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SYBO ApS
Holmens Kanal 7, 3., 1060 Copenhagen

Company reg. no. 33 85 81 83

Annual report

1 January - 31 December 2023

The annual General Meeting adopted the annual report on 7 May 2024.

DocuSigned by:

Robert Small

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Robert Edward Aymer Small
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of SYBO ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

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

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

Copenhagen, 7 May 2024

Managing Director

DocuSigned by:

Mathias Gredal Nørvig

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Mathias Gredal Nørvig
Chief Executive Officer

Board of directors

DocuSigned by:

Robert Small

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Robert Edward Aymer Small
Chairman

DocuSigned by:

Mathias Gredal Nørvig

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Mathias Gredal Nørvig

DocuSigned by:

David Byrne

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David Joseph Byrne

DocuSigned by:

Saad Choudri

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Saad Choudri

DocuSigned by:

Stefan Beurier

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Stefan Beurier

Independent auditor's report

To the Shareholder of SYBO ApS

Opinion

We have audited the financial statements of SYBO ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

Independent auditor's report

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

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

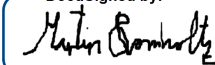
Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 7 May 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

DocuSigned by:



BB54737D98BE31C5
Martin Bønnholtz

State Authorised Public Accountant
mne34117

Company information

The company

SYBO ApS
Holmens Kanal 7, 3.
1060 Copenhagen

Phone 42926006

Company reg. no. 33 85 81 83

Established: 7 July 2011

Domicile: Copenhagen

Financial year: 1 January - 31 December

Board of directors

Robert Edward Aymer Small, Chairman
Mathias Gredal Nørvig
David Joseph Byrne
Saad Choudri
Stefan Beurier

Managing Director

Mathias Gredal Nørvig, Chief Executive Officer

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 Copenhagen

Parent company

Miniclip Denmark ApS

Subsidiaries

Boom 808 ApS, Denmark
Sybo UK Ltd., United Kingdom

Associate

Spray (BVI) Limited, China

General meeting

Ordinary general meeting will be held on 7 May 2024 on the address of the company.

Financial highlights

DKK in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income statement:					
Revenue	457.593	725.881	328.283	271.352	115.913
Gross profit	333.996	469.217	176.021	108.866	76.815
Profit from operating activities	197.166	186.745	52.392	6.672	-12.898
Net financials	-350	22.589	9.621	-11.812	15.046
Net profit or loss for the year	152.577	174.688	51.688	-4.676	2.877
Statement of financial position:					
Balance sheet total	274.703	309.756	247.863	218.130	176.442
Investments in property, plant and equipment	22.511	2.036	352	371	122
Equity	206.375	248.815	149.683	110.395	115.071
Employees:					
Average number of full-time employees	150	121	101	93	91
Key figures in %:					
Gross margin ratio	73,0	64,6	53,6	40,1	66,3
Profit margin (EBIT-margin)	43,1	25,7	16,0	2,5	-11,1
Return on equity	67,0	87,7	39,7	-4,1	1,3

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management's review

Description of key activities of the company

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

Unusual circumstances affecting recognition and measurement

No unusual circumstances have affected the recognition and measurement.

Development in activities and financial matters

2023 marked another landmark year for SYBO, building on our legacy of innovation and community engagement in the mobile gaming industry. Celebrating over a decade of success, our flagship title, Subway Surfers, retained its position as the world's most downloaded mobile game where we hit an amazing milestone. Subway Surfers is now downloaded more than 4 billion times, which no other mobile game has achieved.

Our commitment to keeping our games fresh and engaging was recognized when SYBO won the Tempest Awards Best Sustainability Initiative for the Subway Surfers' Play 2 Plant campaign, Subway Surfers Blast was recognized by the 2023 Scottish Games Awards for Best Art & Animation, Subway Surfers Blast was nominated for the TIGA Games Industry Awards for Best Casual Game, and Subway Surfers Tag was honored as the Game of the Year in the 2023 Pocket Gamer Mobile Games Awards.

Innovation at SYBO continues unabated with the introduction of new titles, expanding our portfolio, and exploring new genres. Subway Surfers Match and Subway Surfers Blast marked our entrance into the puzzle game space, and we're now publishing five liveops games.

Our success has not only been in game development but also in nurturing a diverse and talented team. By the end of 2023, SYBO's workforce grew to 174 employees, up from 144 in 2022, representing over 35 different nationalities.

Profit/loss for the year in relation to expected developments

The profit after tax for the year is DKK 152M, which is impacted by a general downward trend in the gaming industry in 2023.

