Trustpilot

Annual report

for the year ended 31 December 2020

CVR no. 30 27 65 82

Pilestræde 58, 1112 Copenhagen K Denmark

Approved at the annual general meeting of shareholders.

Date: 17-Mar-2021

Chairman's signature: DocuSigned by: Carolyn Hay 23FBD94D5A19462...

Contents

Company information

Company
Trustpilot A/S
Pilestræde 58, 5.
1112 Copenhagen

Central Business Registration No	30 27 65 82
Registered in	Copenhagen

Executive Board
Peter Holten Mühlmann
Carolyn Hay

Board of Directors
Timothy Grainger Weller (chairman)
Mohammed Ali Anjarwala
Angela Charlotte Seymour-Jackson
Benjamin Clark Johnson
Simon Christopher Cook
Benjamin John Bieder Holmes
Lars Andersen
Jeppe Heinrich Zink
Peter Holten Mühlmann
Hanno Damm

Financial year
January 1 - December 31

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Key figures

Seen over a five-year period, the development of the Group is described by the following financial highlights:

USD '000	2020	2019	2018	2017	2016*
Financial highlights					
Profit/loss					
Revenue	101.985	81.915	64.293	48.105	35.888
Operating profit/(loss)	(9.435)	(22.990)	(25.994)	(26.334)	(27.268)
Net financials	(3.859)	372	(802)	(2.282)	(188)
Net profit/(loss) for the year	(12.279)	(22.659)	(25.984)	(27.799)	(26.681)
Balance sheet					
Balance sheet total	85.229	50.603	21.029	35.418	45.538
Equity	6.999	14.528	(16.559)	6.811	27.900
Cash flows					
Operating activities	7.182	(9.943)	(19.096)	(16.433)	(12.361)
Investing activities	(4.984)	(2.534)	465	(258)	(11.976)
Hereof investments in property, plant and equipment	(1.793)	(542)	(271)	(376)	(607)
Financing activities	9.138	39.644	5.117	(123)	0
Net cash flow for the year	11.336	27.167	(13.514)	(16.814)	(24.338)
Empolyees					
Average number of employees	738	748	643	509	483
Key Ratios					
Solvency ratio (%)	8%	29%	-78%	19%	65%

* The company has implemented IFRS on 1 January 2017. The comparative figures for 2016 are presented in accordance with the Danish Financial Statements Act.

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Management's review

The Group's Business Review
Trustpilot's mission is to be a universal symbol of trust. The power of the Trustpilot platform comes from it being open to all consumers and businesses, and independent of both. With more than 120 million consumer reviews[(1)(2)] submitted about over 529,000 domains[(1)(3)], Trustpilot enables consumers to share their experiences to help others, as well as being a place to find information about businesses. For businesses, Trustpilot is a way to engage with consumers and build trust, collect feedback and improve, to drive better consumer experiences and grow.

At the end of 2020, the Group is comprised of the Parent Company: Trustpilot A/S (Denmark) and its wholly owned subsidiaries: Trustpilot Inc. (US), Trustpilot Ltd. (UK), Trustpilot GmbH (Germany), Trpilot PTY Ltd. (Australia) and Trustpilot UAB (Lithuania).

2020 Highlights
Despite the impact of Covid 19, Trustpilot achieved major milestones in 2020. Record-breaking revenue and review numbers and the launch of our Trust Promise, which was a public commitment to a number of initiatives that enhance trust on the platform, are just some of the highlights that made 2020 another landmark year. As a global pandemic hit the world, the number of written and read reviews on Trustpilot reached an all-time high, with Trustpilot reaching and exceeding the 120-million reviews mark[(1)(2)] of more than 529,000 domains[(1)(3)]. We believe that further underlines how online reviews are becoming increasingly important to consumers, and is one of the reasons that we continually strive for greater transparency and trust, to ensure consumers can rely on the information they see.

Trustpilot.com also became one of the top 25 most visited websites in the UK according to Alexa traffic rankings - a testament to the strength of our brand in the UK. Our global Alexa Ranking has also risen significantly in recent years and Trustpilot is now in the top 1% of most visited websites in the world.

Trustpilot launched a new global R&D and Innovation Hub in Edinburgh, Scotland, with the aim of developing cutting-edge technology that proactively tackles the behavior that threatens trust online. The Hub is being supported through a R&D grant from Scottish Enterprise.

In the third quarter of 2020, Trustpilot surpassed USD 100 million in annual recurring revenue (ARR).

Our Trust Promise, announcing seven fundamental improvements to the Trustpilot platform, was launched as part of Trustpilot's larger initiative to bring more openness and transparency to the platform. This included no longer hiding reviews whilst investigations are taking place (with the exception of illegal and harmful content), increasing the use of automated invitations by businesses, and enhancing the consumer alert systems in place.

We also launched our 'Transparent Inviting' feature, which provides detailed information about how every business with a Trustpilot profile invites, receives and responds to reviews.

We work hard every day to become a universal symbol of trust and, this year, we made organizational changes in order to simplify our structure and strengthen our execution and product delivery to meet this mission. In November 2020 we combined our Tech and Product teams under one leader; our External Communications team was moved into the Trust & Transparency function; our Internal Communications team was moved into the People Team, and we created a centralized Programme Management function.

Management's review

Executive Leader team.
Trustpilot's Executive Leadership Team was strengthened in 2020 with the appointment of Steve Marritt, our Chief Commercial Officer.

Company Bonus
We continued to measure our performance and determine payouts of our company-wide bonus plan against the same 4 key performance indicators that we introduced in 2019 (Activated New Business, Retention Rate, Adj. EBITDA and Trust Rating). The targets originally set for 2020 for each KPI (other than the Trust Rating) were revised during the year in light of the changing economic situation. The collective focus on these measures led to strong results and Trustpilot surpassed USD 100 million in annual recurring revenue (ARR) in 2020.

Financial Review

USD ´000	**2020** *(Reported)*	**2019** *(Reported)*	**Growth** *(Reported)*	**Growth** *(CC)*
Revenue	101.985	81.915	25%	23%
Cost of sales	(18.067)	(15.674)	15%	13%
Gross profit	**83.918**	**66.241**	**27%**	**26%**
Sales and marketing	(40.442)	(46.247)	-13%	-13%
Technology & Content	(25.161)	(20.728)	21%	19%
General and administrative	(27.750)	(22.256)	25%	23%
Operating profit/(loss)	**(9.435)**	**(22.990)**	**-59%**	**-59%**
Other operating income	352	31	1039%	952%
Profit/(loss) before net financials	**(9.083)**	**(22.959)**	**-60%**	**-60%**
Financial income	6.611	7.137	-7%	-9%
Financial expenses	(10.470)	(6.765)	55%	41%
Profit/(loss) before tax	**(12.942)**	**(22.587)**	**-43%**	**-44%**
Income tax	663	(72)	-1023%	-959%
Profit/(loss) for the year	**(12.279)**	**(22.659)**	**-46%**	**-47%**

USD ´000	**2020** *(Reported)*	**2019** *(Reported)*	**Growth** *(Reported)*	**Growth** *(CC)*
UK	39.159	30.753	27%	26%
US	27.872	24.684	13%	13%
Rest of World	34.954	26.478	32%	29%
Total revenue	**101.985**	**81.915**	**25%**	**23%**

Management's review

When compared with financial year 2019, the financial year 2020 saw Trustpilot's total revenue increase by 25% (23% at constant currency ("CC") to USD 102 million. Revenue growth was experienced across all markets led by the Rest of World with a growth rate of 32% (29% at CC). In the same period Trustpilot generated a loss of USD 12.3 million, falling from the prior year loss of USD 22.7 million. Trustpilot ended the year with USD 50.4 million of net cash on the balance sheet, up from a 2019 balance of USD 35.0 million.

The COVID-19 pandemic has affected Trustpilot's operations for the year ended 31 December 2020. Economic activity in Trustpilot's principal markets has been impacted significantly due to the widespread closure of physical stores, limitations on travel and behavioural changes associated with social distancing and other measures taken as a result of the COVID-19 pandemic.

Social distancing and other measures had an adverse impact on many businesses, including businesses that are Trustpilot's customers. At the same time, Trustpilot has experienced an increase in consumer activity on its websites as well as an increase in the number of domains with Trustpilot reviews and the number of consumer reviews posted on Trustpilot's platform. Additionally, digitalisation, time spent online by consumers and ecommerce growth accelerated in 2020 as a result of stay at home orders, and this growth had some positive effects on Trustpilot's operations.

Many of Trustpilot's customers have been impacted by measures taken in relation to the COVID-19 pandemic, and Trustpilot's net retention rate was impacted in 2020 as it offered certain customers concessions on subscriptions. Trustpilot's customer acquisition costs, on the other hand, improved during 2020 as Trustpilot focussed on efficiency and made certain reductions of sales and marketing personnel. Certain costs such as those related to the office and travel were lower in 2020 as a result of the pandemic.

As part of governmental aid packages provided to businesses, Trustpilot has benefited from government grants in the UK and Australia, of which some are subject to specific terms and conditions.

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.

Gender composition of management
The following policies and objectives for the under-represented gender in management positions has been confirmed by Trustpilot's Board of Directors.

Ensuring gender and cultural diversity is a continued focal point in the entire organization. Though, we balance this with the need to select the best candidates possible in specific geographies with particular skill sets to help us achieve our overall mission and strategic goals.

We are a diverse and inclusive business. Trustpilot's employees represent 47 nationalities and the global gender distribution is 41% female and 59% male[(1)]. Trustpilot's global Code of Ethics states that we're not influenced in our decisions, actions or recommendations by issues of gender, race, creed, color, age or personal disabilities, and our Non-Discrimination & Anti-Harassment Policy reinforces our stance as an equal opportunity employer who offers employment opportunities, assignments and promotions on the basis of merit rather than personal characteristics. In our Copenhagen office, the overall gender distribution of employees is 51% male and 49% female[(1)].
Trustpilot supports gender equality and our efforts to cultivate a diverse workplace are reflected in initiatives such as our Trustpilot Women in Leadership initiative and hosting events like "Women in Tech".

Management's review

Targets for the under-represented gender at the Board of Directors level
Our stated objective in 2019 to have at least one female member at top management level during 2019-2023 continued to be an objective in 2020 and was met with Angela Seymour-Jackson's continued appointment as an independent Non-Executive Director on the Board of Directors of Trustpilot A/S.

At present, there are ten members on the Board of Directors, one female and 9 male members.

Targets for the under-represented gender at other management levels
In the management layers below Board of Directors level, there are 126 managers globally, of which 52 (41%) are women[(1)(4)].

Corporate Social Responsibility (CSR)

Business model
With more than 120 million consumer reviews[(1)(2)] submitted about over 529,000 domains[(1)(3)], Trustpilot gives people a place to share and discover reviews of businesses, giving those businesses an opportunity to turn consumer feedback into better consumer experiences that drive business results. More specifically, Trustpilot is a SaaS (Software as a Service) business that offers free and paid services to businesses.

This means that any business with a domain can sign-up to use Trustpilot for free and invite their consumers to review them. They can also reply to reviews, report reviews, and get basic review statistics, for free. Businesses that subscribe to Trustpilot's paid business services can choose from a range of additional tools and services designed to make it quicker and easier to engage with consumers and gain greater insight into consumer reviews. For example, personalized customer support, analytics tools and widgets that showcase their consumers' reviews. Trustpilot's mission is to be a universal symbol of trust. Built on openness, and collaboration, Trustpilot empowers consumers to share their feedback any time with businesses and other consumers, as well as being a place to find businesses they can trust.

Risks related to CSR
We fully acknowledge our responsibility to contribute to sustainable development and believe there is a correlation between acting responsibly and developing Trustpilot's future growth. We have created company-wide policies and codes to address risks related to employee matters, human rights, ethics, data protection, anti-corruption and anti-bribery. Many elements that would typically be included in a specific environmental policy are already integrated into how we operate, as referred to in the subsection titled 'Environmental matters'. With policies and codes referred to above, the initiatives referred to below, and a desire to do more in years to come, Trustpilot is confident that we comply with regulations on human rights, environmental, social and employee matters.

