

Tactile Games ApS

Vestergade 33, 2., 1161 København K

Company reg. no. 32 31 98 82

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 3 July 2023.

Asbjørn Malte Søndergaard
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Tactile Games ApS for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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

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

Copenhagen, Denmark, 3 July 2023

Managing Director

Asbjørn Malte Søndergaard

Board of directors

Asbjørn Malte Søndergaard

Daniel Rimer

Morten Nielsen

Independent auditor's report

To the Shareholders of Tactile Games ApS

Opinion

We have audited the financial statements of Tactile Games ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 judgment and maintain professional skepticism 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 Company'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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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 Management's Review

Management is responsible for Management's Review.

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

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

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

Independent auditor's report

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

Copenhagen, 3 July 2023

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

Ulrik Nørskov
State Authorised Public Accountant
mne29456

Company information

The company	Tactile Games ApS Vestergade 33, 2. 1161 København K
	Company reg. no. 32 31 98 82
	Established: 24 April 2013
	Domicile: Copenhagen, Denmark
	Financial year: 1 January - 31 December
Board of directors	Asbjørn Malte Søndergaard Daniel Rimer Morten Nielsen
Managing Director	Asbjørn Malte Søndergaard
Auditors	BUUS JENSEN, Statsautoriserede revisorer
Parent company	Tactile Holding ApS, Copenhagen
Subsidiaries	Tactile R&D ApS, Copenhagen Tactile Games Limited, London Grupo Promineo S.L., Tenerife
Participating interest	Peach Perfect Games ApS, Copenhagen

Financial highlights

DKK in thousands.	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income statement:				
Revenue	1.023.386	1.233.194	1.342.365	611.234
Gross profit	192.832	50.660	-156.178	22.823
Net financials	-3.940	1.465	-1.111	-779
Net profit or loss for the year	171.158	52.441	-157.289	17.847
Statement of financial position:				
Balance sheet total	488.300	321.021	327.538	168.812
Equity	423.478	253.028	200.059	26.122
Key figures in %:				
Gross margin ratio	18,8	4,1	-11,6	3,7
Profit margin (EBIT-margin)	18,8	4,1	-11,6	3,7
Acid test ratio	707,6	432,0	248,1	114,1
Solvency ratio	86,7	78,8	61,1	15,5
Return on equity	50,6	23,1	-139,1	103,9

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:

$$\text{Gross margin ratio} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Revenue}}$$

$$\text{Acid test ratio} = \frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

$$\text{Solvency ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Description of key activities of the company

The Tactile Games Group is a technology company specializing in publishing and developing games for mobile devices.

Our primary business is to invest in the development of games and technology-related games as a service.

The company operates through multiple entities, including those in the UK, Spain, Croatia, and various locations in Denmark. Additionally, we collaborate with several outsourcing partners globally, and we anticipate expanding our international partnerships as we continue to scale the company.

Uncertainties connected with recognition or measurement

The company's revenue primarily originates from sales through sales platforms. In relation to the company's payments from various sales platforms, the paid amounts are offset for sales commissions. Sales commissions amount to 30% based on present general terms.

In the annual financial statements, the company's revenue is adjusted for these indirectly paid sales commissions, and the corresponding amount is recognized as direct costs (amounting to m.kr. 294 / m.kr. 358).

Unusual circumstances

No unusual matter has occurred in the accounting period.

Development in activities and financial matters

Net income or loss from ordinary activities after tax totals DKK 171.158.314 against DKK 52.441.056 last year. The management considers the net profit for the year satisfactory.

During the reporting period, the mobile gaming market experienced challenges and stagnation. This was primarily influenced by two key factors: the policies implemented by Apple, specifically the App Tracking Transparency (ATT) framework, and a general slowdown in the financial environment.

The introduction of the ATT framework by Apple, which aimed to enhance user privacy by giving users control over app tracking, had an impact on the mobile gaming industry. The implementation of stricter privacy regulations limited the ability of game developers to track and target users, thereby affecting user acquisition and targeted advertising efforts.

In addition, the financial environment witnessed a general slowdown, with economic uncertainties impacting consumer spending patterns. This had a dampening effect on the overall growth and monetization potential of the mobile gaming market.

Financial resources

Given the challenges faced by the mobile gaming market during the reporting period, the Tactile Games Group adopted proactive strategies to navigate the landscape. While the market experienced stagnation, our company implemented effective cost management measures, optimized monetization strategies, and focused on retaining and engaging our existing user base. These efforts helped us maintain stable revenues and mitigate the impact of the overall market conditions.

