



SimpleSite ApS

Toldbodgade 31, 3.
1253 København K
CVR No. 10079861

Annual report 2020

The Annual General Meeting adopted the
annual report on 12.05.2021

Pia Skourup

Chairman of the General Meeting

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Entity details

Entity

SimpleSite ApS

Toldbodgade 31, 3.

1253 København K

Business Registration No.: 10079861

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Henrik Richard Hasselbalch Busch, Chairman

Kaare Agerholm Danielsen

Morten Kenneth Elk

Jesper Genter Lohmann

Thomas Petersen

Executive Board

Morten Kenneth Elk

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SimpleSite ApS for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 12.05.2021

Executive Board

Morten Kenneth Elk

Board of Directors

Henrik Richard Hasselbalch Busch
Chairman

Kaare Agerholm Danielsen

Morten Kenneth Elk

Jesper Genter Lohmann

Thomas Petersen

Independent auditor's report

To the shareholders of SimpleSite ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of SimpleSite ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations for the financial year 01.01.2020 - 31.12.2020 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 12.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Henrik Hartmann Olesen

State Authorised Public Accountant
Identification No (MNE) mne34143

Management commentary

Primary activities

The core activity of the Group is to develop and sell access to SimpleSite.com – a tool to create DIY websites which is delivered as a global SaaS solution (Software as a Service).

Description of material changes in activities and finances

The Group's gross profit reached DKK 20.4 million in 2020 against DKK 20.9 million in 2019. The income statement for 2020 showed a profit after tax of DKK 1.6 million against a loss of DKK 0.7 million in 2019.

Management considers the result to be satisfactory.

The outbreak and spread of COVID-19 has not had and do not expect to have a significant effect on the financial position and development of the Group.

Particular risks

The Company's risks relating to receivables, creditors and foreign currency are normal. The Company is continuously working on reducing these risks. Currency risks are sought to be reduced by hedging instruments.

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.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		20,365,608	20,854,599
Staff costs	1	(14,367,674)	(18,091,584)
Depreciation, amortisation and impairment losses	2	(3,973,879)	(3,054,908)
Operating profit/loss		2,024,055	(291,893)
Other financial income		0	131
Other financial expenses		(978,609)	(646,358)
Profit/loss before tax		1,045,446	(938,120)
Tax on profit/loss for the year	3	506,104	283,943
Profit/loss for the year		1,551,550	(654,177)
Proposed distribution of profit and loss			
Retained earnings		1,551,550	(654,177)
Proposed distribution of profit and loss		1,551,550	(654,177)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	5	17,010,149	8,684,609
Development projects in progress	5	6,099,537	4,628,631
Intangible assets	4	23,109,686	13,313,240
Other fixtures and fittings, tools and equipment		7,770	28,054
Property, plant and equipment	6	7,770	28,054
Deposits		556,296	541,853
Financial assets	7	556,296	541,853
Fixed assets		23,673,752	13,883,147
Trade receivables		2,040,544	1,847,461
Receivables from group enterprises		319,203	158,011
Other receivables		152,923	36,297
Tax receivable		1,979,224	1,224,766
Joint taxation contribution receivable		95,212	134,111
Prepayments		235,117	147,328
Receivables		4,822,223	3,547,974
Cash		5,110,317	5,491,499
Current assets		9,932,540	9,039,473
Assets		33,606,292	22,922,620

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		139,180	136,150
Reserve for fair value adjustments of hedging instruments		106,770	0
Retained earnings		4,704,803	1,944,283
Equity		4,950,753	2,080,433
Deferred tax	8	3,850,877	2,464,171
Provisions		3,850,877	2,464,171
Subordinate loan capital		5,000,000	2,000,000
Debt to other credit institutions	10	6,510,000	1,750,000
Other payables	11	2,187,159	675,680
Non-current liabilities other than provisions	12	13,697,159	4,425,680
Trade payables		3,530,725	4,914,884
Payables to group enterprises		157,857	88,409
Other payables	13	7,373,485	8,949,043
Deferred income		45,436	0
Current liabilities other than provisions		11,107,503	13,952,336
Liabilities other than provisions		24,804,662	18,378,016
Equity and liabilities		33,606,292	22,922,620
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK	Total DKK
Equity beginning of year	136,150	0	0	1,944,283	2,080,433
Increase of capital	3,030	1,208,970	0	0	1,212,000
Fair value adjustments of hedging instruments	0	0	136,885	0	136,885
Tax of entries on equity	0	0	(30,115)	0	(30,115)
Transfer to reserves	0	(1,208,970)	0	1,208,970	0
Profit/loss for the year	0	0	0	1,551,550	1,551,550
Equity end of year	139,180	0	106,770	4,704,803	4,950,753

