Capture One A/S

Roskildevej 39, 2000 Frederiksberg

CVR no. 17 88 96 99

Annual report 2021

Approved at the Company's annual general meeting on 31 May 2022

Chair of the meeting:

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Capture One A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 31 May 2022
Executive Board:

Rafael Andres Orta Mora
Managing Director

Board of Directors:

Jacob Fonnesbech Aqraou Chair	Christian Bamberger Bro	Lars Cordt

Mark Thomas Carges

Independent auditor's report

To the shareholder of Capture One A/S

Opinion

We have audited the financial statements of Capture One A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 31 May 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen	Peter Andersen
State Authorised Public Accountant	State Authorised Public Accountant
mne33717	mne34313

Management's review

Company details

Name	Capture One A/S
Address, Postal code, City	Roskildevej 39, 2000 Frederiksberg
CVR no.	17 88 96 99
Established	1 July 1994
Registered office	Frederiksberg
Financial year	1 January - 31 December
Board of Directors	Jacob Fonnesbech Aqraou, Chair Christian Bamberger Bro Lars Cordt Mark Thomas Carges
Executive Board	Rafael Andres Orta Mora, Managing Director
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2021	2020	2019*	2018*	2017*
Key figures					
Operating profit/loss	24,121	41,316	-23,287	40,273	36,449
Net financials	-2,852	-266	-8,175	-4,469	-3,198
Profit for the year	**15,400**	**32,756**	**-22,067**	**41,800**	**39,459**
Total assets	188,854	186,682	629,467	374,826	308,846
Investments in property, plant and equipment	452	4,268	8,002	3,314	3,366
Equity	**67,590**	**72,190**	**279,556**	**185,718**	**164,660**
Financial ratios					
Equity ratio	35.8%	38.7%	44.4%	49.5%	53.3%
Return on equity	22.0%	18.6%	-9.5%	23.9%	23.8%
Average number of full-time employees	**103**	**111**	**176**	**147**	**146**

For terms and definitions, please see the accounting policies.

*) Capture One A/S underwent a company split by way of legal demerger as per 1 January, 2020, whereby the hardware business of the company was transferred to a newly established corporation in the group, Phase One A/S. Comparative figures for the years 2017-2019 have not been restated.

Management's review

Business review

Capture One's main activity is the development, marketing and sales of Photography Software for Professionals.

Capture One provides photographers with the tools to easily collaborate with clients and creatives, achieve the highest quality photographs, and bring their visions to life. The Company's software can be purchased directly through our website or through online and physical retailers globally. The company's headquarters are located in Frederiksberg, Copenhagen.

Financial review

Management considers the results for the financial year 2021 to be satisfactory.

The Company's Gross Profit amounted to DKK 121 million in 2021, a 2% decrease compared to 2020 (DKK 124 million in 2020). The Company's profit after tax amounted to DKK 15 million in 2021 (DKK 33 million in 2020).

The Company employed an average of 103 employees in 2021 against 111 in 2020.

The Company's balance sheet total amounted to DKK 189 million at 31 December 2021 (DKK 187 million at 31 December 2020), of which current assets constitute 28% in 2021 (19 % in 2020).

Equity in the Company amounted to DKK 68 million at 31 December 2021 (DKK 72 million at 31 December 2020).

Knowledge resources

It is essential for the future growth of the Company to attract and retain highly skilled and qualified professionals, including employees with expertise in development, and sales and marketing of software solutions.

In order to ensure the high quality of the product and competitive features, the Company uses the Agile development methodology. This requires a high competence level, and considerable resources are invested in development of the Company's products and in maintaining the skills of the Company's employees. Throughout the year a significant number of highly qualified and talented employees joined the company which has strengthened the knowledge and competence base.

Financial risks and use of financial instruments

Due to the Company's global activities, the profit and equity as well as cash flows are especially influenced by fluctuations in the USD exchange rate.

