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# ***Shape Games A/S***

Njalsgade 23C, 1. th., DK-2300 Copenhagen S

## **Annual Report for 1 January - 31 December 2022**

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CVR No 33 03 94 68

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
2 /8 2023

Christian Johan Claudi  
Risom  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Shape Games A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 2 August 2023

## Executive Board

Christian Johan Claudi Risom  
CEO

## Board of Directors

Erik Daniel Lögdborg  
Chairman

Christian Johan Claudi Risom

David Richard Kenyon

Kerron Christian

# Independent Auditor's Report

To the Shareholders of Shape Games A/S

## Opinion

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.

We have audited the Financial Statements of Shape Games A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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.

## 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 Financials Statements Act.

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

# Independent Auditor's Report

## 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 judgement and maintain professional scepticism throughout the audit. We also:

- 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.

## Independent Auditor's Report

- 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.

Hellerup, 2 August 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Thomas Baunkjær Andersen

statsautoriseret revisor

mne35483

## **Company Information**

### **The Company**

Shape Games A/S  
Njalsgade 23C, 1. th.  
DK-2300 Copenhagen S

CVR No: 33 03 94 68  
Financial period: 1 January - 31 December  
Incorporated: 17 June 2010  
Financial year: 13rd financial year  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Erik Daniel Lögberg, Chairman  
Christian Johan Claudi Risom  
David Richard Kenyon  
Kerron Christian

### **Executive Board**

Christian Johan Claudi Risom

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Management's Review

## Key activities

As in previous years, the company's activities have consisted of business within development and sale of applications for mobile devices, both on a consultant basis and through direct sales, as well as activities related to this.

## Development in the year

The income statement of the Company for 2022 shows a profit of DKK 7,308,414, and at 31 December 2022 the balance sheet of the Company shows equity of DKK 33,202,609.

## Development projects

In line with the strategy, the Company's continuously focuses on the development of its product portfolio in order to create value for both customers and consumers.

The Company has closed new contracts with customers during the financial year 2022 which management also expects to continue through-out 2023. This has resulted in an increased activity level in development cost, including new development projects and an increased level of capitalizations.

It is expected that the software will be sold in new markets and to new customers. Prior to the start of the projects, the Company has investigated the need for the software with the customers and a license agreement has already been made with customers.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
<b>Gross profit/loss</b>		<b>62,918,126</b>	<b>48,947,080</b>
Staff expenses	1	-39,089,872	-28,381,390
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-3,350,133	-2,350,206
<b>Profit/loss before financial income and expenses</b>		<b>20,478,121</b>	<b>18,215,484</b>
Income from investments in subsidiaries		2,264,606	236,297
Financial income	3	0	36,421
Financial expenses	4	-732,544	-292,345
<b>Profit/loss before tax</b>		<b>22,010,183</b>	<b>18,195,857</b>
Tax on profit/loss for the year	5	-14,701,769	-4,090,098
<b>Net profit/loss for the year</b>		<b>7,308,414</b>	<b>14,105,759</b>

## Distribution of profit

### Proposed distribution of profit

Reserve for net revaluation under the equity method	2,264,606	236,297
Retained earnings	5,043,808	13,869,462
	<b>7,308,414</b>	<b>14,105,759</b>

