Reputation Institute ApS

Bredgade 20, 3., 1260 København K

Company reg. no. 28 27 95 07

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 15 September 2020.

Kylie Louise Wright-Ford
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 DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The managing director has today presented the annual report of Reputation Institute ApS for the financial year 1 January to 31 December 2019.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

I am 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, 15 September 2020

Managing Director

Kylie Louise Wright-Ford

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 2019, which comprise accounting policies, 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 2019 and of the results of the company's operations 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 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.

Independent auditor's report

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, 15 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 ApS Bredgade 20, 3. 1260 København K	
	Company reg. no.	28 27 95 07
	Established:	19 November 2004
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Managing Director	Kylie Louise Wright-Ford	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Parent company	Reputation Institute 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 is DKK 6.831.000 against DKK 12.734.000 last year. The results from ordinary activities after tax are DKK -6.849.000 against DKK -1.177.000 last year. The management consider the results as expected.

The company has received capital contributions from the parent company in 2019 for a total of DKK 3.386.000. The contributions are recognized directly on the equity cf. note 3 to the annual accounts.

As the equity represents less than half of the subscribed capital, the Company is subject to the Danish Companies Act section 119 regarding loss of capital. Management expects to recover the capital by being profitable in the coming years, or by capital contributions from the parent company.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2019	2018
	Gross profit	**6.830.832**	**12.733.660**
1	Staff costs	-14.135.561	-13.957.951
	Profit before net financials	**-7.304.729**	**-1.224.291**
	Other financial income	465.132	83.785
	Other financial costs	-9.257	-36.740
	Pre-tax net profit or loss	**-6.848.854**	**-1.177.246**
	Tax on ordinary results	0	0
	Net profit or loss for the year	**-6.848.854**	**-1.177.246**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-6.848.854	-1.177.246
	Total allocations and transfers	**-6.848.854**	**-1.177.246**

Statement of financial position at 31 December

All amounts in DKK.

Note	**Assets**	2019	2018
	Non-current assets		
	Deposits	107.738	187.690
	Total investments	107.738	187.690
	Total non-current assets	**107.738**	**187.690**
	Current assets		
	Trade debtors	623.170	2.744.720
	Amounts owed by group enterprises	3.498.047	6.696.417
	Other receivables	42.233	0
	Accrued income and deferred expenses	71.303	58.185
	Total receivables	4.234.753	9.499.322
	Available funds	1.793.348	4.860.355
	Total current assets	**6.028.101**	**14.359.677**
	Total assets	**6.135.839**	**14.547.367**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2019	2018
	Equity		
2	Contributed capital	125.000	125.000
3	Results brought forward	-233.694	3.229.420
	Total equity	**-108.694**	**3.354.420**
	Liabilities other than provisions		
	Other payables	473.513	0
	Total long term liabilities other than provisions	473.513	0
	Trade creditors	2.218.399	1.896.223
	Debt to group enterprises	438.623	5.138.228
	Other debts	2.361.561	3.155.978
	Accrued expenses and deferred income	752.437	1.002.518
	Total short term liabilities other than provisions	5.771.020	11.192.947
	Total liabilities other than provisions	**6.244.533**	**11.192.947**
	Total equity and liabilities	**6.135.839**	**14.547.367**

4 Contingencies

Notes

All amounts in DKK.

		2019	2018
1.	**Staff costs**		
	Salaries and wages	14.084.677	13.865.730
	Other costs for social security	50.884	92.221
		14.135.561	**13.957.951**
	Average number of employees	14	14
2.	**Contributed capital**		
	Contributed capital 1 January 2019	125.000	125.000
		125.000	**125.000**
3.	**Results brought forward**		
	Results brought forward 1 January 2019	3.229.420	-3.480.465
	Profit or loss for the year brought forward	-6.848.854	-1.177.246
	Capital contributions	3.385.740	7.887.131
		-233.694	**3.229.420**

4. Contingencies

Contingent liabilities

	DKK in tousands
Contingent liabilities in total	215

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.

Notes

All amounts in DKK.

4. Contingencies (continued)

Joint taxation (continued)

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.

Accounting policies

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.

Changes in the accounting policies

During the year ended 31 December 2019, the company 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 change in accounting method has no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year, nor the previous financial year.

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 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.

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.

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 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 company's arrangements generally include stand-ready professional 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. 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 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 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 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 a customer if the company expects the benefits of those costs to be longer than one year and amortize such costs over the expected benefit period.

The company 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 company capitalizes commission 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 determined by taking into consideration customer contracts and the duration of historical customer relationships. The company includes amortization of deferred commissions in staff costs in the accompanying income statement. The company 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 comprise 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.

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

Financial fixed assets

Deposits

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

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

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.

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 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.

Liabilities

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.