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# *TACTILE R&D ApS*

Vestergade, 33, 2., DK-1456 København K

## Annual Report for 2023

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CVR No. 34 05 00 90

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 3/7 2024

Asbjørn Malte  
Søndergaard  
Chairman of the  
general meeting



# Contents

|  | <u>Page</u> |
|--|-------------|
| <b>Management's Statement and Auditor's Report</b> |             |
| Management's Statement                             | 1           |
| Independent Auditor's Report                       | 2           |
| <b>Management's Review</b>                         |             |
| Company information                                | 4           |
| Financial Highlights                               | 5           |
| Management's Review                                | 6           |
| <b>Financial Statements</b>                        |             |
| Income Statement 1 January - 31 December           | 7           |
| Balance sheet 31 December                          | 8           |
| Statement of changes in equity                     | 10          |
| Notes to the Financial Statements                  | 11          |

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TACTILE R&D ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Copenhagen, 3 July 2024

## Executive Board

Asbjørn Malte Søndergaard  
CEO

## Board of Directors

Asbjørn Malte Søndergaard  
Chairman

Morten Nielsen

# Independent Auditor's report

To the shareholder of TACTILE R&D ApS

## Opinion

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 for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of TACTILE R&D ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## 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.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Hellerup, 3 July 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Leif Ulbæk Jensen  
State Authorised Public Accountant  
mne23327

Sune Christensen Bjerre  
State Authorised Public Accountant  
mne47832

## Company information

|                           |  |
|---------------------------|--|
| <b>The Company</b>        | TACTILE R&D ApS<br>Vestergade, 33, 2.<br>1456 København K<br><br>CVR No: 34 05 00 90<br>Financial period: 1 January - 31 December<br>Municipality of reg. office: Copenhagen |
| <b>Board of Directors</b> | Asbjørn Malte Søndergaard, chairman<br>Morten Nielsen  |
| <b>Executive Board</b>    | Asbjørn Malte Søndergaard  |
| <b>Auditors</b>           | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup   |

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

|  | 2023    | 2022   | 2021   | 2020   | 2019   |
|--|---------|--------|--------|--------|--------|
|  | TDKK    | TDKK   | TDKK   | TDKK   | TDKK   |
| <b>Key figures</b>                           |         |        |        |        |        |
| <b>Profit/loss</b>                           |         |        |        |        |        |
| Gross profit                                 | 104,686 | 92,115 | 77,687 | 78,988 | 49,899 |
| Profit/loss of primary operations            | 1,014   | 1,473  | 584    | 204    | 558    |
| Profit/loss of financial income and expenses | -665    | -331   | -191   | -132   | -71    |
| Net profit/loss for the year                 | 271     | 889    | 303    | 152    | 378    |
| <b>Balance sheet</b>                         |         |        |        |        |        |
| Balance sheet total                          | 23,047  | 19,195 | 20,623 | 23,711 | 9,937  |
| Investment in property, plant and equipment  | 323     | 32     | 0      | 0      | 0      |
| Equity                                       | 2,488   | 2,217  | 1,328  | 1,024  | 872    |
| Number of employees                          | 172     | 166    | 151    | 103    | 73     |
| <b>Ratios</b>                                |         |        |        |        |        |
| Solvency ratio                               | 10.8%   | 11.5%  | 6.4%   | 4.3%   | 8.8%   |
| Return on equity                             | 11.5%   | 50.2%  | 25.8%  | 16.0%  | 55.3%  |
| Liquidity ratio                              | 108.9%  | 110.2% | 99.8%  | 93.6%  | 112.6% |

Definition of ratios applied is stated under Accounting policies.

# Management's review

## Key activities

Tactile R&D ApS is a game development company operating as a subsidiary of Tactile Games ApS. Our primary focus is on developing and maintaining games for mobile devices on behalf of the parent company.