Management's review

Research and development activities

Throughout the reporting period, we closely monitored market developments to capitalize on emerging trends. The rapid evolution of mobile devices and the increasing demand for immersive gaming experiences have significantly influenced our business. We have actively adapted our strategies to align with the evolving preferences of mobile gamers and leverage emerging technologies to create engaging and innovative game titles. The Tactile Games Group is doing the ongoing progress of research and development activities unable to assess or measure future financial returns on ongoing projects and development costs. On this basis, it is not possible to capitalise development costs in the balance as an asset. Any potential benefit of research and development activities can normally first be measured years after an eventually launch of an activity.

Over the past year, the Tactile Games Group achieved several operational milestones. We successfully launched a series of highly acclaimed games, resulting in increased user engagement and downloads. Our collaboration with outsourcing partners has facilitated efficient development processes and enabled us to tap into diverse talent pools worldwide. These achievements have strengthened our position as a leading player in the mobile gaming industry.

Strategic Initiatives

In addition to the previously mentioned strategies, the Tactile Games Group executed specific initiatives during the reporting period to enhance our market position and expand our product portfolio. Notably, we have undertaken the following actions:

- **Expanding Simon's Cat IP Rights:** We have executed an agreement with Banijay, securing the termination of all future royalties on Simon's Cat Crunch Time, Simon's Cat Poptime, and Simon's Cat Story Time. This move enables us to have greater control over these popular games' profitability and aligns with our strategy of maximizing returns from our intellectual property assets.
- **Acquiring All Rights to Future Simon's Cat IP:** Building upon our success with existing Simon's Cat games, we have further solidified our commitment to the brand by acquiring all rights to future Simon's Cat intellectual property. This strategic acquisition positions us to leverage the enduring popularity of Simon's Cat and develop new games and interactive experiences that captivate fans and attract new audiences.
- **Acquisition of Promineo:** As part of our growth strategy, we have acquired all remaining shares in Promineo, making it a fully owned subsidiary of the Tactile Games Group. This acquisition enhances our capabilities in game programming, art production, and localization services. By bringing these critical functions in-house, we gain greater control over quality, timelines, and cost efficiency, further strengthening our ability to deliver exceptional gaming experiences to our players.
- **Acquisition of Promineo:** As part of our growth strategy, we have acquired all remaining shares in Promineo, making it a fully owned subsidiary of the Tactile Games Group. This acquisition enhances our capabilities in game programming, art production, and localization services. By bringing these critical functions in-house, we gain greater control over quality, timelines, and cost efficiency, further strengthening our ability to deliver exceptional gaming experiences to our players.
- **Strategic Investment in Peach Perfect Games:** To broaden our portfolio and tap into new market segments, we have made a strategic investment in Peach Perfect Games. This investment allows us to leverage the expertise and creative talent of Peach Perfect Games in developing unique and engaging mobile gaming experiences. Through this partnership, we aim to explore innovative game concepts, expand our user base, and diversify our offerings.

By expanding our IP rights, acquiring future Simon's Cat IP, fully owning Promineo, and making a strategic investment in Peach Perfect Games, we are strategically positioning ourselves for continued growth, diversification, and the exploration of new opportunities within the mobile gaming industry.

Management's review

Risk Assessment and Mitigation

The Tactile Games Group recognized the risks posed by the mobile gaming market's slowdown and ATT policies. To mitigate these challenges, we implemented diligent risk management strategies. This included diversifying revenue streams, exploring alternative advertising channels, and exploring mixed media modelling for performance measurement. The expectation is that this approach will offer a fresh method of performance measurement. Through these efforts, we navigated the challenges with agility and creativity, staying at the forefront of industry trends while ensuring business sustainability and growth.

Looking ahead, the Tactile Games Group recognizes the ongoing challenges in the mobile gaming market. We will continue to adapt our strategies to address the impact of ATT policies and the overall slowdown in the financial environment. We remain focused on innovation, user satisfaction, and exploring new opportunities for growth, whether within the mobile gaming market or through alternative platforms. By leveraging our strengths, diversifying our offerings, and maintaining a customer-centric approach, we are confident in our ability to navigate market challenges and position the company for long-term success.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

Environmental issues – including climate change

Results

Environmental responsibility is a top priority for us, extending to both our Group and our suppliers. Although there are some inherent risks associated with the environment and climate, we are fully committed to mitigating them. Our key areas of focus center around reducing energy consumption and combating food waste.

