BUUS JENSEN
Statsautoriserede
Revisorer

# Tactile Holding ApS

**c/o Tactile Games ApS, Vestergade 33. 2., 1456 København K**

**Company reg. no. 38 22 66 81**

## Annual report

## 1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 23 June 2022.

Asbjørn Malte Søndergaard
Chairman of the meeting

# Contents



Notes:

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

## Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Tactile Holding ApS for the financial year 1 January - 31 December 2021.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2021.

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

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

København K, 22 June 2022

**Managing Director**

Asbjørn Malte Søndergaard

**Board of directors**

Asbjørn Malte Søndergaard

Morten Nielsen

# Independent auditor's report

**To the Shareholders of Tactile Holding ApS**

**Opinion**

We have audited the consolidated financial statements and the parent company financial statements of Tactile Holding ApS for the financial year 1 January to 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group 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 Consolidated Financial Statements and the Parent Company Financial Statements**

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group´s and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

## Independent auditor's report

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 Group´s and 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 consolidated financial statements and the parent company 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 Group´s and 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent company financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

## Independent auditor's report

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

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

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

Copenhagen, 22 June 2022

**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 Holding ApS<br>c/o Tactile Games ApS<br>Vestergade 33. 2.<br>1456 København K | |
| | Company reg. no. | 38 22 66 81 |
| | Established: | 24 November 2016 |
| | Domicile: | |
| | Financial year: | 1 January - 31 December<br>5th financial year |
| **Board of directors** | Asbjørn Malte Søndergaard<br>Morten Nielsen | |
| **Managing Director** | Asbjørn Malte Søndergaard | |
| **Auditors** | BUUS JENSEN, Statsautoriserede revisorer | |
| **Subsidiary** | Tactile Games ApS, København | |

## Consolidated financial highlights

| DKK in thousands. | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Income statement:** | | | | |
| Revenue | 1.227.940 | 1.328.520 | 611.234 | 295.308 |
| Gross profit | 138.577 | -83.160 | 73.000 | 29.558 |
| Profit from operating activities | 56.793 | -147.537 | 33.023 | -2.533 |
| Net financials | -2.198 | -2.490 | -3.827 | -1.457 |
| Net profit or loss for the year | 54.358 | -151.617 | 25.051 | -3.456 |
| **Statement of financial position:** | | | | |
| Balance sheet total | 327.656 | 355.507 | 142.874 | 66.021 |
| Equity | 250.856 | 205.180 | 35.476 | 10.425 |
| **Cash flows:** | | | | |
| Operating activities | -36.193 | -184.143 | 26.901 | 13.121 |
| Investing activities | -2.439 | -2.985 | -2.673 | -229 |
| Financing activities | -9.532 | 317.456 | 0 | 0 |
| Total cash flows | -48.164 | 130.328 | 24.228 | 12.892 |
| **Employees:** | | | | |
| Average number of full-time employees | 170 | 121 | 90 | 79 |
| **Key figures in %:** | | | | |
| Gross margin ratio | 11,3 | -6,3 | 11,9 | 10,0 |
| Profit margin (EBIT-margin) | 4,6 | -11,1 | 5,4 | -0,9 |
| Acid test ratio | 419,7 | 233,4 | 130,0 | 117,1 |
| Solvency ratio | 54,0 | 39,2 | 21,9 | 15,8 |
| Return on equity | 23,5 | -127,2 | 100,0 | -66,3 |

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:

**Gross margin ratio**

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

**Profit margin (EBIT margin)**

$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

**Acid test ratio**

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

## Consolidated financial highlights

| | |
|---|---|
| **Solvency ratio** | $\frac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$ |
| **Return on equity** | $\frac{\text{*Profit x 100}}{\text{Average equity exclusive of non-controlling interests}}$ |
| ***Profit** | Net profit or loss for the year less non-controlling interests’ share hereof |

## Management´s review

**The principal activities of:**

**The group**

Like previous years, the principal activities of the group and are to develop, sell and distribute computer games and hereto related activities.

Tactile Group consists of an entity in the UK and multiple entities in Denmark. Furthermore Tactile Games group works with several outsourcing partners around the world. We expect to continue working with more international partners as we scale the company.

**Parent company**

Like previous years, the principal activity of Tactile Holding ApS is non-financial holding company.

**Unusual matters**

No unusual matter has occurred in the accounting period besides the well known pandemic.