In addition to USD, the Company has considerable activities denominated in Euro. Hedging is not made in respect of these currencies as it is not considered optimal from a risk and cost point of view.

Research and development activities

In 2021, the Company launched a major update of its award winning RAW image editing software, Capture One 22. Capture One supports more than 600 cameras and has contracts with Leica, Fujifilm and Phase One for supporting their full range of cameras.

R&D is primarily performed out of the Company's headquarters in Denmark. Additionally, the Company has a development site in Athens, Greece which increased its number of employees significantly throughout 2021.

Group relations

Capture One A/S is indirectly owned by the private equity fund Axcel with an approximately 57% share; ATP with an approximately 21% share; and members of the Board of Directors and leading employees etc. via the holding companies AX V Phase One Holding I ApS and AX V Phase One Holding II ApS an approximately 22% share.

Capture One A/S's equity consist of one class of shares and the loan capital consists of bank debt provided by Nordea Danmark, an affiliated branch of Nordea Bank Abp, Finland, and Pension Danmark.

The current capital structure is deemed appropriate in relation to the need for financial flexibility in Capture One A/S and its subsidiaries.

Management's review

Being owned by the Danish private equity firm Axcel, the Company is subject to the guidelines of the Active Owners Denmark (www.aktiveejere.dk) for responsible ownership and corporate governance. Capture One A/S intends to comply with all relevant guidelines, except that the company based on its size, has not established an audit committee. These tasks are handled by the Board and chairmanship.

Statutory CSR report

Through its main activity of development, marketing and sales of Photography Software for Professionals, Capture One has identified Employee Engagement, Diversity & Inclusion, and Responsible Governance as the areas with greatest possible impact on society.

The Board of Directors guides and governs the overall strategy for the Group's corporate sustainability and has general oversight of the Group's work with ESG (Environmental, Social, and Governance) topics. The Executive Management is responsible for ensuring the ESG strategy is implemented.

In 2021, the Board of Directors approved an ESG strategy, which included an ESG materiality assessment. Also, the Company has joined the UN Global Compact.

Human rights

The Company supports the protection of fundamental human rights in all aspects of the operations and seeks to promote respect for these principles by others where it has an influence, particularly suppliers, and all other entities and individuals with whom it has a business relationship. The risks associated with human rights are, e.g., child labor and denial of labor rights. The Company continues to specify the expectations to its organization and to suppliers in our Code of Conduct. In fact, the Company will not establish or continue a relationship with any entity or individual that refuses to respect the principles of its Code of Conduct.

The Company has not measured the effect of the implementation of said Code of Conduct.

All new employees have been made familiar with the Code of Conduct in 2021.

Health and well-being

As stated in Capture One's code of conduct, the Company wants to make sure it is possible to maintain a healthy work-life balance and prevent concerns related to health or working conditions from becoming problems.

In 2021, Capture One carried out regular engagement surveys and a working environment survey ("APV"), where results and actions were communicated to employees. These results show employee satisfaction above the industry benchmark.

Capture One will continue to carry out measurements of working environment and employee satisfaction to ensure the employees' well-being.

Anti-corruption

The risks associated with anti-corruption are related to potential breaches of our anticorruption policy. The Company policy related to anti-corruption, secures that we act according to high ethical standards, forbidding the participation in any kind of bribery. All employees have received and have access to Capture One's Anti-Corruption policy. Management is not aware of any violation of the policy in 2021.

The Company will continue to introduce new employees to the corporate anti-corruption policy.

Environment

The Company does not carry out any production activities with significant impact on the environment and climate. Therefore, the Company has not prepared an environmental and a climate policy.

Covid-19

In 2021, the Covid-19 pandemic has put additional pressure on the physical and mental well-being of our employees caused by health risks and lockdowns. Capture One has put great focus on protecting our employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees during the pandemic.

Management's review

Account of the gender composition of Management, cf. §99b

The Company believes that diversity among its employees, including gender balance, contributes positively to the work environment and strengthens the Company's performance and competitiveness.

