Capture One A/S

Roskildevej 39, 2000 Frederiksberg

CVR no. 17 88 96 99

Annual report 2020

Approved at the Company's annual general meeting on 29 June 2021

Chair of the meeting:

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Sebastian Aarosin

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board	**2**
Independent auditor's report	**3**
Management's review	**5**
Financial statements 1 January - 31 December	**10**
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Notes to the financial statements	14

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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 29 June 2021
Executive Board:

Rafael Andres Orta Mora
Managing Director

Board of Directors:

Jacob Fonnesbech Aqraou Chair	Mark Thomas Carges	Asbjørn Mosgaard Hyldgaard

Christian Bamberger Bro

Independent auditor's report

To the shareholders 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 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, 29 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen State Authorised Public Accountant mne33717	Simon Blendstrup State Authorised Public Accountant mne44060

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 Mark Thomas Carges Asbjørn Mosgaard Hyldgaard Christian Bamberger Bro
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	2020	2019	2018	2017	2016
Key figures					
Revenue	168,133	560,827	486,301	485,236	510,168
Operating profit/loss	41,316	-23,287	40,273	36,449	40,342
Net financials	-266	-8,175	-4,469	-3,198	-2,862
Profit/loss for the year	**32,756**	**-22,067**	**41,800**	**39,459**	**42,104**
Total assets	186,682	629,467	374,826	308,846	327,421
Investments in property, plant and equipment	4,268	8,002	3,314	3,366	3,456
Equity	**72,190**	**279,556**	**185,718**	**164,660**	**166,564**
Financial ratios					
Operating margin	24.6%	-4.2%	8.3%	7.5 %	7.9 %
Equity ratio	38.7%	44.4%	49.5%	53.3%	50.9%
Return on equity	18.6%	-9.5%	23.9%	23.8%	26.2%
Average number of employees	**111**	**176**	**147**	**146**	**136**

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. For a description of the demerger, refer to the accounting policies. Comparative figures for the years 2016-2019 have not been restated.

Management's review

Business review

The Company's focus is the development, marketing and sales of advanced image editing software. Our main customers are professional photographers, production studios and private photography enthusiasts.

Financial review

The year 2020 overall shows satisfactory results after accounting for the impact of the COVID-19 pandemic on the professional photography industry, the Company's primary target segment. Furthermore, significant resources have been put into the demerger of the Company during 2020. The Company's revenue amounted to DKK 168 million in 2020 (DKK 561 million in 2019). The Company's profit after tax amounted to DKK 33 million in 2020 (DKK -22 million in 2019).

The Company employed an average of 111 employees in 2020 against 176 in 2019 for the combined business.

The Company's balance sheet total amounted to DKK 187 million at 31 December 2020 (DKK 629 million at 31 December 2019), of which current assets constitute 19% in 2020 (26 % in 2019).

Equity in the Company amounted to DKK 72 million at 31 December 2020 (DKK 280 million at 31 December 2019).

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.

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 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 2020, the Company launched a major update of its award winning RAW image editing software, Capture One 21. Capture One supports more than 600 cameras and has contracts with Leica, Fujifilm and Phase One for supporting their full range of cameras.

Capture One has a growing and passionate base of followers among enthusiasts and professional photographers. Capture One 21 helps photographers optimize their workflow, the quality of their work and achieve their creative vision.

R&D is primarily performed out of the Company's headquarters in Denmark. In addition, a dedicated engineering site was established in Athens, Greece during 2020.

Management's review

Statutory CSR report

The Company is a knowledge intensive Company and its staff is considered the most important resource and an important part of the Company's corporate social responsibility. The Company wants to be an attractive place to work which can attract and retain qualified and dedicated employees. The risks associated with not being able to do that are ultimately worsening financial performance through lower productivity, delayed introduction of products to the market and lower sales performance. Capture One is carrying out regular measurements of employee satisfaction and historically these show employee satisfaction above the industry benchmark.

The Company perceives human rights as closely linked to employee rights in the Company's enterprises and at the Company's suppliers. The risks associated with human rights are, e.g., child labor and denial of labor rights. However, the Company continues to specify the expectations to our global organization and to suppliers in our Code of Conduct. Consequently, the Company adopted a Code of Conduct for Employee Rights by the end of 2015. Among other things, the Code of Conduct includes elimination of discrimination with respect to employment based on age, gender, religion or race. The Company has not measured the effect of the implementation of said Code of Conduct. By 2020, 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.