## Development in the year

Tactile R&D recorded a net gain after taxes of DKK 271,036 in 2023, compared to a net income of DKK 889.405 in 2022. It is important to note that Tactile R&D is a development company and operates under Tactile Games ApS, its parent company. All revenues of Tactile R&D are derived from development services provided to the parent company. In other words, Tactile R&D does not directly experience instability or adverse effects of market fluctuations as it is shielded by the parent company.

It is clear from the financial highlights that Tactile R&D continued the steady growth in terms of number of employees and game specific expertise. We hired a new team to develop our upcoming game, scheduled for release in 2024. In alignment with the increase of the number of employees, our overall employee related costs increased by approximately 15%. This was within the expected range. We aim to continue growing our development team at the same rate moving forward.

Tactile R&D's financial expenses increased to DKK 806,902 in 2023, up from DKK 330,561 the previous year. These expenses include interest paid to group entities, interest on the bank guarantee for our lease agreement, currency exchange costs, and settlements to other creditors. Our liabilities to credit institutions rose from zero last year to DKK 514,487 in 2023, due to a temporarily overdrawn bank account at the end of the period. The balance was refunded on the first available day in January 2024. Prepayments totaling DKK 2,175,308 covered prepaid transportation for our employees, software subscriptions, facility security and alarm services, and insurance.

## Research and development activities

The main focus of Tactile R&D ApS was on game development and maintenance throughout the fiscal year on behalf of parent Tactile Games A/S. By prioritizing the development of live service games, innovative game features, and the integration of new technologies, we ensured long-term player engagement and recurring revenue streams. This approach aligns with the industry's shift towards continuous content updates and player engagement strategies. By maintaining high-quality, immersive experiences, we meet the increasing expectations of gamers. Our commitment to staying at the forefront of gaming innovations has reinforced our market position and ensured the delivery of engaging and enjoyable gaming experiences to our players.

## Outlook for the future

Industry projections indicate a rebound in mobile game spending next year, with trends stabilizing and key markets showing signs of recovery after a period of decline. Looking ahead, we will adapt our strategies to cater to more budget-conscious consumers. We recognize the importance of creative optimization and are committed to developing a comprehensive approach to monetization.

The Company expect a result in 2024 at the same level as in 2023

## Uncertainties relating to recognition or measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## Unusual events

No unusual events occurred during the reporting period.

## Events occurring after the end of the financial year

No material events have occurred since the end of the reporting period that would require adjustment to or disclosure in the financial statements.



## Income statement 1 January - 31 December

|   | Note | 2023               | 2022              |
|---|------|--------------------|-------------------|
|   |      | DKK                | DKK               |
| <b>Gross profit</b>   |      | <b>104,686,095</b> | <b>92,115,370</b> |
| Staff expenses  | 1    | -103,156,897       | -89,727,981       |
| Depreciation and impairment losses of property, plant and equipment |      | -515,164           | -914,020          |
| <b>Profit/loss before financial income and expenses</b>             |      | <b>1,014,034</b>   | <b>1,473,369</b>  |
| Financial income  |      | 141,762            | 0                 |
| Financial expenses  | 2    | -806,902           | -330,561          |
| <b>Profit/loss before tax</b>                                       |      | <b>348,894</b>     | <b>1,142,808</b>  |
| Tax on profit/loss for the year                                     | 3    | -77,858            | -253,403          |
| <b>Net profit/loss for the year</b>                                 | 4    | <b>271,036</b>     | <b>889,405</b>    |

## Balance sheet 31 December

### Assets

|  | Note | 2023              | 2022              |
|--|------|-------------------|-------------------|
|  |      | DKK               | DKK               |
| Other fixtures and fittings, tools and equipment |      | 299,613           | 491,449           |
| <b>Property, plant and equipment</b>             | 5    | <b>299,613</b>    | <b>491,449</b>    |
| <b>Fixed assets</b>                              |      | <b>299,613</b>    | <b>491,449</b>    |
| Trade receivables                                |      | 30,000            | 18,669            |
| Receivables from group enterprises               |      | 19,679,349        | 15,175,090        |
| Other receivables                                |      | 165,149           | 439,336           |
| Deferred tax asset                               | 6    | 238,486           | 243,348           |
| Prepayments                                      | 7    | 2,175,308         | 1,468,477         |
| <b>Receivables</b>                               |      | <b>22,288,292</b> | <b>17,344,920</b> |
| <b>Cash at bank and in hand</b>                  |      | <b>459,482</b>    | <b>1,358,824</b>  |
| <b>Current assets</b>                            |      | <b>22,747,774</b> | <b>18,703,744</b> |
| <b>Assets</b>                                    |      | <b>23,047,387</b> | <b>19,195,193</b> |

