

# **Tactile Games ApS**

**Vestergade 33, 2., 1161 København K**

**Company reg. no. 32 31 98 82**

## **Annual report**

**1 January - 31 December 2020**

The annual report was submitted and approved by the general meeting on the 17 June 2021.

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**Asbjørn Malte Søndergaard**  
Chairman of the meeting

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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 instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 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 Games ApS for the financial year 1 January to 31 December 2020.

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 at 31 December 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

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

We recommend that the annual report be approved by the general meeting.

København K, 16 June 2021

### **Managing Director**

Asbjørn Malte Søndergaard

### **Board of directors**

Asbjørn Malte Søndergaard

Daniel Hillel Rimer

Morten Nielsen

## **Independent auditor's report**

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

#### **Opinion**

We have audited the annual accounts of Tactile Games ApS for the financial year 1 January to 31 December 2020, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies. 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 2020 and of the results of the company's operations for the financial year 1 January to 31 December 2020 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.

## **Independent auditor's report**

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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:

- 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.

## **Independent auditor's report**

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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.

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, 16 June 2021

### **BUUS JENSEN**

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

Ulrik Nørskov

State Authorised Public Accountant  
mne29456

## Company information

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<b>The company</b>	Tactile Games ApS Vestergade 33, 2. 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 Daniel Hillel Rimer Morten Nielsen
<b>Managing Director</b>	Asbjørn Malte Søndergaard
<b>Auditors</b>	BUUS JENSEN, Statsautoriserede revisorer
<b>Parent company</b>	Tactile Holding ApS, København
<b>Subsidiaries</b>	Tactile R&D ApS, København Tactile Games Limited, London

## Financial highlights

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DKK in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Income statement:</b>			
Net turnover	1.342.365	611.234	295.308
Gross profit	-156.178	22.823	3.497
Profit from ordinary operating activities	-156.178	22.823	3.488
Net financials	-1.111	-779	-4.078
Net profit or loss for the year	-157.289	17.847	-1.005
<b>Statement of financial position:</b>			
Balance sheet total	327.538	168.812	66.703
Equity	200.059	26.122	8.246
<b>Key figures in %:</b>			
Gross margin ratio	-11,6	3,7	1,2
Profit margin (EBIT-margin)	-11,6	3,7	1,2
Acid test ratio	248,1	114,1	112,6
Solvency ratio	61,1	15,5	12,4
Return on equity	-139,1	103,9	-24,4

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

<b>Gross margin ratio</b>	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
<b>Profit margin (EBIT margin)</b>	$\frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Revenue}}$
<b>Acid test ratio</b>	$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$
<b>Solvency ratio</b>	$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$
<b>Return on equity</b>	$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$



## **Management commentary**

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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 activities related hereto.

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

The net turnover for the year is DKK 1.342.365.347 against DKK 611.233.665 last year. The result from ordinary activities after tax are DKK -157.289.368 against DKK 17.846.530 last year. The result is as expected and thus considered as satisfactory by the management.

The company has during 2020 decreased its contributed capital by cancelation of 8,800 own shares of 1 DKK per share and possesses none own shares by the year end. The cancelation has been transferred to retained earnings. Further the company has issued new shares in 2020 received a net proceed of 331.5 mDKK.

#### *Investments*

During 2020 the company has increased its ownership by 10% p. in Tactile Games Ltd., by purchase of shares at a total cost of mDKK 2.1.

### **Special risks**

#### *Operating risks*

The company's growth depends on the ability to attract and retain staff with a high competence profile on a globalized labor market. All elements which ensures an attractive worklife are under review in a constant process in order to recruit the necessary skills.

#### *Exchange rate risks*

Sales are mainly in EUR and USD. No exchange rate risk hedging agreements will be made.

### **Research and development activities**

Continuous adaptation and improvement of the company's products are made. Costs related to development are expensed.

### **The expected development**

The company's management expectation for 2021 are that the company will continue its positive growth.

## Income statement 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Net turnover	1.342.365.347	611.233.665
Raw materials and consumables used	-503.691.113	-260.017.985
Other external costs	<u>-994.852.544</u>	<u>-328.392.824</u>
<b>Gross profit</b>	<b>-156.178.310</b>	<b>22.822.856</b>
Income from equity investment in equity interest	3.823.714	2.958.550
1 Other financial income from group enterprises	24.871	19.645
Other financial income	295.594	41.714
3 Other financial costs	<u>-5.255.237</u>	<u>-3.798.745</u>
<b>Pre-tax net profit or loss</b>	<b>-157.289.368</b>	<b>22.044.020</b>
2 Tax on ordinary results	<u>0</u>	<u>-4.197.490</u>
<b>4 Net profit or loss for the year</b>	<b><u>-157.289.368</u></b>	<b><u>17.846.530</u></b>