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. However, the Company has made a plan and set goals for a more sustainable office in 2021, including better waste management, reduction in use of plastic, reduction in water usage, etc.

Anti-corruption

The risks associated with anticorruption 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. The policy was adopted in the latter part of 2015 and implemented in the early part of 2016. In 2020, the employees have been introduced to the corporate anti corruption policy. Management is not aware of any violation of the policy.

Account of the gender composition of Management

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 of 31 December 2020 the Board of Directors consisted of four men and no women. The Company targets to elect at least one of the underrepresented gender to the Board of Directors by 2024. In 2020, a male candidate was elected for the Board of Directors based on his specific competencies. Hence, the target has not been reached yet.

As of 31 December 2020 the Senior Leadership Team of the Company consisted of four men and one woman. There are three open positions, and the company targets that at least one of the open positions is filled by the underrepresented gender.

Other management positions in the company, i.e., middle managers and team managers currently count 6 women in management roles. 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.

Management's review

Events after the balance sheet date

No major events have occurred which affect the consolidated financial statements and parent company financial statements for 2020.

Reference is made to note 2 for more details.

Outlook

The demand for best in class image editing software in combination with the growing creative economy underpins the positive outlook that is reflected in our expectations for the future.
We expect revenue growth in 2021.

Capture One will continue to invest in the further development and differentiation of the Company's products, digital marketing capabilities as well as potential new strategic partnerships.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
3	**Revenue**	168,133	560,827
	Cost of sales	0	-297,158
	Other external expenses	-44,303	-106,658
	Gross profit	123,830	157,011
4	Staff costs	-56,842	-95,643
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-25,672	-84,655
	Profit/loss before net financials	41,316	-23,287
	Income from investments in group enterprises	80	289
6	Financial income	1,042	6,198
7	Financial expenses	-1,308	-14,373
	Profit/loss before tax	41,130	-31,173
8	Tax for the year	-8,374	9,106
	Profit/loss for the year	32,756	-22,067

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
9	**Intangible assets**		
	Completed development projects	7,356	27,462
	Patents and licences	6,732	7,466
	Customer relationships	0	47,750
	Developed technology	12,909	53,500
	Acquired trademarks and trade names	2,169	72,473
	Acquired licences	8,890	0
	Goodwill	77,344	82,951
	Development projects in progress	30,381	29,784
		145,781	321,386
10	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	1,368	8,117
	Leasehold improvements	3,260	880
		4,628	8,997
11	**Investments**		
	Investments in group enterprises	117	99,490
	Receivables from group enterprises	0	38,289
		117	137,779
	Total fixed assets	150,526	468,162
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	0	14,148
	Work in progress	0	8,741
	Finished goods and goods for resale	0	29,873
		0	52,762
	Trade receivables	9,020	45,186
	Receivables from group enterprises	18,631	40,739
	Other receivables	1,227	9,379
12	Prepayments	293	1,112
		29,171	96,416
	Cash	6,985	12,127
	Total non-fixed assets	36,156	161,305
	TOTAL ASSETS	186,682	629,467

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	15,754	15,754
	Net revaluation reserve according to the equity method	80	89,035
	Reserve for development costs	29,435	44,652
	Retained earnings	6,921	130,115
	Dividend proposed	20,000	0
	Total equity	72,190	279,556
	Provisions		
14	Deferred tax	4,224	46,778
	Other provisions	0	8,159
	Total provisions	4,224	54,937
	Liabilities other than provisions		
15	**Non-current liabilities other than provisions**		
	Lease liabilities	143	109
	Other credit institutions	0	4,292
	Other payables	10,114	3,864
		10,257	8,265
	Current liabilities other than provisions		
15	Short-term part of long-term liabilities other than provisions	1,170	1,931
	Bank debt	52,873	160,429
	Trade payables	5,590	25,291
	Payables to group enterprises	1,725	59,740
	Corporation tax payable	0	2,853
	Joint taxation contribution payable	9,500	0
	Other payables	14,887	28,844
16	Deferred income	14,266	7,621
		100,011	286,709
		110,268	294,974
	TOTAL EQUITY AND LIABILITIES	186,682	629,467

1 Accounting policies
2 Events after the balance sheet date
17 Contractual obligations and contingencies, etc.
18 Collateral
19 Related parties
20 Fee to the auditors appointed by the Company in general meeting
21 Appropriation of profit/loss

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
21	Transfer, see "Appropriation of profit/loss"	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 31 December 2020	15,754	80	29,435	6,921	20,000	72,190

The company has made a debt conversion during the 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 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 and impairment

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

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 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.