# Balance Sheet 31 December

## Assets

	Note	2022 DKK	2021 DKK
Completed development projects		29,385,280	25,211,553
Development projects in progress		9,777,977	0
<b>Intangible assets</b>	<b>6</b>	<b>39,163,257</b>	<b>25,211,553</b>
Other fixtures and fittings, tools and equipment		262,524	506,228
Leasehold improvements		25,434	39,333
<b>Property, plant and equipment</b>	<b>7</b>	<b>287,958</b>	<b>545,561</b>
Investments in subsidiaries	8	3,132,892	279,465
Deposits	9	724,035	696,525
<b>Fixed asset investments</b>		<b>3,856,927</b>	<b>975,990</b>
<b>Fixed assets</b>		<b>43,308,142</b>	<b>26,733,104</b>
Trade receivables		21,039,573	9,102,624
Contract work in progress	10	1,068,780	0
Receivables from group enterprises		19,262	3,984,959
Other receivables		35,888	53,259
Prepayments		4,540	0
<b>Receivables</b>		<b>22,168,043</b>	<b>13,140,842</b>
<b>Cash at bank and in hand</b>		<b>5,821,254</b>	<b>9,283,654</b>
<b>Currents assets</b>		<b>27,989,297</b>	<b>22,424,496</b>
<b>Assets</b>		<b>71,297,439</b>	<b>49,157,600</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		736,850	500,000
Reserve for net revaluation under the equity method		2,478,173	236,277
Reserve for development costs		30,547,340	19,665,011
Retained earnings		-559,754	5,278,767
<b>Equity</b>		<b>33,202,609</b>	<b>25,680,055</b>
Provision for deferred tax	11	8,559,786	5,515,902
<b>Provisions</b>		<b>8,559,786</b>	<b>5,515,902</b>
Other payables		1,946,345	1,946,345
<b>Long-term debt</b>	12	<b>1,946,345</b>	<b>1,946,345</b>
Prepayments received from customers		0	728,352
Trade payables		2,716,091	1,346,629
Payables to group enterprises		8,351,354	6,891,028
Corporation tax		12,195,083	2,260,142
Other payables	12	4,326,171	4,789,147
<b>Short-term debt</b>		<b>27,588,699</b>	<b>16,015,298</b>
<b>Debt</b>		<b>29,535,044</b>	<b>17,961,643</b>
<b>Liabilities and equity</b>		<b>71,297,439</b>	<b>49,157,600</b>
Contingent assets, liabilities and other financial obligations	13		
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## Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	236,277	19,665,011	5,278,767	25,680,055
Cash capital increase	236,850	0	0	0	236,850
Exchange adjustments relating to foreign entities	0	-22,710	0	0	-22,710
Development costs for the year	0	0	13,263,850	-13,263,850	0
Depreciation, amortisation and impairment for the year	0	0	-2,381,521	2,381,521	0
Net profit/loss for the year	0	2,264,606	0	5,043,808	7,308,414
<b>Equity at 31 December</b>	<b>736,850</b>	<b>2,478,173</b>	<b>30,547,340</b>	<b>-559,754</b>	<b>33,202,609</b>

# Notes to the Financial Statements

	2022	2021
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	38,379,971	27,775,579
Pensions	96,000	96,000
Other social security expenses	466,103	437,083
Other staff expenses	147,798	72,728
	<b>39,089,872</b>	<b>28,381,390</b>
<b>Average number of employees</b>	<b>63</b>	<b>47</b>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	3,053,232	2,088,546
Depreciation of property, plant and equipment	296,901	261,660
	<b>3,350,133</b>	<b>2,350,206</b>
<b>3 Financial income</b>		
Interest received from group enterprises	0	36,421
	<b>0</b>	<b>36,421</b>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	65,414	201,964
Other financial expenses	622,575	74,109
Exchange loss	44,555	16,272
	<b>732,544</b>	<b>292,345</b>

## Notes to the Financial Statements

	2022	2021
	DKK	DKK
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	1,466,366	2,260,142
Deferred tax for the year	3,043,884	1,829,956
Adjustment of tax concerning previous years	10,191,519	0
	<b>14,701,769</b>	<b>4,090,098</b>

The adjustment of current tax concerning previous years concerns the tax-exempt demerger from Shape Games A/S, carried out in the financial year 2021. Since the demerger has become taxable in 2022, a tax expense is booked in the annual report for 2022. The demerger was accounted for using book-value method.

## 6 Intangible assets

	Completed development projects	Development projects in progress
	DKK	DKK
Cost at 1 January	29,609,812	0
Additions for the year	0	17,004,936
Transfers for the year	7,226,959	-7,226,959
Cost at 31 December	<b>36,836,771</b>	<b>9,777,977</b>
Impairment losses and amortisation at 1 January	4,398,259	0
Amortisation for the year	3,053,232	0
Impairment losses and amortisation at 31 December	7,451,491	0
<b>Carrying amount at 31 December</b>	<b>29,385,280</b>	<b>9,777,977</b>
Amortised over	<u>10 years</u>	

Development projects relate to the development of software products. It is expected that the software will be sold in new markets and to new customers. Prior to the start of the projects, the company has investigated the need for the software with the customers and a license agreement has already been made with customers.

