

ARTEFACT DENMARK A/S
Pilestræde 52 A, 3.
1112 København K

Annual report for 2018

Adopted at the annual general meeting on
27 May 2019



_____ chairman

TABLE OF CONTENTS

	Page
Statements	
Statement by management on the annual report	3
Independent auditor's report	4
Management's review	
Company details	7
Management's review	8
Financial statements	
Accounting policies	9
Income statement 1 January - 31 December	12
Balance sheet 31 December	13
Statement of changes in equity	15
Notes to the annual report	16

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The supervisory and executive boards have today discussed and approved the annual report of Artefact Denmark A/S for the financial year 1. January - 31. December 2018.

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 company's financial position at 31. December 2018 and of the results of the company's operations for the financial year 1. January - 31. December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 27 May 2019

Executive board



Lennert de Rijk
director

Supervisory board

Guillaume Marie Paul de
Roquemaurel
chairman



Benjamin Sylvain Henri Hartmann

Lennert de Rijk



INDEPENDENT AUDITOR'S REPORT

To the shareholder of Artefact Denmark A/S

Opinion

We have audited the financial statements of Artefact Denmark A/S for the financial year 1. January - 31. December 2018, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31. December 2018 and of the results of the company's operations for the financial year 1. January - 31. December 2018 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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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 the 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 about 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 these financial statements.

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

INDEPENDENT AUDITOR'S REPORT

- 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.
- 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 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.

INDEPENDENT AUDITOR'S REPORT

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

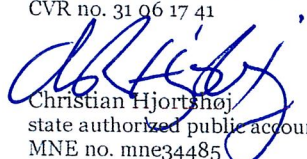
Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.


Copenhagen, 27 May 2019

MAZARS

Statsautoriseret Revisionspartnerselskab

CVR no. 31 06 17 41


Christian Hjortshøj
state authorized public accountant
MNE no. mne34485


Dennis Herholdt Rasmussen
state authorized public accountant
MNE no. mne43413

COMPANY DETAILS

The company	Artefact Denmark A/S Pilestræde 52 A, 3. 1112 København K
	CVR no.: 26 24 74 97
	Reporting period: 1. January - 31. December 2018
	Domicile: Copenhagen
Supervisory board	Guillaume Marie Paul de Roquemaurel, chairman Benjamin Sylvain Henri Hartmann Lennert de Rijk
Executive board	Lennert de Rijk, director
Auditors	Mazars Statsautoriseret Revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø

MANAGEMENT'S REVIEW

Business activities

As in prior years, the Company's principal activities during the year consist in consulting within digital marketing. Artefact Denmark A/S is part of Artefact S.A., that is among the leading companies in digital marketing engineering in Europe.

Artefact is a digital agency with focus on marketing engineering. Artefact helps its customers with marketing solutions and drives synergies from digital media, data and AI. The employees are analytic, systematic and results-oriented with an engineering mindset, which ensures the customers' success.

Business review

The company's income statement for the year ended 31 December shows a loss of DKK 4.630.348, and the balance sheet at 31. December 2018 shows equity of DKK 8.586.284.

Financial review

The income statement shows a deficit after tax of DKK 4.630K. The Company's results and financial development have not met the expectations expressed by the Management.

Continued from Q4 2017, 2018 has been a transition year, where the new management team has continued with structural changes, measurements in cost reduction and growth and development in services to be more aligned with the Artefact Group service offering. Based on this the management have positive expectations for the years to come.

Letter of support from Artefact Holding A/S

The Company has received a letter of support from Artefact Holding A/S and capital injection to continue to fund development and growth. Artefact Holding A/S irrevocably undertakes to support the company in fulfilling its obligations until June 30, 2020. Similarly, Artefact Holding A/S has received a letter of support from its parent company Artefact S.A.

Outlook

In the coming years the management aims to recover the business by focusing on cost reductions and building up new business areas already rolled-out in other countries, which Artefact is active in, as well as expanding existing services. The market is growing within digital marketing, and with the new business areas and enhanced brand awareness, the management have positive expectations for the future and are confident that the business will regain market shares.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

ACCOUNTING POLICIES

The annual report of Artefact Denmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2018 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue less costs of consumables and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Cost of sales

Costs of sales include the consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, etc.

ACCOUNTING POLICIES

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

Balance sheet

Intangible assets

Development costs and costs relating to rights developed by the company are recognised in the income statement as costs in the year of acquisition.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Receivables

Receivables are measured at amortised cost.

ACCOUNTING POLICIES

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
Gross profit		17.147.474	17.781.765
Staff costs	1	-21.849.561	-21.056.198
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-368.771	-449.757
Profit/loss before net financials		-5.070.858	-3.724.190
Financial income	2	736.009	1.240.006
Financial costs	3	-295.499	-329.256
Profit/loss before tax		-4.630.348	-2.813.440
Tax on profit/loss for the year	4	0	0
Profit/loss for the year		-4.630.348	-2.813.440
 Distribution of profit			
Retained earnings		-4.630.348	-2.813.440
		-4.630.348	-2.813.440

