

SimpleSite ApS
Toldbodgade 31, 3. tv.
1253 Copenhagen K
Central Business Registration
No 10079861

Annual report 2019

The Annual General Meeting adopted the annual report on 14.05.2020

Chairman of the General Meeting

Name: Pia Skourup

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2019	7
Consolidated balance sheet at 31.12.2019	8
Consolidated statement of changes in equity for 2019	10
Notes to consolidated financial statements	11
Parent income statement for 2019	16
Parent balance sheet at 31.12.2019	17
Parent statement of changes in equity for 2019	19
Notes to parent financial statements	20
Accounting policies	25

Entity details

Entity

SimpleSite ApS
Toldbodgade 31, 3. tv.
1253 Copenhagen K

Central Business Registration No: 10079861
Registered in: Copenhagen
Financial year: 01.01.2019 - 31.12.2019

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
P.O. Box 1600
0900 Copenhagen C

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 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 14.05.2020

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 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations for the financial year 01.01.2019 - 31.12.2019 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 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 Group or 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 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 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.

Independent auditor's report

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, 14.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification number (MNE) mne32127

Henrik Hartmann Olesen
State Authorised Public Accountant
Identification number (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).

Development in activities and finances

The Group's gross profit reached DKK 20.9 million in 2019 against DKK 20.4 million in 2018. The income statement for 2019 shows a loss after tax of DKK 0.7 million against a loss of DKK 0.2 million in 2018.

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. The outbreak and spread of COVID-19 in the beginning of 2020 has not had a significant effect on the financial position and development of the Group. Management is carefully and continually monitoring churn, since a future economic downturn could result in increased churn which could suppress future subscription revenues. At present, no concrete signs of this have been seen.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		20.854.599	20.385.382
Staff costs	1	(18.091.584)	(16.934.540)
Depreciation, amortisation and impairment losses	2	(3.054.908)	(2.946.508)
Operating profit/loss		(291.893)	504.334
Other financial income		131	9.597
Other financial expenses		(646.358)	(749.798)
Profit/loss before tax		(938.120)	(235.867)
Tax on profit/loss for the year	3	283.943	51.831
Profit/loss for the year		(654.177)	(184.036)
Proposed distribution of profit/loss			
Retained earnings		(654.177)	(184.036)
		(654.177)	(184.036)

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Completed development projects		8.684.609	7.315.186
Development projects in progress		4.628.631	1.794.711
Intangible assets	4	13.313.240	9.109.897
Other fixtures and fittings, tools and equipment		28.054	51.242
Property, plant and equipment	5	28.054	51.242
Deposits		541.853	527.788
Fixed asset investments	6	541.853	527.788
Fixed assets		13.883.147	9.688.927
Trade receivables		1.847.461	1.583.784
Receivables from group enterprises		158.011	34.826
Other receivables		36.297	0
Income tax receivable		1.224.766	348.558
Joint taxation contribution receivable		134.111	0
Prepayments		147.328	78.088
Receivables		3.547.974	2.045.256
Cash		5.491.499	9.340.518
Current assets		9.039.473	11.385.774
Assets		22.922.620	21.074.701

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		136.150	136.150
Retained earnings		1.944.283	2.598.460
Equity		2.080.433	2.734.610
Deferred tax	7	2.464.171	1.589.572
Provisions		2.464.171	1.589.572
Subordinate loan capital	8	2.000.000	3.000.000
Debt to other credit institutions	9	1.750.000	0
Other payables	10	675.680	0
Non-current liabilities other than provisions		4.425.680	3.000.000
Trade payables		4.914.884	4.555.248
Payables to group enterprises		88.409	158.767
Other payables	11	8.949.043	9.036.504
Current liabilities other than provisions		13.952.336	13.750.519
Liabilities other than provisions		18.378.016	16.750.519
Equity and liabilities		22.922.620	21.074.701
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Mortgages and securities	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	136.150	5.001.259	5.137.409
Corrections of errors	0	(2.402.799)	(2.402.799)
Adjusted equity, beginning of year	136.150	2.598.460	2.734.610
Profit/loss for the year	0	(654.177)	(654.177)
Equity end of year	136.150	1.944.283	2.080.433