As per 31 December 2021 the Board of Directors consisted of four men and no women. In the financial year, one new member of the Board of Directors was elected, however despite efforts to ensure a more equal gender distribution, a male candidate was elected due to his specific competencies, making him the best suited for the position. The Company targets to elect at least one board member from the underrepresented gender to the Board of Directors within 2025.

As of 31 December 2021 the Senior Leadership Team of the Company consisted of four men and three women.

Other management positions in the company, i.e., middle managers and team managers currently count 9 women in management roles out of a total of 25. For hiring to management (and all other positions in the Company), the Company targets that at least one male and one female candidate are among the top three candidates.

Statutory report on corporate governance

The organization of the Management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the company's article of association. The Company has based its corporate governance efforts on a two-tier system where the Board of Directors and the Executive Management have two distinct roles. The Executive Management undertakes the operational management of the Company, whereas the Board of Directors determines the overall company strategy and acts as a sounding board to the Executive Management of the Company. In addition, the Management is continuously monitoring the financial development as well as developments in the field of corporate governance to ensure that the Company - internally as well as externally - is managed in a way that is in accordance with applicable laws, in order to protect these interests of all stakeholders.Risk management is considered an essential and natural part of the realization of the Company's objectives and strategy. The daily activities, the implementation of the established strategy and the continuous use of business opportunities involve inherent risks, and the Company's handling of these risks is therefore seen as a natural and integrated part of the daily work and a way to ensure stable and reliable growth.

In 2021 the company implemented a whistleblower scheme through a 3rd party provider which enables employees to report violations of our policies or other types of serious misconduct anonymously. The process of managing reports is documented in a whistleblower policy. There were no violations reported in 2021.

The Board of Directors is appointed by Axcel. The Board of Directors consists of four members. Board meetings are held a minimum of six times a year. Additionally, the Chairman Committee meets with Executive Management on an ongoing basis.

Management's review

Other board positions of the members of the Board of Directors are:

Name	Jacob Fonnesbech Aqraou (appointed in Sep-19)	Christian Bamberger Bro (appointed in May-19)	Mark Carges (appointed in Apr-20)	Lars Cordt (appointed in Nov-21)
Position	Professional investor	Partner - Axcel Management A/S	Advisor, Ocado Technology and Senior Advisor, Generation Investment Management	Partner - Axcel Management A/S
Recommended by	Axcel	Axcel	Axcel	Axcel
Chairman of the Board of Directors in:	Phase One Group ApS and related Group companies Loopia Group AB and related Group companies Boats Group, LLC CHRONEXT AG DenmarkBridge	-	-	-
Vice Chairman of the Board of Directors in:	TeamViewer Germany GmbH	Phase One Group ApS and related Group companies Loopia Group AB and related Group companies AddPro AB and related Group companies SuperOffice AS and related Group companies BullWall Group ApS and related Group companies ProData Group ApS and related Group companies	-	AX V Nissens ApS and related Group companies DANX Group ApS and related Group companies Carousel Logistics Holdings Limited
Board Member in:	Wallapop S.L.	Axcel Management Holding ApS	Phase One Group ApS and related Group companies Splunk Inc. Veeva Systems Inc. Magnet Systems Inc.	Phase One Group ApS and related Group companies GUBI Group ApS and related Group companies Mountain Top Group ApS and related Group companies Axcel Management Holding ApS

Events after the balance sheet date

No major events have occurred which affect the consolidated financial statements and parent company financial statements for 2021.