Notes to consolidated financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	23,972,369	14,704,166
Pension costs	884,438	712,828
Other social security costs	265,808	206,432
Other staff costs	1,262,686	2,468,158
	26,385,301	18,091,584
Staff costs classified as assets	(12,017,627)	0
	14,367,674	18,091,584
Average number of full-time employees	39	34

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	3,838,685	2,879,111
Impairment losses on intangible assets	114,910	152,609
Depreciation on property, plant and equipment	20,284	23,188
	3,973,879	3,054,908

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(1,778,450)	(1,023,993)
Change in deferred tax	1,387,032	929,964
Adjustment concerning previous years	(19,472)	(55,803)
Refund in joint taxation arrangement	(95,214)	(134,111)
	(506,104)	(283,943)

4 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	23,558,098	4,628,631
Transfers	12,279,135	(12,279,135)
Additions	0	13,750,041
Disposals	(287,274)	0
Cost end of year	35,549,959	6,099,537
Amortisation and impairment losses beginning of year	(14,873,489)	0
Impairment losses for the year	(114,910)	0
Amortisation for the year	(3,838,685)	0
Reversal regarding disposals	287,274	0
Amortisation and impairment losses end of year	(18,539,810)	0
Carrying amount end of year	17,010,149	6,099,537

5 Development projects

The SimpleSite platform and related features are significant intangible assets. The cost price of development projects is derived from time spent by developers and Management expressed in cost of man hours and external development costs. On an ongoing basis, Management assesses the value of the assets. This assessment consists of a number of elements covering the future market potential and business case for SimpleSites future operations and growth expectations. The core software has been reviewed for impairment but no need for write-downs has been identified. The assessment of the value of the intangible assets resulted in a write-down for 2020 of DKK 115 thousand, refer to note 2. The core software has been reviewed for impairment but no need for write-downs has been identified.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	106,992
Cost end of year	106,992
Depreciation and impairment losses beginning of year	(78,938)
Depreciation for the year	(20,284)
Depreciation and impairment losses end of year	(99,222)
Carrying amount end of year	7,770

7 Financial assets

	Deposits DKK
Cost beginning of year	541,853
Additions	14,443
Cost end of year	556,296
Carrying amount end of year	556,296

8 Deferred tax

	2020 DKK	2019 DKK
Intangible assets	5,084,131	2,928,913
Property, plant and equipment	(14,857)	(15,917)
Tax losses carried forward	(1,218,397)	(448,825)
Deferred tax	3,850,877	2,464,171

9 Subordinate loan capital

As of 31 December 2020, shareholders have provided subordinate loan capital of DKK 5 million, to increase growth and to finance the SimpleSite Group. The subordinate loans which are irredeemable from creditors carry interest on an ongoing basis.

10 Debt to other credit institutions

In 2020, the Group received the second tranche of a loan for growth of a total of DKK 6.5 million. The loan is backed by the Innov-Fin SME guarantee facility. The loan is to be settled in the period 2022 to 2027.

11 Other payables

	2020 DKK	2019 DKK
Holiday pay obligation	2,187,159	675,680
	2,187,159	675,680

12 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Subordinate loan capital	5,000,000	0
Debt to other credit institutions	6,510,000	1,003,333
Other payables	2,187,159	0
	13,697,159	1,003,333

13 Other payables

	2020	2019
	DKK	DKK
VAT and duties	2,011,049	4,434,387
Wages and salaries, personal income taxes, social security costs, etc. payable	2,221,284	250,081
Holiday pay obligation	841,089	1,463,124
Other costs payable	2,300,063	2,801,451
	7,373,485	8,949,043

14 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	747,000	713,000

15 Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which M. Elk Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

In addition to the above, the Group is not incumbent on contingent liabilities.

16 Assets charged and collateral

The Group has pledged a company charge in the Parent Company of DKK 7 million as collateral for debt. At 31 December 2020, the company charge comprises the following assets with the following carrying amounts:

Other fixtures and fittings, tools and equipment, DKK 8 thousand
Trade receivables, DKK 2.041 thousand

The Parent Company has pledged its shares in one of its subsidiaries as collateral for debt. At 31 December 2020 the shares is recognised with carrying amount of DKK 139 thousand.