Last year, we expected growth in EBITDA for 2023 compared to 2022 in the range of 59-85 percent, which equals a total EBITDA of DKK 297M-346M. In 2023 we realized an EBITDA of DKK 197M, which is an increase of 5 percent compared to EBITDA for 2022. The gaming industry saw a decline in 2023 and had a challenging year in general. Our expectation for 2023 was to grow our US audience to increase our in-app purchases and ad engagements, but we saw a downward trend from 2022 to 2023, which had a negative impact on our result for 2023.

Management's review

Outlook

We are continuing the successful development of Subway Surfers and preparing a big release for our 12th anniversary. In 2024, we're focused on maintaining SYBO's position to be the best place to work, adding additional revenue streams, and utilizing the power of our network to keep the momentum.

We anticipate a change in revenue ranging from -5% to +10% for 2024 while projecting an increase in EBITDA ranging from 4% to 18%. The forecasted growth in EBITDA in 2024 can be attributed to continuous improvements in Subway Surfers and new game releases.

Knowledge resources

SYBO is committed to ensuring that all employees are equipped to live up to the ever-changing demands of their jobs. As a result, SYBO prioritizes employee training and education that empowers and enables them to be consistent high performers and deliver high-quality products and services to bring new and exciting content to our engaged user base.

Research and development activities

Research and development (R&D) are essential to ensure future development and growth of the company and SYBO continues to invest. Our focus on game development, expanding our active player base, and keeping Subway Surfers successful allows us to simultaneously develop new games and create more revenue streams. By continuously building our product portfolio we add value to users, increase earnings per player and diversify our revenue streams within puzzle games, in app-payment, etc. All costs related to research and development are recognized as costs.

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

Business model

We integrate our CSR efforts into our actual gameplay, so they become part of the game itself – not just a badge you can buy. This authenticity-based approach can inspire millions of users to play while taking action for specific causes. SYBO has integrated a myriad of partner initiatives such as Playing for the Planet, PlanetPlay and hit musician J Balvin, Milkywire, and the It Gets Better Project.

Mental Work Environment and Stress

We recognize that workplace stress is a common concern in discussions around employees' mental health. In 2023, SYBO had a sickness absence of 2% of possible working hours, the same level as in 2022. For comparison, the absence rate in the private sector in Denmark was 4,1% in 2022, which leads us to conclude that there is no reason for extraordinary concern about sickness absence at SYBO. However, the latest health & safety assessment conducted in January 2022 identified mental health – at least partially affected by workplace stress – to be a risk for our employees. Based on these findings, SYBO has implemented the Bradford Factor system as part of HR's absence reviews to ensure a more holistic, proactive approach to absence management. SYBO is also reviewing our absence policy to include guidelines for early identification of employee stress and how it should be managed, allowing leads to handle it more proactively. We will conduct an updated health & safety assessment in 2024.

Management's review

Our engagement survey, conducted in September 2023, showed a 94% favorable score when employees were asked if their leads generally cared for their well-being. It also showed a 94% favorable score when asking if employees feel supported when choosing to make use of flexible working arrangements. This leads us to conclude that we are successful in creating a workplace that prioritizes and supports employees' mental health, and this will continue to be an area of focus in 2024 and beyond.

Bullying and Inappropriate Behavior

While our health and safety survey confirmed that SYBO does not have any issues with bullying, harassment, or discrimination, we are committed to ensuring that SYBO continues to offer a healthy and positive work environment for all employees. We will continue to closely monitor our workplace environment and take any necessary actions to ensure the mental well-being of our employees.

In 2024, HR will take additional steps to ensure that our Code of Conduct, which includes both principles and procedures for how to treat each other and keep our workspaces safe and healthy, is not only accessible to all employees but is actively integrated into onboarding and leads training.

Management's review

Environmental and climate issues

Implementing environmental and climate policies in our organization has been a top priority for SYBO. We have taken various measures to ensure that our business operations and activities have a minimal negative impact on the environment. For instance, we have implemented sustainable practices in our offices, including having 1,025 plants – approximately 6 plants per employee – within our office alone. We also encourage our employees to adopt environmentally friendly habits, such as recycling and using public transportation or bikes to commute to work.

However, we acknowledge that there are still significant risks that we need to address. The most significant risk is our carbon footprint from the data centers and servers that host our games. We recognize that this is a significant challenge, and we are committed to working towards offsetting our carbon footprint in this area.

In the past year, we have also committed to using our platform to educate and motivate our millions of users to take action in the fight against climate change. As founding members of the Play for the Planet Alliance, SYBO joined forces with 19 other companies representing 970 million gamers globally to use our platforms to inform, inspire, and take meaningful action.

