



## Playable ApS

Tueager 1  
8200 Aarhus N  
CVR No. 36986476

## Annual report 2023

The Annual General Meeting adopted the annual report on 08.05.2024

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**Klaus Bülow Davidsen**

Chairman of the General Meeting

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# Entity details

## Entity

Playable ApS

Tueager 1

8200 Aarhus N

Business Registration No.: 36986476

Date of foundation: 03.08.2015

Registered office: Aarhus

Financial year: 01.01.2023 - 31.12.2023

Phone number: +45 86 10 19 00

E-mail: [contact@playable.com](mailto:contact@playable.com)

## Board of Directors

Jeppe Schytte-Hansen, chairman of the board

Thomas Kragh

Kim Elsass

Klaus Bülow Davidsen

## Executive Board

Marianne Sejr Pharsen, CEO

Andreas Fabricius Rasmussen, director

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Playable ApS for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Aarhus, 08.05.2024

## Executive Board

**Marianne Sejr Pharsen**  
CEO

**Andreas Fabricius Rasmussen**  
director

## Board of Directors

**Jeppe Schytte-Hansen**  
chairman of the board

**Thomas Kragh**

**Kim Elsass**

**Klaus Bülow Davidsen**

# Independent auditor's report

## To the shareholders of Playable ApS

### Opinion

We have audited the financial statements of Playable ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Aarhus, 08.05.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

**Mads Fauerskov**

State Authorised Public Accountant

Identification No (MNE) mne35428

**Rasmus Volert Madsen**

State Authorised Public Accountant

Identification No (MNE) mne45822

# Management commentary

## Primary activities

The company's primary activity consists in developing and commercializing a Marketing Gamification platform and other business associated herewith. See more on [www.playable.com](http://www.playable.com).

## Development in activities and finances

For Playable, 2023 proved to be a very strong year realizing the strategic ambitions set out for the year and securing the foundation for continued future growth. Financially, the Net Result for Financial Year 2023 was a significant improvement with a deficit of EUR (71)k compared to a deficit of EUR (5,679)k for FY 2022, which reflects operations turned cash flow positive during 2023. Simultaneously with the financial strengthening, Playable continued to see very strong developments and solid growth:

- Continued increased market interest in gamification as a method in marketing
- More than 200 new customers joined the Playable platform
- Significant strengthening of customer retention rate
- Tremendous customer value created - more than 15 Playable campaigns are visited every second in 2023
- Internal employee engagement reached all-time high ultimo 2023
- ARR reached EUR 9.7 million

Our vision remains focused on being the most effective marketing tool in the stack. Playable is the gamification platform for marketers.

## Capital

As of 31 December 2023, the Company's equity stands at EUR (1,810)k versus EUR (5,739) last year and thus the equity has been improved significantly since last year. It is management's expectation that the equity will be re-established through its own operations in the coming years.

The Company has the full support of its investors and a debt conversion of EUR 4,000k took place in December 2023 (referring to note 1) underlining the firm belief in Playable and enabling further investments in realizing the vision.

Based on the above outcome of the year and our firm belief in the company's continued potential, Playable looks forward with confidence to further broaden market presence while further strengthening the company's equity.

## Macro level effects

The company has been affected by macro changes in the market (covid-19, war in Europe, energy crisis and the financial market situation) but we retain our growth strategy and expect to enjoy solid growth going forward.

## Foreign branches

The Company has a branch in Finland. The financial statements of the branch are recognised line by line in the annual report as an integrated entity of the Danish company.