Environmental matters
Trustpilot continued to be a completely cloud-based business in 2020 and continues to be at the forefront of the initiative for businesses to move to serverless operations. Our continued focus on recycling saw our "Green Teams" in our New York and Denver offices further reduce the use of single-use plastics in 2020 with new and improved recycling bins. By removing single use cups entirely from London, Denver and New York offices, this instead increased reusable utensils, plates and bowls.

In the London office compostable products are used and minimal packaging products.
In the New York office the focus on reducing food waste and working with Rescuing Food Leftovers on decreasing food waste led to 141.25 pounds of food equalling 118 meals donated and 55 pounds of CO_2e prevented[(5)].

Management's review

The weekly, meat-free day in the Copenhagen canteen continued through 2020 also with eco-friendly alternatives such plant-based milk days instead of cow's milk.
We continued through 2020 to move away from single-use coffee capsules to a much more environmentally conscious alternative. Our coffee provider in the Copenhagen office delivers our coffee beans by bike without any plastic or aluminium packaging saving the world for 158 kilo of plastic. The beans are sourced and produced sustainably, and we began recycling our coffee grounds in 2020. Reducing emissions equivalent to 342 return flights from CPH to London(6).

We are committed to limiting our carbon footprint as much as possible. We encourage employees to hold meetings by electronic means, and after IT-infrastructure upgrades almost every meeting room across our eight global offices can facilitate virtual meetings. Our company Travel & Expense Policy states that employees may only travel from office to office when necessary and approved by a manager and require staff to use public transport when travelling to and from airports, hotels and the like (unless, for example, travelling late at night). Recycling is also encouraged in all of our offices. In our largest office, Copenhagen, we have movement-sensitive lighting and we continue to recycle cardboard, paper, batteries, broken glass, cans, and plastic bottles. When the office canteens reopen after remote working, we will continue to focus on reducing food-waste, avoid ordering too much food, and offering leftovers to employees to take home free of charge.

Employee matters
We're striving to provide a work environment that is safe, inclusive and supportive for all of our employees. Our Non-Discrimination & Anti-Harassment Policy applies to all Trustpilot employees and sets out our zero tolerance approach against discrimination or harassment of other employees, workers or applicants for employment whether this is due to race, ethnicity, gender, sexuality or the like. We prohibit conduct that doesn't fit with our values, goals and mission - and that may also damage our company or is illegal.

In addition, our Code of Ethics openly shares our core values with our stakeholders and partners and sets clear expectations for ourselves and others regarding the appropriate standards of business conduct. The Code of Ethics applies to all of Trustpilot's employees and the people who work for us – including our executives and directors. It also extends to our community of consumers, customers and businesses, and to anyone doing business with us, such as our partners and suppliers. In our Code of Ethics we make it clear that we're committed to conducting our business with the highest ethical standards. Trust, transparency, and integrity are values that are important to us.

In 2020, the Trustpilot Women in Leadership (TWIL) programme was extended to the Copenhagen office, having already been launched in some of our other offices. Led by local female leaders with strong support from the Executive Leadership Team, TWIL's goal is to foster strong leadership at Trustpilot and identify, empower and equip high-performing women to move into leadership positions. They aim to achieve this by elevating the visibility of Trustpilot's female employees and leaders, identifying challenges and providing resources to address them as well as providing training and mentorship.

Due to the implications of Covid-19, 2020 was full of alternative gatherings such as a global TWIL virtual meeting for Trustpilot parents (men & women) to chat and share their experiences/challenges/tips/tricks working from home with little ones, and a mindfulness and meditation virtual session led by an external expert organized by TWIL UK.

Since the outbreak of Covid-19, updates and voluntary weekly polls were sent out to employees to track welfare and well-being in a challenging and uncertain time and also to share any new guidance and policies. We also had an added focus on the cleanliness of the offices and working safely and responsibly.

Management's review

Trustpilot continued to use Peakon as a tool to engage with and gather feedback from employees, to drive informed decision-making by management, and also the use of live Q&A sessions during our company-wide “All Hands” meetings for employees to engage directly with speakers.

In 2020 we established Trusties in Color (TiC), a group of passionate volunteer employees on a mission to support Trustpilot’s continuing aim to be open to all, regardless of race, through community service, networking and interactive social events.

We’ve also raised over $2,500 to Operation Backpack and A Precious Child, organizations that supply children in at risk communities with school supplies. As part of our continuing efforts to be open to attracting talent from all backgrounds, we have removed the Bachelor's Degree requirement for many of our positions.

Future plans and goals for TiC are to establish a mentorship program, participate in community outreach and invite outside leaders within Tech for workshops.

Social matters
Trustpilot’s global Giving Tree Charity project continued in 2020 partnering again with Børnehjælpsdagen to help granting Christmas gift wishes for teens from an organization called Den Sociale Udviklingsfond (SUF).

In the London office, we’ve chosen Belu as a water supplier, whose stated aim is to give 100% of their net profits to the charity WaterAid with the purpose of transforming lives worldwide with clean water.

In 2020 Trustpilot entered a partnership with Wild Hearts, a B2B social enterprise in the UK, with its profits being used to fund the work of the WildHearts Foundation. By trading with WildHearts Office – through their supply of office products - Trustpilot supports the social impact strategies of the WildHearts Foundation, which include access to finance and enterprise training, health education and access for children to essential tools for learning. According to WildHearts Office, 22 lives have been impacted in 2020 as a result of our partnership with them.

Human rights
Ensuring that we protect the privacy rights of our users, and the personal information they entrust to us, is a vital component of delivering on our mission is to become a universal symbol of trust. As a result, we continue to prioritise the investment of significant resources into this area with the goal of ensuring that we operate a best-in-class data protection and privacy program.

Trustpilot’s data protection compliance program is designed to ensure that appropriate data protection standards are adhered to in line with applicable privacy laws, including the General Data Protection Regulation (GDPR).

Key steps taken during 2020 in support of this program included:
- Refreshing our external-facing privacy and cookie policies, and our approach to handling user data access and deletion requests, to make them more transparent, user-friendly and easy to understand;
- Introducing a more comprehensive, employee-facing internal data protection & privacy policy designed to ensure that our global work-force consistently operates in line with the high privacy standards we have set ourselves;
- Preserving our ability to freely transfer data across international borders in light of the Court of Justice of the European Union's ‘Schrems II’ decision to invalidate the EU-US Privacy Shield, through implementation of an improved data transfer assessment and diligence process to support our use of European Commission approved standard contractual clauses.

Management's review

Anti-corruption & Anti-bribery

Our Global Anti-Bribery Policy applies to all Trustpilot employees as well as all of our business partners, including suppliers, distributors, consultants etc. In addition, employees working in our Accounting & Tax department continue to be required to follow our Fraud Policy, which outlines what fraud is as well as how to react if they discover or suspect financial fraud has taken place. Employees in our Accounting & Tax department also attend webinars about topics such as fraud and hacking.

Our Enforcement team has been working on upgrading existing processes and adding new processes for action, and towards the end of 2020 was merged back into our Content Integrity team to leverage the resources, expertise and headcount in the Content Integrity team to support our ability to scale enforcement and take action in lockstep with our fraud detection systems and methods. Also, in 2020, we boosted headcount in the Investigations team to support detection of misuse on our platform.

As part of the on-boarding process new employees are introduced to Trustpilot's Anti-Bribery Policy and Code of Ethics. All employees are required to adhere to them under the terms of their employment.

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.

Trustpilot launched a new global R&D and Innovation Hub in Edinburgh, Scotland, with the aim of developing cutting-edge technology that proactively tackles the behavior that threatens trust online. The Hub is being supported through a R&D grant from Scottish Enterprise.

Post balance sheet events

No significant events have occurred subsequently to the financial year, affecting the assessment of the Annual Report after the balance sheet date.

Management's review

Outlook
With an acceleration in digitalization, time spent online by consumers and ecommerce growth as a result of stay at home orders, Trustpilot intends to continue to build on its services and features in order to support consumers in making more informed purchasing decisions.

Moreover, Trustpilot will continue to advocate for businesses to actively engage with their consumers and to use consumer feedback to strengthen their product offering and services for mutual benefit.

Trustpilot anticipates that its results of operations for the year ending 31 December 2021 will be affected by the COVID-19 pandemic's impact on customers and consumer behaviour and on Trustpilot's operations.

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

USD '000	**2020** *(Reported)*	**2019** *(Reported)*	**Growth** *(Reported)*	**Growth** *(CC)*
Revenue	101.985	81.915	25%	23%
Cost of sales	(18.067)	(15.674)	15%	13%
Gross profit	**83.918**	**66.241**	**27%**	**26%**
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Technology & Content	(25.161)	(20.728)	21%	19%
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Operating profit/(loss)	**(9.435)**	**(22.990)**	**-59%**	**-59%**
Other operating income	352	31	1039%	952%
Profit/(loss) before net financials	**(9.083)**	**(22.959)**	**-60%**	**-60%**
Financial income	6.611	7.137	-7%	-9%
Financial expenses	(10.470)	(6.765)	55%	41%
Profit/(loss) before tax	**(12.942)**	**(22.587)**	**-43%**	**-44%**
Income tax	663	-72	-1023%	-959%
Profit/(loss) for the year	**(12.279)**	**(22.659)**	**-46%**	**-47%**

Endnotes:
(1) As at 31 December 2020
(2) Cumulative submitted reviews, including reviews subsequently removed or deleted
(3) Cumulative reviewed domains, including domains subsequently removed from Trustpilot's consumer website
(4) The 126 managers cover all people managers, excluding Executive Leadership Team members
(5) Rescuing Food Leftovers report 2020
(6) Damn Good Coffee CO2 report 2020

Management's statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Trustpilot A/S for the financial year 1 January – 31 December 2020.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been 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 at 31 December 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2020.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 1 March 2021

Executive Board

DocuSigned by: Peter Holten Mühlmann Peter Holten Mühlmann	DocuSigned by: Carolyn Hay Carolyn Hay

Board of Directors

DocuSigned by: Timothy Grainger Weller (chairman)	DocuSigned by: Mohammed Ali Anjarwala
DocuSigned by: Angela Seymour-Jackson Angela Charlotte Seymour-Jackson	DocuSigned by: Benjamin Clark Johnson
DocuSigned by: Simon Christopher Cook	DocuSigned by: Ben Holmes Benjamin John Bieder Holmes
DocuSigned by: Lars Andersen Lars Andersen	DocuSigned by: Jeppe Zink Jeppe Heinrich Zink
DocuSigned by: Peter Holten Mühlmann Peter Holten Mühlmann	DocuSigned by: Hanno Damm Hanno Damm

Independent Auditors Report

To the Shareholders of Trustpilot A/S

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2020 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2020 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

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 2020, which comprise statement of profit or loss, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Independent Auditors Report

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of 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 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 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 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 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 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 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 Group and the Parent Company to cease to continue as a going concern.

Independent Auditors Report

• Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the 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.