With Subway Surfers' global reach of over 150 million active users per month, our game represents a significant portion of the alliance's overall platform. SYBO continued its important sustainability efforts through in-game initiatives with leading impact platform Milkywire, as well as a first-of-its-kind partnership with J Balvin and PlanetPlay. SYBO committed a fixed donation of \$25,000 to several of Milkywire's environmental projects – including organizations working to conserve the Amazon Rainforest. The limited edition, in-game activations resulted in over \$40,000 in donations to the Amazon Rainforest conservation funds and \$10,000 for the research and conservation of the ocean. In partnership with PlanetPlay and hit musician J Balvin, SYBO launched a first-of-its-kind activation in November 2023 that transformed the global superstar into a playable, in-game character, with each purchase offsetting carbon emissions through PlanetPlay's platform. SYBO and PlanetPlay were able to offset over 2,000 tons of carbon emissions in the campaign's three-week run, the equivalent of a concert with nearly 100,000 guests.

Looking to the future, we plan to continue our efforts to minimize the negative impact of our operations on the environment. We are exploring ways to reduce our carbon footprint, such as transitioning to renewable energy sources for our data centers and servers. We also aim to raise awareness among our users and encourage them to take action to reduce their environmental impact. Overall, we are committed to promoting a more sustainable future for our organization, and the planet.

Management's review

Human rights

At SYBO, we are committed to promoting human rights and creating a workplace that is free from discrimination of any kind, in line with our Code of Conduct. We strongly value diversity and aim to create a workplace that is inclusive and respectful of all individuals, regardless of their race, gender, age, ethnicity, religion, or sexual orientation. With over 35 nationalities represented in our organization, we are committed to promoting diversity and ensuring that all individuals are treated with fairness and respect.

We have assessed that the risk of impacting human rights would arise from our employees not following the Code of Conduct. We have evaluated the risk to be very low, as we are a relatively small company where transparency and diversity are highly valued.

With a global reach of over 150 million monthly active players from Subway Surfers alone, SYBO has a unique opportunity to spread awareness and make a positive impact. Throughout 2023, SYBO continued to reinforce its core values of acceptance, diversity, and inclusion through in-game initiatives, strategic partnerships, and more. In June 2023, SYBO launched a multifaceted campaign to celebrate Pride Month, which included introducing flags of underrepresented LGBTQIA+ groups and a new genderqueer character named Rain within Subway Surfers. SYBO additionally collaborated with the It Gets Better Project to highlight LGBTQIA+ creators and SYBO employees by providing a global platform to share their personal stories across social media channels.

In accordance with our Code of Conduct, all SYBO employees are expected to treat each other with respect, openness, dignity, and fairness. We condemn violence in any shape or form and have zero tolerance for discrimination based on characteristics such as age, gender, race, ethnic background, sexual orientation, gender identity, national origin, or religious beliefs. We work to eliminate harassment or bullying in any shape or form and expect our employees to take responsibility for their own actions and dispositions.

If any employee experiences an unsafe or uncomfortable work environment, we highly encourage them to come forward and report it in accordance with our Code of Conduct. We take all concerns seriously and are committed to creating an environment where employees are comfortable speaking up without fear of retaliation. We also recognize and reward ethical behavior, as outlined in our Code of Conduct.

In our continuous efforts to foster a culture of integrity and accountability, SYBO took a significant step forward by instituting a robust whistleblowing scheme in December 2023. This scheme serves as a confidential conduit for our employees to report unlawful acts and other serious matters that may not be suited for resolution through our standard reporting channels, which is handled by our external law firm.

This whistleblowing scheme is intended for serious concerns that may significantly impact our organization or have critical implications for individual life or health. It is an additional safeguard that complements our existing reporting structures, providing a way to report issues anonymously, thereby ensuring that all voices can be heard without fear of retaliation.

We have always encouraged open dialogue and have mechanisms in place for employees to raise issues

Management's review

with supervisors or relevant personnel within SYBO. However, recognizing that not all situations can be comfortably or effectively addressed in this way, our whistleblowing scheme offers an alternative pathway for discreet and secure communication.

In 2023, there have been no breaches of human rights within SYBO. We will continue to ensure that our employees understand and adhere to our Code of Conduct and its principles.

Our Code of Conduct represents SYBO's fundamental belief in the importance of maintaining a strong culture of ethics and integrity to prevent any potential human rights violations. We will continue to stand by our Code of Conduct in 2024 and beyond.

