

# Tactile Entertainment ApS

Vimmelskiftet 47, 1., 1161 København K

Company reg. no. 32 31 98 82

## Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 23 February 2018.

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Asbjørn Malte Søndergaard  
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

## **Management's report**

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The board of directors and the managing director have today presented the annual report of Tactile Entertainment ApS for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

København K, 21 February 2018

### **Managing Director**

Asbjørn Malte Søndergaard

### **Board of directors**

Asbjørn Malte Søndergaard

Morten Nielsen

Morten Svendsen

## **Independent auditor's report**

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### **To the shareholders of Tactile Entertainment ApS**

#### **Opinion**

We have audited the annual accounts of Tactile Entertainment ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The management's responsibilities for the annual accounts**

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

## **Independent auditor's report**

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- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the 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 annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

## **Independent auditor's report**

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Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 21 February 2018

### **BUUS JENSEN**

State Authorised Public Accountants  
Company reg. no. 16 11 90 40

Ulrik Nørskov

State Authorised Public Accountant  
MNE-nr. 29456

## Company data

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<b>The company</b>	Tactile Entertainment ApS Vimmelskiftet 47, 1. 1161 København K
	Company reg. no. 32 31 98 82 Established: 24 April 2013 Domicile: Financial year: 1 January - 31 December
<b>Board of directors</b>	Asbjørn Malte Søndergaard Morten Nielsen Morten Svendsen
<b>Managing Director</b>	Asbjørn Malte Søndergaard
<b>Auditors</b>	BUUS JENSEN, Statsautoriserede revisorer
<b>Subsidiary</b>	Tactile R&D ApS, København

## **Management's review**

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### **The principal activities of the company**

The main activity of the company is to develop, sell and distribute computer games and associated companies

### **Development in activities and financial matters**

The results from ordinary activities after tax are DKK 999.914 against DKK 8.824.942 last year. The management consider the results the year to be unsatisfactory.



## **Accounting policies used**

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The annual report for Tactile Entertainment ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### **Translation of foreign currency**

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.

## **The profit and loss account**

### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

## **Accounting policies used**

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The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for computer games development.

Other operating income includes grants for the company's development activities.

Other external costs comprise costs for sales, administration, premises, loss on debtors.

### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

## **The balance sheet**

### **Tangible fixed assets**

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

## Accounting policies used

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

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

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>5 years</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

### **Financial fixed assets**

#### **Equity investments in group enterprises**

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

#### **Other securities and equity investments**

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

#### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

#### **Available funds**

Available funds comprise cash at bank and in hand.

#### **Equity**

##### **Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

## **Accounting policies used**

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### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Tactile Entertainment ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities**

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

## Profit and loss account 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Gross profit</b>	<b>2.198.353</b>	<b>11.244.110</b>
Depreciation and writedown relating to tangible fixed assets	<u>-3.129</u>	<u>-3.129</u>
<b>Results before net financials</b>	<b>2.195.224</b>	<b>11.240.981</b>
Other financial income	0	43.322
1 Other financial costs	<u>-789.370</u>	<u>-49.633</u>
<b>Results before tax</b>	<b>1.405.854</b>	<b>11.234.670</b>
2 Tax on ordinary results	<u>-405.940</u>	<u>-2.409.728</u>
<b>Results for the year</b>	<b><u>999.914</u></b>	<b><u>8.824.942</u></b>
<b>Proposed distribution of the results:</b>		
Dividend for the financial year	0	5.000.000
Allocated to results brought forward	<u>999.914</u>	<u>3.824.942</u>
<b>Distribution in total</b>	<b><u>999.914</u></b>	<b><u>8.824.942</u></b>