Hellerup, 1 March 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
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Consolidated statement of profit or loss

USD '000	Note	2020	2019
Revenue	3	101.985	81.915
Cost of sales		(18.067)	(15.674)
Gross profit		**83.918**	**66.241**
Sales and marketing		(40.442)	(46.247)
Technology and content	6	(25.161)	(20.728)
General and administrative	6	(27.750)	(22.256)
Operating loss		**(9.435)**	**(22.990)**
Other operating income		352	31
Loss before net financial items		**(9.083)**	**(22.959)**
Financial income	7	6.611	7.137
Financial expenses	8	(10.470)	(6.765)
Loss before tax		**(12.942)**	**(22.587)**
Income tax	9	663	(72)
Loss for the year		**(12.279)**	**(22.659)**

Consolidated statement of comprehensive income

USD '000	2020	2019
Loss for the year	**(12.279)**	**(22.659)**
Other comprehensive income/(expense)		
Items that will be subsequently reclassified to profit or loss		
Exchange rate differences on translation into presentation currency and on loans to subsidiaries considered part of net investment	1.772	(86)
Other comprehensive income/(expense) for the period, net of tax	**1.772**	**(86)**
Total comprehensive expense for the period	**(10.507)**	**(22.745)**

Consolidated balance sheet

Assets		**As at 31 December**	
USD '000	**Note**	**2020**	**2019**
Intangible assets	10	5.478	2.675
Property, plant and equipment	11	2.021	657
Right-of-use assets	13	14.980	4.195
Deferred tax assets	12	11	4
Deposits		2.970	908
Total non-current assets		**25.460**	**8.439**
Trade receivables	14	5.227	3.791
Income tax receivables		926	0
Prepayments		2.099	1.704
Other receivables		1.130	1.653
Cash and cash equivalents		50.387	35.016
Total current assets		**59.769**	**42.164**
Total assets		**85.229**	**50.603**

Equity and liabilities			
USD '000	**Note**	**2020**	**2019**
Share capital	16	773	709
Share premium		177.842	162.109
Foreign currency translation reserve		(20.304)	(6.315)
Accumulated losses		(151.312)	(141.975)
Total equity		**6.999**	**14.528**
Borrowings	17	11.323	0
Lease liabilities	13	12.172	1.944
Other payables		3.171	1.092
Total non-current liabilities		**26.666**	**3.036**
Borrowings	17	1.618	0
Trade payables		1.277	1.203
Lease liabilities	13	4.432	2.638
Income tax payables		90	100
Contract liabilities	15	22.849	19.325
Other payables		21.298	9.773
Total current liabilities		**51.564**	**33.039**
Total liabilities		**78.230**	**36.075**
Total equity and liabilities		**85.229**	**50.603**

Consolidated statement of changes in equity

USD ´000	Note	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total
Equity at 1 January 2019		**636**	**113.666**	**(8.469)**	**(122.392)**	**(16.559)**
Loss for the period		0	0	0	(22.659)	(22.659)
Other comprehensive income		0	0	(86)	0	(86)
Total comprehensive expense for the period		**0**	**0**	**(86)**	**(22.659)**	**(22.745)**
Exchange difference on share capital and premium		(13)	(2.227)	2.240	0	0
Transactions with owners in their capacity as owners						
Warrants (exercised)		4	344	0	0	348
Capital increase		82	50.326	0	0	50.408
Share-based payments	5	0	0	0	3.076	3.076
Total transactions with owners		**86**	**50.670**	**0**	**3.076**	**53.832**
Equity at 31 December 2019		**709**	**162.109**	**(6.315)**	**(141.975)**	**14.529**
Loss for the year		0	0	0	(12.279)	(12.279)
Other comprehensive expense		0	0	1.772	0	1.772
Total comprehensive expense for the period		**0**	**0**	**1.772**	**(12.279)**	**(10.507)**
Exchange difference on share capital and premium		68	15.693	(15.761)	0	0
Transactions with owners in their capacity as owners						
Warrants issued to lenders		0	0	0	241	241
Warrants (exercised)		1	40	0	0	41
Reduction of share capital	16	(5)	0	0	5	0
Share-based payments	5	0	0	0	2.696	2.696
Total transactions with owners		**(4)**	**40**	**0**	**2.942**	**2.978**
Equity at 31 December 2020		**773**	**177.842**	**(20.304)**	**(151.312)**	**6.999**

Consolidated cash flow statement

USD '000	Note	2020	2019
Loss for the year		(12.279)	(22.659)
Adjustments	24	9.826	7.601
Changes in net working capital	24	11.402	6.337
Interests received		21	43
Interests paid		(1.788)	(1.193)
Income taxes received/(paid)	9	0	(72)
Net cash flow from operating activities		**7.182**	**(9.943)**
Purchase of property, plant and equipment		(1.793)	(542)
Proceeds from lease sublet		70	799
Payment of capitalised development costs	10	(3.261)	(2.791)
Net cash flow from investing activities		**(4.984)**	**(2.534)**
Principal elements of lease payments	21	(3.047)	(3.895)
Proceeds from borrowings	21	12.144	0
Repayment of borrowings	21	0	(7.216)
Proceeds from share issue	5	41	50.755
Cash flow from financing activities		**9.138**	**39.644**
Net cash flow for the year		**11.336**	**27.167**
Cash and cash equivalents, beginning of the year		35.016	8.337
Effects of exchange rate changes on cash and cash equivalents		4.035	(488)
Cash and cash equivalents at end of the year		**50.387**	**35.016**

Notes

Notes

1. Accounting policies

The activity of Trustpilot A/S (the Company) and group companies (the Group), consists of developing and hosting an online review platform that helps consumers make purchasing decisions and businesses showcase and improve their service. Revenue is generated from company subscriptions.

The loss for 2019 has been reduced by USD 879 thousand as the materiality level for the consolidated financial statements have been lowered due to a potential IPO of the Company. Equity is unchanged. Furthermore, total assets and total liabilities have been lowered by USD 584 thousand.

Basis of preparation

The consolidated financial statements of the Trustpilot A/S group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis.

The consolidated financial statements have been rounded to the nearest thousand.

The consolidated financial statements are presented in US Dollars (USD) and the parent financial statements in Danish Kroner (DKK).

Going Concern

The Group continued to grow its revenue across 2020, however the ongoing Covid-19 pandemic impacted on Group trading causing a deceleration of revenue growth in the period shortly after Covid-19 first impacted across Europe and the US. However proactive measures were taken to reduce the cost base of the Group, including reducing headcount, hiring and marketing spend, ensuring that the Group has continued to perform well in 2020.

The directors have prepared forecasts for a period of at least 12 months from the date of approval of this financial information, which are based on their best assessment of the current trading outlook, including considering the ongoing impact of Covid-19.

A number of downside sensitivities have been considered and the directors are of the view that in the most severe but plausible downside scenario they can continue to meet their obligations as they fall due. As a result, the financial statements have been prepared on a going concern basis.

New accounting standards

The Group has applied the following standards and amendments consistently across 2018 – 2020 within the historical financial information produced:

• Definition of Material – Amendments to IAS 1 and IAS 8;
• Definition of a Business – Amendments to IFRS 3;
• Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7;
• Revised Conceptual Framework for Financial Reporting:
• IFRS 16, 'Leases';
• IFRS 15, 'Revenue from contracts with customers';
• IFRS 9, 'Financial Instruments';

Notes

• Prepayment Features with Negative Compensation – Amendments to IFRS 9;
• Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
• Annual Improvements to IFRS Standards 2015 – 2017 Cycle;
• Plan Amendment, Curtailment or Settlement – Amendments to IAS 19; and
• Interpretation 23 'Uncertainty over Income Tax Treatments'.

Prior to 2019, the Group did not capitalise any research & development costs in line with the requirements of IAS 38 as it had yet to establish the necessary controls and information to demonstrate the criteria for capitalisation had been met.

Basis of consolidation

The consolidated financial statements include the parent company, Trustpilot A/S, and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the individual entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

The results and financial position of the parent company and of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
• assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
• income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and;
• all resulting exchange differences are recognised in other comprehensive income.

Foreign currency translation adjustments of a loan or payable to subsidiaries which are neither planned nor likely to be settled in the foreseeable future and which are therefore considered to form part of the net investment in the subsidiary are recognised directly in other comprehensive income.

Translation of share capital and share premium

Share capital and share premium denominated in a currency that differs from the groups presentational currency is translated at each year end using the closing rate. All resulting exchange differences noted on retranslating equity items are recognised directly in equity as part of the foreign currency translation reserve and does not form part of other comprehensive income.

Notes

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group considers the Executive Board to be the operating decision making body, as the Executive Board examines the Group's performance and makes all significant decisions regarding business development and allocation of resources. For that purpose, a single business segment has been identified as an operating segment which is consistent with the internal reporting to the chief operating decision making body. Further information about the composition of the Executive Board has been provided in note 3.

There is also considered to be only one reporting segment, the results of which are shown in these consolidated statements of comprehensive income.

Revenue

The Group generates revenue from the sale of company subscription plans, generally for a period of 12 months, where the invoicing varies from monthly to yearly. The subscription plans grant customers access to the Trustpilot online platform and may, depending on the subscription plan, include various marketing and analytic tools. The subscription plan is considered to be a single performance obligation. Trustpilot's performance obligations under the company subscription plans are satisfied over time and revenue is recognized on a straight-line basis over the subscription period.

The group recognises a contract liability when a receivable is recognised, or cash received ahead of the period in which the performance obligation is satisfied and is released to revenue over the related subscription period. The significant majority of the contract liability that arises is therefore expected to be recognised as revenue within a year of the balanced sheet date. Revenue is only recognised when it is probable that the Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer.

There is no variable consideration included in the transaction price for the company subscription plans.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Income from grants is recognised on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future related costs, shall be recognised in income in the period in which it becomes receivable. Government grants are recorded as Other operating in the income statement of profit and loss.

Cost of sales

Cost of sales comprise costs incurred to achieve the year's revenue, including platform hosting and maintenance costs and customer support costs. Cost of sales primarily include wages, salaries, social security contributions, pension contributions etc. and are accrued in the year in which the associated services are rendered by employees.

Sales and marketing costs

Sales and marketing costs comprise commercial costs of acquiring new customers including the direct sales support functions such as sales operations and partnerships.

Notes

Technology and content

Technology and content comprises research and development costs incurred by the work of the product and engineering teams directly on the platform. Technology and content further includes a proportion of depreciation and amortisation.

General and administrative costs

General and administrative costs comprise costs incurred by the back office functions such as Finance, Legal, Office, HR, etc. including wages, costs under share-based payment programs and other office costs. General and administrative further includes a proportion of depreciation and amortisation.

Other operating income

Other operating income comprise items of a secondary nature relative to the Group's core activities, including gains or losses on the sale of tangible assets as well as government grants recognised as income for the year.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the main activities of the Group, including losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the statements of profit or loss at the amounts that concern the financial year. Financial income and expenses (net financial items) include interest income and expenses calculated in accordance with the effective interest method, as well as allowances and surcharges under the advance-payment-of-tax scheme.

Income tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries in which the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Intangible assets

Intangible assets include in progress and completed development projects.

They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Costs associated with maintaining IT-platforms are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognised as intangible assets when the following criteria are met:
- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the projects include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Development projects - In progress	None
Development projects - Completed	3 years

Notes

Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciations are calculated using the straight-line method, net of their residual values over their estimated useful lives, as follows:

Other fixtures and fittings	3 - 5 years
Tools and equipment	3 - 5 years
Leasehold improvements	Term of lease (3 - 5 years)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss as other operating income/expenses.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The leases of the Group consists of property rentals.

The assets and liabilities arising from the property leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments included in the property leases:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability, and reducing the carrying amount to reflect the lease payments made.

Notes

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs.

Variable lease payments and payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss under the line item administrative costs. Short-term leases are leases with a lease term of 12 months or less. The Group has no leases of low-value assets.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group as a lessor (sublease)

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. It assesses the classification of the sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all risks and rewards incidental to ownership of the right-of-use asset. As part of this assessment, the Group considers considers certain indicators, such as whether the lease is for the major part of the economic life of the headlease.

A lease is classified as a finance lease if it transfers substantially all the risk and rewards incident to ownership of the right-of-use asset. Assets held under a finance lease is recognised in the balance sheet and is at the commencement date presented as a receivable at an amount equal to the net investment in the lease. Subsequently, the Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Impairment of non-current assets

Non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Development projects in progress are tested for impairment annually.

Notes

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group holds the trade receivables with the objective to collect the contractual cash flows and then measures them subsequently at amortised cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

See note 14 for a description of the Group's impairment policies for trade receivables.

Prepayments

Prepayments recognised as an asset comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances.

Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Share premium

Premium on issue of shares are recognised as share premium.

Foreign currency translation reserve

Exchange differences arising on translation of the parent company and of foreign controlled entities into the presentation currency, USD, are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Financial liabilities

Borrowings are initially recognised at fair value which is generally proceeds received, and net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost.