## 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 2023

|  | Notes | 2023<br>EUR      | 2022<br>EUR        |
|--|-------|------------------|--------------------|
| <b>Gross profit/loss</b>                         |       | <b>5,595,586</b> | <b>3,436,916</b>   |
| Staff costs                                      | 2     | (4,593,547)      | (8,251,658)        |
| Depreciation, amortisation and impairment losses | 3     | (621,321)        | (451,343)          |
| <b>Operating profit/loss</b>                     |       | <b>380,718</b>   | <b>(5,266,085)</b> |
| Income from investments in group enterprises     |       | 36,755           | 54,006             |
| Other financial income                           | 4     | 47,901           | 17,237             |
| Financial expenses from group enterprises        |       | (3,506)          | (4,079)            |
| Other financial expenses                         |       | (517,701)        | (489,934)          |
| <b>Profit/loss before tax</b>                    |       | <b>(55,833)</b>  | <b>(5,688,855)</b> |
| Tax on profit/loss for the year                  | 5     | (15,198)         | 9,511              |
| <b>Profit/loss for the year</b>                  |       | <b>(71,031)</b>  | <b>(5,679,344)</b> |
| <b>Proposed distribution of profit and loss</b>  |       |                  |                    |
| Retained earnings                                |       | (71,031)         | (5,679,344)        |
| <b>Proposed distribution of profit and loss</b>  |       | <b>(71,031)</b>  | <b>(5,679,344)</b> |

# Balance sheet at 31.12.2023

## Assets

|  | Notes | 2023<br>EUR      | 2022<br>EUR      |
|--|-------|------------------|------------------|
| Completed development projects                   | 7     | 1,680,444        | 1,588,091        |
| Acquired intangible assets                       |       | 66,763           | 70,351           |
| Development projects in progress                 | 7     | 121,093          | 274,594          |
| <b>Intangible assets</b>                         | 6     | <b>1,868,300</b> | <b>1,933,036</b> |
| Other fixtures and fittings, tools and equipment |       | 23,268           | 34,216           |
| Leasehold improvements                           |       | 42,542           | 69,770           |
| <b>Property, plant and equipment</b>             | 8     | <b>65,810</b>    | <b>103,986</b>   |
| Investments in group enterprises                 |       | 167,911          | 129,540          |
| Deposits   |       | 3,639            | 21,431           |
| <b>Financial assets</b>                          | 9     | <b>171,550</b>   | <b>150,971</b>   |
| <b>Fixed assets</b>                              |       | <b>2,105,660</b> | <b>2,187,993</b> |
| Trade receivables                                |       | 1,695,267        | 1,220,873        |
| Receivables from group enterprises               |       | 15,988           | 0                |
| Receivables from associates                      |       | 10,651           | 0                |
| Other receivables                                |       | 54,100           | 48,378           |
| Prepayments                                      |       | 82,437           | 97,856           |
| <b>Receivables</b>                               |       | <b>1,858,443</b> | <b>1,367,107</b> |
| <b>Cash</b>                                      |       | <b>903,569</b>   | <b>1,275,769</b> |
| <b>Current assets</b>                            |       | <b>2,762,012</b> | <b>2,642,876</b> |
| <b>Assets</b>                                    |       | <b>4,867,672</b> | <b>4,830,869</b> |

**Equity and liabilities**

|  | <b>Notes</b> | <b>2023<br/>EUR</b> | <b>2022<br/>EUR</b> |
|--|--------------|---------------------|---------------------|
| Contributed capital  |              | 17,564              | 15,536              |
| Translation reserve  |              | 1,720               | 0                   |
| Reserve for net revaluation according to the equity method       |              | 167,909             | 129,538             |
| Reserve for development expenditure                              |              | 1,405,199           | 1,507,768           |
| Retained earnings  |              | (3,402,989)         | (7,391,773)         |
| <b>Equity</b>  |              | <b>(1,810,597)</b>  | <b>(5,738,931)</b>  |
| Subordinate loan capital   |              | 0                   | 3,633,898           |
| Debt to other credit institutions                                |              | 1,221,025           | 1,300,861           |
| Other payables   | 10           | 280,127             | 485,615             |
| <b>Non-current liabilities other than provisions</b>             | <b>11</b>    | <b>1,501,152</b>    | <b>5,420,374</b>    |
| Current portion of non-current liabilities other than provisions | 11           | 117,834             | 651,398             |
| Trade payables   |              | 193,448             | 140,200             |
| Payables to group enterprises                                    |              | 63,194              | 182,393             |
| Holiday pay obligation   |              | 153,291             | 184,453             |
| Other payables   | 12           | 536,476             | 726,884             |
| Deferred income  | 13           | 4,112,874           | 3,264,098           |
| <b>Current liabilities other than provisions</b>                 |              | <b>5,177,117</b>    | <b>5,149,426</b>    |
| <b>Liabilities other than provisions</b>                         |              | <b>6,678,269</b>    | <b>10,569,800</b>   |
| <b>Equity and liabilities</b>                                    |              | <b>4,867,672</b>    | <b>4,830,869</b>    |
| Going concern  | 1            |                     |                     |
| Unrecognised rental and lease commitments                        | 14           |                     |                     |
| Contingent assets  | 15           |                     |                     |
| Assets charged and collateral                                    | 16           |                     |                     |