Notes to consolidated financial statements

	2019	2018
	DKK	DKK
1. Staff costs		
Wages and salaries	14.704.166	14.611.755
Pension costs	712.828	0
Other social security costs	206.432	218.525
Other staff costs	2.468.158	2.104.260
	18.091.584	16.934.540
Average number of employees	34	34
	2019	2018
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2.879.111	2.656.118
Impairment losses on intangible assets	152.609	267.047
Depreciation of property, plant and equipment	23.188	23.343
	3.054.908	2.946.508
	2019	2018
	DKK	DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	(1.023.993)	(296.831)
Change in deferred tax for the year	929.964	245.000
Adjustment concerning previous years	(55.803)	0
Refund in joint taxation arrangement	(134.111)	0
	(283.943)	(51.831)

Notes to consolidated financial statements

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
4. Intangible assets		
Cost beginning of year	19.337.753	1.794.711
Transfers	1.621.929	(1.621.929)
Additions	2.779.214	4.455.849
Disposals	(180.798)	0
Cost end of year	23.558.098	4.628.631
Amortisation and impairment losses beginning of year	(12.022.567)	0
Amortisation for the year	(2.879.111)	0
Reversal regarding disposals	28.189	0
Amortisation and impairment losses end of year	(14.873.489)	0
Carrying amount end of year	8.684.609	4.628.631
Development projects in progress		
<p>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 assessment of the value of the intangible assets resulted in a write-down for 2019 of DKK 153 thousand, refer to note 2. The core software has been reviewed for impairment but no need for write-downs has been identified.</p>		
		Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment		
Cost beginning of year		134.465
Disposals		(27.473)
Cost end of year		106.992
Depreciation and impairment losses beginning of the year		(83.223)
Depreciation for the year		(23.188)
Reversal regarding disposals		27.473
Depreciation and impairment losses end of the year		(78.938)
Carrying amount end of year		28.054

Notes to consolidated financial statements

	Deposits DKK
6. Fixed asset investments	
Cost beginning of year	527.788
Additions	14.065
Cost end of year	541.853
Carrying amount end of year	541.853

	2019 DKK	2018 DKK
7. Deferred tax		
Intangible assets	2.928.913	2.004.000
Property, plant and equipment	(15.917)	(18.000)
Tax losses carried forward	(448.825)	(396.428)
	2.464.171	1.589.572

8. Subordinate loan capital

As of 31 December 2019, shareholders have provided subordinate loan capital of DKK 2 million, to increase growth and to finance the SimpleSite Group. The subordinate loans which are irredeemable from creditors carry interest on an ongoing basis.

9. Long-term debt to other credit institutions

In 2019, the Group received the first tranche of a loan for growth of a total of DKK 3.5 million. Tranche 2 is conditioned by several financial performance measures being complied with. The loan is backed by the Innov-Fin SME guarantee facility. The loan is to be settled in the period 2022 to 2025.

	2019 DKK	2018 DKK
10. Other long-term payables		
Holiday pay obligation	675.680	0
	675.680	0

	2019 DKK	2018 DKK
11. Other short-term payables		
VAT and duties	4.434.387	4.418.246
Wages and salaries, personal income taxes, social security costs, etc payable	250.081	283.460
Holiday pay obligation	1.463.124	1.508.136
Other costs payable	2.801.451	2.826.662
	8.949.043	9.036.504

Notes to consolidated financial statements

	2019 DKK	2018 DKK
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	713.000	608.000

13. 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.

14. Mortgages and securities

The Group has pledged a company charge in the Parent Company of DKK 5.25 million as collateral for debt. At 31 December 2019, the company charge comprises the following assets with the following carrying amounts:

- Other fixtures and fittings, tools and equipment, DKK 28 thousand
- Trade receivables, DKK 1.847 thousand

The Parent Company has pledged its shares in one of its subsidiaries as collateral for debt. At 31 December 2019 the shares is recognised with carrying amount of DKK 125 thousand.

