

Sybo ApS

Jorcks Passage 1A, 4.
1162 København K
CVR No. 33858183

Annual report 2021

The Annual General Meeting adopted the
annual report on 25.05.2022

Mathias Gredal Nørvig

Chairman of the General Meeting

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Entity details

Entity

Sybo ApS

Jorcks Passage 1A, 4.

1162 København K

Business Registration No.: 33858183

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Mathias Gredal Nørvig, Chief Executive Officer

Bodie Daniel Jahn-Mulliner

Erik Sylvester Rishøj Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of Sybo ApS for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 25.05.2022

Executive Board

Mathias Gredal Nørvig
Chief Executive Officer

Bodie Daniel Jahn-Mulliner

Erik Sylvester Rishøj Jensen

Independent auditor's report

To the shareholders of Sybo ApS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sybo ApS for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 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 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 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.

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.

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.

Report on other legal and regulatory requirements and other reporting responsibilities

Violation of company law and similar legislation

Against the Danish Companies Act, the Company has provided a loan to a shareholder, for which Management may be held liable. The loan has been partially repaid during the financial year, and outstanding amount has been fully repaid in 2022. Reference is made to disclosure 18.

Copenhagen, 25.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant

Identification No (MNE) mne32127

Mads Haugegaard Albrechtsen

State Authorised Public Accountant

Identification No (MNE) mne45846

Management commentary

Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	176,021	108,866	76,827	59,217	45,970
Operating profit/loss	52,392	6,672	(12,898)	(19,241)	1,693
Net financials	9,621	-11,812	15,046	(8,040)	1,889
Profit/loss for the year	51,688	-4,676	2,877	(25,453)	2,799
Total assets	247,863	218,130	176,442	384,796	402,149
Investments in property, plant and equipment	352	371	122	0	0
Equity	149,683	110,395	115,071	317,668	343,681
Average number of employees	101	93	91	79	60
Ratios					
Return on equity (%)	39.75	(4.15)	1.33	(7.70)	0.79
Equity ratio (%)	60.39	50.61	65.22	82.55	85.46

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

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

Development in activities and finances

2021 is the first full year after SYBO became the worldwide mobile publisher of Subway Surfers and continued to lift the game and its performance. SYBO increased the topline from Subway Surfers by 28% compared to 2020 and exceeded budgeted figures.

Throughout the year, Subway Surfers still attracts more than 1 million daily new installs, and globally around 105 million people play Subway Surfers on a monthly basis. According to Forbes, Subway Surfers was the most downloaded mobile game in the world in 2021, Subway Surfers is still going strong after nearly 10 years with a mobile title, which means Subway Surfers is a true mobile evergreen that continues to show great potential.

We work hard to attract the best talents on a global scale, and in 2021 the number of employees increased to more than 115 people representing more than 35 nationalities and 19 people working abroad helping us conquer the world.

SYBO's financial investments are based on a strong impact portfolio, sustainability, and active risk management. The company's overall performance for the year is satisfactory and in line with the plans and expectations.

Profit/loss for the year in relation to expected developments

Profit for the year is according to expectations.

Unusual circumstances affecting recognition and measurement

The financial position at 31 December 2021 of Sybo ApS and the results of the activities and cash flows of the entity for the financial year for 2021 have not been affected by any unusual events.

Outlook

SYBO will continuously focus on innovation and growth, and in 2022 we expect the financial performance to increase compared to 2021. At the same time, we keep pursuing exciting and innovative opportunities and will keep recruiting and retaining best-in-class talent carrying our shared SYBO values.

Sybo ApS expects growth in EBITDA in the range of 10-25%.

Knowledge resources

It is Sybo's ambition for all employees to be able to live up to the constantly changing demands relating to the working processes. As a result Sybo attaches great importance to the training and education of the employees in order for each of them to be able at all times to deliver high performance and flawless products and services which enables us to create new and exciting content for our many users.

Research and development activities

Research and development (R&D) is essential in order to ensure future development and growth, and therefore Sybo ApS continues to spend considerable resources in R&D activities. Sybo ApS is the intellectual property owner of Subway Surfers and is also in process of developing other games. Active game development with a strong team and focus is key in creating an active player base. In line with the strategy, Sybo ApS continuously focuses on the development of its product portfolio in order to create value for the users. All cost related to research and development are recognised in as cost.

Management expects to continue this focus through-out 2022.

Statutory report on corporate social responsibility

Sybo ApS has no policies for human rights, climate impact, environment, social and staff matters as well as anti-corruption because Sybo ApS has assessed that the related risks are limited.

Corporate social responsibility, including human rights and anti-corruption, is an integral part of the Danish labor market and Danish corporate culture and is well-established in Sybo ApS. This is reflected in Sybo ApS trade with both Danish and foreign customers and suppliers.

In the future, the Sybo ApS will strive to prepare policies describing risks and actions regarding corporate social responsibility to a larger extent.