Borrowings are classified according to the length and terms, which means that settlement of liability below 12 months after the reporting period is classified as non-current.

Other financial liabilities, including trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Contract liabilities

A contract liability is the obligation to transfer good or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes

Provision

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Where there is uncertainty whether these criteria have been met and the possibility of settlement is not considered remote a disclosure of the facts and circumstances of the claim is included within the notes to the historical financial information.

Share-based payments

Share-based compensation benefits are provided to employees and board members under two separate warrant programs.

The warrant programs are classified as equity arrangements. As such, the fair value of the warrants granted under the programs are recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the warrants granted including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Further information about the warrant programs are disclosed in note 5.

Cash flow statement

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

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as share-based payment expenses, depreciation, amortisation and impairment losses. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments. Cash flows from investing activities also includes payments received on sub-leases that reduces the Group's net investment in the lease.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Key Figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Notes

New standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group.
It concerns the following standards:
- Amendments to IAS 1 presentation of financial statements on classification of liabilities to be effective for the annual period beginning on or after 1 January 2022
- Amendments to IFRS 3, IAS 16, IAS 17 to be effective for the annual period beginning on or after 1 January 2022
- Annual improvements on IFRS 1, IFRS 9, IAS 41, and IFRS 16 to be effective for the annual period beginning on or after 1 January 2022
- IFRS 17 insurance contracts to be effective for the annual period beginning on or after 1 January 2023

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

The judgements, estimates as well as the related assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgements and estimates, including the assumptions, for the individual items are described below.

Critical accounting estimates

Critical accounting estimates are expectations of the future based on assumptions, that to the extent possible are supported by historical trends or reasonable expectations. The assumptions may change to adapt to the market conditions and changes in economic factors etc. The Group believe that the estimates are the most likely outcome of future events.

Share-based payments

The fair value of the warrants granted have been measured using the Black-Scholes formula that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option. The values applied for the Black-Scholes formula is derived from an external valuation report of the Group, which for 2020 is updated bi-annually and for 2019 and 2018 annually. For further information, reference is made to note 5.

Unrecognised deferred tax asset

As of 31 December 2020, the Group has unrecognised tax assets of USD 139,283 thousand (tax value of USD 29,760 thousand), hereof tax loss carry-forward amounts to USD 139,492 thousand (tax value of USD 29,806 thousand) primarily related to Trustpilot A/S and Trustpilot Inc. The parent company and the US subsidiary have incurred the losses over the previous years as a consequence of expanding the Group and its operations. The losses can be carried forward indefinitely and have no expiration date.

Notes

Recognition of deferred tax assets requires that it is probable that future taxable profits are available against which the unused tax losses can be utilised. As the Group has a history of making taxable losses, IAS 12 Income Taxes further requires that convincing evidence is available to support Management's assessment that sufficient taxable profits will be available in the future. Even though the Group's approved budgets shows that Trustpilot will be generating taxable profits in the foreseeable future, Management has concluded that it will not be able to meet the strict criteria in IAS 12 to provide 'convincing evidence', as the budget are sensitive to the timing and level of investments in the Trustpilot-platform and similar factors. Consequently, no deferred tax assets have been recognised for the Group's tax loss carry-forwards.

Critical accounting judgements

Key accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made by the Group that can have a significant impact on the amounts recognised in the historical financial information.

Determining the lease term

Extension and termination options are included in a number of property leases across the Group.

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers factors including historical lease durations; and the costs and business disruption required to replace the asset. Most extension options have not been included in the lease liability, because the Group could replace the asset (the office) without significant cost or business disruption.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

Development costs

The Group capitalises costs for development projects. Initial capitalisation of costs is based on Management’s judgement that technological and economic feasibility is confirmed, usually when a development project has reached a defined milestone. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Assessment of functional currency

The assessment of the functional currency of the parent company as DKK is a critical judgement, as the Company has USD debt and trades in multiple currencies. A change in this assessment would significantly alter the foreign exchange gains and losses reported in the statement of profit or loss and other comprehensive income.

Notes

Exchange adjustment of net investments

The parent company, Trustpilot A/S, has provided financing to its wholly owned subsidiary, Trustpilot Inc. In accordance with IAS 21 The Effects of changes in Foreign Exchange Rates exchange difference arising on monetary items that forms part of the parent company's net investment in a foreign operation are recognised initially in other comprehensive income. Determining whether the loan receivable is part of Trustpilot A/S's net investment involves judgement.

The loans have no fixed repayment date, thus considering the terms together with Management's expectations about their repayment, it has been concluded that the loan receivables form part of the parent company's net investment, as the settlement is neither planned nor likely to occur in the foreseeable future. Consequently, for 2020 exchange adjustment on these loans of USD 4.6 million has been recognised in other comprehensive income. If the loans were not considered to be part of the parent company's net investment the exchange adjustment would alternatively have been recognised in profit or loss. On a potential future settlement of the balances or in case of a disposal of the net investment, the cumulative exchange adjustments are reclassified from equity to profit or loss.

Notes

3. Operating segments

For management purposes and based on internal reporting information, the Group is organised in only one operating segment, as the information reported includes operating results at a consolidated group level only. The costs related to the main nature of the business, being the Group´s online review platform which serves the Group customers, are not attributable to any specific revenue stream or customer type and are therefore borne centrally. The results of the single reporting segment, comprising the entire Group, are shown in the consolidated statements of comprehensive income.

The Executive Management is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas and is responsible for the strategic decision making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment. Segment performance is evaluated based on adjusted EBITDA as included below which is derived from and reconciled to the statement of profit or loss in the consolidated financial statements.

Whilst the Group is located in Denmark, the UK and US are the Group's primary markets where revenue generated consists of approximately 40 and 25 percent (2019: UK: approx. 38% and US: approx. 30%), respectively. Other geographical locations besides the UK and US are defined as 'Rest of the world' where no individual country exceeded more than seven percent of the consolidated revenue in 2020 (2019: 7%).

Trustpilot has customers in many regions around the world but is organised globally from an operation perspective. For this reason, while operating assets may be recorded in Denmark for example, they will be supporting customers around the world. For this reason, a single operating segment is reported with revenue disclosed by region based on the location of the customer. Non-current operating assets are similarly based on geographic location.

The following table displays external revenue and non-current operating assets by geographic area:

USD '000	**2020**	**2019**
Revenue:		
UK	39.159	30.753
US	27.872	24.684
Rest of the world	34.954	26.478
Total revenue	**101.985**	**81.915**
Non-current operating assets:		
UK	14.952	1.533
US	3.308	2.281
Rest of the world	7.189	4.620
Total	**25.449**	**8.434**

Notes

Non-current assets consist of intangible assets, property, plant and equipment, right-of-use assets and deposits.

Adjusted underlying EBITDA (non-IFRS)
Executive Management has chosen to measure the overall performance of the Group by reference to the *adjusted underlying EBITDA* as a non-GAAP measure.

Adjusted EBITDA is defined as EBITDA (earnings before interest, tax, depreciation, amortisation) adjusted to exclude share-based compensation, including associated social security costs, non-recurring transaction costs related to the one-time IPO preparation costs and restructuring costs, which relate to one-time costs associated with a material organisational change such as severance payments.

Management believes that this adjusted measure of performance should be separately disclosed in order to assist an understanding of the underlying operating performance of the Group.

USD '000	**2020**	**2019**
Loss before net financials	(9.083)	(22.959)
Depreciation and amortisation	5.738	3.322
Non-recurring transaction costs	4.263	1.074
Restructuring costs	1.580	0
Share-based compensation, including associated social security costs	3.619	3.076
Adjusted EBITDA (non-IFRS)	**6.117**	**(15.487)**

Included in share based payments is a non cash charge of USD 2,696 thousand and associated social security costs of USD 923 thousand.

Prior to 2019, the Group did not capitalise any research & development costs as it had yet to establish the necessary controls and information to demonstrate the criteria for capitalisation under IFRS had been met. Therefore in 2018 all development costs were expensed as incurred. Adjusted EBITDA benefits from the capitalisation of development costs of USD 2,792 thousand in 2019, and USD 3,261 thousand in 2020.

Restructuring costs relate to redundancies and cost reduction measures undertaken in 2020.

Non-recurring transaction costs relate to professional and legal fees associated with corporate financing activities.

Notes

4. Staff costs

USD '000	**2020**	**2019**
Wages and salaries	72.752	67.226
Pensions, defined contribution plans	1.359	495
Share-based payment	2.696	3.076
Other social security costs	6.271	4.435
	83.078	**75.232**
Average number of employees	**738**	**748**

Key Management Compensation

Key Management consists of Executive Board and Board of Directors. The compensation paid or payable to key management for employee services and director duties is shown below:

USD '000	**2020**	**2019**
Executive Board:		
Wages and salaries	768	828
Pensions	20	3
Share-based payment	791	1.258
Total	**1.579**	**2.089**
Board of Directors		
Board fee	158	94
Share-based payment	228	141
Total	**386**	**235**
Total compensation of key management personnel	**1.965**	**2.324**

In 2020, total share-based payment compensation to key management personnel amounts to USD 1,019 thousand (2019: USD 1,399 thousand).

Notes

5. Share-based payment plans

The parent company, Trustpilot A/S, has introduced two share-based payment programs: one for selected employees and board members, and one for employees.

The establishment of the Trustpilot A/S share-based payment programs was approved by the shareholders in 2016. The programs grant the participants warrants in Trustpilot A/S, and are designed to provide long-term incentives for employees throughout the Group and board members to deliver long-term shareholder returns. Trustpilot A/S issues new grants twice a year on every 1 April and 1 October to employees and upon discretion to selected employees and board members on the same dates, except from grant of 23,200 warrants in January 2019. The first grants were issued in October 2016. All warrants are granted under the programs for no consideration.

The terms and conditions of the share-based payments programs for selected employees and board members, and employees are described below:

Warrant program for selected employees and board members
Under the warrant program for selected employees and board members, the participants are granted warrants which entitle the holder to subscribe for new shares in Trustpilot A/S, when the warrants have vested. The exercise prices of the warrants are listed below for the respective years. The warrants vest over time and follow a graded vesting pattern, where the warrants normally vest in equal portions (25%) once per year following the grant date but exceptions to this vesting pattern has taken place in 2020. Only warrants that are fully vested may be exercised. Participation in the warrant program is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The warrants are exercisable at any time after vesting, and until the expiration date, which may vary from grant to grant.

Warrant program for employees
The warrant program for the Group's employees are similar to the warrant program for selected employees and board members, except for the fact that vested warrants for employees are only exercisable upon an exit event, until the expiration date. If an employee terminates his employment, any vested warrants may be retained.

The shares are issued as common shares and have no special rights attached.

Notes

	Selected employees and board members		Employees	
	2020	**2020**	**2020**	**2020**
	Number of warrants	Weighted average fair value per warrant (determined on grant date)	Number of warrants	Weighted average fair value per warrant (determined on grant date)
		USD		USD
As at 1 January	370.739		218.629	
Granted during the year	128.316	31,53	99.800	24,00
Forfeited during the year	(48.984)		(17.800)	
As at 31 December	450.071		300.629	

	Number of warrants	Weighted average exercise price per warrant	Number of warrants	Weighted average exercise price per warrant
Vested and exercisable at 31 December	276.033	27,98	0	0,00

	Selected employees and board members		Employees	
	2019	**2019**	**2019**	**2019**
	Number of warrants	Weighted average fair value per warrant (determined on grant date)	Number of warrants	Weighted average fair value per warrant (determined on grant date)
		USD		USD
As at 1 January	253.639		172.229	
Granted during the year	117.100	26,55	58.525	15,33
Forfeited during the year	0		(12.125)	
As at 31 December	370.739		218.629	

	Number of warrants	Weighted average exercise price per warrant	Number of warrants	Weighted average exercise price per warrant
Vested and exercisable at 31 December	207.309	23,52	0	0,00

No warrants were exercised during 2020 or 2019.