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
15. Subsidiaries					
123hjemmeside.no	Denmark	ApS	100,0	1.829.013	(13.693)
SimpleSite GM	Denmark	ApS	100,0	(10.921.260)	(310.951)
123hemsida.se	Denmark	ApS	100,0	368.647	11.243
123website.nl	Denmark	ApS	100,0	30.903	8.470
123kotisivu.fi	Denmark	ApS	100,0	(239.533)	3.532
123miweb.es	Denmark	ApS	100,0	(527.946)	1.483
123siteweb.fr	Denmark	ApS	100,0	(841.071)	5.261
123homepage.it	Denmark	ApS	100,0	(601.251)	4.609
123webseite.de	Denmark	ApS	100,0	(274.082)	5.852
123website SALB	Denmark	ApS	100,0	(2.612.035)	29.511
Kunai Ads	Denmark	ApS	100,0	(27.881)	(77.881)

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		21.313.836	20.526.729
Staff costs	1	(18.091.584)	(16.934.541)
Depreciation, amortisation and impairment losses	2	(3.054.908)	(2.946.508)
Operating profit/loss		167.344	645.680
Income from investments in group enterprises		(50.000)	0
Other financial income		131	9.597
Other financial expenses		(646.084)	(749.798)
Profit/loss before tax		(528.609)	(94.521)
Tax on profit/loss for the year	3	129.608	20.735
Profit/loss for the year		(399.001)	(73.786)
Proposed distribution of profit/loss			
Retained earnings		(399.001)	(73.786)
		(399.001)	(73.786)

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Completed development projects		8.684.609	7.315.186
Development projects in progress		4.628.631	1.794.711
Intangible assets	4	13.313.240	9.109.897
Other fixtures and fittings, tools and equipment		28.054	51.242
Property, plant and equipment	5	28.054	51.242
Investments in group enterprises		980.000	980.000
Deposits		541.853	527.788
Fixed asset investments	6	1.521.853	1.507.788
Fixed assets		14.863.147	10.668.927
Trade receivables		1.847.461	1.583.784
Receivables from group enterprises		14.531.429	13.991.657
Other receivables		36.133	0
Income tax receivable		1.124.804	317.463
Joint taxation contribution receivable		132.136	0
Prepayments		147.329	78.088
Receivables		17.819.292	15.970.992
Cash		5.424.029	9.340.518
Current assets		23.243.321	25.311.510
Assets		38.106.468	35.980.437

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		136.150	136.150
Reserve for development expenditure		7.858.284	4.885.001
Retained earnings		8.882.493	12.254.777
Equity		16.876.927	17.275.928
Deferred tax	7	2.516.569	1.589.572
Provisions		2.516.569	1.589.572
Subordinate loan capital	8	2.000.000	3.000.000
Debt to other credit institutions	9	1.750.000	0
Other payables	10	675.680	0
Non-current liabilities other than provisions		4.425.680	3.000.000
Trade payables		4.904.885	4.555.247
Payables to group enterprises		2.804.034	2.930.975
Other payables	11	6.578.373	6.628.715
Current liabilities other than provisions		14.287.292	14.114.937
Liabilities other than provisions		18.712.972	17.114.937
Equity and liabilities		38.106.468	35.980.437
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Mortgages and securities	14		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	136.150	4.885.001	14.657.576	19.678.727
Corrections of errors	0	0	(2.402.799)	(2.402.799)
Adjusted equity, beginning of year	136.150	4.885.001	12.254.777	17.275.928
Transfer to reserves	0	2.973.283	0	2.973.283
Profit/loss for the year	0	0	(3.372.284)	(3.372.284)
Equity end of year	136.150	7.858.284	8.882.493	16.876.927

Notes to parent financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	14.704.166	14.020.871
Pension costs	712.828	590.885
Other social security costs	206.432	218.525
Other staff costs	2.468.158	2.104.260
	18.091.584	16.934.541
Average number of employees	34	34
	2019 DKK	2018 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2.879.111	2.656.118
Impairment losses on intangible assets	152.609	267.047
Depreciation of property, plant and equipment	23.188	23.343
	3.054.908	2.946.508
	2019 DKK	2018 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	(924.031)	(265.735)
Change in deferred tax for the year	926.997	245.000
Adjustment concerning previous years	(438)	0
Refund in joint taxation arrangement	(132.136)	0
	(129.608)	(20.735)

Notes to parent financial statements

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
4. Intangible assets		
Cost beginning of year	19.337.753	1.794.711
Transfers	1.621.929	(1.621.929)
Additions	2.779.214	4.455.849
Disposals	(180.798)	0
Cost end of year	23.558.098	4.628.631
Amortisation and impairment losses beginning of year	(12.022.567)	0
Amortisation for the year	(2.879.111)	0
Reversal regarding disposals	28.189	0
Amortisation and impairment losses end of year	(14.873.489)	0
Carrying amount end of year	8.684.609	4.628.631

Development projects in progress

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 assessment of the value of the intangible assets resulted in a write-down for 2019 of DKK 153 thousand, refer to note 2. The core software has been reviewed for impairment but no need for write-downs has been identified.

