Trustpilot

Annual report

for the year ended 31 December 2019

CVR no. 30 27 65 82

Pilestræde 58, 1112 Copenhagen K Denmark

Approved at the annual general meeting of shareholders.

Date: 29-May-2020

Chairman's signature: Carolyn Hay

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

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:

	2019 KUSD	2018 KUSD	2017 KUSD	2016* KUSD	2015* KUSD
Financial highlights					
Profit/loss					
Revenue	81.915	64.293	48.105	35.888	26.792
Operating profit/loss	(22.111)	(25.994)	(26.334)	(27.268)	(26.830)
Net financials	372	(802)	(2.282)	(188)	(808)
Net profit/loss for the year	(21.780)	(25.984)	(27.799)	(26.681)	(26.823)
Balance sheet					
Balance sheet total	51.187	21.270	35.418	45.538	69.927
Equity	14.527	(16.559)	6.811	27.900	55.684
Cash flows					
Operating activities	(9.842)	(19.121)	(16.433)	(12.361)	(20.583)
Investing activities	(2.534)	465	(258)	(11.976)	(3.398)
Hereof investments in property, plant and equipment	(542)	(271)	(376)	(607)	(469)
Financing activities	39.644	5.118	(123)	0	73.065
Net cash flow for the year	27.267	(13.538)	(16.814)	(24.338)	49.084
Empolyees					
Average number of employees	748	643	509	483	404
Key Ratios					
Solvency ratio (%)	28%	-78%	19%	65%	80%

* The company has implemented IFRS on 1 January 2017. The comparative figures for 2016 and 2015 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 is a leading independent online review platform - free and open to all. With more than 80 million reviews of over 350,000 websites, Trustpilot gives people a place to share and discover reviews of businesses, and we give every company the tools to turn consumer feedback into business results. The company's mission is to bring people and businesses closer together to create ever-improving experiences for everyone. Trustpilot reviews are seen more than 2.5 billion times each month by consumers worldwide.

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

2019 Highlights
2019 was another year full of milestones for Trustpilot. Record-breaking revenue and review numbers, a successful Series E investment round and the launch of our world-first, Transparent Flagging initiative, are just some of the highlights that made 2019 such a landmark year.

2019 saw Trustpilot reach and exceed the 77-million reviews mark, total bookings rose to almost USD $100 million and more than 350,000 websites now have reviews.

Trustpilot.com also became one of the top 25 most popular websites in the UK according to Alexa traffic rankings-a true testament to the strength of our brand and SEO-power. Our global Alexa Ranking has also risen well over 700 places in just two years and Trustpilot is now one of the 400 most visited websites in the world.

The reorganization of Trustpilot's Technology department in 2018 helped us scale key infrastructure and our Product Development and Technology teams have been busy innovating and improving our offerings to both businesses and consumers in 2019. Among other firsts, we achieved a 70% increase in companies inviting reviews via one of our e-commerce integrations, which allows companies to create custom reports via Trustpilot as well as receive automated insight reports. In addition, the official launch of Review Insights, which harnesses the power of machine learning to help companies understand the nuances of customer feedback, was very well received.

The launch of Transparent Flagging, which provides consumers with a window into how often companies flag reviews and what happens to them once they've been investigated, saw widespread press coverage. The feature is the first of its kind and is part of Trustpilot's larger initiative to bring more openness and transparency to its platform and the review industry as a whole.

These additions combined with other improvements will continue to help Trustpilot significantly accelerate and improve its product delivery, creating clear advantages for current and potential customers.

Management's review

Executive Leader team.
Trustpilot's Executive Leadership Team was strengthened in 2019 with the appointment of three new members to key roles. Chief Marketing Officer, Gabriele Famous, Chief Human Resources Officer, Donna Murray Vilhelmsen and Chief Legal and Policy Officer, Carolyn Jameson, all bring a wealth of experience with them from senior positions.

In addition, Angela Seymour Jackson was appointed to Trustpilot's board as an independent Non-Executive Director. Seymour-Jackson brings invaluable experience helping both public and private companies positively navigate environments of high growth, digital transformation and rapid change.

Company Bonus
The company-wide bonus plan implemented in 2017 to give all employees the opportunity to share in Trustpilot's success also continued to pay dividends. Besides specific goals for Revenue, Trust, Cost, and Activated New Business, a new bonus metric was added focusing on increasing Organic Reviews (reviews written without an invitation from a company).

The collective focus on these five measures led to very strong results. Trustpilot surpassed USD $84 million in annual recurring revenue (Revenue) and Organic Reviews rose by 56% in 2019.

Management's review

Financial Review
In March 2019 Trustpilot announced that the group has raised $55 million in a Series E round led by Sunley House Capital Management, with strong participation from all existing shareholders. This investment along with our sustained revenue growth will help us continue to fuel Trustpilot's rapid growth and scale key areas of the business.

	2019 TUSD *(Reported)*	**2018 TUSD** *(Reported)*	**Growth** *(Reported)*	**Growth** *(CC)*
Revenue	81.915	64.293	27%	32%
Cost of sales	(15.674)	(14.160)	11%	15%
Gross profit	**66.241**	**50.133**	**32%**	**37%**
Sales and marketing	(46.247)	(37.224)	24%	28%
Technology & Content	(20.597)	(20.106)	2%	8%
General and administrative	(21.508)	(18.797)	14%	17%
Operating profit/loss	**(22.111)**	**(25.994)**	**-15%**	**-12%**
Other operating income	31	30	3%	5%
Profit/loss before net financials	**(22.081)**	**(25.964)**	**-15%**	**-12%**
Financial income	7.137	3.058	133%	145%
Financial expenses	(6.765)	(3.860)	75%	100%
Profit/loss before tax	**(21.708)**	**(26.766)**	**-19%**	**-15%**
Income tax	-72	782	-109%	-111%
Loss for the year	**(21.780)**	**(25.984)**	**-16%**	**-13%**

	2019 TUSD *(Reported)*	**2018 TUSD** *(Reported)*	**Growth** *(Reported)*	**Growth** *(CC)*
UK	30.579	23.449	30%	38%
US	24.692	19.155	29%	29%
Rest of World	26.643	21.689	23%	30%
Total revenue	**81.915**	**64.293**	**27%**	**32%**

Management's review

In the financial year 2019, Trustpilot saw a revenue increase of 27% (32% at constant currency ("CC")) to $81.9m (2018: $64.3m). Growth was experienced across all major markets with the UK leading growth at a rate of 30% (38% at CC). In the same period Trustpilot generated a loss of $21.8m, falling from the loss generated in 2018 of $26.0m. Following the Series E capital raise, Trustpilot ended the year of 2019 with $35.0m in cash on the balance sheet, up from the 2018 level of $8.3m. Additionally Trustpilot has no borrowings on the balance sheet as of 2019, down from the 2018 level of $7.4m.

With customers in 70 countries, Trustpilot continues to focus on its operations in Europe, the US and Australia.

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.

Management's review

Gender composition of management
Trustpilot's board of directors has agreed upon the following policies and objectives for the under-represented gender in management positions.

At all levels of the organization, there is a continued focus on ensuring gender diversity in addition to an overall culturally diverse workplace. However, we balance this with the need to select the best candidates in specific geographies with specific niche skills to help us achieve our strategic goals.

Trustpilot's employees represent 49 nationalities and the global gender distribution is 40% female and 60% male. This is the result of a dedicated company strategy to ensure a diverse and inclusive work environment. 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.

