



CVR no. 30 27 65 82

Pilestræde 58
1112 Copenhagen K
Denmark

Annual report for the year ended 31 December 2016



Approved at the annual general meeting of shareholders.

Date: 30/5-2017

Chairman's signature: 

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Trustpilot A/S for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 16 May 2017
Executive Board:


Peter Holten Mühlmann (May 15, 2017)

.....
Peter Holten Mühlmann
CEO


Kasper Heine (May 15, 2017)

.....
Kasper Asbjørn Heine

Board of Directors:


Tim Weller (May 12, 2017)

.....
Timothy Grainger Weller
Chairman


Simon Cook (May 15, 2017)

.....
Simon Christopher Cook


Ben Johnson (May 12, 2017)

.....
Benjamin Clark Johnson


Ben Holmes (May 15, 2017)

.....
Benjamin John Bieder
Holmes


Lars Andersen (May 14, 2017)

.....
Lars Andersen


Jeppe zink (May 15, 2017)

.....
Jeppe Heinrich Zink

Independent auditor's report

To the shareholders of Trustpilot A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Trustpilot A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, consolidated cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016, and of the results of the Group and parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 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 (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent company financial statements

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

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

Independent auditor's report

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the Parent Company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 financial statements and the Parent Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. 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 internal control that we identify during our audit.

Independent auditor's report

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 16 May 2017

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Claus Hammer-Pedersen
State Authorised Public Accountant



Kim R. Mortensen
State Authorised Public Accountant

Management's review

Company details

| | |
|----------------------------|--|
| Name | Trustpilot A/S |
| Address, Postal code, City | Pilestræde 58, 5, 1112 København K |
| CVR no. | 30 27 65 82 |
| Established | 12 February 2007 |
| Registered office | København |
| Financial year | 1 January - 31 December |
| Website | www.trustpilot.com |
| E-mail | info@trustpilot.com |
| Telephone | +45 88 77 76 00 |
| Board of Directors | Timothy Grainger Weller, Chairman Simon Christopher Cook Benjamin Clark Johnson Benjamin John Bieder Holmes Lars Andersen Jeppe Heinrich Zink |
| Executive Board | Peter Holten Mühlmann, CEO Kasper Asbjørn Heine |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark |

Management's review

Financial highlights for the Group

| DKK'000 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------|----------|----------|---------|---------|
| Key figures | | | | | |
| Revenue | 241,624 | 180,224 | 118,473 | 65,915 | 30,996 |
| Operating profit/loss | -183,586 | -180,485 | -111,893 | -48,960 | -23,853 |
| Net financials | -1,265 | -5,437 | 13,519 | -3,385 | -209 |
| Profit/loss for the year | -179,635 | -180,435 | -92,124 | -49,845 | -24,062 |
| Total assets | 321,173 | 477,598 | 127,762 | 190,365 | 88,393 |
| Equity | 196,773 | 380,320 | 53,867 | 150,716 | 65,889 |
| Cash flows from operating activities | -87,183 | -140,585 | -72,486 | -35,962 | -12,691 |
| Net cash flows from investing activities | -84,467 | -23,210 | -10,400 | -5,295 | -3,911 |
| Investment in property, plant and equipment | -4,282 | -3,201 | -4,261 | -787 | -1,533 |
| Cash flows from financing activities | 0 | 499,036 | -1,356 | 134,449 | 73,217 |
| Total cash flows | -171,650 | 335,241 | -84,242 | 93,192 | 56,615 |
| Financial ratios | | | | | |
| Solvency ratio | 61.3% | 79.6% | 42.2% | 79.2% | 74.5% |
| Average number of employees | 483 | 404 | 230 | 162 | 103 |

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The definitions are as follows:

Solvency ratio: $(\text{Equity, year-end} \times 100) / \text{Total asset, year-end}$

Management's review

Management commentary

Business review

Trustpilot is an online review community that builds trust and transparency between consumers and businesses. The platform enables businesses to engage with customers directly, inviting them to write reviews of their experience online. This enables companies, in an increasingly crowded online world, to have a better dialogue with customers and channel feedback to improve business operations and customer satisfaction.