**Uncertainties as to recognition or measurement**

Recognition and measurement in the Annual Report has not been subject to any uncertainty-

**Development in activities and financial matters**

**Group**

In 2021 we have seen the growth momentum from 2020 slow down. There are two main reasons for this. Firstly the growth we saw in 2020 was to some extend attributed to lockdowns, which in general increased the amount of time our target audience would spend playing games. As the world has opened up in 2021, we have seen a decrease in player consumption of games and hence a overall decrease in time spend per game. Secondly Apple release of iOS 14, have severely crippeled our ability to run performance marketing on iOS.

These two factors combined have prevented us from continuing to scale our current portfolio, and as a consequence we have made it a strategic priority for 2022 to double down on growing our main game Lily's Garden.

Group income from ordinary activities after tax totals DKK 54.357.860 against DKK -151.616.716 last year. The financial result for 2021 does not deviate from the budget and thus the management considers the net profit for the year satisfactory.

**Parent company**

Group income from ordinary activities after tax totals DKK 37.038.423 against DKK -110.353.680 last year. The financial result for 2021 does not deviate from the budget and thus the management considers the net profit for the year satisfactory

Business model

Tactile is focusing on games free to download which puts them in the segment of free-to-play, which makes the games available to a wide audience. Tactiles revenue is made by offering players the opportunity to purchase features and products within the game, and by serving them adds to watch.

*New products*

No significant new products have been released in 2021.

*Investments*

The remaining minority interest in the UK entity has been acquired in 2021, with a disposal of equity minority interest of 9,5 mDKK.

*Financial resources*

Available funds exceeds 120 mDKK and is expected to be sufficient to realise anticipated business goals for the years to come.

**Financial risks and the use of financial instruments**

Revenue is by large generated in USD. The foreign currency risk towards DKK is mitigated by vendors expenditures which also is dominated in USD. The residual currency risk is assessed as minimal compared with the cost of employing financial instruments and derivatives for further risk mitigation.

*Interest rate risks*

The Groups interest-related balances has been accounted for as cash on hand and demand on deposits.

*Risks*

Sales are made through app-stores and thus dependency on their functionality is high.

*Credit risks*

Deposits on demand are placed at systemic banks. Historically loss on trade receivables has been very low and by large trade receivables are related to app stores facilitated by counterparts with good credit ratings.

**Know how resources**

At Tactile we know that skilled employees are a key success factor in maintaining a viable and profitable business.

As such, the employees at Tactile are our most valued asset and are all introduced to a great work environment, extensively characterized by freedom.

**Research and development activities**

One of the key objectives for 2021 was to scale the development team to support multiple products in development and live operation. Our continued investment into our live operations pipeline is crucial for our continued success with operating a highly profitable live operation team.

Building up this operational and intellectual capacity will be pivotal to our future success. As we have grown from 110 to 200 employees in 2021, we are well positioned to take on this challenge.

Continuous adaptation and improvement of the company´s products are made. Cost related to development is expensed.

**The expected development**

Due to Apple's App Tracking Transparency changes in iOS 14, we do expect launching new games will be more challenging. Cost of acquiring users will go up further in 2022 compared to 2021, and while it will not prevent us from launching new profitable games, it is still uncertain how much more expensive user acquisition will be compared to prior iOS 14.

We have new games in the pipeline, that are expected to be released in 2022, early 2023. As game development is a highly creative process, it is always difficult to know the exact outcome of each game release, but we expect to increase our revenues. The company´s management expectation for 2022 are that the company will continue its positive growth.

In 2022 we will continue to invest into our live operation games, and our Tactile Launchpad platform and is the enabled of our core publishing business.

**Events subsequent to 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**

*Business model and engagement*

Creativity and flexibility is key input to our business model – we prioritize the adaptability of our procedures and processes in developing and publishing exciting games with an immersive gameplay in order to achieve high level of retention and monetization

The Group's facilities are located in Europe; and is combined with the use of subcontractors for selected processes and features. The predominant part of the subcontractors are located in Europe and America or countries associated with them. The group wants to develop its core business and meet its strategic challenges financially and socially sound manner.

The Group works with a business model and with business activities that are taken into account environmental conditions, including climate change, social and staff conditions, human rights as well as the fight against corruption and bribery. The principles are based on the UN Global Compact human rights, labor rights, the environment and anti-corruption. The economic, social and environmental conditions as well as the consideration of human rights are inextricably linked, and the company's social responsibility must be seen in the context of the need for appropriate development of the company. For the group, the work with social responsibility is an ongoing process, and the group has this year continue the work of updating, structuring and implementing the necessary internal procedures.

*Information on due diligence processes*

In general, the Group shows due care in dealing with possible and current negatives impacts on the principles of environmental conditions, including climate impact, social and human resources, human rights and the fight against corruption and bribery. The Group continues the process of formalizing the necessary processes and documentation for this as the rules of the environment change.