At the head office in Copenhagen, the overall gender distribution is 56% male and 44% female. There is a specific emphasis on ensuring more female representation in Trustpilot's senior level management positions. In 2019 we increased our efforts to recruit and interview female candidates for as many management roles as possible. Trustpilot's efforts to ensure a diverse workplace are also reflected in initiatives such as our Trustpilot Women in Leadership initiative and hosting events like "Women in Tech." The gender distribution throughout the company has been stable at around 62% male and 38% female for the past four years.

Targets for the under-represented gender at the Board of Directors level
Regarding the underrepresented gender, the objective of having at least one female member at top management level during the next four years (2019-2023) was met in 2019.

The objective of having at least one female on the Board of Directors was achieved with the appointment of Angela Seymour-Jackson as an independent Non-Executive Director in March 2019. It remains an objective to ensure that the number of female board members is at least one over the next four-year period. At present, there are seven members on the Board of Directors, one female and six male members.

Management's review

Targets for the under-represented gender at other management levels
In the management layers below Board of Directors level, there are 135 managers, of which 56 are women. In 2019, women therefore made up 42% of management at Trustpilot, a slight increase from 2018. Three women also joined Trustpilot's Executive Leadership Team in 2019, making three of the teams 10 members female: Chief Marketing Officer, Gabriele Famous, Chief Human Resources Officer, Donna Murray Vilhelmsen, and Chief Legal and Policy Officer, Carolyn Jameson.

This is the result of our continued focus on ensuring gender diversity at Trustpilot as well as good staff retention thereby fulfilling the overall company ambition of a balanced composition of genders in leadership.

Corporate Social Responsibility (CSR)
Business model
With more than 880million reviews of over 350,000 websites, Trustpilot gives people a place to share and discover reviews of businesses, and we give every company the tools to turn consumer feedback into business results.

More specifically, Trustpilot is a SaaS (Software as a Service) business that offers free and paid services to companies. This means that any company can use Trustpilot for free and invite their customers to review them. They can also reply to reviews, report reviews, and get basic review statistics, for free. Companies that choose to subscribe to Trustpilot's business services, on the other hand, get in addition to all of our free services access to extra tools that make it quicker and easier to engage with customers and learn from reviews. For example, personalized customer support, analytics tools and widgets that showcase their customer reviews.

Trustpilot's mission is to be a universal symbol of trust. Built on openness, and collaboration, we aim to bring people and businesses closer together to create ever-improving experiences for everyone, and this lies at the very heart of our business model.

Risks related to CSR
We fully acknowledge our responsibility to contribute to sustainable development and see a natural correlation between acting responsibly and increasing Trustpilot's profit and future growth. We have created policies to address risks related to employee matters, human rights, data, anti-corruption and anti-bribery. As a young online business experiencing rapid growth, we're still working to implement a dedicated environmental policy but many elements that would typically be included in such a policy are already an integral part of how we operate, as referred to in the subsection titled 'Environmental matters.' With the below initiatives and policies in place and the commitment to do more in years to come, Trustpilot is confident that we comply with regulations on human rights, environmental, social and employee matters.

Management's review

Environmental matters
In line with our serverless-first approach, 2019 was our first full year as a completely cloud-based company and Trustpilot continues to be at the forefront of the serverless movement. Our continued focus on recycling saw the Green Teams in our New York and Denver offices further reduce the use of single-use plastics in 2019 as well as install new and improved recycling bins throughout the offices. There has also been a renewed focus on reducing food waste, leading to more than 471 meals (250 kilograms of food) being donated to local organisations from our New York office alone. In our largest office, Copenhagen, where almost 400 Trusties come to work every day, 2019 was the first full year with a weekly, meat-free day in our canteen. By taking meat off the menu once a week, we saved around 40,000 tons of CO_2e greenhouse gas emissions per year. That's the equivalent of driving over 300,000 kilometers in a car.

We also changed our coffee provider in 2019 in Copenhagen - moving away from single-use coffee capsules to a much more environmentally conscious alternative. Our new coffee provider delivers our coffee beans by bike without any plastic or aluminum packaging. The beans are sourced and produced sustainably, and we will begin recycling our coffee grounds in 2020. Considering our average yearly use, this change will save about 120,000 capsules per year or 360 kilograms of aluminum packaging (assuming 3 grams of aluminum per coffee capsule). In 2019 we also began recycling the coffee grounds from our Vilnius office by partnering with a local energy company who repurposes them for bioenergy.

We're committed to limiting our carbon footprint as much as possible and Trustpilot products comply with all environmental regulations. We encourage organizing meetings via Google Meet or other electronic means, and after IT-infrastructure upgrades throughout 2019 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 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. We've also continued to focus on eliminating food-waste, making sure that we don't order too much food and that any leftovers are available for employees to take home free of charge.

Management's review

Employee matters
We work diligently to provide a safe, inclusive and supportive work environment for all of our employees. Our Non-Discrimination & Anti-Harassment Policy is included as part of all Trustpilot employment agreements and clearly states that discrimination against or harassment of other employees or applicants for employment is not tolerated.

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 2019 we also implemented a new Speaking Up Policy supported by an aligned reporting and investigation process led by our Ethics Team.

In 2019, the Trustpilot Women in Leadership (TWIL) programme was launched in our New York and Denver offices. Spearheaded by local female leaders with strong support from the Executive Leadership Team, TWIL's goal is to foster strong leadership at Trustpilot and identity, 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 faced by women at Trustpilot and providing resources to address them as well as providing training and mentorship. Events like 'No-Stress Networking Workshop' and 'Secrets of Successful Females' saw strong attendance and sparked excitement amongst employees. TWIL's success in the U.S. has led to it launching in Copenhagen at the beginning of 2020, where it has been met with great buy-in and enthusiasm so far.

Trustpilot continued to use Peakon to measure and improve employee engagement in 2019 and also implemented the use of live feedback during All Hands meetings, which allows employees to engage directly with speakers. In addition, members of the Executive Leadership Team began hosting monthly Q&A sessions across our eight office locations where employees can ask anything they want.

Our global office teams also continued to make improvements to our office environment, including refurbishing new office spaces to make room for our expanding workforce as well as working to improve ventilation, lighting and meeting room availability. Furthermore, all offices established or expanded spaces to relax away from desks during the workday in 2019.

Employee benefits such as local social clubs, corporate agreements with gyms, company social events, flexible working times and access to healthy snacks also continued in 2019.

Social matters
Trustpilot's global Giving Tree campaign continued in 2019 and resulted in hundreds of gifts for kids who otherwise wouldn't receive anything during the holidays. This was made possible through partnerships with local charities such as Red Barnet (Save the Children) in Copenhagen, Kids Out in London, New York Cares in New York, and in Denver.

Together with our employees, Trustpilot also supported a number of different events and causes in the cities it calls home in 2019. These include sponsoring TechFest and Women in Tech in Copenhagen, the Flywheel fundraiser for Breast Cancer Awareness Month, Soul Cycle fundraiser for Women in Need and donations to Care for the Homeless in New York, Invest in Kids Jane-a-Thon in Denver, and employee donations to a local girl (Austeja - https://austejai.lt) diagnosed with Cerebral Palsy in Vilnius.

