RSM Danmark

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Reputation Institute ApS

c/o Buus Jensen Lersø Parkallé 112, 2100 København Ø

Company reg. no. 28 27 95 07

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 3 June 2021.

Peter Neve
Chairman of the meeting

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 DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

Today, the managing director has presented the annual report of Reputation Institute ApS for the financial year 1 January - 31 December 2020.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

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

København Ø, 10 May 2021

Managing Director

Kylie Louise Wright-Ford

To the shareholders of Reputation Institute ApS

Auditor's report on the financial statements

Opinion

We have audited the financial statements of Reputation Institute ApS for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 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 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Violation of VAT legislation

The company has, in violation of the VAT Act, made incorrect VAT declarations to the tax authority, of which the management may be liable.

Aabyhøj, 10 May 2021

BRANDT
State Authorized Public Accounting Firm
Company reg. no. 25 49 21 45

John Lindholm Bode
State Authorised Public Accountant
mne32840

Company information

The company	Reputation Institute ApS c/o Buus Jensen Lersø Parkallé 112 2100 København Ø	
	Company reg. no.	28 27 95 07
	Established:	19 November 2004
	Financial year:	1 January - 31 December
Managing Director	Kylie Louise Wright-Ford	
Auditors	BRANDT Statsautoriseret Revisionspartnerselskab Søren Frichs Vej 36 L 8230 Aabyhøj	
Parent company	Reputation Insitute Holding A/S	

Management commentary

The principal activities of the company

The company, together with its group enterprises (the "RI Group"), is the world leading reputation data and insights company. The company operates primarily within the EMEA countries.

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.

Development in activities and financial matters

The gross profit for the year totals DKK 11.549.000 against DKK 6.831.000 last year. Income or loss from ordinary activities after tax totals DKK -457.000 against DKK -6.849.000 last year. The management consider the results as expected.

As equity represents less than half of the subscribed capital, the Company i subject to the Danish Companies Act section 19 regarding loss of capital. Management expects to recover the capital by being profitable in the coming years, or by contributions from the parent company.

The annual report for Reputation Institute ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented i DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, cost of sales, 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 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 company's arrangements generally include stand-ready profesional and advisory services, measurement, support and maintenance services, and monthly SaaS services (collectively "services"). The company has concluded that its services represent a single combined performance obligation. Feed 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 company expects to be entitled in exchange for transferring goods and services to the costumer. Revenue is recorded based on the transaction price. The company excludes from revenue sales tax and other government assessed and imposed taxes 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) is also recorded. If revenue is recognized in advance of the right to invoice, an unbilled reveivable is recorded as Contract work in progress in the balance sheet.

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

The company pays comissions for both new sales and renewals. As cutomer contracts in which the comissions paid on new business and renewals are not commensurate, the company capitalizes comission costs related to new sales and amortizes the costs over an expected period of benefit, which the company determined to be approximately 48 months. The expected period of benefit was deermined by taking into consideration customer contracts and the duration of historical customer relationships. The company includes amortization of deferred comissions in staff costs in the accompanying income statement. The company periodically reviews these costs to determine whether events or changes in circumstances have occured that could affect the period of benefit of these contract acquisition costs. There were no impairment losses recorded during the year ended 31 December 2020

Costs of sales consists primarily of data used in performing client projects.

Other operating income comprise accounting items of secundary nature in proportion to the principal activities of the enterprice, including gains on disposal of tangible fixed assets.

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

Staff costs

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in 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).

Statement of financial position

Investments

Deposits

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

Contract work in progress

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.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities

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

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross profit	**11.549.239**	**6.830.833**
1	Staff costs	-11.742.804	-14.135.561
	Operating profit	**-193.565**	**-7.304.728**
	Other financial income	19.505	465.132
	Other financial costs	-282.470	-9.258
	Pre-tax net profit or loss	**-456.530**	**-6.848.854**
	Tax on net profit or loss for the year	0	0
	Net profit or loss for the year	**-456.530**	**-6.848.854**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-456.530	-6.848.854
	Total allocations and transfers	**-456.530**	**-6.848.854**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
	Deposits	0	107.738
	Total investments	0	107.738
	Total non-current assets	**0**	**107.738**
	Current assets		
	Trade receivables	11.475.778	623.170
	Receivables from group enterprises	8.183.308	3.498.047
	Other receivables	40.478	42.233
	Prepayments and accrued income	2.660	71.303
	Total receivables	19.702.224	4.234.753
	Cash on hand and demand deposits	972.855	1.793.348
	Total current assets	**20.675.079**	**6.028.101**
	Total assets	**20.675.079**	**6.135.839**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	125.000	125.000
	Retained earnings	-690.224	-233.694
	Total equity	**-565.224**	**-108.694**
	Liabilities other than provisions		
	Other payables	0	473.513
	Total long term liabilities other than provisions	0	473.513
	Trade payables	1.143.437	2.218.399
	Payables to group enterprises	2.169.023	438.623
	Other payables	6.000.006	2.361.561
	Accruals and deferred income	11.927.837	752.437
	Total short term liabilities other than provisions	21.240.303	5.771.020
	Total liabilities other than provisions	**21.240.303**	**6.244.533**
	Total equity and liabilities	**20.675.079**	**6.135.839**

2 Contingencies

Notes

All amounts in DKK.

		2020	2019
1.	**Staff costs**		
	Salaries and wages	11.594.034	14.084.677
	Pension costs	179.134	0
	Other costs for social security	-30.364	50.884
		11.742.804	**14.135.561**
	Average number of employees	12	14

2. Contingencies

Contingent liabilities

Joint taxation

Reputation Institute Holding A/S, company reg. no 28 27 94 85 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.