*Information on material risks related to corporate social responsibility*

The Group has chosen to mention the significant risks associated with environmental issues, including climate change, social and human resources, human rights and the fight against corruption and bribery.

In general, the Group shows the necessary care in dealing with possible and current negatives impacts on the principles of environmental conditions, including climate impact, social and human resources, human rights and the fight against corruption and bribery. The group continues the process of formalizing the necessary processes and documentation for this as the rules of the environment change.

The Group is in process of collecting and implementing relevant non-financial key performance indicators related to environmental conditions, including climate change, social conditions and human resources, human rights and the fight against corruption and bribery. These will be implemented and described as the factors can be quantified and qualified and thereby can provide a correct expression of the underlying conditions.

*Further information on matters in the financial section of the annual report*
The Group has chosen to provide relevant further explanations of matters in the financial part of the annual report, related to environmental conditions, including climate change, social conditions and staff conditions, human rights as well as the fight against corruption and bribery, wherever possible in connection with the description of related matters.

***Environmental issues – including climate change***

*Policies*
It is the Group's policy systematically and proactively to protect the environment and climate in the Group's day-to-day business activities through continuous improvement and development of production methods and products, training of employees and influence of suppliers and stakeholders to live up to customers expectations.

Based on a precautionary approach to environmental and climate challenges, the Group takes initiatives promoting greater responsibility and encouraging the development and diffusion of environmentally and climate-friendly technologies in in accordance with Principles 7, 8 and 9 of the UN Global Compact, which reads:

• The company should support a precautionary approach to environmental challenges.
• The company should take the initiative to promote greater environmental responsibility.
• The company should encourage the development and dissemination of environmentally friendly technologies.

The background for the environmental policy is that it is the Group's assessment that customers will demand in the future products that have a low resource use in the process of our business.

Risks.
The most significant environmental risks in connection with the Group's activities includes unintentional waste of resources.

*Key performance indicators*
At present, the Group does not have a definitive basis for compiling KPIs. When it has relevant KPIs will be shown and commented on.

***Social issues and employee issues***

*Policies*

Our people are at the heart of our operations. We are aware that recruiting and retaining talent is the most important key to our success, and we strive to ensure that our employees have the best tools, training and conditions to perform at their best.

The Group endorse the conditions in the UN Global Compact's working environment principles at the Group and in companies that are part of the value chain affiliated to the group.
It is the Group's policy, in accordance with Principles 3, 4, 5 and 6 of the Global Compact, that:

·Recognize employees' right to be a member of a union and negotiate wages and working conditions.
·Support the elimination of all forms of forced labor and do not accept the use of forced labor.
·Support preventive procedures and practices to ensure that no persons are employed under the minimum age.
·Strive to prevent discriminatory practices and ensure equal opportunities in the application of procedures and practices to prevent discrimination.

The group's commitment is also expressed in the group's policy for equality between men and women.

*Results*

No consolidation of data has been made by measurements.

***Human rights***

*Policies*

The Group endorse the conditions of the UN Global Compact's human rights principles at the Group and in companies that are part of the value chain affiliated to the group. In accordance with principles 1 and 2 of the Global Compact, the Group supports and respects the protection of internationally proclaimed human rights and ensures that the group does not participate to human rights violations.

The Group strives to ensure:
- Fair remuneration at the level of local companies.
- Welfare of employees in accordance with local traditions, conditions and needs.
- Good relations with the local community.

*Action taken*

As part of the Group's actions, current and potential negative impacts on the human rights are identified within group and of companies belonging to the value chain affiliated to the Group, and efforts are made to enable the company to prevent, minimize or prevent the negative impacts that are directly linked to the Groups business areas and the group's services of business partners. The Group ensures compliance with human rights-related legislation throughout the Group and has in particular focus on privacy and personal data.

*Risks*

The most significant risks related with the Group's activities is non-compliance with Global Compact principles internally within the Group or in the value chain in which the Group is a part.

*Key Performance Indicators*

Human rights information analyzes are occasionally carried out.

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

*Target figures and policies for the underrepresented gender*

The Group considers a good balance between women and men in senior positions to be an important prerequisite for a diversified innovation and development of the company, as it will ensure that the group utilizes it full talent potential of all employees, and that everyone benefits from the creative dynamics that create better and more balanced decisions and strengthened innovative power. The group therefore continuously strives in creating a framework, among other things through policies in the area, which can help to ensure one equal gender distribution in employment and career development in the group. The company works actively to achieve a "balanced composition of women and men", cf. Section 99b of the Danish Financial Statements Act. This is understood as least 1/3 of leaders of each gender in the individual managerial levels.