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 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		176,020,620	108,865,920
Staff costs	1	(105,212,242)	(82,170,931)
Depreciation, amortisation and impairment losses	2	(18,415,917)	(20,022,501)
Operating profit/loss		52,392,461	6,672,488
Income from investments in associates		(117,118)	(186,427)
Other financial income	3	19,978,601	4,227,683
Impairment losses on financial assets		(2,832,370)	(2,000,000)
Other financial expenses	4	(7,525,635)	(14,040,008)
Profit/loss before tax		61,895,939	(5,326,264)
Tax on profit/loss for the year	5	(10,208,215)	650,207
Profit/loss for the year	6	51,687,724	(4,676,057)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		978,068	19,184,565
Intangible assets	7	978,068	19,184,565
Other fixtures and fittings, tools and equipment		482,007	339,371
Property, plant and equipment	8	482,007	339,371
Investments in group enterprises		40,000	40,000
Investments in associates		4,552,237	4,730,011
Other investments		27,875,149	25,051,137
Deposits		1,192,967	1,190,683
Deferred tax	10	4,019,483	3,282,237
Financial assets	9	37,679,836	34,294,068
Fixed assets		39,139,911	53,818,004
Trade receivables		43,507,800	37,876,056
Receivables from group enterprises		31,530,836	38,708,317
Receivables from associates		0	65,462
Other receivables		2,376,471	2,839,445
Tax receivable		4,396,607	2,299,055
Prepayments	11	1,811,255	1,778,306
Receivables		83,622,969	83,566,641
Cash		125,100,196	80,745,216
Current assets		208,723,165	164,311,857
Assets		247,863,076	218,129,861

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		80,000	80,000
Retained earnings		74,047,588	97,915,419
Proposed dividend		75,555,555	12,400,000
Equity		149,683,143	110,395,419
Other payables		0	5,520,337
Non-current liabilities other than provisions		0	5,520,337
Trade payables		14,905,954	18,366,113
Payables to group enterprises		268,684	0
Tax payable		0	1,156,987
Other payables		75,018,027	69,065,953
Deferred income	12	7,987,268	13,625,052
Current liabilities other than provisions		98,179,933	102,214,105
Liabilities other than provisions		98,179,933	107,734,442
Equity and liabilities		247,863,076	218,129,861
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Related parties with controlling interest	16		
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Receivables from management category repaid during the financial year	18		
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Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	80,000	97,915,419	12,400,000	110,395,419
Ordinary dividend paid	0	0	(12,400,000)	(12,400,000)
Profit/loss for the year	0	(23,867,831)	75,555,555	51,687,724
Equity end of year	80,000	74,047,588	75,555,555	149,683,143

Cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		52,392,461	6,672,488
Amortisation, depreciation and impairment losses		18,415,917	22,022,501
Working capital changes	13	(6,356,300)	32,685,362
Exchange rate adjustment		10,684,912	(9,880,326)
Cash flow from ordinary operating activities		75,136,990	51,500,025
Financial income received		2,337,119	130,304
Financial expenses paid		(246,243)	(60,241)
Taxes refunded/(paid)		(15,356,987)	(2,755,106)
Other cash flows from operating activities		(264,448)	402,780
Cash flows from operating activities		61,606,431	49,217,762
Acquisition etc of property, plant and equipment		(352,056)	(371,015)
Acquisition of the investments		(5,656,382)	(3,848,981)
Cash flows from investing activities		(6,008,438)	(4,219,996)
Free cash flows generated from operations and investments before financing		55,597,993	44,997,766
Loans raised		1,156,987	0
Dividend paid		(12,400,000)	0
Cash flows from financing activities		(11,243,013)	0
Increase/decrease in cash and cash equivalents		44,354,980	44,997,766
Cash and cash equivalents beginning of year		80,745,216	35,747,450
Cash and cash equivalents end of year		125,100,196	80,745,216
Cash and cash equivalents at year-end are composed of:			
Cash		125,100,196	80,745,216
Cash and cash equivalents end of year		125,100,196	80,745,216

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	94,725,170	74,397,042
Pension costs	6,865,585	5,058,784
Other social security costs	229,985	212,784
Other staff costs	3,391,502	2,502,321
	105,212,242	82,170,931

Average number of full-time employees	101	93
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	Remuneration of Management 2021 DKK	Remuneration of Management 2020 DKK
Executive Board	8,206,566	7,412,619
	8,206,566	7,412,619

Special incentive programmes

The Executive Board have bonus schemes based on the Company's financial performance during the financial and individual goals.

At May 2019, an incentive scheme was established comprising both the Executive Board, other executives and other key employees. The scheme is made to maintain key personal. The scheme runs from 1 May 2019 to 1 October 2025. When an option has vested, the option holder may subscribe for one new share in SYBO PeopleCo A/S from SYBO Holding APS at a fixed price. As it is the Company's practice to settle the schemes by way of shares (equity-settled share-based payment arrangements), no costs have been recognised in 2021.

