BUUS JENSEN
STATSAUTORISEREDE REVISORER

Reputation Institute Holding A/S

Bredgade 20, 3. sal, 1260 København K

Company reg. no. 28 27 94 85

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 22 September 2020.

Frederik Bruhn
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Reputation Institute Holding A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2019, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

København K, 22 September 2020

Managing Director

Kylie Louise Wright-Ford

Board of directors

Tyler Cranmer Newton chairman	Jackson Walter Evans	Vicki Raport
Kylie Louise Wirght-Ford	John Archibald Mckinley Jr.	Charles Joseph Fombrun
Nicolas Georges Trad		

Independent auditor's report

To the shareholders of Reputation Institute Holding A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Reputation Institute Holding A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2019 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As discussed in the accounting policies, the Group has changed its method of accounting for revenue effective 1 January 2019, due to adoption of IFRS 15, Revenue from Contracts with Customers. Our opinion is not modified with respect to this matter.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s and the company’s internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group’s and 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 consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 22 September 2020

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Michael Markussen
State Authorised Public Accountant
mne34295

Company information

The company	Reputation Institute Holding A/S Bredgade 20, 3. sal 1260 København K	
	Company reg. no.	28 27 94 85
	Established:	19 November 2004
	Domicile:	Copenhagen, Denmark
	Financial year:	1 January - 31 December
Board of directors	Tyler Cranmer Newton, chairman Jackson Walter Evans Vicki Raport Kylie Louise Wirght-Ford John Archibald Mckinley Jr. Charles Joseph Fombrun Nicolas Georges Trad	
Managing Director	Kylie Louise Wright-Ford	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Subsidiaries	Reputation Institute, Inc, USA Reputation (RI) UK Limited, United Kingdom Reputation Institute Spain S.L., Spain R.I. Consultoria Em Reputacao Empresarial LTDA, Brazil Reputation Institute ApS, Denmark Reputation Institute The Netherlands B.V., Netherlands Reputation Institute Italy s.r.l, Italy Reputation Institute Pty Ltd, Australia Reputation Institute France S.R.S., France Metrix Research Inc., Canada	

Consolidated financial highlights

EUR in thousands.	2019	2018	2017	2016	2015
Income statement:					
Gross profit	17.190	14.943	13.758	12.781	8.711
Profit from ordinary operating activities	-7.960	-4.333	-500	1.185	905
Net financials	-362	-69	-24	9	8
Net profit or loss for the year	-8.877	-4.742	-1.071	738	650
Statement of financial position:					
Balance sheet total	20.633	14.657	14.464	12.177	10.046
Equity	140	-2.723	2.075	3.140	2.461
Cash flows:					
Operating activities	-7.110	-1.410	1.426	1.497	-113
Investing activities	-1.493	-1.289	182	-299	-136
Financing activities	11.111	2.621	835	-33	-157
Total cash flows	2.508	-79	2.442	1.165	0
Employees:					
Average number of full-time employees	204	144	103	96	95
Key figures in %:					
Solvency ratio	0,7	-17,3	15,3	26,7	22,2
Return on equity	-	-	-38,1	26,6	-176,0

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio

$$\frac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{*Profit x 100}}{\text{Average equity exclusive of non-controlling interests}}$$

***Profit** Net profit or loss for the year less non-controlling interests’ share hereof

Management commentary

The principal activities of the group

Reputation Institute Holding A/S is a Danish registered holding company, and together with its subsidiaries (the "RI Group") is the world leading reputation data and insights company.

They provide the only global platform for data-driven insights on Reputation, Brand, and ESG. Reputation Institute's proprietary RepTrak® model is the global standard for measuring and analyzing the sentiment of the world using proven data science models and machine learning techniques across industries and geographies.

Subscribers to the RepTrak® Program use our predictive insights to protect business value, improve return on investment, and increase their positive impact on society.

During April 2020, the Group rebranded from Reputation Institute to The Rep Trak Company.

Uncertainties as to recognition or measurement

It is estimated that no specific uncertainties are related to recognition and measurement of the financial items in the annual accounts.

Development in activities and financial matters

The results after tax are EUR -8.877.085 against EUR -4.671.632 last year. The management consider the results as expected.

The RI Group has been pursuing complete ownership of geographic entities which allows the Group to have more control over our Intellectual Property and brand expression. Furthermore, the RI Group has acquired a company in Canada, as part of the Group's expansion strategy.