# Balance sheet 31 December

## Liabilities and equity

|  | Note | 2023              | 2022              |
|--|------|-------------------|-------------------|
|  |      | DKK               | DKK               |
| Share capital  |      | 92,600            | 92,600            |
| Retained earnings  |      | 2,395,701         | 2,124,665         |
| <b>Equity</b>  |      | <b>2,488,301</b>  | <b>2,217,265</b>  |
| <br>   |      |                   |                   |
| Credit institutions  |      | 514,487           | 0                 |
| Trade payables   |      | 3,650,410         | 2,919,134         |
| Payables to group enterprises                                  |      | 766,005           | 414,729           |
| Payables to group enterprises relating to corporation tax      |      | 72,996            | 328,966           |
| Other payables   |      | 15,555,188        | 13,315,099        |
| <b>Short-term debt</b>   |      | <b>20,559,086</b> | <b>16,977,928</b> |
| <br>   |      |                   |                   |
| <b>Debt</b>  |      | <b>20,559,086</b> | <b>16,977,928</b> |
| <br>   |      |                   |                   |
| <b>Liabilities and equity</b>                                  |      | <b>23,047,387</b> | <b>19,195,193</b> |
| <br>   |      |                   |                   |
| Contingent assets, liabilities and other financial obligations | 8    |                   |                   |
| Related parties  | 9    |                   |                   |
| Subsequent events  | 10   |                   |                   |
| Accounting Policies  | 11   |                   |                   |

## Statement of changes in equity

|                              | Share capital | Retained earnings | Total            |
|------------------------------|---------------|-------------------|------------------|
|                              | DKK           | DKK               | DKK              |
| Equity at 1 January          | 92,600        | 2,124,665         | 2,217,265        |
| Net profit/loss for the year | 0             | 271,036           | 271,036          |
| <b>Equity at 31 December</b> | <b>92,600</b> | <b>2,395,701</b>  | <b>2,488,301</b> |

# Notes to the Financial Statements

|                                | <u>2023</u>               | <u>2022</u>              |
|--------------------------------|---------------------------|--------------------------|
|                                | DKK                       | DKK                      |
| <b>1. Staff Expenses</b>       |                           |                          |
| Wages and salaries             | 98,069,559                | 85,180,234               |
| Pensions                       | 3,620,290                 | 3,089,407                |
| Other social security expenses | 1,467,048                 | 1,458,340                |
|                                | <u><b>103,156,897</b></u> | <u><b>89,727,981</b></u> |

The Board of director does not receive remuneration as the work in the Board is very limited. Consequently remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

|                             |            |            |
|-----------------------------|------------|------------|
| Average number of employees | <u>172</u> | <u>166</u> |
|-----------------------------|------------|------------|

|                                    | <u>2023</u>           | <u>2022</u>           |
|------------------------------------|-----------------------|-----------------------|
|                                    | DKK                   | DKK                   |
| <b>2. Financial expenses</b>       |                       |                       |
| Interest paid to group enterprises | 43,774                | 37,486                |
| Other financial expenses           | 763,128               | 293,075               |
|                                    | <u><b>806,902</b></u> | <u><b>330,561</b></u> |

|                              | <u>2023</u>          | <u>2022</u>           |
|------------------------------|----------------------|-----------------------|
|                              | DKK                  | DKK                   |
| <b>3. Income tax expense</b> |                      |                       |
| Current tax for the year     | 72,996               | 328,966               |
| Deferred tax for the year    | 4,862                | -75,563               |
|                              | <u><b>77,858</b></u> | <u><b>253,403</b></u> |

|                             | <u>2023</u>           | <u>2022</u>           |
|-----------------------------|-----------------------|-----------------------|
|                             | DKK                   | DKK                   |
| <b>4. Profit allocation</b> |                       |                       |
| Retained earnings           | 271,036               | 889,405               |
|                             | <u><b>271,036</b></u> | <u><b>889,405</b></u> |