No warrants expired during 2020 or 2019.

Notes

Warrants outstanding at the end of the year have the following expiry date and exercise prices:

Selected employees and board members

Grant date	Expiry date	Exercise price (USD)	Warrants 31 December 2020	Warrants 31 December 2019
01 October 2016	31 December 2026	22,02	143.599	143.599
01 October 2017	31 July 2024	26,34	16.000	16.000
01 April 2018	31 July 2025	31,95	4.700	20.540
01 October 2018	31 July 2025	31,95	73.500	73.500
01 January 2019	31 December 2028	10,87	23.200	23.200
01 April 2019	31 July 2027	43,56	10.445	26.400
01 April 2019	31 January 2029	43,56	14.374	30.000
01 October 2019	31 July 2026	43,56	35.937	37.500
01 March 2020	31 December 2030	44,47	94.316	
01 April 2020	31 March 2030	52,88	20.000	
01 October 2020	31 December 2030	95,27	14.000	
			450.071	370.739
Hereof warrants for former selected employees and board members			116.683	29.635
Weighted average remaining contractual life of warrants outstanding at the end of period (years)			6,93	6,70

Employees

Grant date	Expiry date	Exercise price (USD)	Warrants 31 December 2020	Warrants 31 December 2019
01 October 2016	30 June 2024	22,02	71.680	71.680
01 April 2017	30 June 2024	26,34	18.394	18.469
01 October 2017	31 July 2024	26,34	30.349	30.349
01 April 2018	31 July 2025	31,95	23.831	26.706
01 October 2018	31 July 2025	31,95	13.875	15.400
01 April 2019	31 July 2026	43,56	18.625	22.075
01 October 2019	31 July 2026	43,56	29.300	33.950
01 April 2020	30 June 2027	52,88	40.675	
01 October 2020	31 August 2027	95,27	11.900	
01 October 2020	31 July 2027	95,27	18.300	
01 October 2020	31 July 2028	95,27	13.800	
01 October 2020	31 October 2028	95,27	9.900	
			300.629	218.629
Hereof warrants for former employees			131.961	111.130
Weighted average remaining contractual life of warrants outstanding at the end of period (years)			5,05	5,26

Notes

The fair value at grant date is determined using a Black-Scholes Model calculation that takes into account the share price at grant date, the exercise price, the risk free interest rate for the term of the warrants, the expected volatility and the term of the warrant (the expected maturity).

The average model inputs for the warrants granted during the year ended 31 December 2020 included:
a. Share price at grant date: USD 61.99 (2019: USD 43.56)
b. Exercise price: USD 61.99 (2019: USD 36.92)
c. Expected price volatility of Trustpilot A/S' common shares: 55% (2019: 55%)
d. Risk-free interest rate: -0.47% (2019: -0.49%)

The fair value of the share price at grant date is based on an external valuation report of the Group, which takes illiquidity discount into account.

The expected price volatility is estimated by an external expert and is based upon an analysis op the historical volatility of peer-group public companies and factors specific to Trustpilot A/S.

For selected employees and board members, the expected maturity is measured as a weighted average, considering the probability of the occurrence/non-occurrence of certain exit events.

For employees, the expected maturity corresponds to the expected number of years until the occurrence of an exit event. The expected likelihood of the occurrence of an exit event is taking into account in determining the fair values of the grants.

Previous warrant program

The two existing share-based payment programs superseded one previous share-based payment program that differ in terms of vesting and exercise conditions. Under this program grants were issued between 2011 and 2016 and vested over a four-year period on a monthly basis. The total cost of warrants granted under this program was approximately USD 383 thousand. All warrants related to the previous program have, in all material aspects, fully vested by year-end 2019, thus there is no impact related to the previous program for the year 2020 and all subsequent periods.
In 2020, a total of 3.681 warrants related to the previous warrant program have been exercised.

Year	Number of warrants outstanding 31 December	Weighted average remaining contractual life for warrants outstanding (years)	Number of warrants exercised during the year	Weighted average exercise price per warrant for warrants exercised (USD)
2020	18.695	2,50	3.681	10,26
2019	22.376	0,56	26.720	10,05

Notes

6. Amortisation, depreciation and impairment losses

USD '000	2020	2019
Depreciation on property, plant and equipment	528	391
Depreciation on right-of-use assets	3.924	2.820
Impairment loss on right-of-use assets	339	0
Amortisation on intangible assets	862	111
Impairment loss on intangible assets	85	0
	5.738	**3.322**

Amortisation and impairment on intangible assets are included in the statement of profit or loss under the line item Technology and Content.

Impairment of right of use assets of USD 339 thousand has been recorded related to one of the Group's offices as it is currently vacant and available to sublease, though not deemed possible due to Covid-19.
The carrying amount of the right-of-use asset after impairment equals USD 209 thousands. The recoverable amount has been determined based on a value in use calculation using cash flow projections approved by senior management, updated to reflect the vacancy of the office and relevant market conditions.

Amortisation, depreciation and impairment losses are allocated in profit or loss in the following manner:

USD '000	2020	2019
Technology and Content	1.100	215
General and administrative	4.638	3.107
	5.738	**3.322**

7. Financial income

USD '000	2020	2019
Foreign exchange rate gains	6.590	7.094
Interest income	21	43
	6.611	**7.137**

8. Financial expenses

USD '000	2020	2019
Foreign exchange rate losses	8.439	5.572
Financing costs	243	0
Interest expenses	1.788	1.193
	10.470	**6.765**

Notes

9. Income tax

USD ´000	2020	2019
Tax on loss for the year recognised in the income statement	(663)	72
Tax on other comprehensive income	0	0
	(663)	**72**

Tax on loss for the year can be broken down as follows:

USD ´000	2020	2019
Current tax for the year	(734)	72
Adjustment relating to changes in tax rate	0	0
Adjustment of deferred tax	(7)	0
Other adjustments	0	(16)
Prior-year adjustment	78	16
Income tax (credit)/charge for the year	**(663)**	**72**

USD ´000	2020	2019
Calculated 22.0% (2019: 22.0%) tax on income from ordinary activities	(2.847)	(4.969)
Less tax in foreign Group entities compared with 22.0% rate (2019: 22.0%)	74	0
Tax effect of:		
Losses not recognised	1.063	2.228
Other timing differences	(679)	(290)
Research and development tax credit	(653)	(24)
Recapture from international joint taxation*	0	2.070
Non-deductible expenses	2.301	1.041
Prior-year adjustment	78	16
Income tax (credit)/charge for the year	**(663)**	**72**

*Trustpilot A/S chose to terminate its International joint taxation arrangement in 2019 which resulted in an additional tax charge in relation to recaptured balances of USD 2,070 thousand.

Certain losses arising in the year have been sold to the Danish tax authorities thus allowing a realisation of an associated tax credit of USD 842 thousand (2019: USD 0 thousand; 2018: USD 840 thousand) on our losses.

Notes

10. Intangible assets

USD ´000	Development projects in progress	Completed development projects	Total
Cost:			
At 1 January 2020	1.959	824	2.783
Additions during the year	3.261	0	3.261
Transfer - In progress to placed in service	(4.690)	4.690	0
Exchange difference	190	358	548
At 31 December 2020	**720**	**5.872**	**6.592**
Accumulated amortisation and impairment:			
At 1 January 2020	0	(108)	(108)
Amortisation for the year	0	(862)	(862)
Impairment for the year	0	(85)	(85)
Exchange difference	0	(59)	(59)
At 31 December 2020	**0**	**(1.114)**	**(1.114)**
Carrying amount 31 December 2020	**720**	**4.758**	**5.478**

USD ´000	Development projects in progress	Completed development projects	Total
Cost:			
At 1 January 2019	0	0	0
Additions during the year	2.791	0	2.791
Transfer - In progress to placed in service	(826)	826	0
Disposals during the year	0	0	0
Exchange difference	(6)	(2)	(8)
At 31 December 2019	**1.959**	**824**	**2.783**
Accumulated amortisation and impairment:			
At 1 January 2019	0	0	0
Amortisation for the year	0	(111)	(111)
Exchange difference	0	3	3
At 31 December 2019	**0**	**(108)**	**(108)**
Carrying amount 31 December 2019	**1.959**	**716**	**2.675**

Research and development costs that are not eligible for capitalisation have been expensed in the period incurred and are included in the income statement within Technology and Content. In 2020, this amounted to USD 24.1 million (2019: USD 20.7 million).

Development projects in progress are tested for impairment annually.

Notes

11. Property, plant and equipment

USD '000	Leasehold improvements	Other fixtures and fittings, tools and equipment	Total
Cost:			
At 1 January 2020	518	1.031	1.549
Additions during the year	1.424	451	1.875
Disposals during the year	(75)	(190)	(265)
Exchange adjustment	16	59	75
At 31 December 2020	**1.883**	**1.351**	**3.234**
Accumulated depreciation and impairment:			
At 1 January 2020	(267)	(625)	(892)
Depreciation for the year	(242)	(286)	(528)
Disposal during the year	75	181	256
Exchange adjustment	(11)	(38)	(49)
At 31 December 2020	**(445)**	**(768)**	**(1.213)**
Carrying amount 31 December 2020	**1.438**	**583**	**2.021**

USD '000	Leasehold improvements	Other fixtures and fittings, tools and equipment	Total
Cost:			
At 1 January 2019	922	1.413	2.335
Additions during the year	221	321	542
Disposals during the year	(650)	(723)	(1.373)
Exchange adjustment	25	20	45
At 31 December 2019	**518**	**1.031**	**1.549**
Accumulated depreciation and impairment:			
At 1 January 2019	(752)	(1.076)	(1.828)
Depreciation for the year	(141)	(250)	(391)
Depreciation disposal during the year	650	723	1.373
Exchange adjustment	(24)	(22)	(46)
At 31 December 2019	**(267)**	**(625)**	**(892)**
Carrying amount 31 December 2019	**251**	**406**	**657**

Notes

12. Deferred tax

USD '000	1 January 2020	Movements during the year	Effect of foreign currency exchange difference	31 December 2020
Intangible assets	(530)	(508)	(90)	(1.128)
Plant & equipment	534	403	85	1.022
Tax loss carryforwards	0	112	5	117
Deferred tax assets/liabilities recognized in balane sheet	**4**	**7**	**0**	**11**
Deferred tax assets	534	515	90	1.139
Deferred tax liabilities	(530)	(508)	(90)	(1.128)
Deferred tax assets/liabilities	**4**	**7**	**0**	**11**

DKK '000	1 January 2019	Movements during the year	Effect of foreign currency exchange difference	31 December 2019
Intangible assets	(253)	(281)	4	(530)
Plant & equipment	257	281	(4)	534
Deferred tax assets/liabilities	**4**	**(0)**	**0**	**4**
Deferred tax assets	257	281	(4)	534
Deferred tax liabilities	(253)	(281)	4	(530)
Deferred tax assets/liabilities	**4**	**0**	**0**	**4**

In line with the requirements of IAS 12, the deferred tax assets and liabilities are offset as they have a legal right to set off and relate to income tax with the same taxation authority.

The Group has unrecognised tax assets of USD 139 million (2019: USD 130 million; 2018: USD 120 million), hereof USD 139 million (2019: USD 127 million; 2018: USD 116 million) that relates to tax losses carried forward, which is the result of previous years' taxable income. Due to uncertainties regarding future utilisation, the Group has decided not to recognise net deferred tax assets and tax asset on the tax losses carried forward. There is no expiration date on tax loss carried forward and the use of tax losses is limited due to changes in ownership. A change in ownership of the Group may result in restrictions on the Group's ability to use tax losses in certain jurisdictions.