2 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	18,206,497	19,877,552
Depreciation of property, plant and equipment	209,420	144,949
	18,415,917	20,022,501

3 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	543,494	766,481
Other interest income	2,013,114	130,304
Exchange rate adjustments	17,421,993	3,330,898
	19,978,601	4,227,683

4 Other financial expenses

	2021	2020
	DKK	DKK
Other interest expenses	788,553	828,784
Exchange rate adjustments	6,737,082	13,211,224
	7,525,635	14,040,008

5 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	12,542,284	1,156,987
Change in deferred tax	(737,246)	(1,807,194)
Adjustment concerning previous years	(1,596,823)	0
	10,208,215	(650,207)

6 Proposed distribution of profit and loss

	2021	2020
	DKK	DKK
Ordinary dividend for the financial year	75,555,555	12,400,000
Retained earnings	(23,867,831)	(17,076,057)
	51,687,724	(4,676,057)

7 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	100,040,912
Cost end of year	100,040,912
Amortisation and impairment losses beginning of year	(80,856,347)
Amortisation for the year	(18,206,497)
Amortisation and impairment losses end of year	(99,062,844)
Carrying amount end of year	978,068

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	556,865
Additions	352,056
Cost end of year	908,921
Depreciation and impairment losses beginning of year	(217,494)
Depreciation for the year	(209,420)
Depreciation and impairment losses end of year	(426,914)
Carrying amount end of year	482,007

9 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Other investments DKK	Deposits DKK	Deferred tax DKK
Cost beginning of year	40,000	4,963,160	27,051,137	1,190,683	3,282,237
Disposals on divestments etc	0	(60,656)	0	0	0
Additions	0	0	5,656,382	2,284	737,246
Cost end of year	40,000	4,902,504	32,707,519	1,192,967	4,019,483
Revaluations beginning of year	0	(233,149)	0	0	0
Amortisation of goodwill	0	(357,645)	0	0	0
Share of profit/loss for the year	0	276,190	0	0	0
Other adjustments	0	(35,663)	0	0	0
Revaluations end of year	0	(350,267)	0	0	0
Impairment losses beginning of year	0	0	(2,000,000)	0	0
Impairment losses for the year	0	0	(2,832,370)	0	0
Impairment losses end of year	0	0	(4,832,370)	0	0
Carrying amount end of year	40,000	4,552,237	27,875,149	1,192,967	4,019,483

The carrying amount of goodwill related to Investments in associates end of year are DKK 2,503,515. The carrying amount of goodwill start of year was DKK 2,861,160.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Boom 808 ApS	Denmark	ApS	100.00
Sybo UK Ltd.	United Kingdom	ltd.	100.00

Investments in associates	Registered in	Corporate form	Equity interest %
Funday Factory ApS	Denmark	ApS	36.10
Spray (BVI) Limited	China	Ltd.	29.10

10 Deferred tax

	2021 DKK	2020 DKK
Intangible assets	3,052,164	2,190,878
Property, plant and equipment	430,779	563,647
Receivables	536,540	527,712
Deferred tax	4,019,483	3,282,237

Changes during the year	2021 DKK	2020 DKK
Beginning of year	3,282,237	1,475,043
Recognised in the income statement	737,246	1,807,194
End of year	4,019,483	3,282,237

Deferred tax assets

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.

11 Prepayments

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

12 Deferred income

Deferred income consists of contract accrual.

13 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in receivables	4,417,311	(12,521,208)
Increase/decrease in trade payables etc	(10,773,611)	45,206,570
	(6,356,300)	32,685,362

14 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	1,346,133	1,312,799

15 Contingent liabilities

The Company has unfunded commitments on investments amounting to DKK 2,137,652. Start of the year the company had unfunded commitments on investments amounting to DKK 4,667,477.

On 29 September, the Company received the Danish Tax Agency's motion for change of taxable income for the income years 2017 – 2020 for the joint taxation group with Sybo Holding ApS as the administration company of DKK 25.5 million (tax effect of DKK 5.7 million). The Management do not agree with the Danish Tax Agency's motion for correction and has chosen not to adjust the financial statements for 2021.

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.

16 Related parties with controlling interest

The controlling interests are held by SYBO Holding ApS, Jorcks Passage 1A, 4. - 1162 Copenhagen K.

17 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.

18 Receivables from management category repaid during the financial year

An illegal shareholder loan on DKK 64,703. has been issued to a shareholder of Sybo ApS as of 19.05.2020. The receivable has been remunerated with an interest rate on 10.05% according to the legislation on the area. The loan has been partially repaid as of 21.12.2021 with an amount of DKK 66.783. The total calculated interest for the period is DKK 9,957. The remaining receivable as of 31.12.2021 is DKK 7,877, which has been fully repaid in 2022.

19 Group relations

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

Accounting policies

Reporting class

This annual report has been prepared 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.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, direct cost 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.

Direct cost

Direct cost comprise the cost directly associated to the sales, including royalty cost and IT related cost.

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.

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.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

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.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis

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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights**

Intellectual property rights comprise of acquired intellectual property rights and intangible assets.

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

Intellectual property rights 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.

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	3 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.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Useful life is determined based on an assessment of whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

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.

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.

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.

Receivables

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

Tax payable or receivable

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

Prepayments

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

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.

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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 shortterm bank loans.