## Statement of financial position at 31 December

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All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2020</u>	<u>2019</u>
<b>Non-current assets</b>			
5	Equity investments in group enterprises	11.306.668	5.654.962
6	Other securities and equity investments	0	372.051
	Total investments	<u>11.306.668</u>	<u>6.027.013</u>
	<b>Total non-current assets</b>	<b><u>11.306.668</u></b>	<b><u>6.027.013</u></b>
<b>Current assets</b>			
	Trade debtors	131.577.686	110.023.106
	Amounts owed by group enterprises	3.979.329	0
	Other debtors	17.774.075	12.689.956
7	Accrued income and deferred expenses	0	1.420
	Total receivables	<u>153.331.090</u>	<u>122.714.482</u>
	Available funds	<u>162.900.701</u>	<u>40.070.657</u>
	<b>Total current assets</b>	<b><u>316.231.791</u></b>	<b><u>162.785.139</u></b>
	<b>Total assets</b>	<b><u>327.538.459</u></b>	<b><u>168.812.152</u></b>

## Statement of financial position at 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2020</u>	<u>2019</u>
<b>Equity</b>			
8	Contributed capital	130.995	123.820
	Share premium account	331.499.025	0
	Reserve for net revaluation according to the equity method	4.101.782	566.457
	Results brought forward	-135.672.694	25.431.588
	<b>Total equity</b>	<b><u>200.059.108</u></b>	<b><u>26.121.865</u></b>
 <b>Liabilities other than provisions</b>			
	Bank debts	48	1.514
	Trade creditors	115.224.778	110.237.279
	Debt to group enterprises	0	12.260.912
	Corporate tax	0	4.197.490
	Other debts	0	3.342
9	Accruals and deferred income	12.254.525	15.989.750
	Total short term liabilities other than provisions	<u>127.479.351</u>	<u>142.690.287</u>
	<b>Total liabilities other than provisions</b>	<b><u>127.479.351</u></b>	<b><u>142.690.287</u></b>
	<b>Total equity and liabilities</b>	<b><u>327.538.459</u></b>	<b><u>168.812.152</u></b>
 <b>10 Charges and security</b>			
<b>11 Contingencies</b>			
<b>12 Related parties</b>			

## Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Share premium</u>	<u>Reserve for net revaluation according to the eq- uity method</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January					
2019	123.820	0	401.254	7.720.674	8.245.748
Share of results	0	0	135.616	17.710.914	17.846.530
Exchange rate					
adjustments	0	0	29.587	0	29.587
Equity 1 January					
2020	123.820	0	566.457	25.431.588	26.121.865
Cash capital					
increase	15.975	332.399.025	0	0	332.415.000
Share of results	0	0	3.823.714	-161.113.082	-157.289.368
Capital increase					
expenses	0	-900.000	0	0	-900.000
Cancelation - own					
shares	-8.800	0	0	8.800	0
Exchange rate					
adjustments	0	0	-288.389	0	-288.389
	<b>130.995</b>	<b>331.499.025</b>	<b>4.101.782</b>	<b>-135.672.694</b>	<b>200.059.108</b>

## Notes

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All amounts in DKK.

	<u>2020</u>	<u>2019</u>
<b>1. Other financial income from group enterprises</b>		
Other financial income from group enterprises	24.871	19.645
	<u>24.871</u>	<u>19.645</u>
<b>2. Tax on ordinary results</b>		
Tax of the results for the year, parent company	0	4.197.490
	<u>0</u>	<u>4.197.490</u>
<b>3. Other financial costs</b>		
Financial costs, group enterprises	10.730	0
Other financial costs	5.244.507	3.798.745
	<u>5.255.237</u>	<u>3.798.745</u>
<b>4. Proposed distribution of the results</b>		
Reserves for net revaluation as per the equity method	3.823.714	135.616
Allocated to results brought forward	0	17.710.914
Allocated from results brought forward	-161.113.082	0
<b>Distribution in total</b>	<u>-157.289.368</u>	<u>17.846.530</u>

## Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>5. Equity investments in group enterprises</b>		
Acquisition sum, opening balance 1 January 2020	5.088.505	2.915.534
Additions during the year	<u>2.116.382</u>	<u>2.172.971</u>
<b>Cost 31 December 2020</b>	<b><u>7.204.887</u></b>	<b><u>5.088.505</u></b>
Revaluations, opening balance 1 January 2020	620.666	-2.421.680
Translation by use of the exchange rate valid on balance date	-288.390	29.587
Results for the year before goodwill amortisation	<u>4.183.762</u>	<u>3.012.759</u>
<b>Revaluation 31 December 2020</b>	<b><u>4.516.038</u></b>	<b><u>620.666</u></b>
Amortisation of goodwill, opening balance 1 January 2020	-54.209	0
Amortisation of goodwill for the year	<u>-360.048</u>	<u>-54.209</u>
<b>Depreciation on goodwill 31 December 2020</b>	<b><u>-414.257</u></b>	<b><u>-54.209</u></b>
<b>Carrying amount, 31 December 2020</b>	<b><u>11.306.668</u></b>	<b><u>5.654.962</u></b>
The item includes goodwill with an amount of	<u>1.933.339</u>	<u>1.572.051</u>
Goodwill is recognised under the item "Additions during the year" with an amount of	<u>816.277</u>	<u>1.626.260</u>