Special risks

Exchange rate risks

The RI Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the Danish Kroner, EURO and the US Dollar. Foreign exchange risk arises from the future commercial transactions, recognized assets and liabilities and net investments in foreign operations, when they are denominated in a currency that is not the respective subsidiary's functional currency.

Interest risks

The most significant interest rate risk relates to the bank credit facilities raised by the Group's US subsidiary. These facilities are subject to variable-rate interest.

Credit risks

The Group's credit risks mainly relate to trade receivables.

The Group is not dependent on particular customer segments or any specific customers. The credit risk of the Group is generally considered insignificant.

Environmental issues

The Group's activities are only considered to have a limited impact on the environment.

Know how resources

It is important for the ongoing development of the RI Group to maintain a high level of competence. This is reflected in course activities etc. for the employees.

Research and development activities

The RI Group strives to be a technological leader in its industry and therefore spends significant resources on continued investment in developing a technology-driven product team.

The expected development

The management expects a negative result for the Group for the coming financial year as a result of the continued investment in developing a technology-driven product team, integration of a small acquisition and an investment in shared services (including marketing, facilities, HR and finance) that will allow the Group to scale. We believe this will accelerate our growth.

The coronavirus outbreak during the early months of 2020 has major implications for the global economy. The consequences of the coronavirus outbreak are classified as events after the balance sheet date that do not provide further information about the actual situation as at the balance sheet date and are therefore not included in the 2019 financial statements.

It is expected that the corona crisis will negatively affect the result of the Group for 2020. However, this will depend in part on how to manage the coronavirus outbreak and the period and degree of lock-down. Due to the great uncertainty, it is difficult to map the different scenarios. As a result, the expected impact of the coronavirus outbreak on our operations is not yet clear.

Events subsequent to the financial year

Management has evaluated subsequent events for recognition or disclosure through August 28, 2020, the date the financial statements were available to be issued and determined that no additional subsequent events occurred that would require recognition or disclosure in the financial statements.

Income statement 1 January - 31 December

All amounts in EUR.

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Gross profit	**17.190.468**	**14.943.176**	**-157.251**	**-9.810**
1	Staff costs	-23.428.546	-18.158.443	0	0
	Depreciation, amortisation, and impairment	-1.126.250	-771.076	0	0
	Other operating costs	-595.575	-346.937	0	0
	Operating profit	**-7.959.903**	**-4.333.280**	**-157.251**	**-9.810**
	Income from equity investments in group enterprises	0	0	-8.576.235	-4.670.930
2	Other financial income from group enterprises	0	0	0	11.093
	Other financial income	47.401	35.611	8.881	4.213
3	Other financial costs	-408.923	-104.401	-152.480	-6.198
	Results before tax	**-8.321.425**	**-4.402.070**	**-8.877.085**	**-4.671.632**
4	Tax on net profit or loss for the year	-555.660	-339.670	0	0
5	**Results for the year**	**-8.877.085**	**-4.741.740**	**-8.877.085**	**-4.671.632**
	The group's results are as follows:				
	Shareholders in Reputation Institute Holding A/S	-8.877.085	-4.671.632		
	Non-controlling interests	0	-70.108		
		-8.877.085	**-4.741.740**		

Statement of financial position at 31 December

All amounts in EUR.

Note	Assets	Group 2019	Group 2018	Parent 2019	Parent 2018
	Fixed assets				
6	Goodwill	714.450	0	0	0
	Intangible fixed assets in total	714.450	0	0	0
7	Other fixtures and fittings, tools and equipment	963.095	899.774	0	0
8	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	161.552	0	0	0
	Tangible fixed assets in total	1.124.647	899.774	0	0
9	Equity investments in group enterprises	0	0	2.593.291	1.475.921
10	Deposits	226.772	284.804	0	0
	Financial fixed assets in total	226.772	284.804	2.593.291	1.475.921
	Fixed assets in total	**2.065.869**	**1.184.578**	**2.593.291**	**1.475.921**
	Current assets				
	Trade receivables	6.895.385	5.258.097	0	0
	Contract work in progress	953.198	927.908	0	0
	Amounts owed by group enterprises	0	0	58.732	0
	Income tax receivables	75.395	31.912	0	0
	Other receivables	118.512	101.410	0	0
11	Accrued income and deferred expenses	2.030.949	1.205.341	0	0
	Debtors in total	10.073.439	7.524.668	58.732	0
	Available funds	8.493.465	5.947.811	1.144.569	27.687
	Current assets in total	**18.566.904**	**13.472.479**	**1.203.301**	**27.687**
	Assets in total	**20.632.773**	**14.657.057**	**3.796.592**	**1.503.608**