Management's review

Human rights
Trustpilot sees data protection as a human right. This is an area we take very seriously and we prioritise keeping people's personal data safe, whether it's that of our employees or those that use our platform. Naturally, inviting people to write reviews and share their experiences involves the exchange of information. Therefore, to make sure we meet the requirements of the European General Data Protection Regulation, we updated our policies and practices to give individuals a higher level of control over their personal data in 2018 and among other initiatives, in 2019 we have:
- Continued to prioritize people's right to privacy.
- Ongoingly improved our processes to help us handle data subject's requests in the most efficient way possible.
- Introduced a White Paper on GDPR and privacy requirements for companies using Trustpilot's services to help our customers be compliant with the privacy laws while using our service.
- Trained all relevant teams that are involved in data processing about privacy requirements (including specialised training sessions for certain departments)
- Updated our DPA (Data Processing Agreement) that regulates how we process data on behalf of companies.
- Introduced an updated Vendor Management Process, where requesters are required to provide more information about the processing of data and the request is checked and verified by members of our Technology department, the Security/Data Privacy team and our Legal team.

Our GDPR-compliant Data Processing Agreement (DPA) regulates how we process data on behalf of companies, and ensures we do it in a compliant way. This is available on our website, together with an overview of the data sub-processors we use.

In our Code of Ethics, we make it clear that we're committed to conducting our business with the highest ethical standards. A part of this means that we do not do business with companies who are a "bad-fit". Our Bad-Fit Policy was updated and rolled out globally in 2019 along with further awareness sessions for commercial teams. A bad-fit company is a company that does not share Trustpilot's values and core beliefs. Examples of companies who are a bad-fit include those that sell illegal drugs, offer child labor, forced labor or human trafficking, or sell products with endangered animal parts.

In 2019 we also implemented a new process for reporting and investigating misconduct as well as a confidential reporting email launched globally in line with our Incident Investigation Guide. Along with this, our Non-Discrimination & Anti-Harassment Policy and Speaking Up Policies were updated and aligned globally including classroom training and awareness sessions. In addition, we introduced Trustpilot's Modern Slavery Code of Conduct (for customers, contractors and suppliers working with Trustpilot) and our Modern Slavery Statement.

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 bound by 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 like fraud and hacking, helping them stay vigilant in their day-to-day activities.

In 2019 we worked to restructure our Investigations and Enforcement teams, including processes to improve efficiency and boost headcounts and resources in order to more quickly be able to crack down on potential issues. As part of the on-boarding process new employees are introduced to Trustpilot's Anti-corruption and Anti-bribery policies as well as Code of ethics. Current employees are updated around the policies with online webinar, training and email ongoing during the year. As part of the enforcement information about these policies has been added to all employee's contract.

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.

Post balance sheet events
The implications of COVID-19 with many governments across the world deciding to "close down the countries" will have great impact on Global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Management's review

Outlook
The Group's expectations for the future have been negatively impacted by the Covid-19 outbreak and the measures taken by governments in most of the world to mitigate the effects of the outbreak, cf. also the discussion of events after the balance sheet date in Note 23.

The company's management has tried to assess the effect of Covid-19 on the company's expected turnover and profit, but it is still too early to reliably estimate what the negative consequences will be. Therefore, the management does not see itself able to reliably disclose the expectations for the future.

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

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

Constant Currency Performance

	2019 TUSD *(Reported)*	**2018 TUSD** *(Reported)*	**Growth** *(Reported)*	**Growth** *(CC)*
Revenue	81.915	64.293	27%	32%
Cost of sales	(15.674)	(14.160)	11%	15%
Gross profit	**66.241**	**50.133**	**32%**	**37%**
Sales and marketing	(46.247)	(37.224)	24%	28%
Technology & Content	(20.597)	(20.106)	2%	8%
General and administrative	(21.508)	(18.797)	14%	17%
Operating profit/loss	**(22.111)**	**(25.994)**	**-15%**	**-12%**
Other operating income	31	30	3%	5%
Profit/loss before net financials	**(22.081)**	**(25.964)**	**-15%**	**-12%**
Financial income	7.137	3.058	133%	145%
Financial expenses	(6.765)	(3.860)	75%	95%
Profit/loss before tax	**(21.708)**	**(26.766)**	**-19%**	**-16%**
Income tax	-72	782	-109%	-111%
Profit/loss for the year	**(21.780)**	**(25.984)**	**-16%**	**-13%**

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 2019.

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 2019 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 2019.

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, 5 May 2020

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

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 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 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 2019 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2019 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 2019, 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, 5 May 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
Ulrik Ræbild
State Authorised Public Accountant
mne33262

Anders Stig Lauritsen
Anders Stig Lauritsen
State Authorised Public Accountant
mne32800

Consolidated statement of profit or loss

	Notes	2019 KUSD	2018 KUSD	2017 KUSD
Revenue	3	81.915	64.293	48.105
Cost of sales	4, 6	(15.674)	(14.160)	(10.552)
Gross profit		**66.241**	**50.133**	**37.554**
Sales and marketing	6	(46.247)	(37.224)	(28.910)
Technology & Content	6	(20.597)	(20.106)	(17.186)
General and administrative	6	(21.508)	(18.797)	(17.792)
Operating profit/loss		**(22.111)**	**(25.994)**	**(26.334)**
Other operating income		31	30	11
Profit/loss before net financials		**(22.080)**	**(25.964)**	**(26.323)**
Financial income	7	7.137	3.058	3.589
Financial expenses	8	(6.765)	(3.860)	(5.871)
Profit/loss before tax		**(21.708)**	**(26.766)**	**(28.605)**
Income tax	9	(72)	782	805
Loss for the year		**(21.780)**	**(25.984)**	**(27.799)**

Consolidated statement of comprehensive income

	2019 KUSD	2018 KUSD	2017 KUSD
Profit for the period	**(21.780)**	**(25.984)**	**(27.799)**
Other comprehensive income			
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	(86)	176	3.102
Other comprehensive income for the period, net of tax	**(86)**	**176**	**3.102**
Total comprehensive income for the period	**(21.866)**	**(25.808)**	**(24.697)**

Consolidated balance sheet

	Notes	31 December 2019 KUSD	31 December 2018 KUSD	31 December 2017 KUSD	1 January 2017 KUSD
Intangible assets	10	2.675	0	0	0
Property, plant and equipment	11	657	507	716	874
Right-of-use assets	13	4.195	4.546	4.990	8.621
Deferred tax assets	12	4	4	0	0
Deposits		908	788	801	659
Total non-current assets		**8.439**	**5.845**	**6.507**	**10.154**
Trade receivables	14	3.791	2.838	2.171	1.534
Income tax receivables		0	848	883	774
Prepayments		2.009	1.749	1.719	1.628
Other receivables		1.932	1.654	1.911	526
Cash and cash equivalents		35.016	8.336	22.227	35.348
Total current assets		**42.748**	**15.425**	**28.911**	**39.810**
Total assets		**51.187**	**21.270**	**35.418**	**49.964**