The Group is comprised of the Parent Company: Trustpilot A/S (Denmark) and the 100 % owned subsidiaries: Trustpilot, Inc. (US), Trustpilot Ltd. (UK), Trustpilot GmbH (Germany) and Trustpilot PTY Ltd. (Australia).

2016 Highlights

2016 was another record year for Trustpilot. It saw Trustpilot reach and exceed the 25-million review milestone and over 150,000 businesses now have a TrustScore. Today, a review is published on Trustpilot every 5 seconds and more than 10,000 consumers sign up every month.

There was a significant focus on the North American market in 2016, marked by the opening of a second office in Denver, CO and several key leadership hires based in the U.S, including CFO, Hanno Damm.

With customers in 70 countries, Trustpilot continues to maintain strong positions in Europe, the U.S. and Australia. Total Revenue grew by DKK 61.4 Million in 2016 compared to a growth of DKK 61.7 Million in 2015.

TrustBox impressions reached one billion for the first time in 2016 and continue to break records monthly, while renewed focus on the consumer and business site resulted in a marked uptick in organic reviews and customer sign-ups.

2016 was also a record year for product development. Trustpilot significantly accelerated and improved its product delivery, creating tangible advantages for current and potential customers.

Financial review

In the financial year 2016, Trustpilot saw a 34.1% increase in revenue, with revenue totaling DKK 241.6 Million, compared to a total revenue of DKK 180.2 Million last year. The income statement for 2016 shows a loss of DKK 179,6 Million compared to a loss of DKK 180.4 Million in 2015. The balance sheet on 31 December 2016 shows equity of DKK 196.8 Million versus equity of DKK 380.3 Million on 31 December 2015.

These result are in line with the expansion plan, which has been approved by the Board of Directors for Trustpilot.

In May 2015, Trustpilot realized additional equity funding of DKK 502 Million. The cost of additional funding amounts, DKK 2 Million, and the net capital injection amounted to DKK 500 million. Trustpilot incorporated two subsidiaries in 2015 to support the future growth in the Australian and DACH markets. The Company now has offices in New York, Denver, Copenhagen, London, Berlin and Melbourne.

Knowledge resources

Management has concluded that Trustpilot has been assessed not to have any special knowledge resources, apart from the normal knowledge resources in the line of business.

Management's review

Management commentary

Special risks

Management has concluded that Trustpilot has been assessed not to be subject to any special risks, including operating and financial risks, apart from the usual risks in the line of business.

Impact on the external environment

Trustpilot products comply with all environmental regulations.

Research and development activities

Trustpilot is determined to keep investing in the services it delivers by continuing to add additional functionality, but also by scaling its tech environment to enable further growth.

Statutory CSR report

At Trustpilot, we acknowledge our responsibility for contributing to sustainable development, and we see a natural correlation between acting responsibly and increasing the company's profit and future growth. Being a young company, we are still working to implement dedicated CSR policies. We do therefore not at this point have any further policies on human rights, climate and external environment, but Trustpilot is confident that we comply with regulations on these areas.

Account of the gender composition of Management

Trustpilot's employees represent more than 40 nationalities and the global gender distribution is 37% female and 63% male. This is the result of a dedicated company strategy to ensure a diverse and inclusive work environment. Trustpilot's Code of Conduct also states that employment opportunities, assignments and promotions will be offered on the basis of merit regardless of race, gender, colour, creed, religion, age, marital status, ethnicity, veteran or military status, pregnancy, genetic information, sexual orientation or national origin and with sensitivity to the needs and concerns of minorities and the disabled.

The gender distribution throughout the company has been stable at around 60% male and 40% female for the past two years. At all levels of the organisation, there is a continued focus on ensuring an increase in gender diversity in addition to an overall culturally diverse workplace. This is also the case for management and Trustpilot will to having at least one female member of the board of directors before the end of 2017. At present, there are no female board members.