17 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
123hjemmeside.no	Denmark	ApS	100,0	1,840,518	11,505
SimpleSite GM	Denmark	ApS	100,0	(12,042,977)	(1,121,717)
123hemsida.se	Denmark	ApS	100,0	377,280	8,633
123website.nl	Denmark	ApS	100,0	37,063	6,161
123kotisivu.fi	Denmark	ApS	100,0	(237,030)	2,503
123miweb.es	Denmark	ApS	100,0	(526,811)	1,135
123siteweb.fr	Denmark	ApS	100,0	(837,081)	3,990
123homepage.it	Denmark	ApS	100,0	(600,050)	1,201
123webseite.de	Denmark	ApS	100,0	(273,135)	947
123website SALB	Denmark	ApS	100,0	(2,606,439)	5,596
Kunai Ads	Denmark	ApS	100,0	60,804	(12,867)

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		21,764,976	21,313,836
Staff costs	1	(14,367,674)	(18,091,584)
Depreciation, amortisation and impairment losses	2	(3,973,879)	(3,054,908)
Operating profit/loss		3,423,423	167,344
Income from investments in group enterprises		(40,748)	(50,000)
Other financial income		0	131
Other financial expenses		(978,150)	(646,084)
Profit/loss before tax		2,404,525	(528,609)
Tax on profit/loss for the year	3	199,190	129,608
Profit/loss for the year		2,603,715	(399,001)
Proposed distribution of profit and loss			
Retained earnings		2,603,715	(399,001)
Proposed distribution of profit and loss		2,603,715	(399,001)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	5	17,010,149	8,684,609
Development projects in progress	5	6,099,537	4,628,631
Intangible assets	4	23,109,686	13,313,240
Other fixtures and fittings, tools and equipment		7,770	28,054
Property, plant and equipment	6	7,770	28,054
Investments in group enterprises		1,040,804	980,000
Deposits		556,296	541,853
Financial assets	7	1,597,100	1,521,853
Fixed assets		24,714,556	14,863,147
Trade receivables		2,040,544	1,847,461
Receivables from group enterprises		16,119,905	14,531,429
Other receivables		151,902	36,133
Tax receivable		1,775,468	1,124,804
Joint taxation contribution receivable		90,754	132,136
Prepayments		235,117	147,329
Receivables		20,413,690	17,819,292
Cash		5,042,753	5,424,029
Current assets		25,456,443	23,243,321
Assets		50,170,999	38,106,468

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		139,180	136,150
Reserve for fair value adjustments and hedging instruments		106,770	0
Reserve for development costs		14,874,073	7,858,284
Retained earnings		5,679,389	8,882,493
Equity		20,799,412	16,876,927
Deferred tax	8	4,002,301	2,516,569
Provisions		4,002,301	2,516,569
Subordinate loan capital	9	5,000,000	2,000,000
Debt to other credit institutions	10	6,510,000	1,750,000
Other payables	11	2,187,159	675,680
Non-current liabilities other than provisions	12	13,697,159	4,425,680
Trade payables		3,520,727	4,904,885
Payables to group enterprises		2,770,951	2,804,034
Other payables	13	5,380,449	6,578,373
Current liabilities other than provisions		11,672,127	14,287,292
Liabilities other than provisions		25,369,286	18,712,972
Equity and liabilities		50,170,999	38,106,468
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Reserve for fair value adjustments of hedging instruments DKK	Reserve for development costs DKK	Retained earnings DKK
Equity beginning of year	136,150	0	0	7,858,284	8,882,493
Increase of capital	3,030	1,208,970	0	0	0
Fair value adjustments of hedging instruments	0	0	136,885	0	0
Tax of entries on equity	0	0	(30,115)	0	0
Transfer to reserves	0	(1,208,970)	0	7,015,789	(5,806,819)
Profit/loss for the year	0	0	0	0	2,603,715
Equity end of year	139,180	0	106,770	14,874,073	5,679,389
					Total DKK
Equity beginning of year					16,876,927
Increase of capital					1,212,000
Fair value adjustments of hedging instruments					136,885
Tax of entries on equity					(30,115)
Transfer to reserves					0
Profit/loss for the year					2,603,715
Equity end of year					20,799,412

Notes to parent financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	23,972,369	20,605,564
Pension costs	884,438	712,828
Other social security costs	265,808	206,432
Other staff costs	1,262,686	2,468,158
	26,385,301	23,992,982
Staff costs classified as assets	(12,017,627)	(5,901,398)
	14,367,674	18,091,584
Average number of full-time employees	39	34

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	3,838,685	2,879,111
Impairment losses on intangible assets	114,910	152,609
Depreciation on property, plant and equipment	20,284	23,188
	3,973,879	3,054,908

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(1,574,694)	(924,031)
Change in deferred tax	1,485,732	926,997
Adjustment concerning previous years	(19,472)	(438)
Refund in joint taxation arrangement	(90,756)	(132,136)
	(199,190)	(129,608)