*Target figures for the company's top management*

The Founders of Tactile are represented in the parent company's top management body, cf. agreements entered into; and this has led one 100% representation of men and there is currently no prospect of changes in this distribution. The underrepresented genders are thus still women.

*Policy for the company's other managerial levels*

The company's and group's policy is to continue to have a balanced distribution between the two sexes, so that one gender is not underrepresented. The target figure for the underrepresented gender is 1/3. At the end of 2021, the gender distribution at the Group's other managerial levels met this. It is the Groups staff policy that the proportion of men and women is balanced in management bodies and in other staff groups.

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

The Group only collects and stores data which is necessary, and which legally can be processed. It is always ensured that collection of any kind of data which is personally identifiable are made by observing proper legal basis such as legislation, agreement or consent from users or other counterparts.

Insofar the Group cooperates with third parties or outsourcing partners it is ensured that those partners comply with the Groups policy for data ethics.

The Group has appointed a Data Protection Officer with the function of facilitating the process of adhering to the General Data Protection Regulation and is also the contact person in liaison with The Danish Data Protection Agency.

## Income statement 1 January - 31 December

All amounts in DKK.

| Note | | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|---|
| 1 | Revenue | 1.227.940.363 | 1.328.520.493 | 0 | 0 |
| | Costs of raw materials and consumables | -385.812.918 | -393.222.705 | 0 | 0 |
| | Other external costs | -703.550.732 | -1.018.457.539 | -42.414 | -1.132.614 |
| 3 | Staff costs | -79.939.539 | -63.230.433 | 0 | 0 |
| 4 | Depreciation, amortisation, and impairment | -1.844.563 | -1.147.160 | 0 | 0 |
| | **Operating profit** | **56.792.611** | **-147.537.344** | **-42.414** | **-1.132.614** |
| | Income from equity investments in subsidiaries | 0 | 0 | 37.092.454 | -111.457.438 |
| | Other financial income | 139.147 | 3.560.705 | 3.406 | 3.265.485 |
| 5 | Other financial costs | -2.337.057 | -6.050.603 | -30.203 | -662.923 |
| | **Pre-tax net profit or loss** | **54.594.701** | **-150.027.242** | **37.023.243** | **-109.987.490** |
| | Tax on ordinary results | -236.842 | -1.589.474 | 15.180 | -366.190 |
| **7** | **Net profit or loss for the year** | **54.357.859** | **-151.616.716** | **37.038.423** | **-110.353.680** |
| | Break-down of the consolidated profit or loss: | | | | |
| | Shareholders in Tactile Holding ApS | 37.087.709 | -108.526.869 | | |
| 6 | Non-controlling interests | 17.270.150 | -43.089.847 | | |
| | | **54.357.859** | **-151.616.716** | | |

## Balance sheet at 31 December

All amounts in DKK.

**Assets**

| Note | | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|---|
| | **Non-current assets** | | | | |
| 8 | Goodwill | 3.716.320 | 1.933.339 | 0 | 0 |
| | Total intangible assets | 3.716.320 | 1.933.339 | 0 | 0 |
| 9 | Other fixtures and fittings, tools and equipment | 1.590.940 | 2.673.903 | 0 | 0 |
| | Total property, plant, and equipment | 1.590.940 | 2.673.903 | 0 | 0 |
| 10 | Investments in subsidiaries | 0 | 0 | 178.970.773 | 141.505.223 |
| | Total investments | 0 | 0 | 178.970.773 | 141.505.223 |
| | **Total non-current assets** | **5.307.260** | **4.607.242** | **178.970.773** | **141.505.223** |
| | **Current assets** | | | | |
| | Trade receivables | 125.050.343 | 148.637.956 | 0 | 0 |
| | Amounts owed by group enterprises | 0 | 0 | 216.784 | 85.140 |
| | Income tax receivables | 0 | 0 | 15.180 | 74.824 |
| | Other receivables | 67.261.784 | 24.282.298 | 0 | 0 |
| 12 | Prepayments and accrued income | 708.830 | 488.418 | 0 | 0 |
| | Total receivables | 193.020.957 | 173.408.672 | 231.964 | 159.964 |
| | Cash on hand and demand deposits | 129.327.470 | 177.490.999 | 337.850 | 131.149 |
| | **Total current assets** | **322.348.427** | **350.899.671** | **569.814** | **291.113** |
| | **Total assets** | **327.655.687** | **355.506.913** | **179.540.587** | **141.796.336** |

## Balance sheet at 31 December

All amounts in DKK.

