		32,536	195,992
Property, plant and equipment	10	32,536	195,992
Fixed assets		7,921,410	29,536,820
Trade receivables		17,634,295	18,908,203
Receivables from group enterprises		28,957,236	23,077,256
Other receivables		37,494	326,681
Prepayments	11	812,477	1,241,810
Receivables		47,441,502	43,553,950
Cash		13,431,775	8,860,827
Current assets		60,873,277	52,414,777
Assets		68,794,687	81,951,597

BALANCE SHEET AT 31.12.2021

EQUITY AND LIABILITIES

	Notes	2021 DKK	2020 DKK
Contributed capital		500,000	500,000
Reserve for fair value adjustments of hedging instruments		0	190,022
Reserve for development expenditure		6,153,322	22,885,846
Retained earnings		16,542,502	(190,022)
Proposed dividend		15,148,780	25,874,372
Equity		38,344,604	49,260,218
Deferred tax	12	1,338,000	5,964,000
Provisions		1,338,000	5,964,000
Other payables	13	1,998,106	1,975,877
Non-current liabilities other than provisions	14	1,998,106	1,975,877
Bank loans		196,577	126,815
Trade payables		5,419,520	10,781,329
Payables to group enterprises		10,161,712	0
Joint taxation contribution payable		7,626,304	10,300,979
Other payables	15	3,709,864	3,542,379
Current liabilities other than provisions		27,113,977	24,751,502
Liabilities other than provisions		29,112,083	26,727,379
Equity and liabilities		68,794,687	81,951,597
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Related parties with controlling interest	18		
Group relations	19		

STATEMENT OF CHANGES IN EQUITY FOR 2021

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Reserve for development expenditure DKK
Equity beginning of year	500,000	190,022	22,885,846
Ordinary dividend paid	0	0	0
Value adjustments	0	(243,618)	0
Tax of entries on equity	0	53,596	0
Transfer to reserves	0	0	(16,732,524)
Profit/loss for the year	0	0	0
Equity end of year	500,000	0	6,153,322

	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	(190,022)	25,874,372	49,260,218
Ordinary dividend paid	0	(25,874,372)	(25,874,372)
Value adjustments	0	0	(243,618)
Tax of entries on equity	0	0	53,596
Transfer to reserves	16,732,524	0	0
Profit/loss for the year	0	15,148,780	15,148,780
Equity end of year	16,542,502	15,148,780	38,344,604

NOTES

	2021 DKK	2020 DKK
1. STAFF COSTS		
Wages and salaries	19,435,752	19,382,985
Pension costs	1,877,479	1,905,915
Other social security costs	323,363	270,449
Other staff costs	692,146	906,494
	<u>22,328,740</u>	<u>22,465,843</u>
Staff costs classified as assets	(12,174,941)	(3,981,781)
	<u>10,153,799</u>	<u>18,484,062</u>

Average number of full-time employees	42	43
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	Remuneration of management 2021 DKK	Remuneration of management 2020 DKK
Total amount for management categories	9,002,796	9,002,646
	<u>9,002,796</u>	<u>9,002,646</u>

According to S 98(3) of the Danish Financial Statements, Management has chosen to disclose the total remuneration for both categories combined.

Remuneration of management is not included in staff costs as Management is remunerated in the sister group. Management fee is recognised under other external expenses, and the disclosed remuneration of management thus comprises the share thereof relating to remuneration of management.

	2021 DKK	2020 DKK
2. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES		
Amortisation of intangible assets	13,491,065	8,309,862
Impairment losses on intangible assets	24,457,468	4,722,059
Depreciation of property, plant and equipment	188,456	1,383,528
	<u>38,136,989</u>	<u>14,415,449</u>

NOTES

3. OTHER OPERATING EXPENSES

The item in the prior year included extraordinary expenses for reaching a final settlement of a lawsuit initiated in the US in August 2017 when Kiloo, together with a number of parties, was sued for using data applied on three families' devices. The settlement affirms that Kiloo has not acted wrongfully, and the reason for the settlement amount has to be seen only as a consequence that the future legal costs would by far exceed the settlement amount. The case is now finally closed.

	2021 DKK	2020 DKK
4. OTHER FINANCIAL INCOME		
Financial income from group enterprises	1,160,200	916,193
Other interest income	18,938	212,020
Exchange rate adjustments	1,797,521	0
	<u>2,976,659</u>	<u>1,128,213</u>
5. OTHER FINANCIAL EXPENSES		
Financial income from group enterprises	453,243	(166,173)
Other interest expenses	24,933	60,293
Exchange rate adjustments	0	685,058
Other financial expenses	79,644	68,199
	<u>557,820</u>	<u>647,377</u>
6. TAX ON PROFIT/LOSS FOR THE YEAR		
Current tax	7,679,900	7,020,116
Change in deferred tax	(4,626,000)	3,234,000
	<u>3,053,900</u>	<u>10,254,116</u>
7. PROPOSED DISTRIBUTION OF PROFIT AND LOSS		
Ordinary dividend for the financial year	15,148,780	25,874,372
Retained earnings	0	12,067,959
	<u>15,148,780</u>	<u>37,942,331</u>

NOTES

	Completed development projects DKK	Development projects in progress DKK
8. INTANGIBLE ASSETS		
Cost beginning of year	149,901,329	597,665
Transfers	1,544,234	(1,544,234)
Additions	10,973,856	5,522,723
Cost end of year	162,419,419	4,576,154
Amortisation and impairment losses beginning of year	(121,158,166)	0
Impairment losses for the year	(24,457,468)	0
Amortisation for the year	(13,491,065)	0
Amortisation and impairment losses end of year	(159,106,699)	0
Carrying amount end of year	3,312,720	4,576,154

9. DEVELOPMENT PROJECTS

The Company's capitalised development costs comprise development of games for smartphones, tablets and web. All games are of an international nature, and the market covers the whole world where primarily Google and Apple operate. As the Company appears as a well known game provider at Google and Apple, the game releases may have large potential.