Other intangible assets comprising intangible assets acquired in connection with a business combination are measured at cost less accumulated amortisation and impairment. Other intangible assets are amortised over the estimated useful lives, which usually are:

-Trademarks and trade names are amortised over 10-15 years.

-Developed technology are amortised over 10 years.

-The amortisation period for customer relationship is dependent on the individual customer relationship. Customer relationships are amortised over 12 years.

-Patents and licences are measured at cost less accumulated amortisation and impairment. Patents are amortised over the remaining term of the patent, and licenses are amortised over the term of license, however not exceeding 10 years.

Other intangible assets are recognised in connection with a strategically acquired enterprise with a strong market position and a long term earnings profile. The estimated useful lives of the acquired intangible assets are assessed to exceed 5 years.

Development costs comprise expenses, salaries and amortisation 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.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 1,5 years.

The basis of amortisation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The amortisation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised.

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

Gains and losses on the sale of intagible 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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 or 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

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

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".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Liabilities that are expected to be settled after one year after the balance sheet date are discounted at average bond yields.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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.

Segment information

For segment information, reference is made to note 3 for more details.

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
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

2 Events after the balance sheet date

No events have occurred which affect the financial statement for 2020.

Financial statements 1 January - 31 December

Notes to the financial statements

3 Segment information

The Company has not disclosed the breakdown of revenue by geographical and business segments, see section 96(1) of the Danish Financial Statements Act. The market for high-end image editing software consist of very few competitors. On this basis, specific segment information is not disclosed as this could have a negative impact on the Company's competitive position.

	DKK'000	2020	2019
4	**Staff costs**		
	Wages/salaries	74,235	107,663
	Other social security costs	238	353
	Other staff costs	6,015	11,238
	Staff costs capitalized in development projects during the year	-23,646	-23,611
		56,842	95,643

		2020	2019
	Average number of full-time employees	111	176

Total remuneration to Management: DKK 2,681 thousand (2019: DKK 3,536 thousand).

		2020	2019
5	**Amortisation/depreciation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	23,972	81,483
	Depreciation of property, plant and equipment	1,700	2,631
	Impairment of property, plant and equipment	0	541
		25,672	84,655
6	**Financial income**		
	Interest receivable, group entities	0	613
	Exchange gain	1,042	961
	Other financial income	0	4,624
		1,042	6,198
7	**Financial expenses**		
	Interest expenses, group entities	0	576
	Exchange losses	844	4,880
	Other financial expenses	464	8,917
		1,308	14,373
8	**Tax for the year**		
	Estimated tax charge for the year	9,500	4,182
	Deferred tax adjustments in the year	-1,126	-13,288
		8,374	-9,106

Financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets

DKK'000	Completed development projects	Patents and licences	Customer relationships	Developed technology	Acquired trademarks and trade names	Acquired licences	Goodwill	Development projects in progress	Total
Cost at 1 January 2020	203,148	28,578	93,000	136,000	119,000	0	117,460	29,784	726,970
Additions	0	723	0	0	0	8,754	0	27,415	36,892
Disposals on demerger	-135,891	-1,119	-93,000	-92,000	-115,000	0	0	-13,580	-450,590
Transferred	13,238	0	0	0	0	4,250	0	-13,238	4,250
Cost at 31 December 2020	80,495	28,182	0	44,000	4,000	13,004	117,460	30,381	317,522
Impairment losses and amortisation at 1 January 2020	175,686	21,112	45,250	82,500	46,527	0	34,509	0	405,584
Amortisation for the year	9,347	1,457	0	4,400	267	2,894	5,607	0	23,972
Depreciation and impairment on demerger	-111,894	-1,119	-45,250	-55,809	-44,963	0	0	0	-259,035
Transferred	0	0	0	0	0	1,220	0	0	1,220
Impairment losses and amortisation at 31 December 2020	73,139	21,450	0	31,091	1,831	4,114	40,116	0	171,741
Carrying amount at 31 December 2020	7,356	6,732	0	12,909	2,169	8,890	77,344	30,381	145,781
Amortised over	1,5 years	5-10 years	12 years	10 years	15 years	3 years	20 years		

Completed development projects

Completed development projects include development of software. 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 2021 and 2022 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