This is also the case for management. At the head office in Copenhagen, the gender distribution is 67% male and 33% female. Trustpilot's efforts to ensure a diverse workplace are for example reflected in initiatives like hosting "Women in Tech" networking events. There is also a specific emphasis on ensuring more female representation in Trustpilot's top leadership positions.

As of 31 December 2016, the top management consists of seven members, all of which are men. In other management layers, we have an additional 28 managers, of which 13 are women, corresponding to 37% of the total management.

Events after the balance sheet date

No significant events have occurred subsequent to the financial year, which materially have affected the financial position of the Company.

Outlook

Trustpilot will continue to invest considerably in building the service and features necessary to support consumers in making more informed decisions when shopping online. Moreover, Trustpilot will continue to advocate for ecommerce businesses to actively engage in conversations with their customers and to use customer feedback to strengthen their services for mutual benefit.

The Board of Directors expectation is to have sufficient equity and liquidity to cover the expansion.

On this basis, the financial result for 2017 is expected to be at the same level as 2016.

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Income statement

| Note | DKK'000 | Group | | Parent company | |
|------|-------------------------------|----------|----------|----------------|----------|
| | | 2016 | 2015 | 2016 | 2015 |
| 2 | Revenue | 241,624 | 180,224 | 179,885 | 144,100 |
| | Production costs | -74,713 | -74,462 | -67,652 | -64,095 |
| | Gross margin | 166,911 | 105,762 | 112,233 | 80,005 |
| | Distribution costs | -270,731 | -220,254 | -168,159 | -127,257 |
| | Administrative expenses | -79,766 | -65,993 | -46,082 | -51,203 |
| | Operating profit/loss | -183,586 | -180,485 | -102,008 | -98,455 |
| | Income from group entities | 0 | 0 | -85,973 | -82,952 |
| 3 | Financial income | 37,872 | 354 | 40,624 | 162 |
| 4 | Financial expenses | -39,137 | -5,791 | -37,778 | -5,065 |
| | Profit/loss before tax | -184,851 | -185,922 | -185,135 | -186,310 |
| 5 | Tax for the year | 5,216 | 5,487 | 5,500 | 5,875 |
| | Profit/loss for the year | -179,635 | -180,435 | -179,635 | -180,435 |

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Balance sheet

| Note | DKK'000 | Group | | Parent company | |
|------|---------|--|-----------------------|-----------------------|-----------------------|
| | | 2016 | 2015 | 2016 | 2015 |
| | | | | | |
| | | ASSETS | | | |
| | | Fixed assets | | | |
| 6 | | Intangible assets | | | |
| | | Acquired intangible assets | | | |
| | | 22,102 | 12,110 | 21,715 | 12,110 |
| | | <u>22,102</u> | <u>12,110</u> | <u>21,715</u> | <u>12,110</u> |
| 7 | | Property, plant and equipment | | | |
| | | Other fixtures and fittings, tools and equipment | | | |
| | | 3,395 | 3,412 | 1,281 | 2,089 |
| | | Leasehold improvements | | | |
| | | 2,816 | 1,996 | 505 | 978 |
| | | <u>6,211</u> | <u>5,408</u> | <u>1,786</u> | <u>3,067</u> |
| 8 | | Investments | | | |
| | | Investments in group entities, net asset value | | | |
| | | 0 | 0 | 1,769 | 6,697 |
| | | Other receivables | | | |
| | | 4,682 | 2,000 | 1,061 | 1,061 |
| | | <u>4,682</u> | <u>2,000</u> | <u>2,830</u> | <u>7,758</u> |
| | | Total fixed assets | | | |
| | | <u>32,995</u> | <u>19,518</u> | <u>26,331</u> | <u>22,935</u> |
| | | Non-fixed assets | | | |
| | | Receivables | | | |
| | | Trade receivables | | | |
| | | 23,149 | 18,561 | 14,799 | 12,327 |
| | | Receivables from group entities | | | |
| | | 0 | 0 | 7,825 | 819 |
| | | Income taxes receivable | | | |
| | | 5,500 | 5,875 | 5,500 | 5,875 |
| | | Other receivables | | | |
| | | 3,735 | 9,099 | 397 | 473 |
| 9 | | Prepayments | | | |
| | | 4,641 | 1,742 | 2,808 | 668 |
| | | <u>37,025</u> | <u>35,277</u> | <u>31,329</u> | <u>20,162</u> |
| | | Cash at bank and in hand | | | |
| | | 251,153 | 422,803 | 232,180 | 410,273 |
| | | <u>288,178</u> | <u>458,080</u> | <u>263,509</u> | <u>430,435</u> |
| | | TOTAL ASSETS | | | |
| | | <u><u>321,173</u></u> | <u><u>477,598</u></u> | <u><u>289,840</u></u> | <u><u>453,370</u></u> |