Notes

13. Leases

The Group solely leases properties, which are mostly made for fixed periods between 2-5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of property leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

The Group has recognised the following amounts relating to leases:

USD '000	**2020**	**2019**
Right-of-use assets		
Properties	14.980	4.195

USD '000	**2020**	**2019**
Lease liabilities		
Current	4.432	2.638
Non-current	12.172	1.944
	16.604	**4.582**
Additions to the right-of-use assets were	13.385	859

The statement of profit or loss shows the following amounts relating to leases:

USD '000	**2020**	**2019**
Depreciation charge of right-of-use assets		
Properties (included in general and administrative costs)	3.924	2.820
Interest expense (included in finance expenses)	609	316
Expense relating to short-term leases (included in general and administrative costs)	246	95
Income from subleasing right-of-use assets	0	29
The total cash outflow for leases	3.867	4.306

Notes

Subleases

In 2017, the Group entered into a sublease agreement regarding one of the Group's property leases. In accordance with IFRS 16, the sublease has been classified by reference to the right-of-use asset arising from the head lease and has thus been classified as a finance lease because the sublease is for the whole of the remaining term of the head lease. The sublease agreement has terminated in 2020, therefore there is no impact related to the current financial year.

USD '000	**2020**	**2019**
Net investment in the lease	0	70
Finance income on the net investment in the lease	0	29
Lease payment receivable		
Within 1 year	0	70
Between 1 and 2 years	0	0
Between 2 and 3 years	0	0
Total undiscounted lease payments receivable	**0**	**70**
Unearned financing income	0	0
Net investment	**0**	**70**

The change in the balance of the net investment in the lease is due to lease payments received.

Notes

14. Trade receivables

USD '000	2020	2019
Trade receivables at 31 December	7.207	5.110
Less provision for impairment of trade receivables	(1.980)	(1.319)
Trade receivables net	**5.227**	**3.791**

Trade receivables are amounts due from customers for subscriptions sold in the ordinary course of business. They are generally due for settlement within 30 - 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 December respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

USD '000	0-60 days past due	More than 60 days past due	More than 90 days past due	Total
2020				
Expected loss rate	8%	63%	75%	
Gross carrying amount, trade receivables	5.030	299	1.878	**7.207**
Loss allowance	**383**	**189**	**1.408**	**1.980**

USD '000	0-60 days past due	More than 60 days past due	More than 90 days past due	Total
2019				
Expected loss rate	19%	28%	40%	
Gross carrying amount, trade receivables	3.101	684	1.325	**5.110**
Loss allowance	**600**	**192**	**527**	**1.319**

Notes

USD '000	**2020**	**2019**
Movement on the Group's provision for impairment of trade receivables are as follows:		
Opening balances	1.319	851
Net increase in loss allowance recognised in profit or loss during the year	2.183	1.379
Receivables written off during the year as uncollectible	(1.522)	(911)
Provision for impairment of trade receivables	**1.980**	**1.319**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, failed external collection, confirmed bankruptcy or liquidation.

The Group has during the year offered customer concessions on subscriptions in the form of more flexible payment plans. Nevertheless, despite a slight contraction in the net retention rate, the Group was not severely impacted by the COVID-19 pandemic.

15. Contract balances

The Group has recognised the following assets and liabilities related to contracts with customers:

USD '000	**2020**	**2019**
Trade receivables	5.227	3.791
Contract liabilities	(22.849)	(19.325)

The movement in contract liabilities and trade receivables are in line with the increase in the Group's activities and the related sales.

All revenue from subscriptions are recognized over time on a straight-line basis. For contracts with a term exceeding 12 months, the aggregated amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of 31 December 2020 is USD 795 thousand (2019: USD 594 thousand; 2018: USD 411 thousand).

Management expects that 65% of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 amounting to USD 521 thousand (2019: USD 188 thousand; 2018: USD 290 thousand) will be recognised as revenue during the next reporting period. Of the remaining 35%, USD 267 thousand (2019: USD 259 thousand; 2018: USD 121 thousand) will be recognised in the second financial year and USD 7 thousand (2019: USD 147 thousand; 2018: USD 0 thousand) in the third financial year.

Notes

16. Share capital

The share capital comprise:	2020 Number of shares	2020 Nominal value (USD '000)	2019 Number of shares	2019 Nominal value (USD '000)
Common-shares	802.605	132	817.279	124
A shares	1.109.129	183	1.121.546	169
B shares	670.752	111	670.752	101
C shares	514.561	85	514.561	77
D shares	1.052.307	174	1.052.307	158
E shares	535.020	88	535.020	80
Share capital (authorised and fully paid)	**4.684.374**	**773**	**4.711.465**	**709**

All shares have nominal value of DKK 1.

The share capital consists of common shares and preference shares (class A shares - class E shares). There are special rights attached to the preference shares. The holders of preference shares have at any time the right to convert their preference shares into common shares on a one-for-one basis. In case of the completion of an underwritten public offering of the shares on a major exchange, the preference shares will automatically be converted into common shares on a one-for-one basis. However, the conversion rate for class E shares is subject to adjustment, if the offering price is less than the subscription price. In all other cases, holders of preference shares have preference to payments of dividends or liquidation proceeds until the aggregate subscription price of the preference shares have been repaid. Any remaining proceeds are then to be distributed to holders of common shares. The preference shares are further subject to anti-dilution protection provisions.

The changes in Common shares and A shares are due to cancellation of treasury shares. For common share the change in number of shares are 14,674 for 2020 (2019: 34,580; 2018: 67,642). For A shares the change in numbers of shares are 12,417 in 2020 (2019: 0; 2018: 0).

USD '000	2020	2019
Changes in share capital		
Opening balance	709	636
Capital increase	1	86
Capital decrease	(5)	0
Exchange rate impact	68	(13)
	773	**709**

The capital decrease of 5 USD thousand relates to a reduction in common and A shares of 18,355 and 12,417 due to cancellation of treasury shares held by the group.

In 2020 3,681 warrants have been exercised into 3,681 common shares with a nominal value of 607 USD during 2019 535,020 E shares were issued to new and existing shareholders of the Group for consideration of USD 51 million. As a result, share capital and share premium increased by USD 86 thousand and 51 million Similarly, in 2018, 67,642 common shares were issued to new and existing shareholders for consideration of USD 23 thousand resulting in additional share capital and share premium of USD 11 thousand and USD 12 thousand.

Notes

17. Financial risk management

Financial risk factors

Due to the international activities of the Group, risks are an embedded part of doing business. This includes risks from financial instruments to which the Group is exposed, and which can have an impact on the Group's historical financial information.

The Group's financial liabilities comprise primarily borrowings, lease liabilities and trade payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group's financial assets include trade receivables and cash.

The main financial risks that the Group is exposed to include currency, credit and liquidity risk.

Financial risks include generating cash flows from operations or raising external financing sufficient to fund obligations. The Group has borrowed USD 4 million and GBP 6.6 million equivalent to 12.9 million in 2020. Regarding financial assets, the Group is primarily exposed to credit risk and changes in foreign exchange rates impacting financial instruments held in currencies other the functional currency of the respective entities.

These risks are monitored through a financial forecast that gives management the forward visibility into cash flow expectations relative to obligations, and by holding currencies locally where the Group expects to incur expenses in the future. The Group's exposure from changes in foreign exchange rates are primarily related to sales, cash positions and borrowings, which are not denominated the functional currencies of the respective entities, cf. the description below. The Group has not entered into any derivative financial instruments to hedge its exposure from changes in foreign exchange rates.

There has been no change in the Group's financial risk management policies compared to last year.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Long-term borrowings with variable interest rates could therefore expose the Group to cash flow interest rate risk. In 2020, the Group obtained borrowings of USD 12.9 million (2019: USD 0 million; 2018: USD 7.4 million, which were fully repaid in 2019).

The Group is currently exposed to interest rate risk. The interest rate for the term debt in USD is Wall Street Prime +3.5% and Prime of 5.5%, while the term debt in GBP is Sterling Base Rate +8.25% with a minimum Base Rate of 0.75%. The interest for the term debt in USD and GBP during the period from 1 January 2018 to 31 December 2020. The revolving credit facility has an interest rate between 5.5% and 6.5% depending on financial ratios.

Furthermore, 37,525 warrants in Trustpilot A/S which are fully vested have been granted to the lenders for the credit and term debt facility, and the value of which is considered to be part of the effective interest rate for that facility.

Sensitivity from Interest:

Based on the financial instruments recognised at the balance sheet date, the Group's sensitivity to changes in interest rates is insignificant as current variable interest rate is below floor in the facility management.

Notes

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates.

In general purchases are made in the functional currencies of the individual group entity. The currency risk therefore primarily arises from sale in foreign currencies compared to the functional currency of each of the Group entities. Sales made in foreign currencies are primarily made by the parent company denominated in EUR and GBP. Due to the fixed exchange rate policy in Denmark against the EUR, the foreign exchange rate risk against the EUR is not considered material.

In addition, the borrowings obtained by the parent company (with DKK functional currency) in 2020 was denominated in USD and GBP and was in 2018 denominated in USD. As the borrowings were denominated in foreign currencies, this also exposed the Group to currency risk by the end of 2020 and 2018, respectively.

The sensitivity analysis shows the gain/loss on net loss for the year and equity of a 10% increase/decrease in the specified currencies towards DKK (presented in USD). The gain/loss is associated with the changing value of financial instruments on the balance sheet due to the underlying currency fluctuations for those instruments held in something other than the functional currency.

	Impact on post tax loss and equity	
USD '000	**2020**	**2019**
USD/DKK exchange rate - increase 10%	61	894
USD/DKK exchange rate - decrease 10%	(61)	(894)
GBP/DKK exchange rate - increase 10%	(60)	1.167
GBP/DKK exchange rate - decrease 10%	60	(1.167)

The sensitivity analysis is based on the assumption that all other variables and exposures remains constant and on the financial instruments recognised on 31 December.

Notes

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

USD '000	2020	2019
Trade receivables		
USD	44	39
GBP	2.172	1.541
EUR	1.066	719
Other	306	189
Cash and cash equivalents		
USD	4.988	9.243
GBP	5.439	9.700
EUR	30.938	12.192
Other	173	851
Trade payables		
USD	383	299
GBP	(122)	738
EUR	280	489
Other	(9)	2
Borrowings		
USD	4.000	0
GBP	8.940	0
EUR	0	0
Other	0	0

The impact on post tax loss for the year includes financial instruments that are currency adjusted through the statement of profit and loss and is based on those financial instruments that were recognised at the respective balance sheet dates.

Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The Group's primary credit exposure is related to trade receivables and cash positions. The Group has no major exposure relating to one single customer or business partner. The Group has no significant credit risk concentrations as the Group has many small customers.

For further information about the Group's credit loss allowance, refer to note 14.

The most significant counterparty risk is related to deposit with banks, as the Group's balance at 31 December 2020 amounts to USD 50,387 thousand (2019: USD 35,016 thousand). To mitigate this risk, it is the Group's policy only to use banks of high quality and with low credit risk in the countries the Group operates in, whose credit ratings are long-term A3 or higher by Moody´s Investors Services and BBB+ or higher by Standard & Poor´s.

Notes

Liquidity risk

Prudent liquidity risk Management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the group's liquidity reserve, comprising the USD 11.5 million and GBP 6.6 million borrowing facilities of which USD 4 million and GBP 6.6 million have been drawn in 2020, and its cash position on the basis of expected cash flows.

As described above, the Group has access to liquidity up to USD 11.5 million and GBP 6.6 million through credit facilities with Silicon Valley Bank. The facilities consist of USD 7.5 million revolving credit as well as USD 4 million and GBP 6.6 million term debt .

The facilities were renegotiated in September 2019. The revolving credit is available for 3 years from that closing date while the term debt has up to two years drawing period and matures 4 years from closing.