Statement of financial position at 31 December

All amounts in EUR.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Equity				
12	Contributed capital	167.185	142.016	167.185	142.016
	Results brought forward	-27.377	-2.678.561	-27.377	-2.678.561
	Equity before non-controlling interest.	139.808	-2.536.545	139.808	-2.536.545
	Non-controlling interests	0	-186.791	0	0
	Equity in total	**139.808**	**-2.723.336**	**139.808**	**-2.536.545**
	Provisions				
13	Provisions for deferred tax	3.932	3.729	0	0
14	Other provisions	0	0	3.193.415	3.980.311
	Provisions in total	**3.932**	**3.729**	**3.193.415**	**3.980.311**
	Liabilities				
	Bank loans	1.109.588	2.477.200	0	0
	Other payables	63.382	0	0	0
15	Accruals and deferred income	324.731	296.252	0	0
16	Long-term liabilities in total	1.497.701	2.773.452	0	0
16	Current portion of long term payables	2.430.777	1.019.999	0	0
	Bank loans	37.587	0	0	0
	Trade creditors	3.292.010	3.178.382	18.514	18.069
	Debt to group enterprises	0	0	144.874	41.773
	Income tax payable	435.371	174.822	0	0
	Other payables	3.877.670	4.003.055	299.981	0
17	Accruals and deferred income	8.917.917	6.226.954	0	0
	Short-term liabilities in total	18.991.332	14.603.212	463.369	59.842
	Liabilities in total	**20.489.033**	**17.376.664**	**463.369**	**59.842**
	Equity and liabilities in total	**20.632.773**	**14.657.057**	**3.796.592**	**1.503.608**

18 Charges and security

19 Contingencies

20 Related parties

Consolidated statement of changes in equity

All amounts in EUR.

	Contributed capital not paid	Share premium	Retained earnings	Non-controlling interests	Total
Equity 1 January 2018	142.016	0	2.064.109	-131.177	2.074.948
Profit or loss for the year brought forward	0	0	-4.671.632	-70.108	-4.741.740
Acquisition of treasury class A shares	0	0	-41.773	0	-41.773
Sale of treasury class A Shares	0	0	87.427	0	87.427
Exchange rate adjustments	0	0	-116.692	0	-116.692
Exchange rate adjustments	0	0	0	14.494	14.494
Equity 1 January 2019	142.016	0	-2.678.561	-186.791	-2.723.336
Cumulative effect of the adoption of					
IFRS 15	0	0	350.492	0	350.492
Cash capital increase	25.169	11.031.607	0	0	11.056.776
Profit or loss for the year brought forward	0	0	-8.877.085	0	-8.877.085
Transferred to results brought forward	0	-11.031.607	11.031.607	0	0
Sale of treasury class A Shares	0	0	272.410	0	272.410
Exchange rate adjustments	0	0	-126.240	0	-126.240
Disposals	0	0	0	186.791	186.791
	167.185	**0**	**-27.377**	**0**	**139.808**

Statement of changes in equity of the parent

All amounts in EUR.

	Contributed capital	Share premium	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2018	142.016	0	299.447	1.764.662	2.206.125
Share of results	0	0	-299.447	-4.372.185	-4.671.632
Acquisition of treasury class A shares	0	0	0	-41.773	-41.773
Sale of treasury class A Shares	0	0	0	87.427	87.427
Exchange rate adjustments	0	0	0	-116.692	-116.692
Equity 1 January 2019	142.016	0	0	-2.678.561	-2.536.545
Cumulative effect of the adoption of					
IFRS 15	0	0	0	350.492	350.492
Cash capital increase	25.169	11.031.607	0	0	11.056.776
Share of results	0	0	0	-8.877.085	-8.877.085
Transferred to results brought forward	0	-11.031.607	0	11.031.607	0
Sale of treasury class A Shares	0	0	0	272.410	272.410
Exchange rate adjustments	0	0	0	-126.240	-126.240
	167.185	**0**	**0**	**-27.377**	**139.808**

Statement of cash flows 1 January - 31 December

All amounts in EUR.