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Balance sheet

| Note | DKK'000 | Group | | Parent company | |
|------|---|---------|---------|----------------|---------|
| | | 2016 | 2015 | 2016 | 2015 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| 10 | Share capital | 3,726 | 3,726 | 3,726 | 3,726 |
| | Retained earnings | 193,047 | 376,594 | 193,047 | 376,594 |
| | Total equity | 196,773 | 380,320 | 196,773 | 380,320 |
| | Liabilities other than provisions | | | | |
| | Non-current liabilities other than provisions | | | | |
| | Other payables | 6,488 | 2,209 | 6,488 | 2,209 |
| | | 6,488 | 2,209 | 6,488 | 2,209 |
| | Current liabilities other than provisions | | | | |
| | Current portion of long-term liabilities | 8,690 | 4,562 | 8,690 | 4,562 |
| | Trade payables | 5,995 | 5,428 | 4,907 | 4,985 |
| | Payables to group entities | 0 | 0 | 0 | 190 |
| | Income taxes payable | 175 | 86 | 0 | 0 |
| | Other payables | 31,638 | 26,802 | 24,647 | 19,081 |
| | Deferred income | 71,414 | 58,191 | 48,335 | 42,023 |
| | | 117,912 | 95,069 | 86,579 | 70,841 |
| | Total liabilities other than provisions | 124,400 | 97,278 | 93,067 | 73,050 |
| | TOTAL EQUITY AND LIABILITIES | 321,173 | 477,598 | 289,840 | 453,370 |

- 1 Accounting policies
- 11 Staff costs and incentive programmes
- 12 Contractual obligations and contingencies, etc.
- 13 Contingent assets
- 14 Collateral
- 15 Related parties
- 16 Fee to the auditors appointed by the Company in general meeting

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Statement of changes in equity

| DKK'000 | Group | | |
|-----------------------------|---------------|-------------------|----------|
| | Share capital | Retained earnings | Total |
| Equity at 1 January 2015 | 2,674 | 51,193 | 53,867 |
| Capital increase | 1,052 | 498,660 | 499,712 |
| Profit/loss for the year | 0 | -180,435 | -180,435 |
| Exchange adjustment | 0 | 7,852 | 7,852 |
| Purchase of treasury shares | 0 | -676 | -676 |
| Equity at 1 January 2016 | 3,726 | 376,594 | 380,320 |
| Profit/loss for the year | 0 | -179,635 | -179,635 |
| Exchange adjustment | 0 | -3,912 | -3,912 |
| Equity at 31 December 2016 | 3,726 | 193,047 | 196,773 |

| DKK'000 | Parent company | | |
|-----------------------------|----------------|-------------------|----------|
| | Share capital | Retained earnings | Total |
| Equity at 1 January 2015 | 2,674 | 51,193 | 53,867 |
| Capital increase | 1,052 | 498,660 | 499,712 |
| Profit/loss for the year | 0 | -180,435 | -180,435 |
| Exchange adjustment | 0 | 7,852 | 7,852 |
| Purchase of treasury shares | 0 | -676 | -676 |
| Equity at 1 January 2016 | 3,726 | 376,594 | 380,320 |
| Profit/loss for the year | 0 | -179,635 | -179,635 |
| Exchange adjustment | 0 | -3,912 | -3,912 |
| Equity at 31 December 2016 | 3,726 | 193,047 | 196,773 |

