

## **SYBO ApS**

Jorcks Passage 1 A, 4.  
1162 Copenhagen K  
Business Registration No  
33858183

## **Annual report 01.05.2017 - 31.12.2017**

The Annual General Meeting adopted the annual report on 31.05.2018

### **Chairman of the General Meeting**

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Name: Mathias Gredal Coskun Nørvig

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## Entity details

### Entity

SYBO ApS  
Jorcks Passage 1 A, 4.  
1162 Copenhagen K

Central Business Registration No (CVR): 33858183  
Registered in: Copenhagen  
Financial year: 01.05.2017 - 31.12.2017

### Executive Board

Mathias Gredal Coskun Nørvig, CEO  
Bodie Daniel Jahn-Mulliner  
Erik Sylvester Rishøj Jensen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P.O. Box 1600  
0900 Copenhagen C

## Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of SYBO ApS for the financial year 01.05.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.05.2017 - 31.12.2017.

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

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

Copenhagen, 31.05.2018

### Executive Board

Mathias Gredal Coskun Nørvig  
CEO

Bodie Daniel Jahn-Mulliner

Erik Sylvester Rishøj Jensen

# Independent auditor's report

## To the shareholder of SYBO ApS

### Opinion

We have audited the financial statements of SYBO ApS for the financial year 01.05.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.05.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

## Independent auditor's report

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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

## Independent auditor's report

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

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

### **Violation of company law on loans to shareholder**

Contrary to the Danish Companies Act, the Company has granted loans to shareholder, for which Management may be held liable.

Copenhagen, 31.05.2018

## **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Bjørn Winkler Jakobsen  
State-Authorised Public Accountant  
Identification No (MNE) mne32127

Sune Baadsager Holm  
State-Authorised Public Accountant  
Identification No (MNE) mne35443

## Management commentary

	<b>2017</b>	<b>2016/2017</b>	<b>2015/2016</b>	<b>2013/2014</b>	<b>2012/2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	45.970	143.662	0	0	0
Operating profit/loss	1.693	106.657	133.570	199.582	62.189
Net financials	1.889	20.340	(11.296)	13.757	626
Profit/loss for the year	2.799	98.963	95.345	163.243	47.448
Total assets	403.150	442.420	374.124	326.219	194.467
Equity	343.681	360.882	281.920	267.576	164.333

### Ratios

Return on equity (%)	0,8	30,8	34,7	75,6	28,9
Equity ratio (%)	85,2	81,6	75,4	82,0	84,5

Total assets and equity in the Financial highlights shown above have been adjusted for the period 2016/17 to 2017 as a consequence of incorrect recognition of revenue for 2016/17. This adjustment affects equity and total assets by 2,312 thousand after tax in both accounting periods.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The Company's primary activities comprise development of proprietary universes for smartphones, animation and merchandise.

### Development in activities and finances

SYBO has had yet another amazing year developing new high-quality products and keeping our audience amazed and entertained.

The financial results reflect our increased investments in new media areas within animation, marketing and licencing while, at the same time, working on expanding our footprint in mobile gaming as our core business.

To simplify our strategy, planning and communication activities, we changed our accounting year to align with the calendar year and, as we comprise a lot more than games, we changed our name to SYBO ApS.

In 2017, Subway Surfers was still the most downloaded game in the world and the first game ever to reach 1 billion downloads on Android. Revenue is declining, but we still deliver a very solid performance entertaining more than 20 million active players daily.

We work hard on attracting the best talents from all over the world and have increased the number of employees to more than 75 people representing 16 countries.

We are, as one of the biggest Danish gaming companies, supporting our agenda of gaining continuous influence on the Danish gaming scene, through great local and international hiring, sparring and development.

SYBO's financial investments are based on a strong sustainable investment and risk management strategy - Our financial investment performance and cash flow for the year are showing positive results, offset by the negative development of the dollar value throughout the year.

SYBO's overall performance for the year is satisfactory and in line with our plans and expectations.

### Priorities in 2018

The keywords for the future will be innovation and growth, and we expect the 2018 financial performance to reach the same level as this year, with new commercial releases expected in early 2019.