4 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	23,558,098	4,628,631
Transfers	12,279,135	(12,279,135)
Additions	0	13,750,041
Disposals	(287,274)	0
Cost end of year	35,549,959	6,099,537
Amortisation and impairment losses beginning of year	(14,873,489)	0
Impairment losses for the year	(114,910)	0
Amortisation for the year	(3,838,685)	0
Reversal regarding disposals	287,274	0
Amortisation and impairment losses end of year	(18,539,810)	0
Carrying amount end of year	17,010,149	6,099,537

5 Development projects

The SimpleSite platform and related features are significant intangible assets. The cost price of development projects is derived from time spent by developers and Management expressed in cost of man hours and external development costs. On an ongoing basis, Management assesses the value of the assets. This assessment consists of a number of elements covering the future market potential and business case for SimpleSites future operations and growth expectations. The core software has been reviewed for impairment but no need for write-downs has been identified. The assessment of the value of the intangible assets resulted in a write-down for 2020 of DKK 115 thousand, refer to note 2. The core software has been reviewed for impairment but no need for write-downs has been identified.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	106,992
Cost end of year	106,992
Depreciation and impairment losses beginning of year	(78,938)
Depreciation for the year	(20,284)
Depreciation and impairment losses end of year	(99,222)
Carrying amount end of year	7,770

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	1,030,000	541,853
Additions	101,552	14,443
Cost end of year	1,131,552	556,296
Impairment losses beginning of year	(50,000)	0
Impairment losses for the year	(40,748)	0
Impairment losses end of year	(90,748)	0
Carrying amount end of year	1,040,804	556,296

Investments in group enterprises

When entering into new markets, it usually takes the Group approx. one to three years to become established. During this period, the Group invests in a subscription customer base via marketing costs and income from the investment is thus regained.

The investments in group entities are recognised in the Parent at cost and therefore, the results and equity of the Parent does not reflect the results of the Group enterprises.

Specification of investments in subsidiaries appears from the notes to the consolidated financial statements.

8 Deferred tax

	2020 DKK	2019 DKK
Intangible assets	5,084,131	2,928,913
Property, plant and equipment	(14,857)	(15,916)
Liabilities other than provisions	(1,066,973)	(396,428)
Deferred tax	4,002,301	2,516,569

9 Subordinate loan capital

As of 31 December 2020, shareholders have provided subordinate loan capital of DKK 5 million, to increase growth and to finance the SimpleSite Group. The subordinate loans which are irredeemable from creditors carry interest on an ongoing basis.

10 Debt to other credit institutions

In 2020, the Company received the first tranche of a loan for growth of a total of DKK 6.5 million. Tranche 2 is conditioned by several financial performance measures being complied with. The loan is backed by the InnovFin SME guarantee facility. The loan is to be settled in the period 2022 to 2027.

11 Other payables

	2020	2019
	DKK	DKK
Holiday pay obligation	2,187,159	675,680
	2,187,159	675,680

12 Non-current liabilities other than provisions

	Due after more than 12 months 2020	Outstanding after 5 years 2020
	DKK	DKK
Subordinate loan capital	5,000,000	0
Debt to other credit institutions	6,510,000	1,003,333
Other payables	2,187,159	0
	13,697,159	1,003,333

13 Other payables

	2020	2019
	DKK	DKK
VAT and duties	2,011,049	4,434,390
Wages and salaries, personal income taxes, social security costs, etc. payable	2,221,284	250,081
Holiday pay obligation	841,089	1,463,124
Other costs payable	307,027	430,778
	5,380,449	6,578,373

14 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	747,000	713,000

15 Contingent liabilities

The Entity has issued a letter of support to all of the Group's subsidiaries by which the Parent is irrevocably obligated to support the entities in fulfilling all obligations until 1 June 2022.

The Entity participates in a Danish joint taxation arrangement in which M. Elk Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

In addition to the above, the Entity is not incumbent on any contingent liabilities.

16 Assets charged and collateral

The Company has pledged a company charge of DKK 7 million as collateral for debt. At 31 December 2020, the company charge comprises the following assets with the following carrying amounts:

Other fixtures and fittings, tools and equipment, DKK 8 thousand

Trade receivables, DKK 2,041 thousand

The Company has pledged its shares in one of its subsidiaries as collateral for debt. At 31 December 2020 the shares is recognised with carrying amount of DKK 139 thousand.

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 certain provisions for reporting class C.

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

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and

subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when the services are made available to the buyer (access to own website) for the period purchased. Revenue is recognised net of VAT, duties and sales discounts. The expenses required to deliver sold subscriptions in future periods are accrued for.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest

income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises and other Danish consolidated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.

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

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 on 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 5 years.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Other fixtures and fittings, tools and equipment	3-5 years
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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 measured at cost. Investments 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.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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.