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Cash flow statement

| Notes | DKK'000 | Group | |
|-------|---|----------|----------|
| | | 2016 | 2015 |
| | Profit/loss for the year | -179,635 | -180,435 |
| | Cash generated from operations (operating activities) | -179,635 | -180,435 |
| | Other cash flows from operating activities | 92,452 | 39,850 |
| | Cash flows from operating activities | -87,183 | -140,585 |
| | Additions of intangible assets | -77,503 | -22,082 |
| | Additions of property, plant and equipment | -4,282 | -3,201 |
| | Other cash flows from investing activities | -2,682 | 2,073 |
| | Cash flows to investing activities | -84,467 | -23,210 |
| | Acquisition of treasury shares | 0 | -676 |
| | Cash capital increase | 0 | 499,712 |
| | Cash flows from financing activities | 0 | 499,036 |
| | Net cash flow | -171,650 | 335,241 |
| | Cash and cash equivalents at 1 January | 422,803 | 87,562 |
| | Cash and cash equivalents at 31 December | 251,153 | 422,803 |

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Trustpilot A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report large reporting class C entities.

Effective 1 January 2016, the Company has adopted act. no. 738 of 1. July 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly reassessment of residual values of property, plant and equipment
2. Restructuring in connection with business combinations
3. Reserve for development costs

Re. 1:

In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

Re 2:

Going forward, only restructuring costs which are recognised in the acquired entity before the date of acquisition and which are not agreed as part of the acquisition will be recognised in the acquisition balance sheet and, accordingly, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement in future. Previously, provisions for restructuring decided in connection with the business combination were recognised.

Re 3:

An amount corresponding to development costs recognised will, in future, be tied up in the parent company in a special reserve under equity called "Reserve for development costs". The amount is tied up in a special reserve, which cannot be used to distribute dividend or cover losses. If the development costs recognised are sold or in some other way no longer form part of the Company's operations, the reserve will be dissolved or reduced by a transfer directly to distributable reserves under equity. If the recognised development costs are written down, part of the reserve for development costs must be reversed. The reversed portion corresponds to the write-down of the development costs. If a write-down of the development costs is subsequently reversed, the reserve for development costs must be reestablished. The reserve for development costs is also reduced by amortisation charges and tax. In doing so, the equity reserve will not exceed the amount recognised in the balance sheet as development costs.

None of the above changes impacts on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Consolidation

The consolidated financial statements comprise the parent, Trustpilot A/S, and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Group's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of subscriptions is recognised in the income statement over the period of subscription provided that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Distribution costs

Distribution expenses include expenses relating to sale and distribution in the year, including expenses relating to sales staff, advertising, exhibitions and depreciation of assets that are related to sale and distribution of the company's products.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises/expenses as well as depreciation of assets used for administrative purposes.

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets includes it-platform, development projects and other acquired intangible rights, including software licences.

It-paltfom, development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development phase, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually three years. The assets are written down if impaired.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised over the right of use or the useful life. The amortisation period is usually one to three years.

Property, plant and equipment

Items of 'other fixtures and fittings, tools and equipment' and 'leasehold improvements' are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Depreciation is provided on a straight-line basis over the expected useful life of the assets. The expected useful life is 3-5 years.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are three years.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured, using the equity method, at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost. Provisions are made for bad debts on the basis of objective evidence that a receivable are impaired, based on individual assessments. Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investment in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs reduced by taxes. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets.

Cash flows from financing activities comprise, capital increases and reductions and purchase/sale of treasury shares.