## Statement of changes in equity for 2023

|                                      | Contributed<br>capital<br>EUR | Share<br>premium<br>EUR | Translation<br>reserve<br>EUR | Reserve for<br>net<br>revaluation<br>according to<br>the equity<br>method<br>EUR | Reserve for<br>development<br>expenditure<br>EUR | Retained<br>earnings<br>EUR | Total<br>EUR       |
|--------------------------------------|-------------------------------|-------------------------|-------------------------------|--|--|-----------------------------|--------------------|
| Equity beginning of year             | 15,536                        | 0                       | 0                             | 129,538  | 1,507,768  | (7,391,773)                 | (5,738,931)        |
| Capital increase by debt conversion  | 2,028                         | 3,995,203               | 0                             | 0  | 0  | 0                           | 3,997,231          |
| Transferred from share premium       | 0                             | (3,995,203)             | 0                             | 0  | 0  | 3,995,203                   | 0                  |
| Costs related to equity transactions | 0                             | 0                       | 0                             | 0  | 0  | (5,921)                     | (5,921)            |
| Exchange rate adjustments            | 0                             | 0                       | 1,720                         | 0  | 0  | 0                           | 1,720              |
| Other entries on equity              | 0                             | 0                       | 0                             | 0  | 0  | 6,335                       | 6,335              |
| Transfer to reserves                 | 0                             | 0                       | 0                             | 0  | (102,569)  | 102,569                     | 0                  |
| Profit/loss for the year             | 0                             | 0                       | 0                             | 38,371   | 0  | (109,402)                   | (71,031)           |
| <b>Equity end of year</b>            | <b>17,564</b>                 | <b>0</b>                | <b>1,720</b>                  | <b>167,909</b>   | <b>1,405,199</b>                                 | <b>(3,402,989)</b>          | <b>(1,810,597)</b> |

As at 31 December 2023, the company's equity stands at EUR (1.810.597) and thus the company has lost all of its equity. It is management's expectation that the equity will be re-established through its own operations in the coming years.

# Notes

## 1 Going concern

Playable ApS has the funds and liquidity to support the investment and businesses throughout 2024. The company has received a capital increase of 2K EUR by converting their subordinated loan of 3,997K EUR, which has increased their liquidity and strengthened their financial position. In addition, the company has significantly improved its financial results from a loss of 5,679K EUR in 2022 to a loss of 71K EUR in 2023.

## 2 Staff costs

|                                       | <b>2023</b>      | <b>2022</b>      |
|---------------------------------------|------------------|------------------|
|                                       | <b>EUR</b>       | <b>EUR</b>       |
| Wages and salaries                    | 3,716,413        | 6,261,914        |
| Pension costs                         | 487,122          | 654,100          |
| Other social security costs           | 27,111           | 49,126           |
| Other staff costs                     | 362,901          | 1,286,518        |
|                                       | <b>4,593,547</b> | <b>8,251,658</b> |
| Average number of full-time employees | 53               | 85               |