Note		Group 2019	2018
	Net profit or loss for the year	-8.877.085	-4.741.740
21	Adjustments	1.686.386	1.163.878
22	Change in working capital	610.692	2.420.599
	Cash flows from operating activities before net financials	-6.580.007	-1.157.263
	Interest received, etc.	47.402	35.611
	Interest paid, etc.	-252.718	-104.401
	Cash flows from ordinary activities	-6.785.323	-1.226.053
	Income tax paid	-324.693	-183.936
	Cash flows from operating activities	**-7.110.016**	**-1.409.989**
	Purchase of property, plant, and equipment	-461.004	-784.737
	Sale of property, plant, and equipment	0	388
	Net change financial fixed assets	58.032	-82.952
	Acquisition of enterprises and activities	-1.090.395	-422.034
	Cash flows from investment activities	**-1.493.367**	**-1.289.335**
	Raising and repayments of bank debt, net	43.166	2.662.399
	Purchase of treasury shares	0	-41.773
	Sale of treasury shares	11.508	0
	Cash capital increase	11.056.776	0
	Cash flows from investment activities	**11.111.450**	**2.620.626**
	Change in cash and cash equivalents	**2.508.067**	**-78.698**
	Cash and cash equivalents at 1 January 2019	5.947.811	6.026.509
	Cash and cash equivalents at 31 December 2019	**8.455.878**	**5.947.811**

	Cash and cash equivalents		
	Available funds	8.493.465	5.947.811
	Short-term bank loans	-37.587	0
	Cash and cash equivalents at 31 December 2019	**8.455.878**	**5.947.811**

Notes

All amounts in EUR.

		Group 2019	Group 2018	Parent 2019	Parent 2018
1.	**Staff costs**				
	Salaries and wages	21.978.469	16.413.883	0	0
	Pension costs	398.801	345.843	0	0
	Other costs for social security	1.051.276	1.398.717	0	0
		23.428.546	**18.158.443**	**0**	**0**
	Average number of employees	204	144	0	0
2.	**Other financial income from group enterprises**				
	Interest, group enterprise	0	0	0	11.093
		0	**0**	**0**	**11.093**
3.	**Other financial costs**				
	Financial costs, group enterprises	0	0	0	4.199
	Other financial costs	408.923	104.401	152.480	1.999
		408.923	**104.401**	**152.480**	**6.198**
4.	**Tax on net profit or loss for the year**				
	Tax of the results for the year, parent company	555.660	357.543	0	0
	Adjustment for the year of deferred tax	0	-17.873	0	0
		555.660	**339.670**	**0**	**0**

		Parent 2019	Parent 2018
5.	**Proposed distribution of the results**		
	Reserves for net revaluation as per the equity method	0	-299.447
	Allocated from results brought forward	-8.877.085	-4.372.185
	Distribution in total	**-8.877.085**	**-4.671.632**

All amounts in EUR.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
6.	**Goodwill**				
	Cost 1 January 2019	609.055	0	0	0
	Additions during the year	1.568.969	609.055	0	0
	Disposals during the year	-1.169.439	0	0	0
	Cost 31 December 2019	**1.008.585**	**609.055**	**0**	**0**
	Amortisation and writedown 1 January 2019	-609.055	0	0	0
	Amortisation for the year	-294.135	0	0	0
	Writedown for the year	-560.384	-609.055	0	0
	Reversal of depreciation, amortisation and writedown, assets disposed of	1.169.439	0	0	0
	Amortisation and writedown 31 December 2019	**-294.135**	**-609.055**	**0**	**0**
	Carrying amount, 31 December 2019	**714.450**	**0**	**0**	**0**

Significant estimates and assessments by Management:

Management makes an estimate of the useful life, and the asset is then depreciated and amortised systematically over the expected future useful life. Furthermore, goodwill has been tested for impairment at 31 December 2019. The tests did result in a writedown of 560.000 EUR.