**Equity and liabilities**

| Note | | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|---|
| | **Equity** | | | | |
| | Contributed capital | 115.020 | 115.020 | 115.020 | 115.020 |
| | Reserves for net revaluation as per the equity method | 0 | 0 | 161.887.540 | 124.421.990 |
| | Retained earnings | 176.683.724 | 139.272.204 | 14.796.184 | 14.850.215 |
| | Equity before non-controlling interest. | 176.798.744 | 139.387.224 | 176.798.744 | 139.387.225 |
| | Non-controlling interests | 74.056.873 | 65.792.834 | 0 | 0 |
| | **Total equity** | **250.855.617** | **205.180.058** | **176.798.744** | **139.387.225** |
| | **Liabilities other than provisions** | | | | |
| | Bank loans | 0 | 0 | 207 | 6.420 |
| | Trade payables | 59.465.338 | 116.642.040 | 93.751 | 93.750 |
| | Payables to group enterprises | 0 | 0 | 1.047.885 | 704.047 |
| | Income tax payable | 464.881 | 0 | 0 | 0 |
| | Other payables | 16.869.851 | 21.430.290 | 1.600.000 | 1.604.894 |
| 13 | Accruals and deferred income | 0 | 12.254.525 | 0 | 0 |
| | Total short term liabilities other than provisions | 76.800.070 | 150.326.855 | 2.741.843 | 2.409.111 |
| | **Total liabilities other than provisions** | **76.800.070** | **150.326.855** | **2.741.843** | **2.409.111** |
| | **Total equity and liabilities** | **327.655.687** | **355.506.913** | **179.540.587** | **141.796.336** |

**2 Fees, auditor**

**14 Charges and security**

**15 Contingencies**

**16 Related parties**

## Consolidated statement of changes in equity

All amounts in DKK.

| | Contributed capital | Retained earnings | Non-controlling interests | Total |
|---|---|---|---|---|
| Equity 1 January 2020 | 115.020 | 31.164.506 | 4.196.873 | 35.476.399 |
| Cash capital increase | 0 | -108.526.869 | -43.089.847 | -151.616.716 |
| Extraordinary dividend adopted during the financial year | 0 | -486.231.086 | 0 | -486.231.086 |
| Exchangerate adjustment | 0 | 0 | -251.811 | -251.811 |
| Dividend own shares | 0 | 547.522 | 0 | 547.522 |
| Addition of minority interests | 0 | 698.749.831 | 104.937.619 | 803.687.450 |
| Net assests from merger with Tactile Holding 2020 ApS | 0 | 3.568.300 | 0 | 3.568.300 |
| Equity 1  2021 | 115.020 | 139.272.204 | 65.792.834 | 205.180.058 |
| Profit or loss for the year brought forward | 0 | 37.057.708 | 17.270.150 | 54.327.858 |
| Exchangerate adjustment | 0 | 353.812 | 525.744 | 879.556 |
| Disposol of minority interests | 0 | 0 | -9.531.855 | -9.531.855 |
| | **115.020** | **176.683.724** | **74.056.873** | **250.855.617** |

## Statement of changes in equity of the parent

All amounts in DKK.

| | Contributed capital | Share premium | Reserve for net revalua-tion according to the eq-uity method | Retained earnings | Total |
|---|---|---|---|---|---|
| Equity 1 January 2020 | 115.020 | 24.037.136 | 112.444 | 4.723.465 | 28.988.065 |
| Share of results | 0 | 0 | 122.452.281 | -719.037.047 | -596.584.766 |
| Extraordinary dividend adopted during the financial year | 0 | 0 | 0 | 486.231.086 | 486.231.086 |
| Distributed extraordinary dividend adopted during the financial year. | 0 | 0 | 0 | -486.231.086 | -486.231.086 |
| Transferred to retained earnings | 0 | -24.037.136 | 0 | 24.037.136 | 0 |
| Value adjustment 1.1. | 0 | 0 | 1.857.265 | 0 | 1.857.265 |
| Dividend own shares | 0 | 0 | 0 | 547.522 | 547.522 |
| Net assests from merger with Tactile Holding 2020 ApS | 0 | 0 | 0 | 3.568.300 | 3.568.300 |
| Other financial income from affiliated entities | 0 | 0 | 0 | 701.010.839 | 701.010.839 |
| Equity 1 January 2021 | 115.020 | 0 | 124.421.990 | 14.850.215 | 139.387.225 |
| Share of results | 0 | 0 | 37.092.454 | -54.031 | 37.038.423 |
| Value adjustment 1.1. | 0 | 0 | 373.096 | 0 | 373.096 |
| | **115.020** | **0** | **161.887.540** | **14.796.184** | **176.798.744** |