Consolidated balance sheet

	Note	31 December 2019 KUSD	31 December 2018 KUSD	31 December 2017 KUSD	1 January 2017 KUSD
Share capital	16	709	636	654	524
Share premium		162.109	113.666	115.127	99.245
Foreign currency translation reserve		(6.315)	(8.469)	(10.843)	0
Retained earnings		(141.975)	(122.392)	(98.129)	(72.075)
Total equity		**14.527**	**(16.559)**	**6.811**	**27.695**
Borrowings	18	0	7.430	0	0
Lease liabilities	13	1.944	2.202	4.198	5.996
Deferred tax liabilities	12	0	0	19	0
Other payables		1.092	0	426	913
Total non-current liabilities		**3.036**	**9.632**	**4.643**	**6.909**
Trade payables		1.508	1.360	856	844
Lease liabilities	13	2.638	3.776	3.003	2.626
Income tax payables		100	65	38	25
Contract liabilities	15	19.325	14.800	11.969	8.327
Other payables		10.053	8.196	8.097	3.540
Total current liabilities		**33.624**	**28.196**	**23.963**	**15.361**
Total liabilities		**36.660**	**37.828**	**28.607**	**22.269**
Total equity and liabilities		**51.187**	**21.270**	**35.418**	**49.964**

Consolidated statement of changes in equity

	Notes	Share capital KUSD	Share premium KUSD	Foreign currency translation reserve KUSD	Retained earnings KUSD	Total KUSD
Equity at 1 January 2017		**524**	**99.245**	**0**	**(72.075)**	**27.695**
Profit for the year					(27.799)	(27.799)
Other comprehensive income				3.102		3.102
Total comprehensive income for the period		**0**	**0**	**3.102**	**(27.799)**	**(24.697)**
Exchange difference on share capital and premium		77	13.868	(13.945)		0
Transactions with owners in their capacity as owners						
Capital increase		53	2.014			2.068
Share-based payments	5			0	1.745	1.745
Total transactions with owners		**53**	**2.014**	**0**	**1.745**	**3.813**
Equity at 31 December 2017		**654**	**115.127**	**(10.843)**	**(98.129)**	**6.811**
Profit for the year					(25.984)	(25.984)
Other comprehensive income				176		176
Total comprehensive income for the period		**0**	**0**	**176**	**(25.984)**	**(25.808)**
Exchange difference on share capital and premium		(29)	(2.168)	2.197		0
Transactions with owners in their capacity as owners						
Capital increase		11	707			718
Share-based payments	5				1.721	1.721
Total transactions with owners		**11**	**707**	**0**	**1.721**	**2.439**
Equity at 31 December 2018		**636**	**113.666**	**(8.469)**	**(122.392)**	**(16.559)**
Profit for the period					(21.780)	(21.780)
Other comprehensive income				(86)		(86)
Total comprehensive income for the period		**0**	**0**	**(86)**	**(21.780)**	**(21.866)**
Exchange difference on share capital and premium		(13)	(2.227)	2.240		0
Transactions with owners in their capacity as owners						
Capital increase		86	50.669			50.755
Share-based payments	5				2.197	2.197
Total transactions with owners		**86**	**50.669**	**0**	**2.197**	**52.952**
Equity at 31 December 2019		**709**	**162.109**	**(6.315)**	**(141.975)**	**14.527**

Consolidated cash flow statement

	Notes	2019 KUSD	2018 KUSD	2017 KUSD
Profit/loss for the year		(21.780)	(25.984)	(27.799)
Adjustments	24	3.050	2.767	4.721
Changes in net working capital	24	10.110	4.166	6.411
Interests received		43	78	20
Interests paid		(1.193)	(929)	(590)
Income taxes paid/received	9	(72)	782	805
Net cash flow from operating activities		**(9.842)**	**(19.121)**	**(16.433)**
Purchase of property, plant and equipment	11	(542)	(271)	(376)
Proceeds from lease sublet		799	736	118
Payment of development costs	10	(2.791)	0	0
Net cash flow from investing activities		**(2.534)**	**465**	**(258)**
Principal elements of lease payments	13	(3.895)	(3.051)	(2.191)
Proceeds from borrowings	17	0	7.451	0
Repayment of borrowings	17	(7.216)	0	0
Proceeds from share issue	16	50.755	718	2.068
Cash flow from financing activities		**39.644**	**5.118**	**(123)**
Net cash flow for the year		**27.267**	**(13.538)**	**(16.814)**
Cash and cash equivalents, beginning of the year		8.336	22.227	35.348
Effects of exchange rate changes on cash and cash equivalents		(587)	(353)	3.693
Cash and cash equivalents at end of the year		**35.016**	**8.336**	**22.227**

Notes

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Notes

1. Accounting policies

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

The consolidated financial statements of the Trustpilot group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises.

The annual report has been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value.

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

First time adoption

This Annual Report is the first Annual Report that is presented in accordance with IFRS. The comparative figures for 2017 and 2018 in the income statement and the balance sheet items as at 1 January 2017, 31 December 2017 and 31 December 2018 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for 2019. No standards or interpretations which are not yet effective have been adopted.

As part of the adoption of IFRS, the Group has changed the currency in which it presents its consolidated financial statements from Danish Kroner (DKK) to US Dollars (USD). The functional currency of the parent company is DKK, however Management believes that presenting the consolidated financial statements in USD better reflects the Groups consolidated financials, being a global company.

Net profit, comprehensive income, total assets and total equity are unaffected by the presentational change apart from the translation from DKK to USD as further detailed below. Following the change in presentation currency, the financial information as previously reported in the Group's consolidated financial statements have been restated from DKK into USD using the procedures outlined below, as if USD had always been the Group's presentation currency:

• assets and liabilities of the parent company and of foreign operations where the functional currency is not USD have been translated into USD at the relevant closing rates of exchange. Profit and loss items were translated into USD at the relevant average rates of exchange;

• the cumulative foreign currency translation reserve is set to USD 0 at 1 January 2017 as part of the transition to IFRS, as further described in note 26 First-time adoption of IFRS. All subsequent foreign exchange rate differences have been recognised in the foreign currency translation reserve. Share capital and other reserves are retranslated into the spot rate of the repective balcance sheet dates. The comparatives for the years ending 31 December 2018 and 2017 have been translated into USD accordingly.

The disclosures required by IFRS 1 First-time Adoption of International Financial Reporting Standards, concerning the transition from the Danish Financial Statements Act to IFRS, are provided in note 26.

Notes

Reclassification of profit and loss items
With effect from 2019, the Group has made some reclassifications of expense items included in the income statement. Management believes the new presentation better reflects the nature of the Group's operations and is further in line with industry practice. The comparative figures for 2017 and 2018 have been restated accordingly. There have been no impact on profit for the year. The nature and amounts of the reclassification are further described in note 26.

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.

Notes

Revenue

The Group generates revenue from the sale of company subscriptions, where the invoicing vary from monthly to yearly billing and payment terms vary from Net8 to Net 30 days. The performance obligations are satisfied over time and revenue is recognized on a straight-line basis over the subscription period. 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.

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.

Technology and Content

Technology and Content includes 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 amortization.

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 amortization.

Other operating expenses

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

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.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Financial income and expenses (net financials) 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, etc.

Notes

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 where 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.

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.

Notes

Intangible assets

Intangible assets include development projects and other acquired intangible rights.

Separately acquired rights and licences are measured at historical cost. 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

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

Notes

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 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.

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.

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, and
- restoration 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.

Notes

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 a 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.

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.

Notes

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 as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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.

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 warranty programs are disclosed in note 5.

Notes

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 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.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. 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 judgments, estimates and 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 judgments and estimates, including the assumptions, for the individual items are described below.

Notes

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

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.

At December 2019, potential future cash outflows of USD 882 thousand (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

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.

Share-based payment

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 is updated annually. For further information, reference is made to note 5.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating etc.).