Outlook

The company expects minimum 20% gross profit growth in 2022 and a corresponding increase in profitability.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
	Gross profit	120,836	123,830
2	Staff costs	-52,974	-56,842
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-43,741	-25,672
	Profit before net financials	24,121	41,316
	Income from investments in group enterprises	377	80
3	Financial income	0	1,042
4	Financial expenses	-2,852	-1,308
	Profit before tax	21,646	41,130
5	Tax for the year	-6,246	-8,374
	Profit for the year	15,400	32,756

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
6	**Intangible assets**		
	Completed development projects	8,280	7,356
	Patents and rights	5,366	6,732
	Developed technology	8,509	12,909
	Acquired trademarks and trade names	1,902	2,169
	Acquired licences	6,464	8,890
	Goodwill	71,471	77,344
	Development projects in progress and prepayments for intangible assets	31,483	30,381
		133,475	145,781
7	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	732	1,368
	Leasehold improvements	2,012	3,260
		2,744	4,628
8	**Investments**		
	Investments in group enterprises	494	117
		494	117
	Total fixed assets	136,713	150,526
	Non-fixed assets		
	Receivables		
	Trade receivables	7,825	9,020
	Receivables from group enterprises	26,023	18,631
	Other receivables	543	1,227
9	Prepayments	588	293
		34,979	29,171
	Cash	17,162	6,985
	Total non-fixed assets	52,141	36,156
	TOTAL ASSETS	188,854	186,682

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	15,754	15,754
	Net revaluation reserve according to the equity method	457	80
	Reserve for development costs	31,015	29,435
	Retained earnings	0	6,921
	Dividend proposed	20,364	20,000
	Total equity	67,590	72,190
	Provisions		
11	Deferred tax	11,581	4,224
	Total provisions	11,581	4,224
	Liabilities other than provisions		
12	**Non-current liabilities other than provisions**		
	Lease liabilities	0	143
	Other payables	9,319	10,114
		9,319	10,257
	Current liabilities other than provisions		
12	Short-term part of long-term liabilities other than provisions	1,064	1,170
	Bank debt	51,100	52,873
	Trade payables	6,907	5,590
	Payables to group enterprises	688	1,725
	Joint taxation contribution payable	7,781	9,500
	Other payables	8,595	14,887
13	Deferred income	24,229	14,266
		100,364	100,011
	Total liabilities other than provisions	109,683	110,268
	TOTAL EQUITY AND LIABILITIES	188,854	186,682

1 Accounting policies
14 Contractual obligations and contingencies, etc.
15 Collateral
16 Related parties
17 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2020	15,754	89,035	44,652	130,115	0	279,556
	Disposals on demerger	0	-89,035	-29,309	-219,207	0	-337,551
17	Transfer, see "Appropriation of profit"	0	80	14,092	-1,416	20,000	32,756
	Paid extraordinary dividend recognised under equity	0	0	0	-63,000	0	-63,000
	Contribution from group	0	0	0	160,429	0	160,429
	Equity at 1 January 2021	15,754	80	29,435	6,921	20,000	72,190
17	Transfer, see "Appropriation of profit"	0	377	1,580	-6,921	20,364	15,400
	Dividend distributed	0	0	0	0	-20,000	-20,000
	Equity at 31 December 2021	15,754	457	31,015	0	20,364	67,590

The company has made a debt conversion during prior year of DKK 160,429 thousand which is presented as contribution from group.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Capture One A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. The reporting class have changed from large C to medium-sized entities this does not effect the accounting policies.

There have been made a reclassification between revenue and direct costs in 2020. This have not affected result after tax, equity or balance sheet.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Phase One Group ApS.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries, which are considered part of the aggregate investment in the subsidiary, are taken directly to equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Income statement

Revenue

Royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from contract with customers comes mainly from providing perpetual software licenses and subscription.

Revenue is recognised when the transfer of control of the license to the customer. Control of the asset refers to the ability to direct the use of, and obtain substantially all the benefits from the software licenses.

Perpetual licenses
A perpetual license provides the customer with a right to use the license for an unlimited period. Control of the license is deemed to pass to the customer when the software is delivered to the customer.
The performance obligation identified when providing the customer with a perpetual license, is the right to use the software, and there are no subsequent technical requirements for additional enhancements or updates to the software in order to facilitate use by the customer after delivery.
For perpetual licenses, the performance obligation is satisfied at the point in time, when both parties have signed a binding contract/sales order is confirmed and the software is delivered to the customer. Therefore revenue of perpetual licenses is recognized on a point-in-time basis.