## 3 Depreciation, amortisation and impairment losses

|   | <b>2023</b>    | <b>2022</b>    |
|---|----------------|----------------|
|   | <b>EUR</b>     | <b>EUR</b>     |
| Amortisation of intangible assets             | 567,282        | 397,802        |
| Depreciation of property, plant and equipment | 54,039         | 53,541         |
|   | <b>621,321</b> | <b>451,343</b> |

## 4 Other financial income

|                           | <b>2023</b>   | <b>2022</b>   |
|---------------------------|---------------|---------------|
|                           | <b>EUR</b>    | <b>EUR</b>    |
| Other interest income     | 6,127         | 363           |
| Exchange rate adjustments | 41,774        | 16,874        |
|                           | <b>47,901</b> | <b>17,237</b> |

## 5 Tax on profit/loss for the year

|                                      | <b>2023</b>   | <b>2022</b>    |
|--------------------------------------|---------------|----------------|
|                                      | <b>EUR</b>    | <b>EUR</b>     |
| Current tax                          | 15,198        | 9,375          |
| Adjustment concerning previous years | 0             | (18,886)       |
|                                      | <b>15,198</b> | <b>(9,511)</b> |

## 6 Intangible assets

|   | Completed<br>development<br>projects<br>EUR | Acquired<br>intangible<br>assets<br>EUR | Development<br>projects in<br>progress<br>EUR |
|---|---|---|---|
| Cost beginning of year                                | 2,409,411                                   | 71,848                                  | 274,594                                       |
| Transfers   | 274,373                                     | 0                                       | (274,373)                                     |
| Additions   | 381,011                                     | 0                                       | 120,872                                       |
| <b>Cost end of year</b>                               | <b>3,064,795</b>                            | <b>71,848</b>                           | <b>121,093</b>                                |
| Amortisation and impairment losses beginning of year  | (820,658)                                   | (1,496)                                 | 0   |
| Amortisation for the year                             | (563,693)                                   | (3,589)                                 | 0   |
| <b>Amortisation and impairment losses end of year</b> | <b>(1,384,351)</b>                          | <b>(5,085)</b>                          | <b>0</b>                                      |
| <b>Carrying amount end of year</b>                    | <b>1,680,444</b>                            | <b>66,763</b>                           | <b>121,093</b>                                |

## 7 Development projects

Completed development projects comprise development of a new version of the Company's most significant sales product, the Playable platform, as well as new features for the platform. Recognition takes place when the future return on the development project is expected to exceed the investment. Completed development projects are recognised at cost, and the amortisation period is 5 years.

## 8 Property, plant and equipment

|   | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>EUR | Leasehold<br>improvements<br>EUR |
|---|--|----------------------------------|
| Cost beginning of year                                | 93,349   | 168,033                          |
| Additions   | 0  | 13,738                           |
| <b>Cost end of year</b>                               | <b>93,349</b>  | <b>181,771</b>                   |
| Depreciation and impairment losses beginning of year  | (57,087)   | (98,184)                         |
| Depreciation for the year                             | (12,994)   | (41,045)                         |
| <b>Depreciation and impairment losses end of year</b> | <b>(70,081)</b>  | <b>(139,229)</b>                 |
| <b>Carrying amount end of year</b>                    | <b>23,268</b>  | <b>42,542</b>                    |

## 9 Financial assets

|                                    | Investments<br>in group<br>enterprises<br>EUR | Deposits<br>EUR |
|------------------------------------|---|-----------------|
| Cost beginning of year             | 2   | 21,431          |
| Additions                          | 0   | 3,621           |
| Disposals                          | 0   | (21,413)        |
| <b>Cost end of year</b>            | <b>2</b>                                      | <b>3,639</b>    |
| Revaluations beginning of year     | 129,434                                       | 0               |
| Exchange rate adjustments          | 1,720   | 0               |
| Share of profit/loss for the year  | 47,568  | 0               |
| Other adjustments                  | (10,813)                                      | 0               |
| <b>Revaluations end of year</b>    | <b>167,909</b>                                | <b>0</b>        |
| <b>Carrying amount end of year</b> | <b>167,911</b>                                | <b>3,639</b>    |

| Investments in subsidiaries | Registered in     | Corporate<br>form | Equity<br>interest<br>% |
|-----------------------------|-------------------|-------------------|-------------------------|
| LeadFamily B.V              | Nederlands        | B.V               | 100                     |
| Playable Marketing Ltd      | United<br>Kingdom | Ltd.              | 100                     |