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The assumptions and inputs selected by the Group used in the impairment calculation, are based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

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 consolidated financial statements.

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.

Notes

3. Revenue from contracts with customers.

The Group derives revenue from the sale of subscription in the following major geographical regions.

	2019 KUSD	2018 KUSD	2017 KUSD
UK	30.579	23.449	16.660
US	24.692	19.155	15.039
Rest of World	26.643	21.689	16.406
Total Revenue	**81.915**	**64.293**	**48.105**

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

4. Employee costs	2019 KUSD	2018 KUSD	2017 KUSD
Wages and salaries	67.226	58.271	47.968
Pensions, defined contribution plans	495	286	137
Share-based payment	2.197	1.721	1.745
Other social security costs	4.435	4.050	3.076
	74.353	**64.328**	**52.926**
Average number of employees	748	643	509

Key Management Compensation

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

Executive Board:	2019 KUSD	2018 KUSD	2017 KUSD
Wages and salaries	828	688	612
Pensions	3	0	0
Share-based payment	379	174	102
Total	**1.210**	**862**	**714**
Board of Directors			
Board fee	94	53	50
Share-based payment	141	76	119
Total	**235**	**129**	**169**
Total compensation of key management personnel	**1.445**	**992**	**883**

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 were 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 for both select employees and board members and employees, respectively. 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 select 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 vest in equal portions (25%) once per year following the grant date. 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 select employees and board members, except for the fact that vested warrants for employees are only exercisable upon an exit event, however 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

Set out below are summaries of warrants granted under both warrant agreements:

	Selected employees and board members			Employees		
	2017	**2017**	**2017**	**2017**	**2017**	**2017**
	Weighted average exercise price per warrant (USD)	**Number of warrants**	**Weighted average fair value per warrant (determined on grant date) (USD)**	**Weighted average exercise price per warrant (USD)**	**Number of warrants**	**Weighted average fair value per warrant (determined on grant date) (USD)**
As at 1 January	22,02	143.599		22,02	86.187	
Granted during the year	26,34	16.000	16,71	26,34	67.519	11,67
Forfeited during the year				23,82	9.982	
As at 31 December	25,39	159.599		26,40	143.724	
Vested and exercisable at 31 December	25,05	71.800			0	

	Selected employees and board members			Employees		
	2018	**2018**	**2018**	**2018**	**2018**	**2018**
	Weighted average exercise price per warrant (USD)	**Number of warrants**	**Weighted average fair value per warrant (determined on grant date) (USD)**	**Weighted average exercise price per warrant (USD)**	**Number of warrants**	**Weighted average fair value per warrant (determined on grant date) (USD)**
As at 1 January	25,39	159.599		26,40	143.724	
Granted during the year	31,95	94.040	18,12	31,95	61.474	12,31
Forfeited during the year				27,06	17.732	
As at 31 December	26,74	253.639		27,01	187.466	
Vested and exercisable at 31 December	24,40	116.699			0	

Notes

	Selected employees and board members			Employees		
	2019	2019	2019	2019	2019	2019
	Weighted average exercise price per warrant (USD)	Number of warrants	Weighted average fair value per warrant (determined on grant date) (USD)	Weighted average exercise price per warrant (USD)	Number of warrants	Weighted average fair value per warrant (determined on grant date) (USD)
As at 1 January	26,74	253.639		27,01	187.466	
Granted during the year	43,56	93.900	23,88	43,56	58.525	15,34
Forfeited during the year				31,56	12.125	
As at 31 December	30,92	347.539		30,50	233.866	
Vested and exercisable at 31 December	24,66	180.109			0	

No warrants were exercised during 2017, 2018 or 2019.
No warrants expired during 2017, 2018 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 2019	Warrants 31 December 2018	Warrants 31 December 2017
01 October 2016	31 December 2026	22,02	143.599	143.599	143.599
01 October 2017	31 July 2024	26,34	16.000	16.000	16.000
01 April 2018	31 July 2025	31,95	20.540	20.540	
01 October 2018	31 July 2025	31,95	73.500	73.500	
01 April 2019	31 July 2027	43,56	26.400		
01 April 2019	31 January 2029	43,56	30.000		
01 October 2019	31 July 2026	43,56	37.500		
			347.539	253.639	159.599
Weighted average remaining contractual life of warrants outstanding at the end of period (years)			6,68	7,32	8,76

Employees

Grant date	Expiry date	Exercise price (USD)	Warrants 31 December 2019	Warrants 31 December 2018	Warrants 31 December 2017
01 October 2016	30 June 2024	22,02	71.680	72.955	76.492
01 April 2017	30 June 2024	26,34	18.469	19.469	20.388
01 October 2017	31 July 2024	26,34	33.762	34.212	46.844
01 April 2018	31 July 2025	31,95	26.706	27.856	
01 October 2018	31 July 2025	31,95	27.224	32.974	
01 April 2019	31 July 2026	43,56	22.075		
01 October 2019	31 July 2026	43,56	33.950		
			233.866	187.466	143.724
Weighted average remaining contractual life of warrants outstanding at the end of period (years)			5,26	5,87	6,53

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 2019 included:
a. Share price at grant date: USD 43.56 (2017: USD 26.34, 2018: USD 31.95)
b. Exercise price: USD 43.56 (2017: USD 26.34, 2018: USD 31.95)
c. Expected price volatility of Trustpilot A/S' common shares: 55% (2017: 70%, 2018: 60%)
d. Risk-free interest rate: -0.54% (2017: -0.37%, 2018: -0.20%)

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 three year period on a monthly basis. The total cost of warrants granted under this program was approximately USD 383 thousand. Warrants granted under this program have in all material aspect vested before the transition date to IFRS, i.e. before 1 January 2017. Please refer to note 26 for further information on how the Trustpilot Group has adopted IFRS 2 Share-passed Payments in connection with its transition to IFRS.

Year	Number of warrants outstanding 31 December	Weighted average remaining contractual life for warrants outstanding	Number of warrants exercised during the year	Weighted average exercise price per warrant for warrants exercised (USD)
2017	96.654	1,72	99.857	10,17
2018	56.164	1,07	40.421	10,62
2019	26.988	0,56	26.720	10,05

Notes

6. Amortisation, depreciation and impairment losses	2019 KUSD	2018 KUSD	2017 KUSD
Depreciation on property, plant and equipment	390	469	571
Depreciation on right-of-use assets	2.852	2.278	2.673
Amortisation on intangible assets	109	0	0
	3.351	**2.747**	**3.244**

Amortisation on intangible assets are included in profit or loss under the line item Technology and Content.
Amortisations and depreciations are allocated in profit or loss in the following manner:

	2019 KUSD	2018 KUSD	2017 KUSD
Technology and Content	213	87	52
General and administrative	3.138	2.660	3.192
	3.351	**2.747**	**3.244**

7. Financial income	2019 KUSD	2018 KUSD	2017 KUSD
Foreign exchange rate gains	7.095	2.980	3.570
Interest income on financial assets measured at amortised cost	42	78	20
	7.137	**3.058**	**3.589**

8. Financial expenses	2019 KUSD	2018 KUSD	2017 KUSD
Foreign exchange rate losses	5.572	2.931	5.281
Interest on financial liabilities measured at amortised cost	1.193	929	590
	6.765	**3.860**	**5.871**

Notes

9. Tax on profit for the year

	2019 KUSD	2018 KUSD	2017 KUSD
Current tax:			
Current tax on profits for the year	(72)	840	851
Current tax on profits for previous years	0	(76)	(27)
Deferred tax on profit for the year and previous years	0	19	(19)
	(72)	**782**	**805**

	2019 KUSD	2018 KUSD	2017 KUSD
Calculated 22.0% tax on loss for the year before income tax.	**(4.776)**	**(5.889)**	**(6.293)**

	2019 KUSD	2018 KUSD	2017 KUSD
Tax effects of:			
Research & Development tax credit	0	840	851
Permenant differences between tax and accounting purporses	(49)	78	53
Tax losses carried forward, not capitalized	(4.639)	(7.532)	(7.942)
Adjustment of tax relating to previous years	(16)	(57)	(60)
	(4.704)	**(6.671)**	**(7.098)**
Effective tax rate	0%	-3%	-3%

Research & Development tax credit relates to the tax value of certain research and development expenses incurred by Trustpilot A/S that are receivable according to the Danish tax legislation.