Notes

All amounts in EUR.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
7.	**Other fixtures and fittings, tools and equipment**				
	Cost 1 January 2019	1.363.643	1.275.040	0	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	0	36.970	0	0
	Additions during the year	313.542	785.700	0	0
	Disposals during the year	-262.656	-734.067	0	0
	Cost 31 December 2019	**1.414.529**	**1.363.643**	**0**	**0**
	Amortisation and writedown 1 January 2019	-463.869	-949.221	0	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	21.509	-29.346	0	0
	Depreciation for the year	-271.730	-162.021	0	0
	Reversal of depreciation, amortisation and writedown, assets disposed of	262.656	676.719	0	0
	Amortisation and writedown 31 December 2019	**-451.434**	**-463.869**	**0**	**0**
	Carrying amount, 31 December 2019	**963.095**	**899.774**	**0**	**0**

Significant estimates and assessments by Management:

Management makes an estimate of the useful life, and the asset is then depreciated and amortised systematically over the expected future useful life.

		Group		Parent	
8.	**Property, plant, and equipment under construction including pre-payments for property, plant, and equipment**				
	Cost 1 January 2019	0	0	0	0
	Additions during the year	161.552	0	0	0
	Cost 31 December 2019	**161.552**	**0**	**0**	**0**
	Carrying amount, 31 December 2019	**161.552**	**0**	**0**	**0**

All amounts in EUR.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
9.	**Equity investments in group enterprises**				
	Acquisition sum, opening balance 1 January 2019	0	0	2.683.198	792.988
	Additions during the year	0	0	10.308.374	1.890.210
	Cost 31 December 2019	**0**	**0**	**12.991.572**	**2.683.198**
	Revaluations, opening balance 1 January 2019	0	0	-5.360.631	299.447
	Cumulative effect of the adoption of IFRS 15	0	0	350.492	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	0	0	-118.606	-104.148
	Results for the year before goodwill amortisation	0	0	-7.725.207	-4.670.930
	Dividend	0	0	0	-885.000
	Revaluation 31 December 2019	**0**	**0**	**-12.853.952**	**-5.360.631**
	Amortisation of goodwill, opening balance 1 January 2019	0	0	0	0
	Amortisation of goodwill for the year	0	0	-854.520	0
	Depreciation on goodwill 31 December 2019	**0**	**0**	**-854.520**	**0**
	Offsetting against debtors	0	0	116.776	173.043
	Transferred to provisions	0	0	3.193.415	3.980.311
	Set off against debtors and provisions for liabilities	**0**	**0**	**3.310.191**	**4.153.354**
	Book value 31 December 2019	**0**	**0**	**2.593.291**	**1.475.921**
	The items include goodwill with an amount of	0	0	714.450	0
	Goodwill is recognised under the item "Additions during the year" with an amount of	0	0	1.568.969	0

All amounts in EUR.

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year	Book value at Reputation Institute Holding A/S
Reputation Institute, Inc, USA	100 %	-280.082	-4.665.259	-280.082
Reputation (RI) UK Limited, United Kingdom	100 %	-1.763.005	-289.447	-1.763.005
Reputation Institute Spain S.L., Spain	100 %	343.658	-1.031.819	343.658
R.I. Consultoria Em Reputacao Empresarial LTDA, Brazil	100 %	-1.049.955	-343.198	-1.049.955
Reputation Institute ApS, Denmark	100 %	-14.559	-917.252	-14.559
Reputation Institute The Netherlands B.V., Netherlands	100 %	626.810	299.037	626.810
Reputation Institute Italy s.r.l, Italy	100 %	-203.152	-687.439	-203.152
Reputation Institute Pty Ltd, Australia	100 %	736.952	521.649	736.952
Reputation Institute France S.R.S., France	100 %	97.978	-574.743	97.978
Metrix Research Inc., Canada	100 %	74.362	-36.736	788.812
		-1.430.993	**-7.725.207**	**-716.543**

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
10.	**Deposits**				
	Cost 1 January 2019	284.804	201.852	0	0
	Additions during the year	14.908	82.952	0	0
	Disposals during the year	-72.940	0	0	0
	Cost 31 December 2019	**226.772**	**284.804**	**0**	**0**
	Carrying amount, 31 December 2019	**226.772**	**284.804**	**0**	**0**
11.	**Accrued income and deferred expenses**				
	Prepayments	2.030.949	1.205.341	0	0
		2.030.949	**1.205.341**	**0**	**0**

Costs to obtain contracts with customers are capitalized with 739.000 EUR on the balance sheet date. Hereof 519.000 EUR is amortized after one year. These were no impairment losses recorded during the year ended 31 December 2019.

All amounts in EUR.