10 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2020	25,723	6,086	31,809
Additions	1,109	3,298	4,407
Disposals on demerger	-19,954	0	-19,954
Disposals	-288	0	-288
Transferred	-4,250	0	-4,250
Cost at 31 December 2020	2,340	9,384	11,724
Impairment losses and depreciation at 1 January 2020	17,606	5,206	22,812
Disposals of depreciation and impairment on demerger	-16,094	0	-16,094
Depreciation	782	918	1,700
Reversal of accumulated depreciation and impairment of assets disposed	-102	0	-102
Transferred	-1,220	0	-1,220
Impairment losses and depreciation at 31 December 2020	972	6,124	7,096
Carrying amount at 31 December 2020	1,368	3,260	4,628
Property, plant and equipment include finance leases with a carrying amount totalling	437	0	437
Depreciated over	3 years	3 years	

Note 18 provides more details on security for loans, etc. as regards property, plant and equipment.

11 Investments

DKK'000	Investments in group enterprises	Receivables from group enterprises	Total
Cost at 1 January 2020	10,455	38,289	48,744
Additions	37	0	37
Disposals on demerger	-10,455	-38,289	-48,744
Cost at 31 December 2020	37	0	37
Value adjustments at 1 January 2020	89,035	0	89,035
Profit/loss for the year	80	0	80
Value adjustments on demerger	-89,035	0	-89,035
Value adjustments at 31 December 2020	80	0	80
Carrying amount at 31 December 2020	117	0	117

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

Financial statements 1 January - 31 December

Notes to the financial statements

12 Prepayments

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

13 Share capital

DKK'000	2020	2019
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.

14 Deferred tax

DKK'000	2020	2019
Deferred tax at 1 January	46,778	16,366
Adjustment for the year	-1,126	-13,288
Deferred tax addition through mergers and business combination	0	43,700
Deferred tax disposal on demerger	-41,428	0
Deferred tax at 31 December	**4,224**	**46,778**

15 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	331	188	143	0
Other payables	11,096	982	10,114	0
	11,427	1,170	10,257	0

16 Deferred income

Deferred income, DKK 14,266 thousand (2019: DKK 7,621 thousand), consists of payments received from customers for software which will be recognised in the subsequent financial year.

Financial statements 1 January - 31 December

Notes to the financial statements

17 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	2020	2019
Rent and lease liabilities	2,343	7,183

18 Collateral

The Company has provided guarantee for debt to banks for Phase One Group ApS and Phase One A/S of DKK 377,953 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 1,977 thousand.

19 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

19 Related parties (continued)

Related party transactions

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

DKK'000	2020	2019
Sale to group enterprises	7,080	162,577
Purchase of goods from group enterprises	0	166,886
Administration costs from group enterprises	5,036	0
Interest income from group enterprises	0	2,259
Interest expense to group enterprises	0	576
Receivables from group enterprises	18,631	79,028
Payables to group enterprises	1,725	59,740

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

20 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Phase One Group A/S.

21 Appropriation of profit/loss

Recommended appropriation of profit/loss		
Proposed dividend recognised under equity	20,000	0
Extraordinary dividend distributed in the year	63,000	0
Net revaluation reserve according to the equity method	0	289
Other statutory reserves	14,172	-11,641
Retained earnings/accumulated loss	-64,416	-10,715
	32,756	-22,067

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Asbjørn Mosgaard Hyldgaard
Board of Directors
On behalf of: Capture One A/S
Serial number: PID:9208-2002-2-717553254214
IP: 77.241.xxx.xxx
2021-06-29 16:17:23Z
NEM ID

Jacob Fonnesbech Aqraou
Board of Directors
On behalf of: Capture One A/S
Serial number: PID:9208-2002-2-814345106312
IP: 85.217.xxx.xxx
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Christian Bamberger Bro
Board of Directors
On behalf of: Capture One A/S
Serial number: PID:9208-2002-2-534024407204
IP: 93.163.xxx.xxx
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Sebastian Aarosin
Chairman
On behalf of: Capture One A/S
Serial number: PID:9208-2002-2-852419932631
IP: 212.112.xxx.xxx
2021-06-29 18:18:29Z
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Rafael Andres Orta Mora
Executive Board
On behalf of: Capture One A/S
Serial number: PID:9208-2002-2-888255879696
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Jan C Olsen
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:28761615
IP: 145.62.xxx.xxx
2021-06-30 09:06:32Z
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Simon Blendstrup
State Authorised Public Accountant
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