Notes

10. Intangible assets	Development projects in progress KUSD	Completed development projects KUSD	Total KUSD
Cost:			
At 1 January 2019	**0**	**0**	**0**
Additions during the year	1.965	826	2.791
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	109	109
Impairment for the year	0	0	0
Exchange difference	0	(1)	(1)
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 2019, this amounted to USD 20.6 mill. (2017: USD 17.2 mill., 2018: USD 20.1 mill.).

Development projects in progress are tested for impairment annually.

Notes

11. Property, plant and equipment	**Leasehold improvements** KUSD	**Other fixtures and fittings, tools and equipment** KUSD	**Total** KUSD
Cost:			
At 1 January 2017	714	954	1.668
Additions during the year	196	180	376
Disposals during the year	(28)	0	(28)
Exchange adjustment	63	89	152
At 31 December 2017	**945**	**1.223**	**2.168**
Accumulated depreciation and impairment:			
At 1 January 2017	(317)	(476)	(793)
Depreciation for the year	(233)	(338)	(571)
Exchange adjustment	(36)	(52)	(88)
At 31 December 2017	**(586)**	**(866)**	**(1.452)**
Carrying amount 31 December 2017	359	357	716
Cost:			
At 1 January 2018	945	1.223	2.168
Additions during the year	19	252	271
Exchange adjustment	(42)	(62)	(104)
At 31 December 2018	**922**	**1.413**	**2.335**
Accumulated depreciation and impairment:			
At 1 January 2018	(586)	(866)	(1.452)
Depreciation for the year	(198)	(271)	(469)
Exchange adjustment	32	61	93
At 31 December 2018	**(752)**	**(1.076)**	**(1.828)**
Carrying amount 31 December 2018	**170**	**337**	**507**

Notes

	Leasehold improvements	**Other fixtures and fittings, tools and equipment**	**Total**
	KUSD	**KUSD**	**KUSD**
Cost:			
At 1 January 2019	922	1.413	2.335
Additions during the year	221	321	542
Disposals during the year	(298)	(277)	(576)
Reclassifications	(351)	(446)	(797)
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)	(249)	(390)
Depreciation disposal during the year	298	276	574
Reclassifications	351	463	814
Exchange adjustment	(23)	(23)	(46)
At 31 December 2019	**(267)**	**(609)**	**(876)**
Carrying amount 31 December 2019	**251**	**406**	**657**

Notes

12. Deferred tax	2019 KUSD	2018 KUSD	2017 KUSD
Deferred tax at 1 January	4	(19)	0
Deferred tax recognised in the statement of profit or loss	0	19	(19)
Adjustment prior year	0	4	0
Deferred tax at 31 December	**4**	**4**	**(19)**

Deferred tax relates to:	2019 KUSD	2018 KUSD	2017 KUSD
Property, plant and equipment	4	4	(19)
	4	**4**	**(19)**
Of which presented as deferred tax assets	4	4	0
Of which presented as deferred tax liabilities	0	0	(19)

The Group has USD 126M of tax losses carried forward, which relates to previous years tax result. There is no expiring date on the tax losses carried forward. The Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward due to uncertainty about the future utilisation.

13. Leases

The Group solely leases properties, which are typically made for fixed periods of up to two 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:

Right-of-use assets	2019 KUSD	2018 KUSD	2017 KUSD
Properties	**4.195**	**4.546**	**4.990**

Lease liabilities	2019 KUSD	2018 KUSD	2017 KUSD
Current	2.638	3.776	3.003
Non-current	1.944	2.202	4.198
	4.582	**5.977**	**7.202**
Additions to the right-of-use assets were	859	1.893	594

Notes

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

	2019	2018	2017
Depreciation charge of right-of-use assets	**KUSD**	**KUSD**	**KUSD**
Properties (included in general and administrative costs)	**2.852**	**2.278**	**2.673**
Interest expense (included in finance expenses)	316	415	479
Expense relating to short-term leases (included in other operating expenses)	95	75	0
Income from subleasing right-of-use assets	29	72	16
The total cash outflow for leases	4.306	3.541	2.670

The future cash outflows relating to leases that have not yet commenced are disclosed in note 19 Commitments and contingent liabilities.

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.

	2019	2018	2017
	TUSD	**TUSD**	**TUSD**
Net investment in the lease	70	869	1.605
Finance income on the net investment in the lease	29	72	16
Lease payment receivable			
Within 1 year	70	828	807
Between 1 and 2 years	-	70	828
Between 2 and 3 years	-	-	70
Total undiscounted lease payments receivable	**70**	**898**	**1.705**
Unearned financing income	-	29	100
Net investment	**70**	**869**	**1.605**

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

Notes

14. Trade receivables	2019 KUSD	2018 KUSD	2017 KUSD
Trade receivables at 31 December	5.110	3.689	2.865
Less provision for impairment of trade receivables	(1.319)	(851)	(695)
Trade receivables net	**3.791**	**2.838**	**2.171**

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 31.12 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.

2017	0-60 days past due KUSD	More than 60 days past due KUSD	More than 90 days past due KUSD	Total KUSD
Expected loss rate	19%	29%	37%	
Gross carrying amount, trade receivables	1.679	829	357	**2.865**
Loss allowance	**325**	**237**	**133**	**695**

2018	0-60 days past due KUSD	More than 60 days past due KUSD	More than 90 days past due KUSD	Total KUSD
Expected loss rate	22%	30%	42%	
Gross carrying amount, trade receivables	3.401	115	173	**3.689**
Loss allowance	**744**	**34**	**73**	**851**

Notes

2019	0-60 days past due KUSD	More than 60 days past due KUSD	More than 90 days past due KUSD	Total KUSD
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**

Movement on the Group's provision for impairment of trade receivables are as follows:	2019 KUSD	2018 KUSD	2017 KUSD
Opening balances	851	695	488
Increase in loss allowance recognised in profit or loss during the year	1.379	1.036	746
Receivables written off during the year as uncollectible	(911)	(880)	(539)
Provision for impairment of trade receivables	**1.319**	**851**	**695**

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, resultless external collection , confirmed bankruptcy or liquidation.