### Financial highlights for the enterprises according to the latest approved annual reports

	<b>Equity interest</b>	<b>Equity</b>	<b>Results for the year</b>	<b>Carrying amount, Tactile Games ApS</b>
Tactile R&D ApS, København	100 %	1.024.399	152.152	1.024.399
Tactile Games Limited, London	54 %	<u>15.587.878</u>	<u>8.625.751</u>	<u>10.282.269</u>
		<b><u>16.612.277</u></b>	<b><u>8.777.903</u></b>	<b><u>11.306.668</u></b>

## Notes

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All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>6. Other securities and equity investments</b>		
Cost 1 January 2020	<u>372.051</u>	<u>372.051</u>
<b>Cost 31 December 2020</b>	<b><u>372.051</u></b>	<b><u>372.051</u></b>
Writedown for the year	<u>-372.051</u>	<u>0</u>
<b>Nedskrivninger 31 December 2020</b>	<b><u>-372.051</u></b>	<b><u>0</u></b>
<b>Book value 31 December 2020</b>	<b><u>0</u></b>	<b><u>372.051</u></b>



## Notes

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All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>7. Accrued income and deferred expenses</b>		
Sundry prepayments	0	1.420
	<u>0</u>	<u>1.420</u>

### 8. Contributed capital

Contributed capital 1 January 2020	123.820	123.820
Cash capital increase	15.975	0
Cancellation - own shares	-8.800	0
	<u>130.995</u>	<u>123.820</u>

Incentive programme for key staff provides the possibility of subscribing shares of up to 3.4 % of the present share capital at a price of DKK 20,808.50 per share. None has been exercised in 2020. Exercise period expires in 2024.

### 9. Accruals and deferred income

Prepayments	12.254.525	15.989.750
	<u>12.254.525</u>	<u>15.989.750</u>

### 10. Charges and security

Unlimited suretyship for Tactile R&D ApS liabilities with its bank.

Floating charge 20 mDKK covering outstandings with bank. Recorded value 31 December 2020 of pledged assets: 128.9 mDKK.

### 11. Contingencies

#### Contingent liabilities

Purchase options and liabilities

The minority shareholders in Tactile Games Limited has a put option against Tactile Games ApS to, under given circumstances, sell their shares in Tactile Games Limited, at the lowest of either 2.499£ per share or market value. The company has a corresponding call option. The agreement expires in 2027.

## Notes

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All amounts in DKK.

### 11. Contingencies (continued)

#### 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 due tax payable under the joint taxation amounts to DKK 0 thousand.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

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

### 12. Related parties

#### Transactions

All transactions with related parties have been settled at arm length term.

## **Accounting policies**

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The annual report for Tactile Games ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of Tactile Holding ApS, cvr.no. 38226681.

### **Changes in recognition**

The item "Net turnover" has previously been measured with off set of platform fee reclaimed by third parties. This has been corrected as platform fee constitutes a cost in order to achieve net turnover.

The change has not affected profit, equity or total assets. Comparative figures have been adjusted in accordance with changed recognition.

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

### **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.

## **Accounting policies**

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### **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.

### **Income statement**

#### **Revenue**

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

#### **Cost of sales**

Costs of sales includes costs for computer games development.

#### **Other external costs**

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

#### **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.

#### **Results from equity investments in group enterprises**

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

#### **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).

## **Accounting policies**

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### The balance sheet

#### **Intangible fixed assets**

##### **Goodwill**

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 5 years.

##### **Writedown of fixed assets**

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises 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. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

#### **Financial fixed assets**

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

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

## **Accounting policies**

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Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategic acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

### **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.

### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value. To counter expected losses, writedown is performed to net realisable value. The enterprise will be applying IAS 39 as the basis of interpretation for the recognition of impairment of financial assets, meaning that a loss must be recognised if there are objective indications of accounts receivable being unable to comply with payment obligations.

### **Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

### **Available funds**

Available funds comprise cash at bank and in hand.

## **Accounting policies**

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### **Equity**

#### **Treasury shares**

Purchase prices and sales prices of own shares are recognised directly in equity. The capital reduction arising from the cancellation of own shares will reduce the share capital by an amount corresponding to the nominal value of the shares and increase the results brought forward, respectively. The dividend of own shares is recognised directly in equity under retained earnings.

#### **Share premium**

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium. The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

#### **Warrants**

Warrants are recognised upon subscription of share capital. Share dilution due to warrant exercise is expensed as staff cost,

#### **Reserve for net revaluation according to the equity method**

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

#### **Dividend**

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

#### **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 Games 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.

## **Accounting policies**

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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.

### **Accrued expenses and deferred income**

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.