We will keep pursuing exciting and innovative opportunities and will keep recruiting and retaining world class talent governed by our shared common SYBO values.

### Events after the balance sheet date

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

## Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016/2017 DKK</u>
<b>Gross profit</b>		<b>45.970.113</b>	<b>143.661.524</b>
Staff costs	1	(31.112.217)	(28.750.740)
Depreciation, amortisation and impairment losses	2	<u>(13.164.573)</u>	<u>(8.253.355)</u>
<b>Operating profit/loss</b>		<b>1.693.323</b>	<b>106.657.429</b>
Other financial income	3	8.412.230	24.711.745
Other financial expenses	4	<u>(6.523.407)</u>	<u>(4.371.619)</u>
<b>Profit/loss before tax</b>		<b>3.582.146</b>	<b>126.997.555</b>
Tax on profit/loss for the year	5	<u>(783.082)</u>	<u>(28.034.782)</u>
<b>Profit/loss for the year</b>	6	<b><u>2.799.064</u></b>	<b><u>98.962.773</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016/2017 DKK</u>
Acquired intangible assets		77.316.368	90.480.941
<b>Intangible assets</b>	7	<b>77.316.368</b>	<b>90.480.941</b>
Other fixtures and fittings, tools and equipment		0	0
<b>Property, plant and equipment</b>	8	<b>0</b>	<b>0</b>
Other investments		15.701.597	15.524.190
<b>Fixed asset investments</b>	9	<b>15.701.597</b>	<b>15.524.190</b>
<b>Fixed assets</b>		<b>93.017.965</b>	<b>106.005.131</b>
Trade receivables		36.722.827	38.569.224
Receivables from group enterprises		27.803.556	9.343.014
Receivables from associates		25.773	83.248
Other receivables		4.874.144	2.535.307
Receivables from owners and management	10	43.722	0
Prepayments	11	275.508	370.272
<b>Receivables</b>		<b>69.745.530</b>	<b>50.901.065</b>
Other investments		230.346.758	206.828.001
<b>Other investments</b>		<b>230.346.758</b>	<b>206.828.001</b>
<b>Cash</b>		<b>10.039.981</b>	<b>78.686.128</b>
<b>Current assets</b>		<b>310.132.269</b>	<b>336.415.194</b>
<b>Assets</b>		<b>403.150.234</b>	<b>442.420.325</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016/2017 DKK</u>
Contributed capital		80.000	80.000
Reserves for loans and collateral		0	83.248
Retained earnings		343.041.388	340.719.076
Proposed dividend		560.000	20.000.000
<b>Equity</b>		<b><u>343.681.388</u></b>	<b><u>360.882.324</u></b>
Deferred tax		910.444	1.085.055
<b>Provisions</b>		<b><u>910.444</u></b>	<b><u>1.085.055</u></b>
Trade payables		5.604.771	706.526
Payables to group enterprises		4.332.724	3.895.917
Income tax payable		1.609.819	26.740.290
Other payables		47.011.088	49.110.213
<b>Current liabilities other than provisions</b>		<b><u>58.558.402</u></b>	<b><u>80.452.946</u></b>
<b>Liabilities other than provisions</b>		<b><u>58.558.402</u></b>	<b><u>80.452.946</u></b>
<b>Equity and liabilities</b>		<b><u>403.150.234</u></b>	<b><u>442.420.325</u></b>
Contingent liabilities	13		
Assets charged and collateral	14		
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## Statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Reserves for lendings and securities DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>
Equity beginning of year	80.000	83.248	338.406.990	20.000.000
Corrections of material errors	0	0	2.312.086	0
<b>Adjusted equity, beginning of year</b>	<b>80.000</b>	<b>83.248</b>	<b>340.719.076</b>	<b>20.000.000</b>
Ordinary dividend paid	0	0	0	(20.000.000)
Dissolution of reserves	0	(83.248)	83.248	0
Profit/loss for the year	0	0	2.239.064	560.000
<b>Equity end of year</b>	<b>80.000</b>	<b>0</b>	<b>343.041.388</b>	<b>560.000</b>
				<b>Total DKK</b>
Equity beginning of year				358.570.238
Corrections of material errors				2.312.086
<b>Adjusted equity, beginning of year</b>				<b>360.882.324</b>
Ordinary dividend paid				(20.000.000)
Dissolution of reserves				0
Profit/loss for the year				2.799.064
<b>Equity end of year</b>				<b>343.681.388</b>

## Cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016/2017 DKK</u>
Operating profit/loss		1.693.323	106.657.429
Amortisation, depreciation and impairment losses		13.164.573	8.253.355
Working capital changes	12	<u>(13.551.752)</u>	<u>32.092.660</u>
<b>Cash flow from ordinary operating activities</b>		<b>1.306.144</b>	<b>147.003.444</b>
Financial income received		6.354.305	6.036.797
Financial income paid		(11.218.924)	(4.371.619)
Income taxes refunded/(paid)		<u>(26.088.164)</u>	<u>(26.927.758)</u>
<b>Cash flows from operating activities</b>		<b><u>(29.646.639)</u></b>	<b><u>121.740.864</u></b>
Acquisition etc of intangible assets		0	(98.734.296)
Acquisition of fixed asset investments		(1.629.075)	(14.422.059)
Acquisition of the investments		(62.747.950)	(101.724.881)
Divestment of other investments		<u>45.377.517</u>	<u>60.219.010</u>
<b>Cash flows from investing activities</b>		<b><u>(18.999.508)</u></b>	<b><u>(154.662.226)</u></b>
Dividend paid		<u>(20.000.000)</u>	<u>(20.000.000)</u>
<b>Cash flows from financing activities</b>		<b><u>(20.000.000)</u></b>	<b><u>(20.000.000)</u></b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(68.646.147)</b>	<b>(52.921.362)</b>
Cash and cash equivalents beginning of year		<u>78.686.128</u>	<u>131.607.490</u>
<b>Cash and cash equivalents end of year</b>		<b><u>10.039.981</u></b>	<b><u>78.686.128</u></b>

## Notes

	<b>2017</b>	<b>2016/2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	27.258.458	25.085.059
Pension costs	1.448.545	1.534.691
Other social security costs	91.199	106.788
Other staff costs	2.314.015	2.024.202
	<b>31.112.217</b>	<b>28.750.740</b>
Average number of employees	<b>60</b>	<b>47</b>
	<b>Remunera-</b>	<b>Remunera-</b>
	<b>tion of</b>	<b>tion of</b>
	<b>manage-</b>	<b>manage-</b>
	<b>ment</b>	<b>ment</b>
	<b>2017</b>	<b>2016/2017</b>
	<b>DKK</b>	<b>DKK</b>
Executive Board	3.639.118	2.760.000
	<b>3.639.118</b>	<b>2.760.000</b>
	<b>2017</b>	<b>2016/2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	13.164.573	8.253.355
	<b>13.164.573</b>	<b>8.253.355</b>
	<b>2017</b>	<b>2016/2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	85.219	1.102.069
Financial income from associates	244	0
Other interest income	6.187.340	23.609.676
Fair value adjustments	2.139.427	0
	<b>8.412.230</b>	<b>24.711.745</b>

## Notes

	<b>2017</b>	<b>2016/2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	51.570	25.624
Other interest expenses	6.384.904	4.345.995
Exchange rate adjustments	86.440	0
Other financial expenses	493	0
	<b>6.523.407</b>	<b>4.371.619</b>

	<b>2017</b>	<b>2016/2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Tax on profit/loss for the year</b>		
Current tax	957.693	26.847.153
Change in deferred tax	(174.611)	1.187.629
	<b>783.082</b>	<b>28.034.782</b>

	<b>2017</b>	<b>2016/2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>6. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	560.000	20.000.000
Retained earnings	2.239.064	78.962.773
	<b>2.799.064</b>	<b>98.962.773</b>