Anti Corruption

After careful consideration, we have assessed the risk of corruption within our organization to be low. We are a relatively small and transparent company, with open communication channels and a strong ethical culture. Therefore, we have determined that it is not necessary to implement a specific anti-corruption policy at this time.

However, we remain committed to upholding the highest ethical standards in all aspects of our business. We prioritize transparency and accountability in all of our operations and expect all employees to act with integrity when interacting with colleagues, customers, and suppliers.

Should the risk of corruption increase in the future, we will re-evaluate our need for an anti-corruption policy and take appropriate measures to prevent and address any potential incidents. In the meantime, we will continue to monitor our internal controls and encourage open communication to ensure a strong culture of ethics and integrity at SYBO.

Management's review

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

In 2023 we have implemented a gender balance and diversity policy. The overall purpose of this policy is to create a guideline to be followed by the employees at SYBO to ensure that we achieve our goals.

It is company policy to ensure that SYBO acts in accordance with the requirements stipulated by the Danish Financial Statements Act § 107 d regarding diversity policy – and the Danish Financial Statements Act § 99 b and the Danish Companies Act § 139 c regarding targets for the proportion of the underrepresented gender in the board, the management, and the level referring directly to the management to increase the share of the underrepresented gender in the company.

The intention of the policy is to promote SYBO's gender balance and diversity across all management levels and departments.

Consequently, SYBO wants to:

- Ensure that gender balance and diversity is perceived as a strength at SYBO.
- Create a work climate where all current and future employees feel respected and appreciated – without experiencing any sort of harassment or bullying.
- Ensure that no one faces any type of direct, indirect or subjective differential treatment on the basis of age, religion, sexual orientation, national and social origin, political standpoint, disability, race, skin tone, or ethnic origin.
- Ensure that all employees are evaluated based on their qualifications and that they can pursue and develop their careers in SYBO.
- Ensure that talents are attracted, retained, developed, and fully engaged in order for Sybo to access the best competencies.

In the management's commentary, SYBO will account for and provide an update on the development in relation to the targets and objectives on gender balance and diversity on a yearly basis. When the set target is achieved, we must set a new target, until an equal gender-distribution is achieved.

Management's review

In SYBO, we have initiated the process of ensuring a more balanced gender representation in the supreme governing body and other management levels of the company. In relation to that, we have set the following targets:

Target for the board:

- SYBO strives to have 20 pct./1 woman in the board before 2027.
- Currently, the gender composition of our Board is five men and no women.

Target for other management level:

- SYBO strives to have 40 pct. women in other management levels before 2027.
- Currently, the gender composition of other management levels is 42 men and 14 women.

We recognize the importance of gender diversity in our leadership and will work toward achieving this goal in the coming years.

Additionally, we believe in equal opportunity for all genders at SYBO, including the management group, and we are committed to promoting underrepresented genders in all areas of our organization.

We believe that all genders should have equal opportunities for recruitment and promotion. In our yearly review processes, we are monitoring promotions and headcount increases to ensure equal opportunity for all, and in employee surveys, we are closely looking for any notable gender discrepancies. Based on these processes and controls, we can proudly state that any underrepresented gender is supported and given equal opportunity.

In recruitment, we are continuously monitoring our in-mail response rate for balance between genders and ensuring that we communicate in a way that is neither discriminatory nor exclusionary.

In 2023, significant efforts were made to promote a better gender balance at SYBO. We built and implemented several new recruitment tactics aimed at improving our attraction of female talent. These tactics included creating and making diverse interview panels mandatory, the development of a benefits deck tailored to showcase the great benefits that we believe further the attraction of female talent, the adoption of a more focused inclusive language in job advertisements, and the creation of active sourcing sessions targeting underrepresented genders. As a result, we proudly managed to achieve an increase of nearly 10% in our female hiring percentage compared to 2022.

In 2024, we remain committed to growing a better gender balance at SYBO. Building upon the success of 2023's implementations, we will continue to use the same tactics that have proven fruitful. Furthermore, we look to actively look to participate in and build, more female-oriented branding opportunities to further our reputation as a great place to work for all. Lastly, we are committed to building more diverse candidate pools for roles where the gender split is far from equal to ensure an active effort in building diverse teams across the entire organization.

Management's review

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

As of now, SYBO does not have a formal policy in place for data ethics, but we are committed to striving towards ethical data processing and usage. Data is being produced quicker than ever before in our world, which is valuable and offers many opportunities for innovation. Whilst the pace of technical advancement and digitalization is accelerating, SYBO recognizes that these innovations also carry new potential risks, including the possibility that the advantages of digitalization will outweigh respect for fundamental human rights and moral considerations.