# Notes to the Financial Statements

## 5. Property, plant and equipment

|   | Other fixtures<br>and fittings,<br>tools and<br>equipment |
|---|---|
|   | DKK   |
| Cost at 1 January                                 | 3,930,668   |
| Additions for the year                            | 323,328   |
| Cost at 31 December                               | <u>4,253,996</u>  |
| Impairment losses and depreciation at 1 January   | 3,439,219   |
| Depreciation for the year                         | 515,164   |
| Impairment losses and depreciation at 31 December | <u>3,954,383</u>  |
| <b>Carrying amount at 31 December</b>             | <b><u>299,613</u></b>                                     |

## 6. Deferred tax asset

|   | 2023           | 2022           |
|---|----------------|----------------|
|   | DKK            | DKK            |
| Deferred tax asset at 1 January                     | 243,348        | 167,785        |
| Deferred tax of the net profit or loss for the year | -4,862         | 75,563         |
| Deferred tax asset at 31 December                   | <u>238,486</u> | <u>243,348</u> |

The deferred tax asset is recognised in the balance sheet based on expectations to the taxable income in the joint taxation scheme within the Tactile Holding Group.

## 7. Prepayments

|                   | 2023             | 2022             |
|-------------------|------------------|------------------|
|                   | DKK              | DKK              |
| Other prepayments | 2,175,308        | 1,468,477        |
|                   | <u>2,175,308</u> | <u>1,468,477</u> |

## 8. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

The company has entered into operational leases with an average annual lease payment of DKK 7,208,000. The leases have 20 months to maturity and total outstanding lease payments total DKK 12,013,000

# Notes to the Financial Statements

## 8. Contingent assets, liabilities and other financial obligations

### Guarantee obligations

Security in the form of bank guarantees has been provided for the lessor of premises, DKK 3,073,900

### Other contingent liabilities

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

## 9. Related parties and disclosure of consolidated financial statements

### Basis

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#### Controlling interest

Tactile Games ApS, Vestergade 33, 2 - 1456  
København K

Holds 100% of the share capital in the Company

#### Other related parties

Related parties include other companies in the Tactile Group.

#### Transactions

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

#### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

#### Name

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Tactile Holding ApS

#### Place of registered office

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Copenhagen

The Group Annual Report of Tactile Holding ApS may be obtained at the following address:  
Vestergade 33, 2 - 1456 København K

# Notes to the Financial Statements

## 10. Subsequent events

No events materially affecting the assessment of the Company's financial position have occurred after the balance sheet date.



# Notes to the Financial Statements

## 11. Accounting policies

The Annual Report of TACTILE R&D ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Tactile Holding ApS, the Company has not prepared a cash flow statement.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

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

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

# Notes to the Financial Statements

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

## Income statement

### Revenue

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

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

The enterprise has applied IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

### Other external expenses

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, operational leasing costs etc. .

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, direct expenses and other external expenses.

### Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

### Amortisation, depreciation and impairment losses

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

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

### Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

### Tax on profit/loss for the year

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

# Notes to the Financial Statements

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Tactile Holding ApS. The tax effect of the joint taxation is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

### Property, plant and equipment

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

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

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

|  |           |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 3-5 years |
|--|-----------|

The fixed assets' residual values are reassessed annually.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

# Notes to the Financial Statements

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

## Financial Highlights

### Explanation of financial ratios

|                  |  |
|------------------|--|
| Solvency ratio   | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$ |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$      |
| Liquidity ratio  | $\text{Current assets} \times 100 / \text{Short term liabilities}$       |