## Statement of cash flows 1 January - 31 December

All amounts in DKK.

| Note | | Group 2021 | 2020 |
|---|---|---|---|
| | Net profit or loss for the year | 54.327.860 | -151.616.716 |
| 17 | Adjustments | 2.081.403 | 3.108.686 |
| 18 | Change in working capital | -92.863.836 | -31.338.154 |
| | Cash flows from operating activities before net financials | -36.454.573 | -179.846.184 |
| | Cash flows from ordinary activities | -36.454.573 | -179.846.184 |
| | Income tax paid | 262.000 | -4.297.202 |
| | **Cash flows from operating activities** | **-36.192.573** | **-184.143.386** |
| | Purchase of intangible assets | -2.315.324 | -816.277 |
| | Purchase of property, plant, and equipment | -123.777 | -2.169.063 |
| | **Cash flows from investment activities** | **-2.439.101** | **-2.985.340** |
| | Addition of minority interests | 0 | 803.687.450 |
| | Disposal of minority interests | -9.531.855 | 0 |
| | Dividend paid | 0 | -486.231.086 |
| | **Cash flows from investment activities** | **-9.531.855** | **317.456.364** |
| | **Change in cash and cash equivalents** | **-48.163.529** | **130.327.638** |
| | Cash and cash equivalents at 1 January 2021 | 177.490.999 | 47.163.361 |
| | **Cash and cash equivalents at 31 December 2021** | **129.327.470** | **177.490.999** |

| | 2021 | 2020 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand and demand deposits | 129.327.470 | 177.490.999 |
| **Cash and cash equivalents at 31 December 2021** | **129.327.470** | **177.490.999** |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| **1.** | **Revenue** | | | | |
| | Denmark (on-line sale) | 1.213.224.118 | 1.312.876.311 | 0 | 0 |
| | United Kingdom (on-line sale) | 14.716.245 | 15.644.182 | 0 | 0 |
| | | **1.227.940.363** | **1.328.520.493** | **0** | **0** |

| | | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|---|
| **2.** | **Fees, auditor** | | | | |
| | Total fee for BUUS JENSEN, State Authorised Public Accountants | 501.625 | 341.625 | 0 | 0 |
| | Fee concerning compulsory audit | 433.375 | 206.250 | 0 | 0 |
| | Assurance engagements | 0 | 24.250 | 0 | 0 |
| | Other services | 68.250 | 111.125 | 0 | 0 |
| | | **501.625** | **341.625** | **0** | **0** |
| | Total fee for EVOLVE ACCOUNTANTS AND BUSINESS ADVISORS LTD | 32.866 | 30.245 | 0 | 0 |
| | Fee concerning compulsory audit | 32.866 | 30.245 | 0 | 0 |
| | | **32.866** | **30.245** | **0** | **0** |

| | | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|---|
| **3.** | **Staff costs** | | | | |
| | Salaries and wages | 76.225.263 | 60.397.870 | 0 | 0 |
| | Pension costs | 1.974.474 | 2.483.758 | 0 | 0 |
| | Other costs for social security | 1.739.802 | 348.805 | 0 | 0 |
| | | **79.939.539** | **63.230.433** | **0** | **0** |
| | Average number of employees | 170 | 121 | 0 | 0 |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| **4.** | **Depreciation, amortisation, and impairment** | | | | |
| | Amortisation of group goodwill | 627.759 | 360.048 | 0 | 0 |
| | Depreciation on plants, operating assets, fixtures and furniture | 1.216.804 | 787.112 | 0 | 0 |
| | | **1.844.563** | **1.147.160** | **0** | **0** |

| | | Group | | Parent | |
|---|---|---|---|---|---|
| **5.** | **Other financial costs** | | | | |
| | Other financial costs | 2.337.057 | 6.050.603 | 30.203 | 662.923 |
| | | **2.337.057** | **6.050.603** | **30.203** | **662.923** |

| | | Group | | Parent | |
|---|---|---|---|---|---|
| **6.** | **Non-controlling interests** | | | | |
| | Minority interest | 17.270.150 | -43.089.847 | 0 | 0 |
| | | **17.270.150** | **-43.089.847** | **0** | **0** |