SYBO processes data on more than a monthly average of 150 million active users, which increases our responsibility to process and use data in an ethical way. At SYBO, working with data ethics is a dynamic process, which requires ongoing involvement from the entire organization. SYBO's data ethics is based on several fundamental principles:

- SYBO shall process the personal data of employees, users of our game, and partners only to the extent necessary to fulfill the purposes of said data processing.
- SYBO shall clearly define and articulate the purposes of all data processing.
- All personal data processing shall be transparent and available to all data subjects.
- Personal data shall be processed with a high degree of data security to protect against unauthorized access or loss.

In SYBO, working with data ethics is a top priority and it is in the company's interest to increase its work within this area in the future.

Events occurring after the end of the financial year

No significant has happened since the balance sheet date that would have affected the evaluation of the annual report.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
1 Revenue	457.592.786	725.880.849
Costs of raw materials and consumables	-80.923.268	-230.017.860
Other external expenses	-42.673.750	-26.646.142
Gross profit	333.995.768	469.216.847
3 Staff costs	-133.091.491	-282.065.934
4 Depreciation, amortisation, and impairment	-3.738.614	-405.953
Operating profit	197.165.663	186.744.960
5 Other financial income	21.525.385	58.714.630
6 Other financial expenses	-21.874.919	-36.125.268
Pre-tax net profit or loss	196.816.129	209.334.322
7 Tax on net profit or loss for the year	-44.239.617	-34.646.500
8 Net profit or loss for the year	152.576.512	174.687.822

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
9 Acquired concessions, patents, licenses, trademarks, and similar rights	716.669	847.368
Total intangible assets	716.669	847.368
10 Other fixtures, fittings, tools and equipment	19.145.350	2.242.384
Total property, plant, and equipment	19.145.350	2.242.384
11 Investments in group enterprises	40.008	40.008
12 Investments in associates	0	0
13 Deposits	5.699.245	6.090.444
Total investments	5.739.253	6.130.452
Total non-current assets	25.601.272	9.220.204
Current assets		
Trade receivables	69.097.175	84.308.876
Receivables from group enterprises	40.148.488	1.435.306
14 Deferred tax assets	1.355.934	2.151.984
Other receivables	431.690	3.092.804
15 Prepayments	4.500.880	10.646.052
Total receivables	115.534.167	101.635.022
Cash and cash equivalents	133.567.443	198.901.013
Total current assets	249.101.610	300.536.035
Total assets	274.702.882	309.756.239

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	80.000	80.000
Retained earnings	18.795.422	248.735.410
Proposed dividend for the financial year	187.500.000	0
Total equity	<u>206.375.422</u>	<u>248.815.410</u>
 Liabilities other than provisions		
Trade payables	10.447.483	17.491.853
Payables to group enterprises	0	138.775
Income tax payable	41.117.829	184.757
Other payables	15.956.593	40.114.786
16 Deferred income	805.555	3.010.658
Total short term liabilities other than provisions	<u>68.327.460</u>	<u>60.940.829</u>
 Total liabilities other than provisions	<u>68.327.460</u>	<u>60.940.829</u>
 Total equity and liabilities	<u>274.702.882</u>	<u>309.756.239</u>

2 Fees for auditor

17 Contingencies

18 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2023	80.000	248.735.410	0	248.815.410
Retained earnings for the year	0	-229.939.988	187.500.000	-42.439.988
Extraordinary dividend adopted during the financial year	0	195.016.500	0	195.016.500
Distributed extraordinary dividend adopted during the financial year	0	-195.016.500	0	-195.016.500
	80.000	18.795.422	187.500.000	206.375.422

Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Net profit or loss for the year	152.576.512	174.687.822
19 Adjustments	48.292.533	12.463.090
20 Change in working capital	<u>-48.241.635</u>	<u>-48.664.036</u>
Cash flows from operating activities before net financials	152.627.410	138.486.876
Interest received, etc.	5.488.611	2.020.856
Interest paid, etc.	<u>-64.108</u>	<u>-1.157.068</u>
Cash flows from ordinary activities	158.051.913	139.350.664
Income tax paid	-354.855	-27.535.333
Other cash flows from operating activities	<u>841.465</u>	<u>-322.960</u>
Cash flows from operating activities	<u>158.538.523</u>	<u>111.492.371</u>
Purchase of property, plant, and equipment	-22.511.278	-2.035.630
Sale of property, plant, and equipment	35.232	0
Purchase of fixed asset investments	-996.655	-4.897.477
Sale of fixed asset investments	0	55.614.237
Rental deposits	<u>391.199</u>	<u>-4.897.477</u>
Cash flows from investment activities	<u>-23.081.502</u>	<u>43.783.653</u>
Repayments of long-term payables	0	-39.693.000
Dividend paid	-195.016.500	-75.555.555
Repayment group, receivable and payable	<u>-54</u>	<u>29.965.091</u>
Cash flows from financing activities	<u>-195.016.554</u>	<u>-85.283.464</u>
Change in cash and cash equivalents	<u>-59.559.533</u>	<u>69.992.560</u>
Cash and cash equivalents at 1 January 2023	198.901.013	125.100.196
Foreign currency translation adjustments (cash and cash equivalents)	<u>-5.774.037</u>	<u>3.808.257</u>
Cash and cash equivalents at 31 December 2023	<u>133.567.443</u>	<u>198.901.013</u>
Cash and cash equivalents		
Cash and cash equivalents	<u>133.567.443</u>	<u>198.901.013</u>
Cash and cash equivalents at 31 December 2023	<u>133.567.443</u>	<u>198.901.013</u>

Notes

All amounts in DKK.

1. Revenue

Segmental statement

	<u>Advertising revenue</u>	<u>In-App Purchases</u>	<u>Other</u>	<u>Total</u>
By activity	381.329.283	54.800.769	21.462.734	457.592.786
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Total</u>
By Geographical	294.612.188	81.366.198	81.614.400	457.592.786

Tier 1: North America, Western Europe, Scandinavia, Australia, Japan.

Tier 2: South America, Eastern Europe, Singapore, South Korea, UAE.

Tier 3: All other countries not listed in Tier 1 and Tier 2.

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
2. Fees for auditor		
Total remuneration for Grant Thornton and Deloitte	<u>445.000</u>	<u>2.530.685</u>
Fees for auditors performing statutory audit	250.000	394.500
Tax-related consulting	80.000	624.323
Assurance engagements	35.000	0
Other services	<u>80.000</u>	<u>1.511.862</u>
	<u>445.000</u>	<u>2.530.685</u>

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
3. Staff costs		
Salaries and wages	123.994.491	255.545.132
Pension costs	7.900.216	24.688.923
Other costs for social security	<u>1.196.784</u>	<u>1.831.879</u>
	<u>133.091.491</u>	<u>282.065.934</u>
 Executive board and board of directors	 <u>11.396.428</u>	 <u>80.841.367</u>
 Average number of employees	 <u>150</u>	 <u>121</u>

During the period of 2023, the incentive program for the executive board and management employees provides an bonus scheme measured in a performance in intervals for EBITDA from 0 months to 12 months maximum. The remuneration is presented in the above stated amounts for executive board and board of directors.

Outlay on behalf of SYBO Holding ApS

During 2022, Sybo ApS has settled cash bonuses of DKK 71,990 thousands (USD 10,149 thousands) related to option agreements on behalf of Sybo Holding ApS. Management has assessed that it is appropriate to account for the transaction as an outlay, which has no income statement impact in Sybo ApS, as Sybo ApS is not involved in the underlying transaction or part of the existing or settlement agreements between Miniclip and the option agreement participants. The cash amounts paid under the option agreements to participants by Sybo ApS were funded by cash amounts to Sybo ApS from Sybo Holding ApS.

Parallel Option agreement

In June 2022, a parallel option scheme was introduced to Executive Board members and key employees, which was modified in July 2022 to reflect the new group structure in which Sybo ApS is included following Miniclip's acquisition of the Sybo group. Under the incentive scheme the participants are granted parallel options which upon vesting entitles them to a cash settlement by Miniclip Denmark ApS.

The parallel options will be vesting in annual instalments until 31 December 2026. The vesting of the parallel options is subject to the participants remaining employed. Vested parallel options for a particular instalment are exercisable within 20 days after the financial statements of Miniclip Denmark ApS have been published. As Sybo ApS has no obligation to settle the parallel options, the incentive scheme is equity-settled. thus, no costs for the parallel option scheme are recognised in the financial statements of Sybo ApS.