Maturity analysis

The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments). Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

USD '000	**Less than 1 year**	**Between 1 and 3 year**	**More than 3 years**	**Total**
Non-derivatives				
As at 31 December 2020				
Trade payables	(1.277)	0	0	(1.277)
Borrowings	(2.775)	(12.262)	0	(15.037)
Lease liabilities	(4.799)	(5.244)	(9.944)	(19.987)
Other payables	(4.519)	0	0	(4.519)
	(13.370)	**(17.506)**	**(9.944)**	**(40.820)**
As at 31 December 2019				
Trade payables	(1.203)	0	0	(1.203)
Lease liabilities	(2.694)	(1.603)	(630)	(4.927)
Other payables	(2.367)	0	0	(2.367)
	(6.264)	**(1.603)**	**(630)**	**(8.497)**

Notes

USD '000	2020	2019
Financial assets and liabilities per measurement category		
Financial assets		
Financial assets at amortised cost:		
Trade receivables, current	5.227	3.791
Deposits, non-current	2.970	908
Cash and cash equivalents, current	50.387	35.016
	58.584	**39.715**

USD '000	2020	2019
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables, current	(1.277)	(1.203)
Borrowings, non-current	(11.323)	0
Borrowings, current	(1.618)	0
Lease liabilities, non-current	(12.172)	(1.944)
Lease liabilities, current	(4.432)	(2.638)
	(30.822)	**(5.785)**

The term debt is not subject to financial covenants, however there are a number of events of default that if they were to occur would cause the debt to fall immediately due. These are actively monitored as part of the capital management policies.

Due to the short-term nature of the Group's financial instruments, the fair value approximates the carrying amount.

Notes

18. Capital management

The Group's objective when managing capital are to:
Safeguard the ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduced the cost of capital.

The Group's strategy is to finance the operations of the business with the cash on the balance sheet and only access the credit facility if additional opportunities present themselves. There has been no change in the policies for managing capital compared to last year.

The Group has access to a USD 11.5 million and GBP 6.6 million credit facility on a term debt facility and a revolving credit facility, if the Group should need additional capital. Notwithstanding the general policy, in view of the potential challenges following the Covid-19 outbreak in 2020 USD 4 million and GBP 6.6 million have been drawn from the term debt facility. As of 31 December 2019, no credit was drawn on the credit facility. As of 31 December 2018, USD 3 million revolving credit and USD 4.4 million term debt were drawn, which were fully repaid in 2019. Cash settled debt issues costs of USD 561 thousand are included in other receivables and recognised as part of the effective interest rate.

The interest rate has been 9% for the term debt and 5.5% for the revolving credit during the period from 1 January 2019 to 31 December 2020.

19. Commitments and contingent liabilities

Pledges and security

As security for USD 11.5 million and GBP 6.6 million Credit facility the Group has pledged a floating charge amounting to USD 22 million secured in intangible assets and trade receivables.

USD '000	31 December 2020	31 December 2019
The carrying amounts of the secured assets are as follows		
Intangible assets	5.478	2.675
Trade receivables	5.227	3.791
	10.705	**6.466**

No security has been provided for the Group's leaseholds in 2020. Security of USD 804 thousand was provided in 2019. The amount was recognised as a deposit presented within other receivables.

Notes

Contingent liabilities

Trustpilot A/S and its subsidiaries are parties to various lawsuits. Besides from the case below, the outcome of cases pending are not expected to constitute risk for economic outflow of material importance to the Group's financial position.

US litigation regarding renewal of subscriptions
In January 2021, a complaint was filed in the United States District Court for the Southern District of New York against Trustpilot Inc. and Trustpilot A/S.

The complaint alleges that Trustpilot designed its email systems so that a reminder email about renewal of Trustpilot subscriptions would be sent from a Trustpilot.net email address and go directly to the recipient's junk email folder and that, as a result, Trustpilot customers paid for Trustpilot subscriptions that they would not have renewed had they received the reminder email.
The complaint asserts causes of action for: (i) breach of an implied covenant of good faith and fair dealing: (ii) breach of contract; (iii) violation of New York General Business Law and New York General Obligations Law; (iv) violations of other state unfair business practices statutes; and (v) unjust enrichment.

The complaint seeks: compensatory and/or recessionary and other damages in an amount to be determined at trial; interest from the date of loss to the date of the award and payment of final judgment; reasonable attorneys' fees; costs, expert and witness fees; and such other and further relief the Court deems appropriate and just.

Trustpilot Inc. and Trustpilot A/S intend vigorously to defend the matter.

Based on the facts and circumstances known at this time group management have no reason to consider that it is probable there will be a material settlement in respect of the litigation. However, it is too premature to fully conclude on this matter and despite our initial assessment that we have a strong position to robustly defend this case, it is appropriate to consider this a contingent risk. Should developments cause a change in Trustpilot's determination as to an unfavourable outcome, or result in a final adverse judgement or settlement, there could be a material adverse effect on Trustpilot's results of operations and cash flows.

20. Fee to auditors appointed at the general meeting

USD '000	**2020**	**2019**
PricewaterhouseCoopers		
Audit fee	119	68
Tax advisory services	218	171
Other assurance services	1.026	5
Non-audit services	249	122
	1.612	**366**

Other assurance services relate to transaction related activities. The audit fee relates to the audit of both the parent and the group.

Notes

21. Changes in liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in each of the periods presented.

USD '000	1 January 2020	Cash flows	Foreign exchange movement	New leases*	31 December 2020
Loans and borrowings	0	12.144	796	0	12.940
Lease liabilities	4.582	(3.047)	764	14.305	16.604
Total liabilities from financing activities	**4.582**	**9.097**	**1.560**	**14.305**	**29.544**

USD '000	1 January 2019	Cash flows	Foreign exchange movement	New leases*	31 December 2019
Loans and borrowings	7.430	(7.216)	(214)	0	0
Lease liabilities	5.977	(3.895)	(9)	2.509	4.582
Total liabilities from financing activities	**13.407**	**(11.111)**	**(223)**	**2.509**	**4.582**

* Including remeasurements.

22. Related parties

The Group does not have any shareholders with significant influence over Trustpilot A/S.
The Group's structure is set out in note 25.

Transactions with related parties:
There has been no transaction with related parties in 2020.

The Group had the following transactions with related parties during 2019:
Trustpilot raised USD 55 million in a Series E round led by Sunley House Capital Management and existing shareholders, where The Sunley House Capital Management became shareholders along with the existing shareholders. As explained in note 15, 535,020 of additional shares were issued to new and existing shareholders of the Group for consideration of USD 51 million creating share capital and share premium of USD 86 thousand and USD 51 million.

Information about the board and management's remuneration has been disclosed in note 4 and 5.

There are no outstanding balances at the end of the reporting period in relation to transactions with related parties.

Notes

23. Events after the balance sheet date

No significant events have occurred subsequently to the financial year, except for the US litigation regarding renewal of subscriptions as described in note 18, affecting the assessment of the Annual Report after the balance sheet date.

Outlook
The Group's expectations for the future is impacted by the Covid-19 outbreak and the measures taken by governments in most of the world to mitigate the effects of the Covid-19 outbreak.

While the Group was not significantly impacted in 2020 by the Covid-19 outbreak, which resulted in a consumer activity uptick, but only temporarily disrupting annual recurring revenue (ARR) trends, the expectations for the future are still uncertain due to Covid-19 impact cross the world. This, in turn, might have an impact on results in subsequent periods. Therefore, the management does not see itself able to disclose expectations for the future.

With the increased focus on online shopping, the Group will continue to invest in building the services and features necessary to support consumers in making more informed decisions when shopping online. Moreover, the Group 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.

24. Cash flow specifications

USD '000	**2020**	**2019**
Changes to net working capital		
Increase in trade receivables	(989)	(1.031)
(Increase)/decrease in other assets	(1.227)	706
Decrease/(increase) in prepayments	158	(236)
(Decrease)/increase in trade payables	(295)	109
Increase in other liabilities	11.931	1.989
Increase in contract liabilities	1.824	4.800
	11.402	**6.337**

USD ´000	**2020**	**2019**
Adjustments		
Income tax	(663)	72
Amortisation and impairment of intangible assets	947	111
Depreciations and impairment of tangible assets and right-of-use assets	4.791	3.211
Finance income	(21)	(43)
Finance expenses	2.076	1.174
Share based compensation	2.696	3.076
	9.826	**7.601**

Notes

25. List of group companies

The Group's principal subsidiaries at 31 December 2020 are set out below:

	Type	Place of incorporation	Ownership interest
Trustpilot Inc.	Subsidiary	US	100%
Trustpilot Ltd.	Subsidiary	UK	100%
Trustpilot GmbH	Subsidiary	Germany	100%
Trustpilot PTY Ltd	Subsidiary	Australia	100%
Trustpilot UAB	Subsidiary	Lithuania	100%

Statement of profit or loss (Parent)

DKK '000	Note	2020	2019
Revenue	2	514.466	408.278
Production costs	3, 4	(60.510)	(64.260)
Gross profit		**453.956**	**344.018**
Distribution costs	3, 4	(422.238)	(382.852)
Administrative costs	3, 4	(114.795)	(86.698)
Operating profit/loss		**(83.077)**	**(125.531)**
Other operating income		72.201	66.643
Profit/loss before financial income and expenses		**(10.875)**	**(58.888)**
Income from investments in subsidiaries		(87.468)	(81.582)
Financial income	6	58.154	60.433
Financial expenses	7	(66.306)	(49.848)
Profit/(loss) before tax		**(106.495)**	**(129.885)**
Tax on profit/(loss) for the year	8	5.500	0
Profit/(loss) for the year		**(100.995)**	**(129.885)**

For information about distribution of profit or loss for the year, see note 16.

Balance sheet (Parent)
Assets

DKK '000	Note	31 December 2020	31 December 2019
Development projects in progress	10	6.746	13.031
Completed development projects	10	26.473	4.761
Acquired intangible assets	10	0	0
Intangible assets		**33.219**	**17.792**
Right-of-use assets	11	5.420	6.876
Other fixtures and fittings, tools and equipment	11	1.276	1.356
Leasehold improvements	11	470	807
Property, plant and equipment		**7.166**	**9.039**
Investments in subsidiaries	9	4.446	9.675
Deposits	14	1.971	1.930
Fixed asset investments		**6.417**	**11.605**
Fixed assets		**46.802**	**38.437**
Trade receivables	13	26.361	15.977
Receivables from group enterprises		198	0
Other receivables		3.588	4.553
Corporation tax	8	5.500	0
Prepayments	15	10.143	9.832
Total current assets		**45.791**	**30.361**
Cash at bank and in hand		254.264	209.464
Current assets		**300.055**	**239.826**
Assets		**346.857**	**278.262**

Balance sheet (Parent)
Liabilities

DKK '000	Note	31 December 2020	31 December 2019
Share capital	16	4.684	4.715
Share premium		341.697	341.451
Reserve for development projects		33.219	17.792
Retained earnings		(334.713)	(240.045)
Total equity		**44.888**	**123.913**
Credit institutions	18	68.659	0
Lease liabilities	18	0	1.863
Other payables	18	19.227	7.263
Long-term debt		**87.886**	**9.127**
Credit institutions	18	9.808	0
Contract liabilities		111.133	96.407
Lease liabilities	18	5.669	5.772
Trade payables		8.460	4.076
Payables to group enterprises		0	4.541
Corporation tax	8	0	0
Other payables	18	79.014	34.427
Short-term debt		**214.084**	**145.223**
Total debt		**301.969**	**154.139**
Liabilities and equity		**346.857**	**278.262**

Statement of Changes in Equity (Parent)

DKK '000	Share capital	Share premium	Reserve for development projects	Retained earnings	Total
Equity at 1 January 2019	**4.147**	**4.464**	**0**	**(112.801)**	**(104.190)**
Cash capital increase	569	336.987			337.556
Exchange rate differences of foreign entities and on loans to subsidiaries considered part of net investment				(10)	(10)
Share based payment				20.442	20.442
Net profit/(loss) for the year				(129.885)	(129.885)
Capitalised development costs			17.792	(17.792)	0
Equity at 31 December 2019	**4.715**	**341.451**	**17.792**	**(240.045)**	**123.913**
Correction to primo	(4)	4			0
Cash capital increase	(27)	243		31	247
Exchange rate differences of foreign entities and on loans to subsidiaries considered part of net investment				2.867	2.867
Warrants finance facility				1.484	1.484
Share based payment				17.372	17.372
Net profit/(loss) for the year				(100.995)	(100.995)
Capitalised development costs			15.427	(15.427)	0
Equity at 31 December 2020	**4.684**	**341.697**	**33.219**	**(334.713)**	**44.888**

Notes

1. Accounting policies
2. Revenue from contracts with customers
3. Staff costs
4. Share-based payment plans
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8. Tax on profit/loss for the year
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10. Intangible assets
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16. Share capital
17. Distribution of profit/loss
18. Long-term debt
19. Fee to the auditors appointed at the general meeting.
20. Related parties
21. Events after the balance sheet date
22. Commitments and contingent liabilities

Notes

1. Accounting policies

The financial statements of Trustpilot A/S have been prepared in accordance with the Danish Financial Statements Act applying to large enterprises of reporting class C.