| | | Parent 2021 | Parent 2020 |
|---|---|---|---|
| **7.** | **Proposed appropriation of net profit** | | |
| | Extraordinary dividend adopted during the financial year | 0 | 486.231.086 |
| | Reserves for net revaluation according to the equity method | 37.092.454 | 122.452.281 |
| | Allocated from retained earnings | -54.031 | -719.037.047 |
| | **Total allocations and transfers** | **37.038.423** | **-110.353.680** |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2021 | 31/12 2020 | 31/12 2021 | 31/12 2020 |
| **8.** | **Goodwill** | | | | |
| | Cost 1 January 2021 | 2.442.535 | 1.626.258 | 0 | 0 |
| | Additions during the year | 2.315.324 | 816.277 | 0 | 0 |
| | **Cost 31 December 2021** | **4.757.859** | **2.442.535** | **0** | **0** |
| | Revaluation 1 January 2021 | -94.940 | 0 | 0 | 0 |
| | Translation by use of the exchange rate valid on balance sheet date | 92.416 | -94.940 | 0 | 0 |
| | **Revaluation 31 December 2021** | **-2.524** | **-94.940** | **0** | **0** |
| | Amortisation and writedown 1 January 2021 | -411.256 | -54.208 | 0 | 0 |
| | Amortisation for the year | -627.759 | -360.048 | 0 | 0 |
| | **Amortisation and writedown 31 December 2021** | **-1.039.015** | **-414.256** | **0** | **0** |
| | **Carrying amount, 31 December 2021** | **3.716.320** | **1.933.339** | **0** | **0** |

All amounts in DKK.

| | | Group 31/12 2021 | Group 31/12 2020 | Parent 31/12 2021 | Parent 31/12 2020 |
|---|---|---|---|---|---|
| **9.** | **Other fixtures and fittings, tools and equipment** | | | | |
| | Cost 1 January 2021 | 4.215.891 | 2.068.283 | 0 | 0 |
| | Translation by use of the exchange rate valid on balance sheet date 31 December 2021 | 16.254 | -31.318 | 0 | 0 |
| | Additions during the year | 123.783 | 2.178.926 | 0 | 0 |
| | **Cost 31 December 2021** | **4.355.928** | **4.215.891** | **0** | **0** |
| | Amortisation and writedown 1 January 2021 | -1.541.988 | -776.331 | 0 | 0 |
| | Translation by use of the exchange rate valid on balance sheet date 31 December 2021 | -6.187 | 21.454 | 0 | 0 |
| | Writedown for the year | -1.216.813 | -787.111 | 0 | 0 |
| | **Amortisation and writedown 31 December 2021** | **-2.764.988** | **-1.541.988** | **0** | **0** |
| | **Carrying amount, 31 December 2021** | **1.590.940** | **2.673.903** | **0** | **0** |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2021 | 31/12 2020 | 31/12 2021 | 31/12 2020 |
| **10.** | **Investments in subsidiaries** | | | | |
| | Acquisition sum, opening balance 1 January 2021 | 0 | 0 | 17.083.232 | 24.152.156 |
| | Disposals during the year | 0 | 0 | 0 | -7.068.924 |
| | **Cost 31 December 2021** | **0** | **0** | **17.083.232** | **17.083.232** |
| | Revaluations, opening balance 1 January 2021 | 0 | 0 | 124.421.991 | 112.444 |
| | Results for the year before goodwill amortisation | 0 | 0 | 37.092.454 | -111.457.438 |
| | Reversals for the year concerning disposals | 0 | 0 | 0 | -55.319.356 |
| | Share of capital increase in controling interests | 0 | 0 | 0 | 291.086.341 |
| | **Revaluation 31 December 2021** | **0** | **0** | **161.514.445** | **124.421.991** |
| | Translation by use of the exchange rate valid on balance sheet date | 0 | 0 | 373.096 | 0 |
| | **Depreciation on goodwill 31 December 2021** | **0** | **0** | **373.096** | **0** |
| | **Carrying amount, 31 December 2021** | **0** | **0** | **178.970.773** | **141.505.223** |

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

| | **Equity interest** | **Equity** | **Results for the year** | **Carrying amount, Tactile Holding ApS** |
|---|---|---|---|---|
| Tactile Games ApS, København | 70,73 % | 253.027.645 | 52.441.056 | 178.970.773 |
| | | **253.027.645** | **52.441.056** | **178.970.773** |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2021 | 31/12 2020 | 31/12 2021 | 31/12 2020 |
| **11.** | **Other financial instruments and equity investments** | | | | |
| | Cost 1 January 2021 | 0 | 372.051 | 0 | 0 |
| | **Cost 31 December 2021** | **0** | **372.051** | **0** | **0** |
| | Revaluations for the year | 0 | -372.051 | 0 | 0 |
| | **Revaluation 31 December 2021** | **0** | **-372.051** | **0** | **0** |
| | **Carrying amount, 31 December 2021** | **0** | **0** | **0** | **0** |

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2021 | 31/12 2020 | 31/12 2021 | 31/12 2020 |
| **12.** | **Prepayments and accrued income** | | | | |
| | Prepayments | 708.830 | 488.418 | 0 | 0 |
| | | **708.830** | **488.418** | **0** | **0** |
| **13.** | **Accruals and deferred income** | | | | |
| | Prepayments received | 0 | 12.254.525 | 0 | 0 |
| | | **0** | **12.254.525** | **0** | **0** |

**14. Charges and security**

Tactile Holding ApS - unlimited suretyship for subsidiary liabilities with its bank.