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
4. Depreciation, amortisation, and impairment		
Amortisation of concessions, patents, and licences	130.700	130.700
Depreciation of leasehold improvements	3.350.507	6.459
Depreciation of other fixtures and fittings, tools and equipment	<u>257.407</u>	<u>268.794</u>
	<u>3.738.614</u>	<u>405.953</u>
5. Other financial income		
Interest, banks	5.385.387	2.020.856
Exchange differences	16.036.774	33.878.978
Other financial income	528	22.814.796
Financial income, group	81.851	0
Reimbursement, income tax	<u>20.845</u>	<u>0</u>
	<u>21.525.385</u>	<u>58.714.630</u>
6. Other financial expenses		
Financial costs, group enterprises	0	48.723
Other financial costs	<u>21.874.919</u>	<u>36.076.545</u>
	<u>21.874.919</u>	<u>36.125.268</u>
7. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	41.472.684	27.489.963
Adjustment of deferred tax for the year	796.050	7.197.789
Adjustment of tax for previous years	<u>1.970.883</u>	<u>-41.252</u>
	<u>44.239.617</u>	<u>34.646.500</u>
8. Proposed distribution of net profit		
Extraordinary dividend distributed during the financial year	195.016.500	0
Dividend for the financial year	187.500.000	0
Transferred to retained earnings	0	174.687.822
Allocated from retained earnings	<u>-229.939.988</u>	<u>0</u>
Total allocations and transfers	<u>152.576.512</u>	<u>174.687.822</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
9. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 January 2023	100.040.912	100.040.912
Additions during the year	0	0
Disposals during the year	0	0
Cost 31 December 2023	<u>100.040.912</u>	<u>100.040.912</u>
Amortisation and write-down 1 January 2023	-99.193.543	-99.062.844
Amortisation and depreciation for the year	-130.700	-130.700
Amortisation and write-down 31 December 2023	<u>-99.324.243</u>	<u>-99.193.544</u>
Carrying amount, 31 December 2023	<u>716.669</u>	<u>847.368</u>
10. Other fixtures, fittings, tools and equipment		
Cost 1 January 2023	944.153	908.921
Additions during the year	22.511.278	2.035.630
Disposals during the year	-35.232	0
Cost 31 December 2023	<u>23.420.199</u>	<u>2.944.551</u>
Depreciation and write-down 1 January 2023	-702.166	-426.914
Amortisation and depreciation for the year	-3.572.683	-275.253
Depreciation and write-down 31 December 2023	<u>-4.274.849</u>	<u>-702.167</u>
Carrying amount, 31 December 2023	<u>19.145.350</u>	<u>2.242.384</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
11. Investments in group enterprises		
Cost 1 January 2023	40.008	40.008
Additions during the year	0	0
Disposals during the year	<u>0</u>	<u>0</u>
Cost 31 December 2023	<u>40.008</u>	<u>40.008</u>
Carrying amount, 31 December 2023	<u>40.008</u>	<u>40.008</u>

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

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, SYBO ApS DKK
Boom 808 ApS, Denmark	100 %	-51.763	-17.574	40.000
Sybo UK Ltd., United Kingdom	100 %	<u>-58.822</u>	<u>-39.638</u>	<u>8</u>
		<u>-110.585</u>	<u>-57.212</u>	<u>40.008</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
	<u>31/12 2023</u>	<u>31/12 2022</u>
12. Investments in associates		
Cost 1 January 2023	7	7
Cost 31 December 2023	<u>7</u>	<u>7</u>
Writedown, opening balance 1 January 2023	-7	-7
Writedown 31 December 2023	<u>-7</u>	<u>-7</u>

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

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, SYBO ApS DKK
Spray (BVI) Limited, China	29,1 %	-58822	-39.638	0
		<u>-117.644</u>	<u>-39.638</u>	<u>0</u>

In accordance with Section 13 of the Danish Financial Act, figures for equity and profit are considered to be insignificant, for above associated company.

13. Deposits

Cost 1 January 2023	6.090.444	1.192.967
Additions during the year	996.655	4.897.477
Disposals during the year	-1.387.854	0
Cost 31 December 2023	<u>5.699.245</u>	<u>6.090.444</u>
Carrying amount, 31 December 2023	<u>5.699.245</u>	<u>6.090.444</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
14. Deferred tax assets		
Deferred tax assets 1 January 2023	2.151.984	4.019.483
Deferred tax of the net profit or loss for the year	<u>-796.050</u>	<u>-1.867.499</u>
	<u>1.355.934</u>	<u>2.151.984</u>
 The following items are subject to deferred tax:		
Intangible assets	-75.537	1.172.168
Property, plant, and equipment and lease improvements	618.499	266.141
Receivables	<u>812.972</u>	<u>713.675</u>
	<u>1.355.934</u>	<u>2.151.984</u>

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.

15. Prepayments

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

16. Deferred income

Deferred income consists of contract accrual.

Notes

All amounts in DKK.

17. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	51.597.521
Short term lease	867.432
Total contingent liabilities	52.464.953

Lease liabilities

The above lease commitments are entered into irrevocable operational leases with a 55 months to maturity and total outstanding lease payments total t.DKK 51.597. The short term lease agreement has a 1-3 months to maturity and a total outstanding lease payment total t.DKK 867.