As we progress, our dedication to environmental friendliness and the utilization of organic products remains unwavering. We strive to continually enhance our sustainability efforts and actively contribute to a positive environmental impact.

Social issues and employee issues

Results

The well-being and professional growth of our employees are of utmost importance to us. Recognizing the demand for labor in the gaming industry, we actively work on strategies to retain our valuable workforce. As part of our efforts, we regularly administer satisfaction surveys to all employees, providing them with an opportunity to provide feedback anonymously. This ensures a safe space for expressing concerns and criticisms.

Drawing upon the insights gained from these surveys, we implement initiatives that address employee suggestions, desires, and criticisms. In 2022, the survey highlighted employees' interest in reviewing vacation policies and exploring possibilities for remote work. Consequently, we have updated our policies to strike a balance between achieving business goals and fostering a healthy work-life equilibrium.

Looking ahead to 2023, we will continue conducting regular surveys to gather feedback and foster an ongoing dialogue on how we can further improve productivity and enhance work-life balance. Our commitment to prioritizing the well-being and growth of our employees remains unwavering.

Management's review

Human rights

Results

In the gaming industry, discrimination and bias, especially against women who are a minority, can be prevalent. Recognizing this challenge, the Group is dedicated to taking proactive measures to prevent any form of discrimination or bias, with the ultimate goal of fostering a safe and inclusive environment.

To further strengthen our commitment to human rights, the Group intends to establish a whistleblower scheme. This scheme will provide a platform for individuals to confidentially report any human rights issues they may encounter within the organization. By implementing this system, we aim to create a supportive and accountable culture where concerns can be addressed and appropriate actions can be taken to rectify any violations.

Through these combined efforts, the Group seeks to proactively combat discrimination and bias, ensuring that everyone, regardless of their background or gender, can participate in the gaming industry with equal opportunities and without fear of prejudice.

In addition to the aforementioned efforts, it is worth highlighting that the Group has been actively engaged in promoting gender diversity within the organization for many years. We take pride in the fact that our hiring practices have led to a significant representation of women in the company, exceeding the target of having at least one-third women.

By actively seeking out and hiring talented women, we are not only addressing the underrepresentation of women in the gaming industry but also cultivating a diverse and inclusive workforce. This achievement demonstrates our commitment to providing equal opportunities and creating an environment where everyone's contributions are valued and respected.

Through our continued efforts to hire and support women in the company, we aim to serve as a positive example within the industry and inspire further progress towards gender equality.

Fighting corruption and bribery

Results

The Group maintains a strong stance against bribery and corruption through its zero-tolerance policy. Our risk of corruption is substantially minimized due to our extensive collaborations with suppliers from the EU and America. Furthermore, the nature of our business involves limited interactions with government or entities in countries where corruption challenges exist, thereby minimizing potential corruption risks.

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

The Group recognizes that achieving a healthy gender balance in senior positions is crucial for fostering diverse innovation and promoting the development of the company.

This approach enables the group to harness the full potential of its talented workforce, ensuring that every employee contributes to and benefits from the creative dynamics that lead to well-rounded decision-making and enhanced innovative capabilities.

To this end, the group is committed to establishing a supportive environment and implementing policies aimed at achieving equal gender representation in employment and career advancement within the organization.

Management's review

The company actively pursues a "balanced composition of women and men," as outlined in Section 99b of the Danish Financial Statements Act, which advocates for at least one-third representation of each gender at different managerial levels. At present, the Tactile Group boasts a diverse workforce composed of individuals from 42 different nationalities. Women make up 42% of this multicultural team. Similarly, the senior management team maintains a healthy gender balance, with women comprising 40% of its members.

Target figures for the company's top management

In accordance with their established agreements, the founders of Tactile are now integral parts of the parent company's highest-level management. Unfortunately, this circumstance has created a scenario where in Tactile Holding ApS men hold a complete 100% representation, with no immediate prospects for a change in this arrangement. Hence, the genders that continue to be underrepresented are predominantly women.

Policies for the company's other management levels

The company and group adhere to a policy of maintaining a balanced representation of both sexes to prevent any gender underrepresentation. The goal is to achieve a ratio of 1/3 for the underrepresented gender. As of the end of 2022, the gender distribution in the group's other managerial levels already meets this target. The company's staff policy extends this commitment to ensuring gender balance across management bodies and other staff groups.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

Regarding data ethics, the company strictly collects and retains only the necessary data that can be legally processed. Any personally identifiable information is collected in accordance with appropriate legal bases, such as legislation, agreements, or user consent. When collaborating with third parties or outsourcing partners, the company ensures that these entities adhere to its data ethics policy.

