BUUS JENSEN
Statsautoriserede
Revisorer

Tactile R&D ApS

Vestergade 33, 2., 1456 København K

Company reg. no. 34 05 00 90

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 28 June 2023.

Asbjørn Malte Søndergaard
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the board of directors and the managing director have presented the annual report of Tactile R&D ApS for the financial year 1 January - 31 December 2022.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2022 and of the company's results of activities in the financial year 1 January – 31 December 2022.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

København K, 28 June 2023

Managing Director

Asbjørn Malte Søndergaard

Board of directors

Asbjørn Malte Søndergaard	Morten Nielsen

Independent auditor's report

To the Shareholders of Tactile R&D ApS

Opinion

We have audited the financial statements of Tactile R&D ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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.

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.

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.

Independent auditor's report

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, 28 June 2023

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Ulrik Nørskov
State Authorised Public Accountant
mne29456

Company information

The company	Tactile R&D ApS Vestergade 33, 2. 1456 København K
	Company reg. no. 34 05 00 90 Established: 31 October 2011 Domicile: København Financial year: 1 January - 31 December
Board of directors	Asbjørn Malte Søndergaard Morten Nielsen
Managing Director	Asbjørn Malte Søndergaard
Auditors	BUUS JENSEN, Statsautoriserede revisorer
Parent company	Tactile Games ApS. Tactile R&D ApS is consolidted in the group account for Tactile Holding ApS, CVR nr: 38226681.

Financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
Income statement:					
Gross profit	92.115	77.687	78.988	49.899	36.901
Profit from operating activities	1.473	584	204	558	497
Net financials	-331	-191	-132	-71	-31
Net profit or loss for the year	889	303	152	378	355
Statement of financial position:					
Balance sheet total	19.195	20.623	23.711	9.937	8.079
Investments in property, plant and equipment	32	0	0	0	0
Equity	2.217	1.328	1.024	872	494
Employees:					
Average number of full-time employees	166	151	103	73	61
Key figures in %:					
Acid test ratio	110,2	99,8	93,6	112,6	99,1
Solvency ratio	11,5	6,4	4,3	8,8	6,1
Return on equity	50,2	25,8	16,0	55,3	112,2

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio

$$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

The principal activities of the company

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

Unusual circumstances

No unusual matter has occurred in the accounting period.

Uncertainties about recognition or measurement

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

Development in activities and financial matters

Net income from ordinary activities after tax totals DKK 889.405 against DKK 303.460 last year. The Management considers the net profit or loss for the year satisfactory.

The mobile gaming market faced challenges and stagnation during the reporting period due to factors such as Apple's App Tracking Transparency (ATT) framework and a general economic slowdown. These factors had an impact on user acquisition, targeted advertising efforts, and overall growth potential in the mobile gaming industry. As a game development company, we closely monitored these market conditions to adapt our strategies accordingly.

Tactile R&D ApS's financial performance during the reporting period was driven by effective cost management measures. While the mobile gaming market faced challenges, we implemented strategies to optimize monetization and enhance user retention, that have allowed our parent company Tactile Games ApS to achieve stable revenues. Our financial performance reflected our ability to navigate the market conditions and deliver value to our stakeholders.

Tactile Games ApS, as the parent company of Tactile R&D ApS, recognized the risks posed by the challenges in the mobile gaming market during the reporting period. However, it is important to note that Tactile R&D ApS, being a subsidiary, did not experience any instability or adverse effects due to the stable performance of Tactile Games ApS.

Tactile Games ApS implemented risk management strategies to mitigate the challenges faced by the mobile gaming market. These measures allowed the company to navigate the market conditions effectively and maintain stability. As a result, Tactile R&D ApS, operating under the umbrella of Tactile Games ApS, was able to continue its game development and maintenance activities without significant disruptions.

The stable performance of Tactile Games ApS provided a solid foundation for Tactile R&D ApS to operate and thrive in the competitive mobile gaming industry. The parent company's proactive risk management approach ensured that potential risks were identified, assessed, and mitigated, thus safeguarding the subsidiary's operations and contributing to its overall success during the reporting period.

Research and development activities

Tactile R&D ApS focused on game development and maintenance throughout the reporting period. Our dedicated team of employees worked diligently to create innovative and engaging mobile games for our target audience. We leveraged our expertise in programming, art production, and localization services to deliver high-quality gaming experiences.

During the reporting period, Tactile R&D ApS achieved several significant milestones on our live ops products. We successfully released a series of new game features that received positive user feedback and generated increased user engagement. These achievements demonstrate our commitment to delivering compelling and enjoyable gaming experiences to our players.

Expected developments

Moving forward, Tactile R&D ApS acknowledges the persistent challenges within the mobile gaming market. We maintain our unwavering commitment to fulfilling the strategic goals set forth by the company group. Our proactive approach involves adapting our strategies to effectively address the impact of ATT policies and market conditions.

With a steadfast dedication to innovation and user satisfaction, we aim to stay ahead of industry trends and seize new opportunities for growth. By leveraging our expertise in game development and staying attuned to the evolving needs and preferences of our users, we strive to position ourselves for long-term success in the dynamic mobile gaming market. Our focus remains on delivering exceptional gaming experiences, exploring emerging technologies, and expanding our offerings to meet the demands of our ever-growing user base.