Cash and cash equivalents comprise cash at bank and in hand.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Notes to the financial statements

| | Group | | Parent company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| DKK'000 | | | | |
| 2 Segment information | | | | |
| Europe | 154,696 | 125,030 | 167,257 | 137,234 |
| Rest of World | 86,928 | 55,194 | 12,628 | 6,866 |
| | <u>241,624</u> | <u>180,224</u> | <u>179,885</u> | <u>144,100</u> |
| 3 Financial income | | | | |
| Interest receivable, group entities | 0 | 0 | 3,234 | 0 |
| Exchange adjustments | 36,866 | 2 | 36,384 | 0 |
| Other financial income | 1,006 | 352 | 1,006 | 162 |
| | <u>37,872</u> | <u>354</u> | <u>40,624</u> | <u>162</u> |
| 4 Financial expenses | | | | |
| Exchange adjustments | 37,168 | 139 | 36,792 | 3,704 |
| Other financial expenses | 1,969 | 5,652 | 986 | 1,361 |
| | <u>39,137</u> | <u>5,791</u> | <u>37,778</u> | <u>5,065</u> |
| 5 Tax for the year | | | | |
| Estimated tax charge for the year | -5,216 | -5,487 | -5,500 | -5,875 |
| | <u>-5,216</u> | <u>-5,487</u> | <u>-5,500</u> | <u>-5,875</u> |

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Notes to the financial statements

6 Intangible assets

| DKK'000 | Group | | |
|---|--------------------------------|----------------------------|---------|
| | Completed development projects | Acquired intangible assets | Total |
| Cost at 1 January 2016 | 8,766 | 20,803 | 29,569 |
| Exchange adjustment | 0 | 51 | 51 |
| Additions in the year | 42,525 | 34,978 | 77,503 |
| Disposals in the year | 0 | -14,903 | -14,903 |
| Cost at 31 December 2016 | 51,291 | 40,929 | 92,220 |
| Impairment losses and amortisation at 1 January 2016 | 8,766 | 8,693 | 17,459 |
| Exchange adjustment | 0 | 35 | 35 |
| Impairment losses in the year | 42,525 | 22,793 | 65,318 |
| Amortisation/depreciation and impairment of disposals in the year | 0 | -12,694 | -12,694 |
| Impairment losses and amortisation at 31 December 2016 | 51,291 | 18,827 | 70,118 |
| Carrying amount at 31 December 2016 | 0 | 22,102 | 22,102 |

| DKK'000 | Parent company | | |
|---|--------------------------------|----------------------------|---------|
| | Completed development projects | Acquired intangible assets | Total |
| Cost at 1 January 2016 | 8,766 | 20,803 | 29,569 |
| Additions in the year | 42,525 | 33,683 | 76,208 |
| Disposals in the year | 0 | -14,769 | -14,769 |
| Cost at 31 December 2016 | 51,291 | 39,717 | 91,008 |
| Impairment losses and amortisation at 1 January 2016 | 8,766 | 8,693 | 17,459 |
| Impairment losses in the year | 42,525 | 0 | 42,525 |
| Amortisation/depreciation in the year | 0 | 21,958 | 21,958 |
| Reversal of amortisation/depreciation and impairment of disposals | 0 | -12,649 | -12,649 |
| Impairment losses and amortisation at 31 December 2016 | 51,291 | 18,002 | 69,293 |
| Carrying amount at 31 December 2016 | 0 | 21,715 | 21,715 |

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

| DKK'000 | Group | | |
|---|---|---------------------------|--------|
| | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
| Cost at 1 January 2016 | 6,371 | 2,923 | 9,294 |
| Exchange adjustment | 35 | -69 | -34 |
| Additions in the year | 2,066 | 2,216 | 4,282 |
| Disposals in the year | -1,692 | 0 | -1,692 |
| Cost at 31 December 2016 | 6,780 | 5,070 | 11,850 |
| Impairment losses and depreciation at 1 January 2016 | 2,959 | 927 | 3,886 |
| Exchange adjustment | 43 | 16 | 59 |
| Amortisation/depreciation in the year | 2,075 | 1,311 | 3,386 |
| Reversal of amortisation/depreciation and impairment of disposals | -1,692 | 0 | -1,692 |
| Impairment losses and depreciation at 31 December 2016 | 3,385 | 2,254 | 5,639 |
| Carrying amount at 31 December 2016 | 3,395 | 2,816 | 6,211 |

