

SYBO ApS

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

Annual report 2019

The Annual General Meeting adopted the annual report on 09.09.2020

Chairman of the General Meeting

Name: Mathias Gredal Nørvig

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Entity details

Entity

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

Central Business Registration No (CVR): 33858183
Registered in: Copenhagen
Financial year: 01.01.2019 - 31.12.2019

Executive Board

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

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of SYBO ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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, 09.09.2020

Executive Board

Mathias Gredal Nørvig
CEO

Bodie Daniel Jahn-Mulliner

Erik Sylvester Rishøj Jensen

Independent auditor's report

To the shareholders of SYBO ApS

Opinion

We have audited the financial statements of SYBO ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Independent auditor's report

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

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

Violation of the Companies Act for the registration of legal and beneficial owners

The Company has not complied with the requirements of the Companies Act regarding registration of changes in legal and beneficial owners in the Danish Business Authority's register of owners, for which Management may be held liable.

The Company has subsequently corrected the registrations of changes in legal and beneficial owners in the Danish Business Authority's register of owners.

Copenhagen, 09.09.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Bjørn Winkler Jakobsen

State-Authorised Public Accountant

Identification No (MNE) mne32127

Management commentary

	2019	2018	2017	2016/2017	2015/2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	76.827	59.217	45.970	143.662	0
Operating profit/loss	(12.898)	(19.241)	1.693	106.657	133.570
Net financials	15.000	(8.040)	1.889	20.340	(11.296)
Profit/loss for the year	2.877	(25.453)	2.799	98.963	95.345
Total assets	176.442	384.796	403.150	442.420	374.124
Investments in property, plant and equipment	122	0	0	0	0
Equity	115.071	317.668	343.681	360.882	281.920
Average numbers of employees	91	79	60	47	40
Ratios					
Return on equity (%)	1,3	(7,7)	0,8	30,8	34,7
Equity ratio (%)	65,2	82,6	85,2	81,6	75,4

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

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

Management commentary

Primary activities

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

Development in activities and finances

2019 was a great year with further development of SYBO's main IP, SUBWAY SURFERS and expanding the global appeal of SYBO through merchandise and licensing deals mainly in the US and UK. With extended focus and efforts on monetization, SYBO overperformed budgeted numbers and continues to be the King of Runners.

Throughout the year, Subway Surfers reached a stunning 2.7 billion downloads. Revenue increased compared to 2018 despite an intensified competitive market due to monetization initiatives. SUBWAY SURFERS had around 100 mio. active users entertained every month.

During 2019, SYBO spun out the MarkAR application and brought in the Chinese company, iDreamSky, as co-investors. MarkAR is a truly mobile-native AR experience with utilization opportunities on a global scale to both B2C and B2B.

We constantly work hard to attract the best talents on a global scale, and in 2019 the number of employees increased to more than 90 people representing more than 20 countries.

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 plans and expectations.

Outlook

SYBO will continuously focus on innovation and growth, and in 2020 we expect the financial performance to reach the same level as 2019, with SYBO becoming publisher during 2020. 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.