Through continuous improvement and a customer-centric approach, Tactile R&D ApS is poised to navigate the challenges of the mobile gaming industry and emerge as a leading player in the market. We are confident that our commitment to innovation and adaptability will drive our long-term success and solidify our position as a provider of engaging and high-quality mobile games.

Events occurring after the end of the financial year

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

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

Pursuant to section 99 a (7) of the Danish Financial Statements Act, report is presented in annual report of Tactile Holding ApS, cvr.no. 38226681.

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

Pursuant to section 99b (6) of the Danish Financial Statements Act, report is presented in annual report of Tactile Holding ApS, cvr.no. 38226681.

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

Pursuant to section 99d (1) of the Danish Financial Statements Act, report is presented in annual report of Tactile Holding ApS, cvr.no. 38226681.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**92.115.370**	**77.686.893**
1	Staff costs	-89.727.981	-75.999.074
	Depreciation and writedown relating to tangible fixed assets	-914.020	-1.103.786
	Operating profit	**1.473.369**	**584.033**
	Other financial income	0	3
2	Other financial costs	-330.561	-191.131
	Pre-tax net profit or loss	**1.142.808**	**392.905**
3	Tax on ordinary results	-253.403	-89.445
4	**Net profit or loss for the year**	**889.405**	**303.460**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
5	Other fixtures and fittings, tools and equipment	491.449	1.373.835
	Total property, plant, and equipment	491.449	1.373.835
	Total non-current assets	**491.449**	**1.373.835**
	Current assets		
	Trade receivables	18.669	0
	Amounts owed by group enterprises	15.175.090	12.200.000
6	Deferred tax assets	243.348	167.785
	Other debtors	439.336	339.679
7	Accrued income and deferred expenses	1.468.477	0
	Total receivables	17.344.920	12.707.464
	Available funds	1.358.824	6.541.415
	Total current assets	**18.703.744**	**19.248.879**
	Total assets	**19.195.193**	**20.622.714**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		2022	2021
	Equity		
8	Contributed capital	92.600	92.600
	Retained earnings	2.124.665	1.235.260
	Total equity	**2.217.265**	**1.327.860**
	Long term labilities other than provisions		
	Trade payables	2.919.134	3.148.227
	Payables to group enterprises	414.729	889.295
	Income tax payable to group enterprises	328.966	187.858
	Other payables	13.315.099	15.069.474
	Total short term liabilities other than provisions	16.977.928	19.294.854
	Total liabilities other than provisions	**16.977.928**	**19.294.854**
	Total equity and liabilities	**19.195.193**	**20.622.714**

9 Charges and security

10 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	92.600	931.800	1.024.400
Retained earnings for the year	0	303.460	303.460
Equity 1 January 2022	92.600	1.235.260	1.327.860
Retained earnings for the year	0	889.405	889.405
	92.600	**2.124.665**	**2.217.265**

Notes

All amounts in DKK.

		2022	2021
1.	**Staff costs**		
	Salaries and wages	85.180.234	73.000.381
	Pension costs	3.089.407	1.690.543
	Other costs for social security	1.458.340	1.308.150
		89.727.981	**75.999.074**
	Average number of employees	166	151
2.	**Other financial costs**		
	Financial costs, group enterprises	27.399	25.866
	Other financial costs	303.162	165.265
		330.561	**191.131**
3.	**Tax on ordinary results**		
	Tax on net profit or loss for the year	328.966	187.858
	Adjustment of deferred tax for the year	-75.563	-98.413
		253.403	**89.445**
4.	**Proposed distribution of net profit**		
	Transferred to retained earnings	889.405	303.460
	Total allocations and transfers	**889.405**	**303.460**

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
5.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2022	3.899.034	3.899.034
	Additions during the year	31.634	0
	Cost 31 December 2022	**3.930.668**	**3.899.034**
	Amortisation and writedown 1 January 2022	-2.525.199	-1.421.413
	Amortisation and depreciation for the year	-914.020	-1.103.786
	Amortisation and writedown 31 December 2022	**-3.439.219**	**-2.525.199**
	Carrying amount, 31 December 2022	**491.449**	**1.373.835**
6.	**Deferred tax assets**		
	Deferred tax assets 1 January 2022	167.785	167.785
	Deferred tax of the net profit or loss for the year	75.563	0
		243.348	**167.785**
7.	**Accrued income and deferred expenses**		
	Prepaid expenses	1.468.477	0
		1.468.477	**0**

All amounts in DKK.

		31/12 2022	31/12 2021
8.	**Contributed capital**		
	Contributed capital 1 January 2022	92.600	92.600
		92.600	**92.600**

Contributed capital of A-shares - 12.600 and B-shares - 80.000

9. Charges and security

Unlimited suretyship for parent companys liabilities with its bank.

10. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases with an average annual lease payment of tDKK 7.208. The leases have 32 months to maturity and total outstanding lease payments total t.DKK 23.656.

Commitmentss:

Security in the form of bank guarantees has been provided for the lessor of premises, tDKK 3.074.

Joint taxation

With Tactile Holding ApS, company reg. no 38226681 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

Accounting policies

The annual report for Tactile R&D ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Tactile Holding ApS, cvr. no. 38 22 66 81

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, writedowns 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.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

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

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

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.

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

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown 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	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

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 under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown 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 and accrued income

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

Cash on hand and demand deposits

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

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, Tactile R&D 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.