A restoration obligation exists upon termination of the lease. The obligation is estimated at t.DKK 2.361. Which is based on a costs of DKK 500 per square meters.

Joint taxation

With Miniclip Denmark ApS, company reg. no 43325094 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

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

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

Notes

All amounts in DKK.

18. Related parties

Controlling interest

Miniclip Denmark ApS, Holmens Kanal 7, 3. 1060 Copenhagen K. Majority shareholder

Transactions

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.

Consolidated financial statements

Name and registered office of the Parent preparing consolidated Financial Statements for the largest group: Tencent Holdings Limited, Shenzhen, China.

	<u>2023</u>	<u>2022</u>
19. Adjustments		
Depreciation, amortisation, and impairment	3.703.382	405.952
Other financial income	-21.525.385	-58.714.630
Other financial expenses	21.874.919	36.125.268
Tax on net profit or loss for the year	44.239.617	34.646.500
	<u>48.292.533</u>	<u>12.463.090</u>
20. Change in working capital		
Change in receivables	-14.695.195	-48.467.753
Change in trade payables and other payables	-33.546.440	-196.283
	<u>-48.241.635</u>	<u>-48.664.036</u>

Accounting policies

Reporting class

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

No consolidated financial statements have been prepared pursuant to section 112 (2) of the Danish Financial Statements Act. The financial statements of SYBO ApS and its group enterprises are included in the consolidated financial statements for Tencent Holdings Limited, Shenzhen, China, reg. no. 0700 (stockId).

Changes in the accounting policies

In 2022, the ownership changed, where the company is part of a new group. The new group's accounting policies apply cost price in the measurement of capital shares in subsidiaries and associated companies. Previously, capital shares in subsidiaries and associates were measured using the net asset value method. The change in accounting policies are not material and the value of equity method is per 1 January 2022 used as new cost price. The change has no effect on profit before tax, tax, equity or assets.

Recognition and measurement in general

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

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

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

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

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

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

Accounting policies

Foreign currency translation

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

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

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

Income statement

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 slaes discounted and is measured at fair value of the consideration fixed.

Direct costs

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

Other external expenses

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables and operating leases.

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

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Accounting policies

Financial income and expenses

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

Results from investments in group enterprises and associates

Dividend from investments in group enterprises and associates is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Tax on net profit or loss for the year

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

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

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

Statement of financial position

Intangible assets

Intellectual property rights

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

Intellectual property rights acquired are measured at costs 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 recoverable amount and carrying amount.

Development costs

Development costs are recognised in the income statement as costs in the acquisition year.

Accounting policies

Property, plant, and equipment

Other fixtures and fittings, tools and equipment, and furnishing of rented premises are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3 years

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Investments

Investments in group enterprises and associates

Investments in group enterprises and associates are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises og associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

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

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

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

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

Prepayments

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

Cash and cash equivalents

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

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Accounting policies

Income tax and deferred tax

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

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

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

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

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

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

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

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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

Accounting policies

Deferred income

Payments received concerning future income are recognised under deferred income.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Definitions

Amortised cost

Amortised cost is the amount at which a financial asset or liability is initially recognised in the financial statements

1. less repayments,
2. plus or less total amounts amortised on the difference between the amount initially recognised and the amount falling due on maturity, and
3. less impairment losses.

Fair value

Fair value is the amount at which it is assumed that an asset or a liability could be exchanged or a liability settled in in an arm's length transaction between unrelated parties.

Replacement cost

The replacement cost of an asset is the cost of substituting this asset measured as the current acquisition cost payable at the reporting date for a similar asset.

Recoverable amount

The recoverable amount of an asset is either the capital value or the sales value, whichever is the higher, less expected costs of disposal.

Value in use

Value in use is the current value of an asset seen as the present value of expected cash inflows from continuing use in its present function. For a liability, the value in use is the present value of expected cash outflows during the life of the liability.

Cost

The cost of an asset is the amount of consideration given to acquire that asset whether it was acquired from an external party or internally generated. The cost of a liability is the amount received as consideration for that liability.

Net realisable value

The net realisable value of an asset is the sum of the future cash flows which the asset is expected to generate at the balance sheet date in the ordinary course of business. The net realisable value of a liability is the sum of the future cash flows from the enterprise during the life of the liability.

Selling price

The selling price of an asset is the price obtainable from the sale of that asset at the reporting date. The selling price of a liability is the price payable to settle that liability at the reporting date.