BALANCE SHEET 31 DECEMBER

	Note	2018 DKK	2017 DKK
ASSETS			
Completed development projects		553.892	0
Intangible assets	5	<u>553.892</u>	<u>0</u>
Other fixtures and fittings, tools and equipment		313.108	395.673
Leasehold improvements		208.833	220.587
Tangible assets	6	<u>521.941</u>	<u>616.260</u>
Receivables from group enterprises		90.621	10.279.035
Fixed asset investments		<u>90.621</u>	<u>10.279.035</u>
Total non-current assets		<u>1.166.454</u>	<u>10.895.295</u>
Trade receivables		7.698.532	13.221.507
Contract work in progress	7	625.186	305.404
Receivables from group enterprises		20.738.083	19.963.153
Other receivables		774.784	622.458
Deferred tax asset	4	1.250.000	1.250.000
Receivables		<u>31.086.585</u>	<u>35.362.522</u>
Cash at bank and in hand		<u>198</u>	<u>350.386</u>
Total current assets		<u>31.086.783</u>	<u>35.712.908</u>
Total assets		<u><u>32.253.237</u></u>	<u><u>46.608.203</u></u>

BALANCE SHEET 31 DECEMBER

	Note	2018	2017
		DKK	DKK
EQUITY AND LIABILITIES			
Share capital		503.000	503.000
Reserve for development expenditure		553.892	0
Retained earnings		7.529.392	11.213.632
Equity		8.586.284	11.716.632
Banks		4.147.946	4.753.616
Trade payables		7.734.490	10.008.287
Prepayments received recognised in debt	7	2.941.305	2.748.714
Payables to group enterprises		4.909.712	13.752.427
Other payables		3.933.500	3.628.527
Total current liabilities		23.666.953	34.891.571
Total liabilities		23.666.953	34.891.571
Total equity and liabilities		32.253.237	46.608.203
Rent and lease liabilities	8		
Contingencies, etc.	9		
Mortgages and collateral	10		
Related parties and ownership structure	11		

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2018	503.000	0	11.213.632	11.716.632
Capital contribution	0	0	1.500.000	1.500.000
Transfers, reserves	0	553.892	-553.892	0
Net profit/loss for the year	0	0	-4.630.348	-4.630.348
Equity at 31 December 2018	<u>503.000</u>	<u>553.892</u>	<u>7.529.392</u>	<u>8.586.284</u>

NOTES

	2018	2017
	DKK	DKK
1 STAFF COSTS		
Wages and salaries	21.329.719	20.590.632
Pensions	233.809	185.411
Other social security costs	286.033	280.155
	21.849.561	21.056.198
 Average number of employees	45	45
 2 FINANCIAL INCOME		
Interest received from subsidiaries	736.009	866.912
Exchange adjustments	0	373.094
	736.009	1.240.006
 3 FINANCIAL COSTS		
Financial expenses, group entities	33.063	31.675
Other financial costs	251.250	297.581
Exchange adjustments costs	11.186	0
	295.499	329.256
 4 TAX ON PROFIT/LOSS FOR THE YEAR		

As at 31. december 2018, the Company has recognised a deferred tax asset of TDKK 1,250. The deferred tax asset primarily consist of a tax loss carried forward and temporary differences relating to fixed assets. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

NOTES

5 INTANGIBLE ASSETS

	Completed development projects
Cost at 1 January 2018	22.323
Additions for the year	553.892
Cost at 31 December 2018	576.215
Impairment losses and amortisation at 1 January 2018	22.323
Impairment losses and amortisation at 31 December 2018	22.323
Carrying amount at 31 December 2018	553.892

6 TANGIBLE ASSETS

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2018	2.312.895	552.895
Additions for the year	239.174	59.435
Disposals for the year	-237.045	-18.951
Cost at 31 December 2018	2.315.024	593.379
Impairment losses and depreciation at 1 January 2018	1.917.222	332.308
Depreciation for the year	297.582	71.189
Reversal of impairment and depreciation of sold assets	-212.888	-18.951
Impairment losses and depreciation at 31 December 2018	2.001.916	384.546
Carrying amount at 31 December 2018	313.108	208.833

NOTES

	2018	2017
	DKK	DKK
7 CONTRACT WORK IN PROGRESS		
Work in progress, selling price	625.186	305.404
	625.186	305.404
Recognised in the balance sheet as follows:		
Contract work in progress under assets	625.186	305.404
Prepayments received under liabilities	-2.941.305	-2.748.714
	-2.316.119	-2.443.310
 8 RENT AND LEASE LIABILITIES		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	844.344	4.901.031
Between 1 and 5 years	214.652	0
After 5 years	0	0
	1.058.996	4.901.031

9 CONTINGENCIES, ETC.

The company is jointly taxed with its parent company, Artefact Holding A/S (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes for income year 2012 onwards as well as for payment of withholding taxes on dividends, interest and royalties which fall due for payment.

Letter of support from Artefact Holding A/S

The Company has received a letter of support from Artefact Holding A/S, which irrevocably undertakes to support the company in fulfilling all its obligations until 30 June, 2020. Similarly, Artefact Holding A/S has received a letter of support from its parent company Artefact S.A.

10 MORTGAGES AND COLLATERAL

For security of the Company's bank debt, a mortgage of TDKK 17.000 has been given in the share capital of Artefact Denmark A/S, trade receivables, other fixtures and fittings, tools and equipment and acquired intangible assets.

NOTES

11 RELATED PARTIES AND OWNERSHIP STRUCTURE

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Artefact Holding A/S

Consolidated financial statements

The company is reflected in the group report as the parent company Artefact S.A.

The group report of can be obtained at the following address:

Artefact S.A.
Paris, France
Reg.-nr./SIREN 418 267 704