Reputation Institute ApS

Borgergade 24, 3., 1300 København K

Company reg. no. 28 27 95 07

Annual report

1 January - 31 December 2016

The annual report have been submitted and approved by the general meeting on the 22 June 2017.

Frederik Bruhn
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 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 ApS for the financial year 1 January to 31 December 2016.

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 annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

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

The annual report is recommended for approval by the general meeting.

København K, 22 June 2017

Managing Director

James Lee Bedard

Board of directors

Cees van Riel

Charles J Fombrun

Nicolas Georges Trad

Kasper Ulf Skaarup-Nielsen

Independent auditor's report

To the shareholder of Reputation Institute ApS

Opinion

We have audited the annual accounts of Reputation Institute ApS for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 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 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.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of 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 annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating 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 annual accounts, unless the management either intends to liquidate 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 annual accounts

Our objectives are to obtain reasonable assurance about whether 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 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 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 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 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 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 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 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 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 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 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 June 2017

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

Ulrik Nørskov State Authorised Public Accountant	Michael Markussen State Authorised Public Accountant

Company data

The company	Reputation Institute ApS Borgergade 24, 3. 1300 København K	
	Company reg. no.	28 27 95 07
	Established:	19 November 2004
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Cees van Riel Charles J Fombrun Nicolas Georges Trad Kasper Ulf Skaarup-Nielsen	
Managing Director	James Lee Bedard	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Parent company	Reputation Institute Holding A/S	

The principal activities of the company

The company´s significant activities is within counsellor, advisory and related areas.

Development in activities and financial matters

The results from ordinary activities after tax are DKK -2.490.000 against DKK -4.848.000 last year. The management consider the results unsatisfactory.

At December 31, 2016, there is a deficiency in stockholders´ equity of approximately DKK 3,797,000. The company is consequently subject to the Danish Companies Act § 119 (loss of capital). The management expects to re-establish the capital upon receipt of a capital contribution from the parent company, Reputation Institute Holding A/S (DKK 3,700,000) and by the means of the company's own earnings in 2017.

Management has secured the necessary liquidity and financial support from the parent company, Reputation Institute Holding A/S and group entreprises for funding of the next year´s planned operations.

The management expects a positive result for the coming financial year.

Accounting policies used

The annual report for Reputation Institute ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

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 company 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 company 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 concerns 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.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, direct cost of services and other external costs.

The net turnover comprises the value of services provided during the year, including outlay for customers less VAT and price reductions directly associated with the sale.

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

Direct cost of services comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational costs.

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.

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 concerns the financial year.

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 company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

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

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

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.

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:

Other plants, operating assets, fixtures and furniture	3 years

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 loss is recognised in the profit and loss account under depreciation.

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.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual contract.

When the sales value of a contract can not be determined reliably, the selling price is measured solely at the costs incurred, or at the net realisable value, if this is lower.

Contracts are recognised as trade debtors if the selling price of the work performed exceeds invoicing on account and expected losses. Contracts are recognised as liabilities if invoicing on account and expected losses exceed the selling price.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

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.

Equity

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.

According to the rules of joint taxation, Reputation Institute ApS 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.

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

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.

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.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2016	2015
	Gross profit	**10.511.895**	**10.700.955**
2	Staff costs	-12.794.274	-16.857.241
	Operating profit	**-2.282.379**	**-6.156.286**
	Other financial income	1.972	570
3	Other financial costs	-209.819	-117.096
	Results before tax	**-2.490.226**	**-6.272.812**
4	Tax on ordinary results	0	1.425.000
	Results for the year	**-2.490.226**	**-4.847.812**
	Proposed distribution of the results:		
	Allocated from results brought forward	-2.490.226	-4.847.812
	Distribution in total	**-2.490.226**	**-4.847.812**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2016	2015
	Fixed assets		
5	Other plants, operating assets, and fixtures and furniture	0	0
	Tangible fixed assets in total	0	0
	Deposits	225.809	225.809
	Financial fixed assets in total	225.809	225.809
	Fixed assets in total	**225.809**	**225.809**
	Current assets		
	Trade debtors	3.910.935	2.577.619
	Amounts owed by group enterprises	5.482.243	5.312.842
	Deferred tax assets	1.784.000	1.784.000
	Accrued income and deferred expenses	73.157	95.242
	Debtors in total	11.250.335	9.769.703
	Available funds	3.429.524	2.300.726
	Current assets in total	**14.679.859**	**12.070.429**
	Assets in total	**14.905.668**	**12.296.238**

Balance sheet 31 December

All amounts in DKK.

Note	**Equity and liabilities**	2016	2015
	Equity		
6	Contributed capital	125.000	125.000
7	Results brought forward	-3.922.125	-1.431.899
	Equity in total	**-3.797.125**	**-1.306.899**
	Liabilities		
	Trade creditors	919.297	1.305.657
	Debt to group enterprises	11.188.120	4.939.953
	Other debts	2.913.797	6.906.256
	Accrued expenses and deferred income	3.681.579	451.271
	Short-term liabilities in total	18.702.793	13.603.137
	Liabilities in total	**18.702.793**	**13.603.137**
	Equity and liabilities in total	**14.905.668**	**12.296.238**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

8 Contingencies

Notes

All amounts in DKK.

		2016	2015
1.	**Uncertainties concerning the enterprise's ability to continue as a going concern**		

At December 31, 2016, there is a deficiency in stockholders´ equity of approximately DKK 3,797,000. The company is consequently subject to the Danish Companies Act § 119 (loss of capital). Management has secured the necessary liquidity and financial support from the parent company, Reputation Institute Holding A/S and group entreprises for funding of the next year´s planned operations.

		2016	2015
2.	**Staff costs**		
	Salaries and wages	12.314.339	16.051.956
	Other costs for social security	62.832	97.616
	Other staff costs	417.103	707.669
		12.794.274	**16.857.241**
	Average number of employees	15	19
3.	**Other financial costs**		
	Other financial costs	209.819	117.096
		209.819	**117.096**
4.	**Tax on ordinary results**		
	Adjustment for the year of deferred tax	0	-1.425.000
		0	**-1.425.000**
5.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2016	359.701	359.701
	Cost 31 December 2016	**359.701**	**359.701**
	Amortisation and writedown 1 January 2016	-359.701	-359.701
	Amortisation and writedown 31 December 2016	**-359.701**	**-359.701**
	Book value 31 December 2016	**0**	**0**

Notes

All amounts in DKK.

		31/12 2016	31/12 2015
6.	**Contributed capital**		
	Contributed capital 1 January 2016	125.000	125.000
		125.000	**125.000**
7.	**Results brought forward**		
	Results brought forward 1 January 2016	-1.431.899	3.415.913
	Profit or loss for the year brought forward	-2.490.226	-4.847.812
		-3.922.125	**-1.431.899**

8. Contingencies

Contingent liabilities

The company has entered into lease agreements with a rent commitment of DKK 180 thousand on the balancesheet date.

Joint taxation

Reputation Institute Holding A/S being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

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

The total tax payable under the joint taxation amounts to DKK 0 thousand.

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

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.