To oversee compliance with the General Data Protection Regulation (GDPR) and act as a point of contact with The Danish Data Protection Agency, the company has appointed a Data Protection Officer. This officer plays a crucial role in facilitating adherence to data protection regulations.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
1 Revenue	1.023.386.441	1.233.194.480
Direct production cost	-491.787.442	-507.692.595
Other external expenses	-338.767.361	-674.841.459
Gross profit	192.831.638	50.660.426
Income from investments in group enterprises	-347.010	3.576.378
Other financial income from group enterprises	119.630	54.028
Impairment of financial assets	-2.600.000	0
3 Other financial expenses	-1.113.020	-2.165.452
Pre-tax net profit or loss	188.891.238	52.125.380
4 Tax on net profit or loss for the year	-17.732.924	315.676
5 Net profit or loss for the year	171.158.314	52.441.056

Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Non-current assets			
6	Investments in group enterprises	29.609.095	27.273.226
7	Investments in participating interests	0	0
	Total investments	<u>29.609.095</u>	<u>27.273.226</u>
	Total non-current assets	<u>29.609.095</u>	<u>27.273.226</u>
Current assets			
	Trade receivables	74.914.920	122.564.981
	Receivables from group enterprises	25.199.618	13.243.499
	Receivables from participating interest	3.236.058	0
	Other receivables	10.539.607	66.922.106
8	Prepayments	<u>1.656.621</u>	<u>708.830</u>
	Total receivables	<u>115.546.824</u>	<u>203.439.416</u>
	Cash and cash equivalents	<u>343.143.983</u>	<u>90.308.855</u>
	Total current assets	<u>458.690.807</u>	<u>293.748.271</u>
	Total assets	<u>488.299.902</u>	<u>321.021.497</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity and liabilities		
Equity		
Contributed capital	130.995	130.995
Share premium	331.499.025	331.499.025
Reserve for net revaluation according to the equity method	4.550.466	8.205.641
Retained earnings	87.297.308	-86.808.016
Total equity	<u>423.477.794</u>	<u>253.027.645</u>
Liabilities other than provisions		
Trade payables	31.726.236	67.993.852
Payables to group enterprises	15.175.090	0
Income tax payable to group enterprises	17.920.782	0
Total short term liabilities other than provisions	<u>64.822.108</u>	<u>67.993.852</u>
Total liabilities other than provisions	<u>64.822.108</u>	<u>67.993.852</u>
Total equity and liabilities	<u>488.299.902</u>	<u>321.021.497</u>

2 Fees for auditor

9 Charges and security

10 Contingencies

11 Related parties

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 2021	130.995	331.499.025	4.101.782	-135.672.694	200.059.108
Share of results	0	0	3.576.378	48.864.678	52.441.056
Exchange rate adjustments	0	0	527.481	0	527.481
Equity 1 January 2022	130.995	331.499.025	8.205.641	-86.808.016	253.027.645
Share of results	0	0	-2.947.010	174.105.324	171.158.314
Exchange rate adjustments	0	0	-708.165	0	-708.165
	130.995	331.499.025	4.550.466	87.297.308	423.477.794

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Revenue		
App-store sale	971.738.876	1.193.312.399
Miscellaneous	<u>51.647.565</u>	<u>39.882.081</u>
	<u>1.023.386.441</u>	<u>1.233.194.480</u>
2. Fees for auditor		
Total fee for BUUS JENSEN, State Authorised Public Accountants	<u>378.500</u>	<u>389.500</u>
Fee concerning compulsory audit	300.500	339.000
Other services	<u>78.000</u>	<u>50.500</u>
	<u>378.500</u>	<u>389.500</u>
3. Other financial expenses		
Other financial costs	<u>1.113.020</u>	<u>2.165.452</u>
	<u>1.113.020</u>	<u>2.165.452</u>
4. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	17.920.782	0
Adjustment of tax for previous years	<u>-187.858</u>	<u>-315.676</u>
	<u>17.732.924</u>	<u>-315.676</u>
5. Proposed distribution of net profit		
Reserves for net revaluation according to the equity method	-2.947.010	3.576.378
Transferred to retained earnings	<u>174.105.324</u>	<u>48.864.678</u>
Total allocations and transfers	<u>171.158.314</u>	<u>52.441.056</u>

Notes

All amounts in DKK.