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK	
5. Property, plant and equipment		
Cost beginning of year		134.465
Disposals		(27.473)
Cost end of year		106.992
Depreciation and impairment losses beginning of the year		(83.223)
Depreciation for the year		(23.188)
Reversal regarding disposals		27.473
Depreciation and impairment losses end of the year		(78.938)
Carrying amount end of year		28.054
	Investments in group enterprises DKK	Deposits DKK
6. Fixed asset investments		
Cost beginning of year	980.000	527.788
Additions	50.000	14.065
Cost end of year	1.030.000	541.853
Impairment losses for the year	(50.000)	0
Impairment losses end of year	(50.000)	0
Carrying amount end of year	980.000	541.853

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.

Notes to parent financial statements

	2019 DKK	2018 DKK
7. Deferred tax		
Intangible assets	2.928.913	2.004.000
Property, plant and equipment	(15.916)	(18.000)
Liabilities other than provisions	(396.428)	(396.428)
	2.516.569	1.589.572

8. Subordinate loan capital

As of 31 December 2019, shareholders have provided subordinate loan capital of DKK 2 million, to increase growth and to finance the SimpleSite Group. The subordinate loans which are irredeemable from creditors carry interest on an ongoing basis.

9. Long-term debt to other credit institutions

In 2019, the Company received the first tranche of a loan for growth of a total of DKK 3.5 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 2025.

	2019 DKK	2018 DKK
10. Other long-term payables		
Holiday pay obligation	675.680	0
	675.680	0

	2019 DKK	2018 DKK
11. Other payables		
VAT and duties	4.434.390	4.418.247
Wages and salaries, personal income taxes, social security costs, etc payable	250.081	283.461
Holiday pay obligation	1.463.124	1.508.136
Other costs payable	430.778	418.871
	6.578.373	6.628.715

	2019 DKK	2018 DKK
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	713.000	608.000

13. 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 2021.

Notes to parent financial statements

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.

14. Mortgages and securities

The Company has pledged a company charge of DKK 5.25 million as collateral for debt. At 31 December 2019, the company charge comprises the following assets with the following carrying amounts:

Other fixtures and fittings, tools and equipment, DKK 28 thousand
Trade receivables, DKK 1.847 thousand

The Company has pledged its shares in one of its subsidiaries as collateral for debt. At 31 December 2019 the shares is recognised with carrying amount of DKK 125 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.

Material errors in previous years

As a consequence of reassessing the Parent Company's payable duties, the Group has become aware that its payable duties have been understated due to an error.

The adjustment has been corrected directly in the Parent Company's equity in the financial statements for 2019, including the subsequent impact of the Danish joint taxation for the income years 2015 - 2018.

The Parent Company's comparative figures for 2018 have been adjusted accordingly, affecting profit for the year negatively by DKK 528 thousand as a result of the adjustment related to the Company's gross profit and tax on profit/loss for the year. Income tax receivable has been increased by DKK 201 thousand. Deferred tax liabilities have been decreased by DKK 396 thousand. Other payables have been increased by DKK 3,000 thousand. Equity has been decreased by DKK 2,403 thousand including the P/L effect in 2018.

The Parent Company's loss for the year 2018 is DKK 74 thousand after the correction. The Parent Company's equity totals DKK 17,276 thousand at 31 December 2018 after the correction.

The corrections in the Parent Company are identical to those of the Group.

The Group's loss for the year 2018 totals DKK 184 thousand after the correction. The Group's equity totals DKK 2,735 thousand at 31 December 2018 after the correction.

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.

Accounting policies

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 acquisition date, with net assets having been calculated at fair value.

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.

Accounting policies

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend 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 Danish subsidiaries and other consolidated Danish entities. The current Danish income tax is allocated among the jointly taxed entities 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 is taken to equity under Reserve for development expenditure which 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.

Accounting policies

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.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Investments in group enterprises

Investments in group enterprises are measured at cost and 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.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated 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 tax-based value of assets and liabilities, for which the tax-based value of assets 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.

Accounting policies

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

The expenses required to deliver sold subscriptions in future periods are accrued for as a part of other payables.

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Bjørn Winkler Jakobsen

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Pia Beckmann Skourup

Dirigent

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