## Balance sheet 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Fixed assets</b>		
3 Other plants, operating assets, and fixtures and furniture	9.387	12.516
Tangible fixed assets in total	<u>9.387</u>	<u>12.516</u>
4 Equity investments in group enterprises	92.600	92.600
Other securities and equity investments	372.051	0
Financial fixed assets in total	<u>464.651</u>	<u>92.600</u>
<b>Fixed assets in total</b>	<b><u>474.038</u></b>	<b><u>105.116</u></b>
<b>Current assets</b>		
Trade debtors	17.428.107	4.854.081
Receivable corporate tax	169.510	0
Other debtors	2.903.986	2.346.226
Debtors in total	<u>20.501.603</u>	<u>7.200.307</u>
Available funds	<u>9.189.586</u>	<u>11.368.404</u>
<b>Current assets in total</b>	<b><u>29.691.189</u></b>	<b><u>18.568.711</u></b>
<b>Assets in total</b>	<b><u>30.165.227</u></b>	<b><u>18.673.827</u></b>

## Balance sheet 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
5	123.820	123.820
6	9.080.206	7.725.292
7	0	5.000.000
<b>Equity in total</b>	<b><u>9.204.026</u></b>	<b><u>12.849.112</u></b>
 <b>Liabilities</b>		
Bank debts	17.305	21.885
Trade creditors	7.072.660	1.819.580
Debt to group enterprises	8.623.398	1.430.852
Debt to associated enterprises	3.342	3.342
Corporate tax	289.426	2.479.056
Other debts	4.955.070	70.000
Short-term liabilities in total	<u>20.961.201</u>	<u>5.824.715</u>
<b>Liabilities in total</b>	<b><u>20.961.201</u></b>	<b><u>5.824.715</u></b>
 <b>Equity and liabilities in total</b>	 <b><u>30.165.227</u></b>	 <b><u>18.673.827</u></b>

## 8 Contingencies

## Notes

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All amounts in DKK.

	<u>2017</u>	<u>2016</u>
<b>1. Other financial costs</b>		
Other financial costs	789.370	49.633
	<b><u>789.370</u></b>	<b><u>49.633</u></b>
<b>2. Tax on ordinary results</b>		
Tax of the results for the year, parent company	311.916	2.479.056
Adjustment of tax for previous years	94.024	-69.328
	<b><u>405.940</u></b>	<b><u>2.409.728</u></b>
<b>3. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 January 2017	18.774	18.774
<b>Cost 31 December 2017</b>	<b><u>18.774</u></b>	<b><u>18.774</u></b>
Amortisation and writedown 1 January 2017	-6.258	-3.129
Depreciation for the year	-3.129	-3.129
<b>Amortisation and writedown 31 December 2017</b>	<b><u>-9.387</u></b>	<b><u>-6.258</u></b>
<b>Book value 31 December 2017</b>	<b><u>9.387</u></b>	<b><u>12.516</u></b>
<b>4. Equity investments in group enterprises</b>		
Acquisition sum, opening balance 1 January 2017	92.600	92.600
<b>Book value 31 December 2017</b>	<b><u>92.600</u></b>	<b><u>92.600</u></b>

### The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year
Tactile R&D ApS, København	100 %	138.994	576.212



## Notes

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All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
<b>5. Contributed capital</b>		
Contributed capital 1 January 2017	123.820	123.820
	<u><b>123.820</b></u>	<u><b>123.820</b></u>

The share capital consists of 123.820 shares, each with a nominal value of DKK 37.820 and b shares, each with a nominal value of DKK 86.000.

<b>6. Results brought forward</b>		
Results brought forward 1 January 2017	7.725.292	5.900.350
Profit or loss for the year brought forward	999.914	3.824.942
Purchase of own equity	0	-2.000.000
Dividend own shares	355.000	0
	<u><b>9.080.206</b></u>	<u><b>7.725.292</b></u>

<b>7. Proposed dividend for the financial year</b>		
Dividend 1 January 2017	5.000.000	0
Distributed dividend	-5.000.000	0
Dividend for the financial year	0	5.000.000
	<u><b>0</b></u>	<u><b>5.000.000</b></u>

## 8. Contingencies

### Joint taxation

Tactile Holding ApS, company reg. no 38226681 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to DKK 289 thousand.

## Notes

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All amounts in DKK.

• **Contingencies (continued)**

**Joint taxation (continued)**

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.