	<b>Acquired intangible assets DKK</b>
<b>7. Intangible assets</b>	
Cost beginning of year	98.734.296
<b>Cost end of year</b>	<b>98.734.296</b>
Amortisation and impairment losses beginning of year	(8.253.355)
Amortisation for the year	(13.164.573)
<b>Amortisation and impairment losses end of year</b>	<b>(21.417.928)</b>
<b>Carrying amount end of year</b>	<b>77.316.368</b>



## Notes

	<b>Other fixtures and fittings, tools and equipment DKK</b>
	<u>DKK</u>
<b>8. Property, plant and equipment</b>	
Cost beginning of year	63.837
<b>Cost end of year</b>	<b><u>63.837</u></b>
Depreciation and impairment losses beginning of year	(63.837)
<b>Depreciation and impairment losses end of year</b>	<b><u>(63.837)</u></b>
<b>Carrying amount end of year</b>	<b><u>0</u></b>

	<b>Other investments DKK</b>
	<u>DKK</u>
<b>9. Fixed asset investments</b>	
Cost beginning of year	15.524.190
Exchange rate adjustments	(1.451.668)
Additions	1.629.075
<b>Cost end of year</b>	<b><u>15.701.597</u></b>
<b>Carrying amount end of year</b>	<b><u>15.701.597</u></b>

	<b>Executive Board</b>	<b>Total DKK</b>
	<u>DKK</u>	<u>DKK</u>
<b>10. Receivables from owners and management</b>		
Receivables	39.923	<b>39.923</b>
Interest rate	10,50	
Repaid during the year	148.576	<b>148.576</b>
Incurred and repaid during the year	148.576	<b>148.576</b>

### 11. Prepayments

Prepayments consist of office rent, consulting services, subscriptions and other prepayments.

## Notes

	<b>2017</b>	<b>2016/2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>12. Change in working capital</b>		
Increase/decrease in receivables	(16.747.756)	39.454.408
Increase/decrease in trade payables etc	3.196.004	(7.361.748)
	<b>(13.551.752)</b>	<b>32.092.660</b>

### 13. Contingent liabilities

The Company has entered into a rent agreement which is irrevocable up to and until 30 April 2019 corresponding to a liability of DKK 1,756 thousand.

At the balance sheet date, the Company is engaged in a trial against the Company. Due to material uncertainty, Company Management has not been able to assess the outcome of the pending trial.

The Entity participates in a Danish joint taxation arrangement where SYBO Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 14. Assets charged and collateral

The Company has provided a guarantee of DKK 15,600 thousand to Danske Bank on behalf of Ejendoms-selskabet Bagsværdlund ApS.

As security for all balances with Danske Bank, the Company has granted a charge on a portfolio of securities corresponding to DKK 20,547 thousand.

### 15. Related parties with controlling interest

The share capital is wholly owned by SYBO Holding ApS, Jorcks Passage 1A, 4. - 1162 Copenhagen K.

### 16. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions.

### 17. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: SYBO Holding ApS, Copenhagen, Denmark.

## Accounting policies

### Reporting class

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

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

Reclassifications of a few items of the balance sheet and the income statements have been made which has not affected profit/loss.

### Material errors in previous years

The Company's income must be recognised in the accounting period when realised. It has been established that the accrual of income has been incorrect in prior financial years. The impact of the stated error is recognised in revenue, tax payable, trade receivables and equity in the comparative year, and the comparative figures for 2016/17 have been adjusted accordingly. The adjustment gives rise to equity being positively affected by DKK 2,312 thousand at 1 May 2017 and profit/loss is affected positively by DKK 2,312 after tax.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables as well as external expenses.

#### Revenue

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

#### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

#### Other external expenses

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

#### Staff costs

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

## Accounting policies

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets.

### Other financial income

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

### Other financial expenses

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

### Tax on profit/loss for the year

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

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement. The depreciation period amount to 5 years.

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

#### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

## Accounting policies

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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

Other fixtures and fittings, tools and equipment	1 year
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Estimated useful lives and residual values are reassessed annually.

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

### Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

### Receivables

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

### Prepayments

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

### Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realisable value.

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

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

## Accounting policies

### Deferred tax

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

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

### Operating leases

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

### Other financial liabilities

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

### Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.