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 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		76.826.665	59.217.354
Staff costs	1	(69.902.408)	(58.711.137)
Depreciation, amortisation and impairment losses	2	<u>(19.822.716)</u>	<u>(19.746.859)</u>
Operating profit/loss		(12.898.459)	(19.240.642)
Income from investments in associates		(46.729)	0
Other financial income	3	21.460.247	8.610.105
Impairment losses on financial assets		(4.335.180)	(250.000)
Other financial expenses	4	<u>(2.078.631)</u>	<u>(16.400.136)</u>
Profit/loss before tax		2.101.248	(27.280.673)
Tax on profit/loss for the year	5	<u>775.588</u>	<u>1.827.576</u>
Profit/loss for the year	6	<u>2.876.836</u>	<u>(25.453.097)</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Acquired intangible assets		39.062.117	57.569.509
Intangible assets	7	<u>39.062.117</u>	<u>57.569.509</u>
Other fixtures and fittings, tools and equipment		113.305	0
Property, plant and equipment	8	<u>113.305</u>	<u>0</u>
Investments in associates		4.916.438	4.963.160
Other investments		25.078.195	26.463.313
Deferred tax	10	1.475.043	644.360
Fixed asset investments	9	<u>31.469.676</u>	<u>32.070.833</u>
Fixed assets		<u>70.645.098</u>	<u>89.640.342</u>
Trade receivables		29.165.697	33.101.411
Receivables from group enterprises		37.901.549	34.879.740
Receivables from associates		0	26.292
Other receivables		1.716.680	2.779.328
Income tax receivable		194.156	483.776
Prepayments	11	1.071.731	525.491
Receivables		<u>70.049.813</u>	<u>71.796.038</u>
Other investments		0	203.494.573
Other investments		<u>0</u>	<u>203.494.573</u>
Cash		<u>35.747.451</u>	<u>19.864.562</u>
Current assets		<u>105.797.264</u>	<u>295.155.173</u>
Assets		<u>176.442.362</u>	<u>384.795.515</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		80.000	80.000
Retained earnings		<u>114.991.475</u>	<u>317.588.291</u>
Equity		<u>115.071.475</u>	<u>317.668.291</u>
Other payables		<u>1.807.627</u>	<u>0</u>
Non-current liabilities other than provisions		<u>1.807.627</u>	<u>0</u>
Trade payables		4.994.733	2.584.093
Payables to group enterprises		0	3.892.836
Other payables		49.900.940	55.941.839
Deferred income	12	<u>4.667.587</u>	<u>4.708.456</u>
Current liabilities other than provisions		<u>59.563.260</u>	<u>67.127.224</u>
Liabilities other than provisions		<u>61.370.887</u>	<u>67.127.224</u>
Equity and liabilities		<u>176.442.362</u>	<u>384.795.515</u>
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		
Group relations	19		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	80.000	317.588.291	0	317.668.291
Extraordinary dividend paid	0	0	(205.473.652)	(205.473.652)
Profit/loss for the year	0	(202.596.816)	205.473.652	2.876.836
Equity end of year	80.000	114.991.475	0	115.071.475

Cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Operating profit/loss		(12.898.459)	(19.240.640)
Amortisation, depreciation and impairment losses		19.822.716	19.746.859
Working capital changes	13	<u>(6.439.159)</u>	<u>6.130.910</u>
Cash flow from ordinary operating activities		485.098	6.637.129
Financial income received		20.897.271	5.497.988
Financial expenses paid		(1.274.384)	453.581
Income taxes refunded/(paid)		<u>234.518</u>	<u>(1.820.820)</u>
Cash flows from operating activities		<u>20.342.503</u>	<u>10.767.878</u>
Acquisition etc of intangible assets		(1.306.616)	0
Acquisition etc of property, plant and equipment		(122.013)	0
Acquisition of fixed asset investments		(1.051.986)	(10.165.087)
Acquisition of enterprises		0	(4.963.160)
Acquisition of the investments		(1.978.999)	(42.064.631)
Divestment of other investments		<u>0</u>	<u>56.809.581</u>
Cash flows from investing activities		<u>(4.459.614)</u>	<u>(383.297)</u>
Dividend paid		<u>0</u>	<u>(560.000)</u>
Cash flows from financing activities		<u>0</u>	<u>(560.000)</u>
Increase/decrease in cash and cash equivalents		15.882.889	9.824.581
Cash and cash equivalents beginning of year		<u>19.864.562</u>	<u>10.039.981</u>
Cash and cash equivalents end of year		<u>35.747.451</u>	<u>19.864.562</u>

Notes

	2019	2018
	DKK	DKK
1. Staff costs		
Wages and salaries	62.949.185	52.943.780
Pension costs	3.941.330	2.653.360
Other social security costs	206.885	179.936
Other staff costs	2.805.008	2.934.061
	69.902.408	58.711.137
Average number of employees	91	79
	Remunera-	Remunera-
	tion of	tion of
	manage-	manage-
	ment	ment
	2019	2018
	DKK	DKK
Executive Board	6.608.611	6.007.746
	6.608.611	6.007.746
	2019	2018
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	19.814.008	19.746.859
Depreciation of property, plant and equipment	8.708	0
	19.822.716	19.746.859
	2019	2018
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	762.970	608.012
Other interest income	20.697.277	7.939.753
Exchange rate adjustments	0	62.340
	21.460.247	8.610.105