Subscription
Subscriptions provides customers with access to Capture One's latest software updates, and Capture One maintains the responsibility for providing software enhancements during the contract period. The performance obligation for a subscription is satisfied over time, as the customer continually receives and consumes the benefits of the subscription during the contract period.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognized in revenue.

Direct costs

Direct costs includes the cost of fees in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over an amortisation period of 20 years. The amortization period is fixed on the basis of the expected repayment horizon, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	1,5 years
Patents and rights	10 years
Developed technology	10 years
Acquired trademarks and trade names	10-15 years
Acquired licences	2-5 years
Goodwill	20 years

The amortisation period for customer relationship is dependent on the individual customer relationship.

Development projects in progress and prepayments for intangible assets is not depreciated until they are completed.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3 years
Leasehold improvements	3 years

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the Company's income statement.

The item includes dividend received from subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Goodwill and other intangible assets comprising intangible assets acquired in connection with a business combination are measured at cost less accumulated amortisation and impairment. The amortization period for goodwill is fixed on the basis of the expected repayment horizon, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles. Other intangible assets are amortised over the estimated useful lives.

Development costs comprise expenses and salaries directly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

The basis of amortisation is based on the expected useful life and is reduced by impairment losses, if any. The amortisation period is determined at the time of acquisition and are reassessed every year.

In case of changes in the amortisation period the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

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Notes to the financial statements

1 Accounting policies (continued)

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains and losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

	DKK'000	2021	2020
2	**Staff costs**		
	Wages/salaries	72,216	74,235
	Other social security costs	233	238
	Other staff costs	7,894	6,015
	Staff costs capitalized in development projects during the year	-27,369	-23,646
		52,974	56,842
	Average number of full-time employees	103	111

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed for 2021.
Total remuneration to Management in 2020: DKK 2,681 thousand

		2021	2020
3	**Financial income**		
	Exchange gain	0	1,042
		0	1,042
4	**Financial expenses**		
	Exchange losses	539	844
	Other financial expenses	2,313	464
		2,852	1,308
5	**Tax for the year**		
	Estimated tax charge for the year	6,093	9,500
	Deferred tax adjustments in the year	7,357	-1,126
	Tax adjustments, prior years	-7,204	0
		6,246	8,374

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Notes to the financial statements

6 Intangible assets

DKK'000	Completed development projects	Patents and rights	Developed technology	Acquired trademarks and trade names	Acquired licences	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2021	80,495	28,182	44,000	4,000	13,004	117,460	30,381	317,522
Additions	0	0	0	0	1,730	0	27,369	29,099
Disposals	-80,485	-15,875	0	0	0	0	0	-96,360
Transferred	26,267	0	0	0	0	0	-26,267	0
Cost at 31 December 2021	26,277	12,307	44,000	4,000	14,734	117,460	31,483	250,261
Impairment losses and amortisation at 1 January 2021	73,139	21,450	31,091	1,831	4,114	40,116	0	171,741
Amortisation for the year	25,343	1,366	4,400	267	4,156	5,873	0	41,405
Reversal of depreciation of the disposed assets	-80,485	-15,875	0	0	0	0	0	-96,360
Impairment losses and amortisation at 31 December 2021	17,997	6,941	35,491	2,098	8,270	45,989	0	116,786
Carrying amount at 31 December 2021	8,280	5,366	8,509	1,902	6,464	71,471	31,483	133,475
Amortised over	1,5 years	5-10 years	10 years	15 years	3 years	20 years		

Completed development projects

Completed development projects: In 2021, the Company finalised the development of the new update to its photography software, Capture One 22. Ongoing development activities are focused on optimizing Capture One 22 as well as developing the Company's next large update to its photography software. Additionally, the Company focuses on developing a version of its software that is compatible with iPad.

Within the Company's development of collaborative tools, activities are focused on developing the collaboration platform, Capture One Live.