| DKK'000 | Parent company | | |
|---|---|---------------------------|--------|
| | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
| Cost at 1 January 2016 | 4,534 | 1,556 | 6,090 |
| Additions in the year | 186 | 0 | 186 |
| Disposals in the year | -1,691 | 0 | -1,691 |
| Cost at 31 December 2016 | 3,029 | 1,556 | 4,585 |
| Impairment losses and depreciation at 1 January 2016 | 2,445 | 578 | 3,023 |
| Amortisation/depreciation in the year | 994 | 473 | 1,467 |
| Reversal of amortisation/depreciation and impairment of disposals | -1,691 | 0 | -1,691 |
| Impairment losses and depreciation at 31 December 2016 | 1,748 | 1,051 | 2,799 |
| Carrying amount at 31 December 2016 | 1,281 | 505 | 1,786 |

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Notes to the financial statements

8 Investments

| | Group |
|---|----------------------|
| | Other receivables |
| DKK'000 | |
| Cost at 1 January 2016 | 2,000 |
| Additions in the year | 2,682 |
| Cost at 31 December 2016 | 4,682 |
| Exchange adjustment | 0 |
| Share of the profit/loss for the year and other adjustments | 0 |
| Other adjustments, investments | 0 |
| Value adjustments at 31 December 2016 | 0 |
| Carrying amount at 31 December 2016 | 4,682 |

| | Parent company | | |
|---|--|----------------------|----------|
| | Investments in group entities, net asset value | Other receivables | Total |
| DKK'000 | | | |
| Cost at 1 January 2016 | 123,725 | 1,061 | 124,786 |
| Additions in the year | 0 | 0 | 0 |
| Cost at 31 December 2016 | 123,725 | 1,061 | 124,786 |
| Value adjustments at 1 January 2016 | -117,028 | 0 | -117,028 |
| Exchange adjustment | -3,912 | 0 | -3,912 |
| Share of the profit/loss for the year and other adjustments | -1,016 | 0 | -1,016 |
| Value adjustments at 31 December 2016 | -121,956 | 0 | -121,956 |
| Carrying amount at 31 December 2016 | 1,769 | 1,061 | 2,830 |

| | Interest |
|-------------------------|----------|
| Subsidiaries | |
| Trustpilot, Inc., USA | 100.00 % |
| Trustpilot Ltd., UK | 100.00 % |
| Trustpilot GmbH, DE | 100.00 % |
| Trpilot PTY Limited, AU | 100.00 % |

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent etc.

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Notes to the financial statements

| DKK'000 | Parent company | |
|--|----------------|--------------|
| | 2016 | 2015 |
| 10 Share capital | | |
| Analysis of the share capital: | | |
| 367,000 Common shares of DKK 1.00 nominal value each | 367 | 367 |
| 1,121,000 A shares of DKK 1.00 nominal value each | 1,121 | 1,121 |
| 671,000 B shares of DKK 1.00 nominal value each | 671 | 671 |
| 515,000 C shares of DKK 1.00 nominal value each | 515 | 515 |
| 1,052,000 D shares of DKK 1.00 nominal value each | 1,052 | 1,052 |
| | <u>3,726</u> | <u>3,726</u> |

Trustpilot A/S has a portfolio of common shares at a nominal value of DKK 18 thousand and A shares at a nominal value of DKK 12 thousand

Analysis of changes in the share capital over the past 5 years:

| DKK'000 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------|--------------|--------------|--------------|--------------|--------------|
| Opening balance | 3,726 | 2,674 | 2,159 | 1,488 | 933 |
| Capital increase | 0 | 1,052 | 515 | 671 | 555 |
| | <u>3,726</u> | <u>3,726</u> | <u>2,674</u> | <u>2,159</u> | <u>1,488</u> |

In the beginning of 2017 warrants have been exercised and the share capital increased by 236,126 shares and the equity increased by DKK 7,115 thousand.

Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December

Notes to the financial statements

| DKK'000 | Group | | Parent company | |
|---|----------------|----------------|----------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| 11 Staff costs and incentive programmes | | | | |
| Wages/salaries | 283,999 | 228,617 | 145,375 | 130,942 |
| Pensions | 1,072 | 648 | 584 | 503 |
| Other social security costs | 17,772 | 11,134 | 1,388 | 1,065 |
| | <u>302,843</u> | <u>240,399</u> | <u>147,347</u> | <u>132,510</u> |
| Average number of full-time employees | <u>483</u> | <u>404</u> | <u>257</u> | <u>232</u> |

Group

See parent company.

Parent company

Total remuneration to management is DKK 4,153 thousand (2015: DKK 4,157 thousand).

Total remuneration to Board of Directors is DKK 360 thousand (2015: DKK 343 thousand).

Incentive programmes

The group has over the years introduced incentive plans aimed at key employees. Share options are vesting over time to insure the retention of such key employees. The total number of shares for which key employees may become eligible is 738,027 (2015: 684,762). The options are exercisable at an exercise price of DKK 19.83 - 67.00

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

12 Contractual obligations and contingencies, etc.

Other financial obligations

Rent and lease liabilities vis-à-vis the parent company and its other subsidiaries:

| DKK'000 | Group | | Parent company | |
|----------------------------|--------|--------|----------------|-------|
| | 2016 | 2015 | 2016 | 2015 |
| Rent and lease liabilities | 46,757 | 54,619 | 3,841 | 7,887 |

Group

The Trustpilot Group leases premises and other fixtures under cancellable operating leases. Future minimum lease payments are specified as follows:

0-1 year: DKK 20,518 thousand (2015: DKK 20,679 thousand)

1-5 year: DKK 26,239 thousand (2015: 33,940 thousand)

> 5 year: DKK 0 thousand (2015: 0 thousand)

Parent company

Trustpilot A/S leases premises and other fixtures under cancellable operating leases. Future minimum lease payments are specified as follows:

0-1 year: DKK 3,305 thousand (2015: DKK 3,999 thousand)

1-5 year: DKK 536 thousand (2015: 3,888 thousand)

> 5 year: DKK 0 thousand (2015: 0 thousand)

13 Contingent assets

Legal cases:

The group has tax loss carry-forwards. There has not been recognised any amount in the balance sheet due to the uncertainty as to application of the tax losses.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

14 Collateral

Group

For the group's leasehold, an account amounting DKK 5,7 Million (2015: DKK 5,5 Million) has been provided as security.

15 Related parties

Parent company

Trustpilot A/S' related parties comprise the following:

Group enterprise transactions

The group entities transactions mentioned below have not been carried through on normal market terms:

| Group enterprise | Amount | Description of transaction |
|------------------|---------|----------------------------|
| | DKK'000 | |
| Subsidiary | 13,967 | Royalty |
| Parent company | 67,281 | Service fees |
| Subsidiaries | 3,506 | Service fees |
| Subsidiaries | 3,234 | Interests |

Information about remuneration to Management

Information about remuneration to Management appears from note 11, "Staff costs".

16 Fee to the auditors appointed by the Company in general meeting

| | | |
|---------------------------------|-----|-----|
| Total fees to EY on group level | 511 | 845 |
| Statutory audit | 320 | 300 |
| Tax assistance | 116 | 430 |
| Other assistance | 75 | 115 |
| | 511 | 845 |

Parent company

| DKK'000 | 2016 | 2015 |
|---------|------|------|
|---------|------|------|

17 Appropriation of profit/loss

| | | |
|--|----------|----------|
| Recommended appropriation of profit/loss | | |
| Retained earnings/accumulated loss | -179,635 | -180,435 |
| | -179,635 | -180,435 |