15. Contract balances

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

	31 December 2019 KUSD	31 December 2018 KUSD	31 December 2017 KUSD	1 January 2017 KUSD
Trade receivables	3.791	2.838	2.171	1.534
Contract liabilities	(19.325)	(14.800)	(11.969)	(8.327)

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 is recognized over time on a straight-line basis. As no contracts have a duration over more than 12 months, the entire balance of contract liabilities are recognised within 12 months, i.e. within the following year. In accordance with the practical expedient in IFRS 15.121, the Group does not disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied as of the end of the reporting period, as the Group's contracts have a duration of one year or less.

Notes

16. Share capital

The share capital comprise:	2019 Number of shares	2019 Nominal value (TUSD)	2018 Number of shares	2018 Nominal value (TUSD)	2017 Number of shares	2017 Nominal value (TUSD)
Common-Shares	821.060	124	787.481	121	719.839	116
A shares	1.121.546	169	1.121.546	172	1.121.546	180
B shares	670.752	101	670.752	103	670.752	108
C shares	514.461	77	514.461	79	514.461	83
D shares	1.052.307	158	1.052.307	161	1.052.307	169
E shares	535.020	80		0		0
Share capital (fully paid)	**4.715.146**	**709**	**4.146.547**	**636**	**4.078.905**	**655**

All shares have nominal value of DKK 1.

Trustpilot A/S owns a portfolio of common shares at a nominal value of KUSD 3 and A shares at a nominal value of KUSD 2.

These shares have not been cancelled and are therefore held as treasury shares. Trustpilot A/S may choose to sell these shares at a later time.
The shares have been acquired as part of the Group's strategy.

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.

Changes in share capital	31 December 2019 KUSD	31 December 2018 KUSD	31 December 2017 KUSD
Opening balance	636	655	524
Capital increase	86	11	53
Exchange rate impact	(13)	(29)	77
	709	**636**	**655**

The changes in Common shares and E shares are due to capital increases. For common share the change in number of shares are 34,580 for 2019 (67,642 in 2018). For E-shares the change in numbers of shares are 535,020 in 2019.

Notes

17. Financial risk management.

Financial risk factors
Due to the international activites of the Group, risks are an embeded 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 financial statements.

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. With the 2018 borrowings repaid in 2019, the Group has a limited financial risk from the recognised financial liabilities. 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 incure expenses in the future. The Group's exposure from changes in foreign exchange rates are primarily related to sales, 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 2018, the Group obtained borrowings of USD 7,451 thousand which was at a fixed interest rate. The borrowings were repaid during 2019.

The Group has access to a USD 20 mill. credit facility with an interest rate determined as [prime] + a margin, which would expose the Group to interest rate risk once the facility is drawn.

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.

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.

Notes

The sensitivity analysis shows the gain/loss on net profit for the year and equity of a 10% increase/decrease in the specified currencies towards 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 profit and equity		
	2019	**2018**	**2017**
	KUSD	**KUSD**	**KUSD**
USD/DKK exchange rate - increase 10%	894	(138)	123
USD/DKK exchange rate - decrease 10%	(894)	138	(123)
USD/GBP exchange rate - increase 10%	1.167	(24)	580
USD/GBP exchange rate - decrease 10%	(1.167)	24	(580)

The sensitivity analysis is based on the assumption that all other variables and exposures remains constant. The impact on post tax profit for the year includes financial instruments that are currency adjusted through the income statement, and is based on those financial instruments that were recognised at the respective balance sheet dates.

Notes

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

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 cash balance at 31 December 2019 amounts to USD 35,016 thousand (2017: USD 22,227 thousand; 2018: USD 8,336 thousand). To mitigate this risk, it is the Group's policy only to use banks of high quality in the countries the Group operate in. To assess the credit risk of these banks, the Group monitors their credit rating made by external credit rating agencies.

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 undrawn USD 20 mill. borrowing facilities, and its cash position on the basis of expected cash flows.

As described above, the Group has access to liquidity up to USD 20 mill. through credit facilities with Silicon Valley Bank. The facilities consists of up to USD 7.5 mill. via a working capital line available based on the Group's outstanding receivables as well as USD 12.5 mill. of undrawn term debt. The facilities were renegotiated in September 2019. The working capital line 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.

The group has sufficient liquidity on the balance sheet to operate without accessing the credit facility.

Notes

Maturity analysis.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

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.

Non-derivatives	**Less than 1 year KUSD**	**Between 1 and 3 year KUSD**	**More than 3 years KUSD**	**Total KUSD**
As at 31 December 2019				
Trade payables	(1.508)	0	0	(1.508)
Lease liabilities	(2.638)	(1.314)	(630)	(4.582)
	(4.146)	**(1.314)**	**(630)**	**(6.090)**
As at 31 December 2018				
Trade payables	(1.360)	0	0	(1.360)
Borrowings	0	(9.013)	0	(9.013)
Lease liabilities	(3.776)	(2.095)	(106)	(5.977)
	(5.136)	**(11.108)**	**(106)**	**(16.350)**
As at 31 December 2017				
Trade payables	(856)	0	0	(856)
Lease liabilities	(3.003)	(3.953)	(246)	(7.202)
	(3.859)	**(3.953)**	**(246)**	**(8.058)**

Financial assets and liabilities per measurement category	**2019 KUSD**	**2018 KUSD**	**2017 KUSD**
Financial assets			
Financial assets at amortised cost:			
Trade receivables	6.823	5.579	1.296
Other loans and receivables	908	788	801
Cash and cash equivalents	35.017	8.336	22.227
	42.749	**14.703**	**24.324**

Notes

Financial liabilities	**2019 KUSD**	**2018 KUSD**	**2017 KUSD**
Financial liabilities at amortised cost:			
Trade payables	(1.508)	(1.360)	(856)
Borrowings	0	(7.430)	0
Lease liabilities	(4.582)	(5.978)	(7.202)
	(6.090)	**(14.768)**	**(8.058)**

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

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 does not have any interest bearing debt outstanding as of 31 December 2019. The Group has access to a USD 20 mill. credit facility should it need additional capital. Currently, this credit facility has not been drawn upon, as succifient liquidity is already available for the Group. Should this credit facility be accessed, it would not be subject to performance covenants. 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.

Notes

19. Commitments and contingent liabilities.

Pledges and security

As security for USD 20 mill. Credit facility the Group has pledged a floating charge amounting to USD 22 mill. secured in intangible assets and trade receivables. As of 31 December 2019, the credit facility has not been used.

The carrying amounts of the secured assets are as follows	31 December 2019 KUSD	31 December 2018 KUSD	31 December 2017 KUSD
Intangible assets	2.675	-	-
Trade receivables	3.791	2.838	2.171
	6.467	**2.838**	**2.171**

For the Group's leaseholds, an amount of KUSD 804 has been provided for security (2018: KUSD 804), (2017: KUSD 804). The amount is recognised as a deposit presented within other receivables.

Contingent liabilities

None

Commitments

The Group has one lease contract that has not yet commenced as of 31 December 2019. The future lease payments for this non-cancellable lease contract are USD 6,979 thousand within five years and USD 8,723 thousand thereafter.

Notes

20. Fee to auditors appointed at the general meeting

	2019	2018	2017
PwC	**KUSD**	**KUSD**	**KUSD**
Audit fee	68	39	
Tax advisory services	176	6	
Non-audit services	122	6	
	366	**51**	**0**
EY			
Audit fee			50
Tax advisory services			5
Non-audit services			42
			97

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.