	Group		Parent	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
12. Contributed capital				
Contributed capital 1 January 2019	142.016	142.016	142.016	142.016
Cash capital increase	25.169	0	25.169	0
	167.185	**142.016**	**167.185**	**142.016**

The share capital consists of 516.810 Class A shares, 104.938 Class B shares, and 626.831 Class C shares, each with a nominal value of DKK 1.

Class A Shares carry no particular rights. Class B Shares carry significant restrictions and have no voting or dividend rights. Class C shares have voting rights, dividend rights subject to certain dividend requirements, a Liquidation Preference, and Board Seat rights which scale at various levels of ownership.

In 2019, Reputation Institute Holding A/S did not acquire any shares. At year-end the holding of treasury shares amounts to 119.431 A shares (23% of total issued A shares) and 104.938 B shares (100% of total issued B shares). Treasury shares are used to hedge our sharebased incentive programmes.

The Reputation Holding´s 2013 Omnibus Incentive Compensation Plan (the “Plan”) authorizes a total of 267,588 shares of stock to be issued under the Plan to employees of the Company and RI Subsidiaries. Eligible employees of the Group are granted options to purchase Class A shares of Reputation Holding A/S. Options are approved by the Board of Directors of Reputation Holding (“Board”). The option exercise price per share is approved by the Board. The options vest over a period determined by the Board, but not longer than 10 years after the date granted. Options granted to employees are exercisable for a period up to five years after the vesting of such options. The weighted-average fair value of stock options granted during the year ended 31 December 2019, under the Black-Scholes model, was 25.07 USD per share.

	Group		Parent	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
13. Provisions for deferred tax				
Provisions for deferred tax 1 January 2019	3.729	3.802	0	0
Exchange rate adjustments	203	-73	0	0
	3.932	**3.729**	**0**	**0**
14. Other provisions				
Provisions for group enterprises	0	0	3.193.415	3.980.311
	0	**0**	**3.193.415**	**3.980.311**

Notes

All amounts in EUR.

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
15. Accruals and deferred income				
Deferred rent	324.731	296.252	0	0
	324.731	**296.252**	**0**	**0**

16. Liabilities other than provision

Group	Total payables 31 Dec 2019	Current portion of long term payables	Long term payables 31 Dec 2019	Outstanding payables after 5 years
Bank loans	3.540.365	2.430.777	1.109.588	0
Other payables	63.382	0	63.382	0
Accruals and deferred income	324.731	0	324.731	0
	3.928.478	**2.430.777**	**1.497.701**	**0**

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
17. Accruals and deferred income				
Deferred income	8.917.917	6.226.954	0	0
	8.917.917	**6.226.954**	**0**	**0**

18. Charges and security

Reputation Institute Holding A/S will financial support its subsidiaries though the financial year 2020.

Reputation Institute Holding A/S has provided guarantees for the bank commitments of the subsidiary Reputation Institute, Inc. The loan limit totals 4.500.000 EUR (5.000.000 USD). On the balance sheet date, 3.500.000 EUR (4.000.000 USD) had been withdrawn.

All amounts in EUR.

19. Contingencies

Contingent liabilities

	31/12 2019 EUR. in thousands
Lease liabilities	5.426.000
Total contingent liabilities	**5.426.000**

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of EUR 0 thousand.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

20. Related parties

Controlling interest

Catalyst Investors QP III AIV, L.P.	Majority shareholder
711, Fifth Avenue, Suite 402	
New York, NY 10022	
USA	

Transactions

No transactions with related parties are disclosed as all transactions are carried out under normal market condtions.

All amounts in EUR.

		Group 2019	2018
21.	**Adjustments**		
	Depreciation, amortisation, and impairment	1.126.249	771.076
	Other financial income	-47.401	-35.611
	Other financial costs	252.718	104.401
	Tax on net profit or loss for the year	555.660	339.670
	Other adjustments	-200.840	-15.658
		1.686.386	**1.163.878**

		Group 2019	2018
22.	**Change in working capital**		
	Change in receivables	-1.972.635	-1.401.295
	Change in trade payables and other payables	2.583.327	3.821.894
		610.692	**2.420.599**

Accounting policies

The annual report for Reputation Institute Holding A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