## Notes to the Financial Statements

### 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1,240,144	40,000
Additions for the year	39,298	0
Cost at 31 December	<u>1,279,442</u>	<u>40,000</u>
Impairment losses and depreciation at 1 January	733,916	667
Depreciation for the year	283,002	13,899
Impairment losses and depreciation at 31 December	<u>1,016,918</u>	<u>14,566</u>
<b>Carrying amount at 31 December</b>	<b><u>262,524</u></b>	<b><u>25,434</u></b>
Depreciated over	<u>3-5 years</u>	<u>3-5 years</u>

## Notes to the Financial Statements

	2022 DKK	2021 DKK
<b>8 Investments in subsidiaries</b>		
Cost at 1 January	43,188	121,658
Net effect from demerger and business sale	0	-121,658
Additions for the year	611,531	43,188
Cost at 31 December	<u>654,719</u>	<u>43,188</u>
Value adjustments at 1 January	236,277	1,227,291
Net effect from merger and acquisition	0	-1,227,291
Exchange adjustment	-22,710	-20
Net profit/loss for the year	2,347,337	236,297
Amortisation of goodwill	-82,731	0
Value adjustments at 31 December	<u>2,478,173</u>	<u>236,277</u>
<b>Carrying amount at 31 December</b>	<b><u>3,132,892</u></b>	<b><u>279,465</u></b>
Positive differences arising on initial measurement of subsidiaries at net asset value	<u>551,543</u>	<u>0</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>468,812</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Shape Games Spain SL	Barcelona, Spain	EUR 3.000	100%
Shape Games Riga SIA	Riga, Latvia	EUR 2.800	100%
Cyan Limited	Isle of Man	GBP 2.000	100%

## 9 Other fixed asset investments

	Deposits DKK
Cost at 1 January	696,525
Additions for the year	<u>27,510</u>
Cost at 31 December	<u>724,035</u>
<b>Carrying amount at 31 December</b>	<b><u>724,035</u></b>



## Notes to the Financial Statements

	<u>2022</u> DKK	<u>2021</u> DKK
<b>10 Contract work in progress</b>		
Selling price of work in progress	1,068,780	0
	<u><b>1,068,780</b></u>	<u><b>0</b></u>
<b>11 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	5,515,902	3,666,878
Amounts recognised in the income statement for the year	3,043,884	1,829,956
Net effect from demerger and business sale	0	19,068
<b>Provision for deferred tax at 31 December</b>	<u><b>8,559,786</b></u>	<u><b>5,515,902</b></u>
<b>12 Long-term debt</b>		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
<b>Other payables</b>		
Between 1 and 5 years	1,946,345	1,946,345
Long-term part	1,946,345	1,946,345
Other short-term payables	4,326,171	4,789,147
	<u><b>6,272,516</b></u>	<u><b>6,735,492</b></u>

## Notes to the Financial Statements

	2022 DKK	2021 DKK
<b>13 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,327,327	1,392,972
Between 1 and 5 years	0	1,276,891
	<b>1,327,327</b>	<b>2,669,863</b>

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Shape Group ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 14 Related parties

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Kambi Group Plc	Avenue 77, A4, Triq in-Negozju, Zone 3, Central Business District, Birkirkara CBD 3010 Malta

# Notes to the Financial Statements

## 15 Accounting Policies

The Annual Report of Shape Games A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Kambi Group Plc, the Company has not prepared consolidated financial statements.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Upright Capital ApS and other Danish group companies until August 2023. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

##### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 10 years.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-5	years

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### **Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **Other fixed asset investments**

Other fixed asset investments consist of deposits.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

### Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums, subscriptions etc.

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.



## Notes to the Financial Statements

### 15 Accounting Policies (continued)

#### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

#### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.