## Notes

All amounts in DKK.

**15. Contingencies**

**Contingent assets**

Taxable loss with a potential value of mDKK 24 has not been capitalized due to uncertainty of timing utilisation.

**Contingent liabilities**

Lease liabilities (Tactile Group)
Oerational leases with an average annual lease payment of tDKK 5.749. The leases have 44 months to maturity and total outstanding lease payments total 21.080 tDKK.

Commitments (Tactile Group):
Security in the form of bank guarantees has been provided for the lessor of premises, 3,014 tDKK..

**Joint taxation**

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay 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.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of mDKK 0.

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

**16. Related parties**

**Controlling interest**

| | |
|---|---|
| Tactile Games ApS, DK | Subsidiary and parent company |
| Tactile Games Ltd., UK | subsidiary |
| Tactile R&D ApS, DK | Subsidiary |
| Other related parties: | |
| Asbjørn Malte Søndergaard | Board member |
| Morten Nielsen | Board member |

**Consolidated financial statements**

None of the company's parent companies present financial statements prepared by adding together uniform accounts.

All amounts in DKK.

| | | Group 2021 | 2020 |
|---|---|---|---|
| **17.** | **Adjustments** | | |
| | Depreciation, amortisation, and impairment | 1.844.561 | 1.147.161 |
| | Other financial income | 0 | 372.051 |
| | Tax on ordinary results | 236.842 | 1.589.474 |
| | | **2.081.403** | **3.108.686** |

| | | Group 2021 | 2020 |
|---|---|---|---|
| **18.** | **Change in working capital** | | |
| | Change in receivables | 23.587.614 | -66.449.365 |
| | Change in trade payables and other payables | -57.176.697 | 37.738.332 |
| | Other changes in working capital | -59.274.753 | -2.627.121 |
| | | **-92.863.836** | **-31.338.154** |

## Definitions

**Amortised cost**

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

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

**Fair value**

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

**Replacement cost**

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

**Recoverable amount**

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

**Value in use**

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

**Cost**

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

**Net realisable value**

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

**Selling price**

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

# Accounting policies

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

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

**Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

**Foreign currency translation**

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

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

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

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.
Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

**The consolidated financial statements**

The consolidated income statements comprise the parent company Tactile Holding ApS and those group enterprises of which Tactile Holding ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

*Consolidation policies*

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

**Non-controlling interests**

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

## Income statement

**Revenue**

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

**Cost of sales**

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

**Other external costs**

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, 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. Staff costs are less government reimbursements.

**Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

**Financial income and expenses**

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

**Results from investments in subsidiaries**

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual subsidiaries are recognised in the income statement of the parent as a proportional share of the subsidiaries' post-tax profit or loss.

**Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

## The balance sheet

**Intangible assets**

**Development projects, patents, and licences**

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

It has not been possible to establish procedures to make a reliable meassurement of development project, why no capitalisation has been made.

**Goodwill**

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 5 years.

**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 and the residual value of the individual assets:

| | Useful life | Residual value |
|---|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years | 0-20 % |

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 as other operating income or other operating expenses.

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**

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

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 group'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 as well as equity investments in subsidiaries 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.

**Financial fixed assets**

**Investments in subsidiaries**

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries  transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value. To counter expected losses, writedown is performed to net realisable value. The enterprise will be applying IAS 39 as the basis of interpretation for the recognition of impairment of financial assets, meaning that a loss must be recognised if there are objective indications of accounts receivable being unable to comply with payment obligations.

**Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

**Available funds**

Available funds comprise cash at bank and in hand.

**Equity**

**Reserve for net revaluation according to the equity method**

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

**Dividend**

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

**Income tax and deferred tax**

As administration company, Tactile Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

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.

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.

Mortgage loans and bank loans are th us measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

**Accrued expenses and deferred income**

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

## Statement of cash flows

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

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

**Cash flows from operating activities**

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

#### Cash flows from investment activities

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

#### Cash flows from financing activities

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

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

## Segment reporting

Information is provided on activity and geography. Segment report is prepared according to the parent companys accounting policy, risk and internal financial control.