Changes in the accounting policies used

During the year ended 31 December 2019, the Group adopted IFRS 15, “Revenue from Contracts with Customers” utilizing the modified retrospective method, which requires the standard to be adopted for the period beginning 1 January 2019 with no change to reported balances for the year ended 31 December 2018. Results for the year ended 31 December 2019 are presented under IFRS 15, while prior period amounts are not adjusted and continue to be reported under accounting standards in effect for prior periods. The primary impact of adopting IFRS 15 relates to the accounting for costs to obtain contracts with customers. Under IFRS 15, costs to obtain contracts with customers are now capitalized and amortized over the estimated customer life of 48 months. The cumulative effect of initially applying IFRS 15, 350.000 EUR is recognized as an adjustment to the opening balance of retained earnings. Capitalized commissions were 739.000 EUR as of 31 December 2019 and are included in accrued income and deferred expenses on the accompanying balance sheet. Capitalized commissions of 142.000 EUR were amortized to amortization expense as a component of staff costs during the year ended 31 December 2019.

Apart from the above, the annual accounts have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Reputation Institute Holding A/S and those group enterprises of which Reputation Institute Holding A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

Income statement

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

In accordance with IFRS 15, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Group expects to be entitled to receive in exchange for these goods or services. The Group has elected the practical expedient to exclude any sales incentives or taxes collected from customer, which are subsequently remitted to government authorities. To achieve this core principle, the Group applies the following five step model:

- Identify the contract with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price
- Allocate the transaction price to performance obligations in the contract.
- Recognize revenue when (or as) each performance obligation is satisfied

In accordance with this guidance, the Group´s arrangements generally include stand-ready professional and advisory services, measurement, support and maintenance services, and monthly SaaS services (collectively “services”). The Group has concluded that its services represent a single combined performance obligation. Fees are recognized ratably over the period of performance, typically one to three years. Revenue for the combined performance obligation is recognized over time.

Payment terms on invoiced amounts are typically 30 to 90 days. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring goods and services to the costumer. Revenue is recorded based on the transaction price. The Group excludes from revenue sales tax and other government assessed and imposed taxed on revenue generating activities that are invoiced to customers.

The timing of revenue recognition may not align with the right to invoice the customer. The company recorded accounts receivable when it has the unconditional right to issue and invoice and receive payment regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) if also recorded. If revenue is recognized in advance of the right to invoice, an unbilled receivable is recorded as Contract work in progress in the balance sheet.

Costs to obtain and fulfill a contract: The Group recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period for the assets that the Group otherwise would have recognized is one year or less. Therefore, the Group capitalizes incremental costs of obtaining a contract with a customer if the Group expects the benefits of those costs to be longer than one year and amortize such costs over the expected benefit period.

The Group pays commissions for both new sales and renewals. As customer contracts in which the commissions paid on new business and renewals are not commensurate, the Group capitalizes commission costs related to new sales and amortizes the costs over an expected period of benefit, which the Group determined to be approximately 48 months. The expected period of benefit was determined by taking into consideration customer contracts and the duration of historical customer relationships. The Group includes amortization of deferred commissions in staff costs in the accompanying income statement. The Group periodically reviews these costs to determine whether events or changes in circumstances have occurred that could affect the period of benefit of these contract acquisition costs. These were no impairment losses recorded during the year ended 31 December 2019.

Cost of sales consists primarily of data costs used in performing client projects.

Other operating income comprises accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Results from equity investments in group enterprises and associates

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual associated enterprises are recognised in the profit and loss account at a proportional share of the associated enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period set at 2 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value

Other plants, operating assets, fixtures and furniture	3-7 years	0 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leases

At the first recognition in the balance sheet, leases concerning tangible fixed assets by which the group holds all essential risks and advantages attached to the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the internal interest rate of the lease or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, assets held under a finance lease are treated in the same way as other similar tangible assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest part of the lease is recognised in the profit and loss account over the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exists. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associates are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises and associates.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises and associates are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and associates, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is set at 2 years. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Contract work in progress for the account of others

The timing of revenue recognition may not align with the right to invoice the customer. The Group recorded accounts receivable when it has the unconditional right to issue and invoice and receive payment regardless of whether revenue has been recognized. If revenue is recognized in advance of the right to invoice, an unbilled receivable is recorded as Contract work in progress in the balance sheet. The unbilled receivable is measured at recognized revenue from the contract with the deduction of invoicing on account and expected losses.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Reputation Institute Holding A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Reputation Institute Holding A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or “Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions are recognised when the company a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

Provisions comprise group enterprises with negative equity.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.