Because a statement of cash flows is prepared for the Group in the consolidated financial statements, no separate statement of cash flows has been prepared for the Parent (as permitted under the Danish Financial Statements Act). Please refer to the consolidated statement of cash flows for the Group.

The accounting policies for the Parent are the same as for the consolidated financial statements with the adjustments described below. For a description of the accounting policies of the Group, please refer to the consolidated financial statements.

The loss for 2019 has been reduced by DKK 5,778 thousand as the materiality level for the parent financial statements have been lowered due an expected IPO of the Company. Equity is unchanged.

Differences relative to the Group's accounting

Share-based payment

For share-based payments to employees of subsidiaries, the value of services received in exchange for granted warrants is recognised over the vesting period as part of the cost of investments in subsidiaries.

Investments in subsidiaries

Investments in subsidiaries are recognized according to the equity method after initially being measured at cost.

Under the equity method, the investments are initially recognised at cost and adjusted thereafter to recognize the parent's share of the profits or losses after tax of the subsidiary in profit or loss. Dividends received or receivable from subsidiaries are recognized as a reduction in the carrying amount of the investment.

Where the Company's share of losses in a subsidiary equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless the Company has provided security on behalf of the subsidiaries. In that case, a provision is recognised.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Receivables from group enterprises

Receivables are measured in the balance sheet at the lower of amortized cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes

2. Revenue from contracts with customers

The Parent derives revenue from the sale of subscription in the following major geographical regions:

DKK '000	**2020**	**2019**
UK	273.009	219.463
US	2.396	1.706
Rest of the world	239.062	187.109
	514.466	**408.278**

All revenue is recognised over time on a straight-line basis.

3. Staff costs

DKK '000	**2020**	**2019**
Wages and salaries	215.356	207.837
Pensions	4.703	0
Share-based payment	7.156	11.073
Other social security expenses	2.049	2.392
	229.264	**221.302**
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	10.293	13.360
Board of Directors	2.507	624
	12.800	**13.984**
Average number of employees	**336**	**340**

For key management compensation and share-based payment plans, refer to note 4 and 5 in the consolidated financial statement.

Notes

4. Share-based payment plans

For a description of the share-based payment programs, refer to note 5 in the consolidated financial statements.

5. Amortisation, depreciation and impairment losses

DKK '000	2020	2019
Depreciation on property, plant and equipment	1.202	735
Depreciation on right-of-use asset	5.053	5.050
Amortisation on intangible assets	6.034	720
	12.289	**6.505**

Amortisation, depreciation and impairment losses are allocated in profit or loss in the following manner:

DKK '000	2020	2019
Production costs	0	1.138
Distribution costs	0	38
Administrative costs	12.289	5.329
	12.289	**6.505**

6. Financial income

DKK '000	2020	2019
Interest received from group enterprises	15.801	12.936
Other financial income	183	201
Exchange adjustments	42.170	47.296
	58.154	**60.433**

7. Financial expenses

DKK '000	2020	2019
Other financial expenses	10.169	10.438
Financing costs	1.484	0
Exchange adjustments	54.652	39.410
	66.306	**49.848**

Notes

8. Tax on profit/loss for the year

DKK '000	**2020**	**2019**
Current tax for the year	(5.500)	0
Deferred tax for the year	0	0
	(5.500)	**0**

9. Investments in subsidiaries

DKK '000	**2020**	**2019**
Cost at 1 January	153.366	143.996
Addition share-based payment	10.215	9.370
Cost at 31 December	163.581	153.366
Value adjustment at 1 January	(457.652)	(366.047)
Exchange differences	30.680	(10.023)
Share-based payment arrangements	(10.215)	(9.370)
Net profit/loss for the year	(77.253)	(72.212)
Value adjustment at 31 December	(514.441)	(457.652)
Equity investments with negative net asset value amortised over the receivables	355.305	313.961
Equity investments with negative net asset value transferred to provisions	0	0
Carrying amount at 31 December	**4.446**	**9.675**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Trustpilot Inc.	USA	100%
Trustpilot Ltd.	UK	100%
Trustpilot GmbH	DE	100%
Trustpilot PTY Limited	AU	100%
Trustpilot AUB	LT	100%

Notes

10. Intangible assets

DKK '000	Development projects in progress	Completed development projects	Acquired intangible assets	Total
Cost at 1 January 2020	13.031	147.662	0	160.693
Completed projects during the year	21.461	0	0	21.461
Additions for the year	(30.126)	30.126	0	0
Cost at 31 December 020	**4.366**	**177.788**	**0**	**182.154**
Impairment losses and amortisation at 1 January 2020	0	142.901	0	142.901
Amortisation for the year	0	5.453	0	5.453
Impairment for the year	0	580	0	580
Impairment losses and amortisation at 31 December 2020	**0**	**148.935**	**0**	**148.935**
Carrying amount 31 December 2020	**4.366**	**28.853**	**0**	**33.219**
Amortised over	3 years	3 years	1-3 years	

DKK '000	Development projects in progress	Completed development projects	Acquired intangible assets	Total
Cost at 1 January 2019	0	142.181	60.603	202.784
Additions for the year	18.512	0	0	18.512
Transfer - In Progress to placed in service	(5.481)	5.481	0	0
Adoption of IFRS 16	0	0	(60.603)	(60.603)
Cost at 31 December 2019	**13.031**	**147.662**	**0**	**160.693**
Impairment losses and amortisation at 1 January 2019	0	142.181	51.501	193.682
Adoption of IFRS 16	0	0	(51.501)	(51.501)
Amortisation for the year	0	720	0	720
Impairment losses and amortisation at 31 December 2019	**0**	**142.901**	**0**	**142.901**
Carrying amount 31 December 2019	**18.512**	**(720)**	**0**	**17.792**
Amortised over	3 years	3 years	1-3 years	

Notes

11. Property, plant and equipment

DKK '000	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Right of use assets	Total
Cost at 1 January 2020	2.738	1.040	11.822	15.600
Additions for the year	785	0	0	785
Remeasurement for the year	0	0	3.597	3.597
Disposals for the year	0	0	0	0
Cost at 31 December 2020	**3.523**	**1.040**	**15.419**	**19.982**
Impairment losses and depreciation at 1 January 2020	1.382	233	4.946	6.561
Depreciation for the year	865	337	5.053	6.255
Disposals for the year	0	0	0	0
Impairment losses and depreciation at 31 December 2020	**2.247**	**570**	**9.999**	**12.816**
Carrying amount at 31 December 2020	**1.276**	**470**	**5.420**	**7.166**

DKK '000	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Right of use assets	Total
Cost at 1 January 2019	3.782	1.525	9.018	14.325
Additions for the year	1.372	879	2.824	5.075
Remeasurement for the year	0	(1.364)	85	(1.279)
Disposals for the year	(2.416)	0	(105)	(2.521)
Cost at 31 December 2019	**2.738**	**1.040**	**11.822**	**15.600**
Impairment losses and depreciation at 1 January 2019	3.227	1.429	0	4.656
Depreciation for the year	567	168	5.050	5.785
Disposals for the year	(2.412)	(1.364)	(104)	(3.880)
Impairment losses and depreciation at 31 December 2019	**1.382**	**233**	**4.946**	**6.561**
Carrying amount at 31 December 2019	**1.356**	**807**	**6.876**	**9.039**

Notes

12. Deferred tax

DKK '000	1 January 2020	Adjustment of deferred tax at beginning of year	Movements during the year	31 December 2020
Intangible assets	(3.522)	0	(3.320)	(6.842)
Plant & equipment	4.511	0	1.621	6.132
Liabilities	1.680	0	(1.256)	424
Other Items	1.165	0	(1.165)	(0)
Tax loss carryforwards	92.489	212	0	92.700
Deferred tax assets/liabilities	**96.323**	**212**	**(4.120)**	**92.414**
Not capitalized tax assets	(96.323)	(212)	4.120	(92.414)
Deferred tax assets/liabilities recognized in balance sheet	**0**	**0**	**0**	**0**
				0
Deferred tax assets	0		0	0
Deferred tax liabilities	0		0	0
Deferred tax assets/liabilities	**0**	**0**	**0**	**0**

DKK '000	1 January 2019	Adjustment of deferred tax at beginning of year	Movements during the year	31 December 2019
Intangible assets	(1.647)	0	(1.875)	(3.522)
Plant & equipment	7.382	0	(2.871)	4.511
Liabilities	0	0	1.680	1.680
Other Items	0	0	1.165	1.165
Tax loss carryforwards	95.372	0	(2.884)	92.488
Deferred tax assets/liabilities	**101.107**	**0**	**(4.785)**	**96.322**
Not capitalized tax assets	(101.107)		4.785	(96.322)
Deferred tax assets/liabilities recognized in balance sheet	**0**	**0**	**0**	**0**
				0
Deferred tax assets	0	0	0	0
Deferred tax liabilities	0	0	0	0
Deferred tax assets/liabilities	**0**	**0**	**0**	**0**

Notes

13. Trade receivables

DKK'000	2020	2019
Trade receivables at 31 December	35.378	22.259
Less provision for impairment of trade receivables	(9.017)	(6.282)
Trade receivables net	**26.361**	**15.977**

14. Other fixed asset investments

DKK '000	Deposits
Cost at 1 January 2020	1.930
Additions for the year	41
Disposals for the year	0
Cost at 31 December 2020	1.971
Carrying amount at 31 December 2020	**1.971**

DKK '000	Deposits
Cost at 1 January 2019	1.897
Additions for the year	33
Disposals for the year	0
Cost at 31 December 2019	1.930
Carrying amount at 31 December 2019	**1.930**

15. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

16. Share capital

Refer to note 16 in the consolidated financial statement for an overview of the changes in share capital.

17. Distribution of profit/(loss)

DKK '000	2020	2019
Retained earnings	(100.995)	(129.885)
	(100.995)	**(129.885)**

Notes

18. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.
The debt falls due for payment as specified below

DKK '000	2020	2019
Credit institutions		
More than 5 years	0	0
Between 1 and 5 years	68.659	0
Long-term part	**68.659**	**0**
Within 1 year	9.808	0
Other short-term payables	0	0
Short-term part	**9.808**	**0**
	78.467	**0**
Lease liabilities		
More than 5 years	0	0
Between 1 and 5 years	0	1.863
Long-term part	**0**	**1.863**
Within 1 year	5.669	5.772
Other short-term payables	0	0
Short-term part	**5.669**	**5.772**
	5.669	**7.636**
Other payables		
More than 5 years	19.227	7.263
Between 1 and 5 years	0	0
Long-term part	**19.227**	**7.263**
Within 1 year	5.650	0
Other short-term payables	73.364	34.427
Short-term part	**79.014**	**34.427**

Notes

19. Fee to the auditors appointed at the general meeting

Refer to note 19 in the consolidated financial statements for an overview of the fee to the auditor's appointed at the general meeting.

DKK '000	**2020**	**2019**
PwC		
Audit fee	424	220
Tax advisory services	50	20
Non-audit services	50	32
	524	**272**

20. Related parties

The Parent has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98c (7) of the Danish Financial Statements Act.

21. Events after the balance sheet

Refer to note 23 in the consolidated financial statements for more information

22. Commitments and contingent liabilities

Refer to note 19 in the consolidated financial statements for more information