6. Investments in group enterprises

Acquisition sum, opening balance 1 January 2022	19.067.586	7.204.887
Additions during the year	3.391.044	11.862.699
Cost 31 December 2022	22.458.630	19.067.586
Revaluations, opening balance 1 January 2022	9.247.656	4.516.038
Translation by use of the exchange rate valid on balance date	-708.165	527.481
Results for the year before goodwill amortisation	5.006.874	4.204.137
Writedown for the year	-1.219.576	0
Revaluation 31 December 2022	12.326.789	9.247.656
Amortisation of goodwill, opening balance 1 January 2022	-1.042.016	-414.257
Amortisation of goodwill for the year	-4.134.308	-627.759
Depreciation on goodwill 31 December 2022	-5.176.324	-1.042.016
Carrying amount, 31 December 2022	29.609.095	27.273.226
The item includes goodwill with an amount of	2.973.056	3.716.320
Goodwill is recognised under the item "Additions during the year" with an amount of	3.391.044	2.315.234

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

	Equity interest	Equity	Results for the year	Carrying amount, Tactile Games ApS
Tactile R&D ApS, Copenhagen	100 %	2.217.265	889.405	2.217.264
Tactile Games Limited, London	100 %	24.418.775	2.897.893	27.391.831
Grupo Promineo S.L., Tenerife	100 %	-724.068	1.219.576	0
		25.911.972	5.006.874	29.609.095

Notes

All amounts in DKK.

	31/12 2022	31/12 2021
7. Investments in participating interests		
Cost 1 January 2022	0	0
Additions during the year	2.600.000	0
Cost 31 December 2022	2.600.000	0
Revaluations, opening balance 1 January 2022	0	0
Net profit or loss for the year before amortisation of goodwill	-529.871	0
Writedown for the year	-2.070.129	0
Revaluation 31 December 2022	-2.600.000	0
Carrying amount, 31 December 2022	0	0

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

	Equity interest	Equity	Results for the year	Carrying amount, Tactile Games ApS
Peach Perfect Games ApS, Copenhagen	10 %	-2.654.456	-5.298.706	0

8. Prepayments

Prepayments of expenses	1.656.621	708.830
	1.656.621	708.830

9. Charges and security

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

The mortgage deed, which is registered with the bank of DKK 20 million, provides security on the above-Trade debtors as well as other receivables.

	DKK in thousands
Trade receivables	103.845
Other receivables	10.540

Notes

All amounts in DKK.

10. Contingencies

Joint taxation

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

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

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

11. Related parties

Controlling interest

Tactile Holding ApS, Vestergade 33, 2. 1456 København K, DK	Parent company
Tactile Games Ltd., 19-21 Christopher Street. London, UK	Subsidiary
Tactile R&D ApS, Vestergade 33,2. 1456 København K, DK	Subsidiary
Grupo Promineo SL, Calle Pirámides 6, 1, puerta 3. 38320, La Cuesta, ESP	Subsidiary

Other related parties

Asbjørn Malte Søndergaard, Duevej 116, st. th. 2000 Frederiksberg	Board member
Morten Nielsen, Lundeparken 1, 4130 Viby Sjælland	Board member
Daniel Rimer, Storbritannien	Board member

Transactions

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

Financial statements prepared by adding together uniform accounts is presented by Tactile Holding ApS.

Accounting policies

The annual report for Tactile Games ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

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

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the company has been prepared, as the relevant information is included in the consolidated financial statements of Tactile Holding ApS, cvr. no.. 38 22 66 81.

Recognition and measurement in general

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

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

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

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

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

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

Foreign currency translation

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

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

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

Accounting policies

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

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

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

Income statement

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. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

The company's revenue primarily originates from sales through sales platforms. In relation to the company's payments from various sales platforms, the paid amounts are offset for sales commissions. Sales commissions amount to 30% based on present general terms.

In the annual financial statements, the company's revenue is adjusted for these indirectly paid sales commissions, and the corresponding amount is recognized as direct costs (amounting to m.kr. 294 / m.kr. 358).

Direct production costs

Direct production costs comprise of costs directly attributable to generating the year's income including commissions to sales platforms etc.

Other external expenses

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

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises and participating interest

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

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

Tax on net profit or loss for the year

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

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

Investments

Investments in group enterprises and participating interest

Investments in group enterprises and participating interest are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises and participating interest are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Accounting policies

Investments in group enterprises and participating interest with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and participating interest 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 and participating interest.

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.

Receivables

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

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

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

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

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

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.

Accounting policies

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, associates and equity interests 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.

Income tax and deferred tax

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

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Tactile Games ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

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