Management has not identified any evidence of impairment relative to the carrying amount of the completed development projects.

Development projects in progress

Development projects in progress include development and test of new software. The relating expenses primarily consist of internal expenses in the form of payroll costs, which are recorded through the Company's internal project module.

The development projects are expected to be complete during 2022 and 2023 after which marketing and selling efforts will be made.

Management has not identified any evidence of impairment relative to the carrying amount of development projects in progress.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2021	2,340	9,384	11,724
Additions	219	233	452
Cost at 31 December 2021	2,559	9,617	12,176
Impairment losses and depreciation at 1 January 2021	972	6,124	7,096
Depreciation	855	1,481	2,336
Impairment losses and depreciation at 31 December 2021	1,827	7,605	9,432
Carrying amount at 31 December 2021	732	2,012	2,744
Property, plant and equipment include finance leases with a carrying amount totalling	26	0	26
Depreciated over	3 years	3 years	

8 Investments

DKK'000	Investments in group enterprises
Cost at 1 January 2021	37
Cost at 31 December 2021	37
Value adjustments at 1 January 2021	80
Profit/loss for the year	377
Value adjustments at 31 December 2021	457
Carrying amount at 31 December 2021	494

Name	Domicile	Interest
Subsidiaries		
Capture One Hellas Ltd.	Greece	100.00%

Financial statements 1 January - 31 December

Notes to the financial statements

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent and insurance policies.

DKK'000	2021	2020
10 Share capital		
Analysis of the share capital:		
15,753,785 shares of DKK 1.00 nominal value each	15,754	15,754
	15,754	15,754

The Company's share capital has remained DKK 15,754 thousand over the past 5 years.

11 Deferred tax

	2021	2020
Deferred tax at 1 January	4,224	46,778
Adjustment for the year	7,357	-1,126
Deferred tax disposal on demerger	0	-41,428
Deferred tax at 31 December	11,581	4,224

12 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	10,383	1,064	9,319	7,087
	10,383	1,064	9,319	7,087

13 Deferred income

Deferred income, DKK 24,229 thousand (2020: DKK 14,266 thousand), consists of payments received from customers for software which will be recognised in the subsequent financial year.

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Notes to the financial statements

14 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, AX V Phase One Holding III ApS, which acts as management company, and other Danish group entities. The Company is jointly and severally with other jointly taxed group enitities liable for payment of income taxes and withholding taxes.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2021	2020
Rent and lease liabilities	14,937	2,343

15 Collateral

The Company has provided guarantee for debt to banks for Phase One Group ApS and Phase One A/S of DKK 589,521 thousand in total. As security for the debt to banks, the Company has provided assignment of receivables from group enterprises.

As a security for the Company's liabilty to the rental creditor, the Company has provided a gaurantee in the bank amouting to DKK 2,160 thousand.

16 Related parties

Capture One A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Phase One Group ApS	Copenhagen	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
AX V Phase One Holding III ApS	Copenhagen	The consolidated financial statement can be retrieved by contacting the Company.
Phase One Group ApS	Copenhagen	The consolidated financial statement can be retrieved by contacting the Company.

Financial statements 1 January - 31 December

Notes to the financial statements

16 Related parties (continued)

Related party transactions

Capture One A/S was engaged in the below related party transactions:

DKK'000	2021	2020
Sale to group enterprises	5,400	7,080
Purchase of services from group enterprises	10,456	1,682
Administration costs from group enterprises	2,400	5,036
Administration income from group enterprises	3,976	0
Receivables from group enterprises	26,023	18,631
Payables to group enterprises	688	1,725

17 Appropriation of profit

Recommended appropriation of profit		
Proposed dividend recognised under equity	20,364	20,000
Extraordinary dividend distributed in the year	0	63,000
Net revaluation reserve according to the equity method	377	0
Other statutory reserves	1,580	14,172
Retained earnings/accumulated loss	-6,921	-64,416
	15,400	32,756