## 10 Other payables

|                        | 2023<br>EUR    | 2022<br>EUR    |
|------------------------|----------------|----------------|
| Holiday pay obligation | 260,550        | 250,401        |
| Other costs payable    | 19,577         | 235,214        |
|                        | <b>280,127</b> | <b>485,615</b> |

## 11 Non-current liabilities other than provisions

|                                   | Due within 12<br>months<br>2023<br>EUR | Due within 12<br>months<br>2022<br>EUR | Due after<br>more than 12<br>months<br>2023<br>EUR | Outstanding<br>after 5 years<br>2023<br>EUR |
|-----------------------------------|--|--|--|---|
| Subordinate loan capital          | 0                                      | 75,418                                 | 0  | 0   |
| Debt to other credit institutions | 91,730                                 | 0                                      | 1,221,025  | 274,531                                     |
| Other payables                    | 26,104                                 | 575,980                                | 280,127  | 260,550                                     |
|                                   | <b>117,834</b>                         | <b>651,398</b>                         | <b>1,501,152</b>                                   | <b>535,081</b>                              |

## 12 Other payables

|  | <b>2023</b>    | <b>2022</b>    |
|--|----------------|----------------|
|  | <b>EUR</b>     | <b>EUR</b>     |
| VAT and duties   | 272,079        | 249,752        |
| Wages and salaries, personal income taxes, social security costs, etc. payable | 261,896        | 474,629        |
| Other costs payable  | 2,501          | 2,503          |
|  | <b>536,476</b> | <b>726,884</b> |

## 13 Deferred income

Deferred income represents income received for recognition in subsequent financial years from subscriptions. Deferred income does not represent an actual debt, but income to be recognized over the subscription period.

## 14 Unrecognised rental and lease commitments

|  | <b>2023</b> | <b>2022</b> |
|--|-------------|-------------|
|  | <b>EUR</b>  | <b>EUR</b>  |
| Liabilities under rental or lease agreements until maturity in total | 646,813     | 951,301     |

The Company has entered into rental agreements with a total liability of EUR 601k with a residual term of up to 27,5 months and leases with a liability of EUR 46k with a residual term of up to 30 months.

## 15 Contingent assets

The total tax base of tax loss carryforwards are not recognized in the balance sheet as of 31.12.2023.

Tax loss carryforward amounts to EUR 13.517k which amounts to EUR 2.974k (tax value with a tax rate of 22%), whereof EUR 404k is activated as a withdrawal in deferred tax liabilities.

## 16 Assets charged and collateral

A floating charge secured on unsecured claims and production plant and operating equipment has been provided as security for debt to banks and other credit institutions. The floating charge amounts to a total of EUR 1,409k. The assets concerned have a carrying amount of EUR 3.625k as of 31.12.2023.

A payment guarantee of 67 t.EUR is registered in Danske Bank regarding deposit on rent.



# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

## Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, own work capitalised, other operating income and 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.

Subscriptions and licences are recognised as delivery takes place and thus deferred over the contract period.

### **Own work capitalised**

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including sale of administration and salary refunds.

### **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, and social security contributions, pension contributions, etc for entity staff.

### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full 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, amortisation of financial assets.

**Financial expenses from group enterprises**

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises 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.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

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 project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

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

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 and leasehold improvement 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.

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:

|  | <b>Useful life</b> |
|--|--------------------|
| Other fixtures and fittings, tools and equipment | 2-3 years          |
| Leasehold improvements                           | 2-3 years          |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

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

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

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

### **Receivables**

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

### **Prepayments**

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

### **Cash**

Cash comprises 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.