Notes

	2019	2018
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	0	77.982
Other interest expenses	2.078.631	13.840.662
Fair value adjustments	0	2.480.999
Other financial expenses	0	493
	2.078.631	16.400.136

	2019	2018
	DKK	DKK
5. Tax on profit/loss for the year		
Current tax	165.611	(272.772)
Change in deferred tax	(830.683)	(1.554.804)
Adjustment concerning previous years	(110.516)	0
	(775.588)	(1.827.576)

	2019	2018
	DKK	DKK
6. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	205.473.652	0
Retained earnings	(202.596.816)	(25.453.097)
	2.876.836	(25.453.097)

	Acquired intangible assets DKK
7. Intangible assets	
Cost beginning of year	98.734.296
Additions	1.306.616
Cost end of year	100.040.912
Amortisation and impairment losses beginning of year	(41.164.787)
Amortisation for the year	(19.814.008)
Amortisation and impairment losses end of year	(60.978.795)
Carrying amount end of year	39.062.117

Notes

	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment	
Cost beginning of year	63.837
Additions	122.013
Cost end of year	185.850
Depreciation and impairment losses beginning of year	(63.837)
Depreciation for the year	(8.708)
Depreciation and impairment losses end of year	(72.545)
Carrying amount end of year	113.305

	Invest- ments in associates DKK	Other investments DKK	Deferred tax DKK
9. Fixed asset investments			
Cost beginning of year	4.963.160	26.463.313	644.360
Exchange rate adjustments	0	562.976	0
Additions	7	1.051.906	830.683
Cost end of year	4.963.167	28.078.195	1.475.043
Amortisation of goodwill	(357.645)	0	0
Share of profit/loss for the year	310.916	0	0
Revaluations end of year	(46.729)	0	0
Impairment losses for the year	0	(3.000.000)	0
Impairment losses end of year	0	(3.000.000)	0
Carrying amount end of year	4.916.438	25.078.195	1.475.043

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in associates comprise:			
Funday Factory ApS	Denmark	ApS	36,2
Spray (BVI) Limited	China	Ltd.	29,1

10. 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.

11. Prepayments

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

12. Deferred income

Deferred income consists of contract accrual.

	<u>2019 DKK</u>	<u>2018 DKK</u>
13. Change in working capital		
Increase/decrease in receivables	(682.822)	(3.706.160)
Increase/decrease in trade payables etc	<u>(5.756.337)</u>	<u>9.837.070</u>
	<u>(6.439.159)</u>	<u>6.130.910</u>

	<u>2019 DKK</u>	<u>2018 DKK</u>
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>1.828.978</u>	<u>1.756.000</u>

15. Contingent liabilities

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

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

Notes

entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16. Assets charged and collateral

The Entity has entered into a guarantee amounting to USD 10.000 thousand for outstandings with a business partner.

17. Related parties with controlling interest

The following shareholder hold a significant influence on the Entity:

- SYBO Holding ApS, Jorcks Passage 1 A, 4, 1162 Copenhagen K

18. 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.

19. Group relations

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

Accounting policies

Reporting class

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

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

Income statement

Gross profit or loss

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

Revenue

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

Costs of raw materials and consumables

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

Other external expenses

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

Staff costs

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

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 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.

Accounting policies

Impairment of 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.

Balance sheet

Intellectual property rights etc

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

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

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

Property, plant and equipment

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

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

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

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

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

Accounting policies

Other fixtures and fittings, tools and equipment 3 years

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 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. The amortisation periods used are 10 years.

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

Other investments

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

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.

Accounting policies

Income 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.

Other investments

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

Cash

Cash comprises cash in hand and bank deposits.

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 short-term bank loans.