Income from development projects is expected to be advertising revenue from pop-ups, showing of videos as well as in-game purchases in the games. DAU (Daily Active Users) and ARPDAU (Average Revenue Per Daily Active User) are the two most important parameters in the budgeting of future cash flows for each development project in its amortisation period. DAU is determined conservatively based on Management's professional assessment, historical analyses and experience from soft launch. In soft launch, the game is released to a geographically restricted area before the final game release.

All completed development projects are amortised over a period of 1-3 years. Management assesses any additional indication of impairment for each development project at least once a year based on an expectation of future cash flows supported by historical analyses and trends as well as expectations for DAU and ARPDAU.

NOTES

	Other fixtures and fittings, tools and equipment DKK
10. PROPERTY, PLANT AND EQUIPMENT	
Cost beginning of year	4,202,882
Additions	25,000
Cost end of year	4,227,882
Depreciation and impairment losses beginning of year	(4,006,890)
Depreciation for the year	(188,456)
Depreciation and impairment losses end of year	(4,195,346)
Carrying amount end of year	32,536

11. PREPAYMENTS

Prepayments comprise incurred costs relating to subsequent financial years.

	2021 DKK	2020 DKK
12. DEFERRED TAX		
Intangible assets	1,736,000	6,455,000
Property, plant and equipment	(398,000)	(491,000)
Deferred tax	1,338,000	5,964,000

NOTES

	2021 DKK	2020 DKK
CHANGES DURING THE YEAR		
Beginning of year	5,964,000	2,730,000
Recognised in the income statement	(4,626,000)	3,234,000
End of year	1,338,000	5,964,000

	2021 DKK	2020 DKK
13. OTHER PAYABLES		
Holiday pay obligation	1,998,106	1,975,877
	<u>1,998,106</u>	<u>1,975,877</u>

	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
14. NON-CURRENT LIABILITIES OTHER THAN PROVISIONS		
Other payables	1,998,106	1,998,106
	<u>1,998,106</u>	<u>1,998,106</u>

	2021 DKK	2020 DKK
15. OTHER PAYABLES		
VAT and duties	1,277,694	439,508
Wages and salaries, personal income taxes, social security costs, etc payable	1,759,138	2,085,186
Holiday pay obligation	617,162	868,466
Other costs payable	55,870	149,219
	<u>3,709,864</u>	<u>3,542,379</u>

	2021 DKK	2020 DKK
16. UNRECOGNISED RENTAL AND LEASE COMMITMENTS		
Liabilities under rental or lease agreements until maturity in total	1,963,956	2,176,775

NOTES

17. CONTINGENT LIABILITIES

The Entity participates in a Danish joint taxation arrangement where Vantage Capital ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

18. RELATED PARTIES WITH CONTROLLING INTEREST

Kiloo Capital A/S, Aarhus holds all shares in the company thus having a controlling interest in the company. Through its ownership interest, Vantage Capital A/S exercises control over Kiloo Capital A/S, Aarhus, and thus having a controlling interest in Kiloo A/S.

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

19. GROUP RELATIONS

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Vantage Capital ApS, Aarhus C, Business Registration No.: 27763340.

ACCOUNTING POLICIES

REPORTING CLASS

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

FOREIGN CURRENCY TRANSLATION

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

ACCOUNTING POLICIES

INCOME STATEMENT

GROSS PROFIT OR LOSS

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

REVENUE

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

COST OF SALES

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

OTHER EXTERNAL EXPENSES

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

STAFF COSTS

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

OTHER OPERATING EXPENSES

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

OTHER FINANCIAL INCOME

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

OTHER FINANCIAL EXPENSES

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

ACCOUNTING POLICIES

TAX ON PROFIT/LOSS FOR THE YEAR

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

BALANCE SHEET

INTELLECTUAL PROPERTY RIGHTS ETC

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 1-3 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

PROPERTY, PLANT AND EQUIPMENT

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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ACCOUNTING POLICIES

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

RECEIVABLES

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

PREPAYMENTS

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

CASH

Cash comprises cash in hand and bank deposits.

DIVIDEND

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

DEFERRED TAX

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

OPERATING LEASES

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

OTHER FINANCIAL LIABILITIES

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

ACCOUNTING POLICIES

JOINT TAXATION CONTRIBUTIONS RECEIVABLE OR PAYABLE

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

CASH FLOW STATEMENT

Pursuant to S 86(4) of the Danish Financial Statements, the Company has not prepared a cash flow statement as this is prepared for the consolidated financial statements of Vantage Capital ApS, to which we refer.