	1 January 2017	Cash flows	Foreign exchange movement	New leases*	31 December 2017
	KUSD	KUSD	KUSD	KUSD	KUSD
Lease liabilities	**8.621**	(2.191)	176	596	**7.202**
Total liabilities from financing activities	**8.621**	(2.191)	176	596	**7.202**

	1 January 2018	Cash flows	Foreign exchange movement	New leases*	31 December 2018
	KUSD	KUSD	KUSD	KUSD	KUSD
Loans and borrowings	**0**	7.451	(21)	0	**7.430**
Lease liabilities	**7.202**	(3.051)	(67)	1.893	**5.977**
Total liabilities from financing activities	**7.202**	4.400	(88)	1.893	**13.407**

	1 January 2019	Cash flows	Foreign exchange movement	New leases*	31 December 2019
	KUSD	KUSD	KUSD	KUSD	KUSD
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.

Notes

22. Related parties

The Group does not have any shareholders with controlling interest in Trustpilot A/S.

The Group's structure is set out in note 25.

Transactions with related parties:
The Group had the following transactions with related parties during the year:

Trustpilot raised $55 million in a Series E round led by Sunley House Capital Management and existing shareholders.

There has been no transactions with related parties in 2017 and 2018

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.

23. Events after the balance sheet date

The implications of COVID-19 with many governments across the world deciding to ”close down the countries” will have great impact on Global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

In consequence, the impairment test performed by Management at 31 December 2019 is based on the future cash flows expected by Management at 31 December 2019, which of course differ from the cash flows expected by Management at the time of adoption of the Annual Report.

The Company has so far been negatively impacted by the implications of COVID-19. Management is monitoring developments closely, but at this time, it is very uncertain to determine the total size of the negative COVID-19 impact.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes

24. Cash flow specifications

Changes to net working capital	**2019 KUSD**	**2018 KUSD**	**2017 KUSD**
Decrease/(increase) in trade receivables	(1.031)	(846)	(247)
Decrease/(increase) in other assets	426	(192)	(661)
Decrease/(increase) in prepayments	(301)	(729)	534
Decrease/(increase) in trade payables	173	640	621
Decrease/(increase) in other liabilities	2.270	528	5.066
Decrease/(increase) in contract liabilities	4.800	3.264	2.594
Exchange rate related to working capital	3.773	1.501	(1.497)
	10.110	**4.166**	**6.411**

Adjustments	**2019 KUSD**	**2018 KUSD**	**2017 KUSD**
Income tax	72	(782)	(805)
Amortisations of intangible assets	109		
Depreciations of tangible assets and right-of-use assets	3.242	2.747	3.244
Finance income	(7.138)	(3.058)	(3.589)
Finance expenses	6.765	3.860	5.871
	3.050	**2.767**	**4.721**

25. List of group companies

The Group's principal subsidiaries at 31 December 2019 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%

Notes

26. First time adoption of IFRS.

These consolidated financial statements, for the year ended 31 December 2019, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2018, the Group prepared its consolidated financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP')

The Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2019, together with the comparative period data for the year ended 31 December 2017 and 31 December 2018.

In preparing the consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 January 2017.

The disclosures required by IFRS 1 *First-time Adoption of IFRS* explaining the principal adjustments made by the Group in restating Danish GAAP financial statements are provided below:

Group reconciliation	**As at 1 January 2017 (date of transition to IFRS)**			**For the year ended 31 December 2017**	**As at 31 December 2017**		
	Assets	**Liabilities**	**Equity**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**
According to the Danish Financial Statement act - kDKK	**321.173**	**124.400**	**196.773**	**(168.337)**	**188.599**	**142.396**	**46.203**
According to the Danish Financial Statement act - kUSD	**45.203**	**17.508**	**27.695**	**(25.447)**	**30.279**	**22.861**	**7.418**
IFRS-adjustments: (kUSD)							
Software liabilities	(2.136)	(2.136)			(2.331)	(2.331)	
Leases	8.621	8.621		(607)	6.595	7.202	(607)
Share-based payments				(1.745)			0
Revenue recognition	(1.724)	(1.724)			875	875	
Total adjustments	**4.761**	**4.761**	**0**	**(2.352)**	**5.139**	**5.746**	**(607)**
According to IFRS	**49.964**	**22.269**	**27.695**	**(27.799)**	**35.418**	**28.607**	**6.811**
Exchange differences on translation into presentation currency				3.102			
Total comprehensive income				**(24.697)**			

Notes

Group reconciliation	**For the year ended 31 December 2018**	**As at 31 December 2018**		
	Profit for the year	**Assets**	**Liabilities**	**Equity**
According to the Danish Financial Statement act - kDKK	**(153.375)**	**126.606**	**230.796**	**(104.190)**
According to the Danish Financial Statement act - kUSD	**(24.308)**	**19.447**	**35.443**	**(15.996)**
IFRS-adjustments: (kUSD)				
Software liabilities		(855)	(855)	
Leases	45	5.415	5.977	(562)
Share-based payments	(1.721)			0
Revenue recognition		(2.741)	(2.741)	
Total adjustments	**(1.676)**	**1.819**	**2.381**	**(562)**
According to IFRS	**(25.984)**	**21.266**	**37.824**	**(16.558)**
Exchange differences on translation into presentation currency	176			
Total comprehensive income	**(25.808)**			

Except in respect of leases, as described below, there was no material impact on the cash flow statement in the adoption of IFRS.

Notes

Notes to the reconciliation from Danish GAAP to IFRS

Leases

In accordance with the provisions in IFRS 1, the Group has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the incremental borrowing rates of 1 January 2017. The weighted average incremental borrowing rate applied was 6.5% at the date of transition. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Under Danish GAAP the costs for operating leases were recognised in the income statement as operating expenses, which under IFRS is replaced with depreciations on the right of use assets and interest expense on the lease liability.

On the date of transition, lease liabilities and right-of-use assets of USD 8,621 thousand were recognised in the balance sheet. For 2017, the net impact on the income statement was USD 607 thousand. In the cash flow statement, lease payments were under Danish GAAP presented in cash flow from operating activities. Under IFRS, the principal element of lease payments are presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities. For 2018, the principle element of lease payments amounted to USD 3,051 thousands (2018: USD 2,191 thousnads) which thus has increased the cash flows from operating activites under IFRS compared to the cash flows prevously presented under Danish GAAP.

Revenue recognition

In accordance with IFRS 15 Revenue from Contracts with Customers, revenue is only recognised when it is probable that the Trustpilot Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer. The propability of collection is only reassessed if there is an indication of a significant change in facts and circumstances. Accordingly, the Group has for 2018 adjusted the amount of revenue by USD 246 thousand and by USD 144 thousand for 2017 related to 12-month contracts. The amounts were under Danish GAAP presented as losses on trade receivables, which previously was recognised as part of general and administrative costs in the income statement.

In addition, a contract liability is under IFRS 15 only recognised when the payment is received or the amount is due from the customer. As of 1 January 2017, 31 December 2017 and 31 December adjustments of USD -1,724 thousands, USD 875 thousand and USD -2,741 thousands, respectively, has been made to account receivables and contract liabilities, as those under IFRS are to be presented on a net basis.

Share-based payments

Under Danish GAAP, the Group did not recognize any expenses related to the warrant programs, as equity-settled programs are not required to be recognized under Danish GAAP. IFRS requires the fair value of the granted warrants to be recognized over the vesting period. The fair value was determined using an appropriate pricing model.

In transitioning to IFRS, expenses of USD 1,721 thousand has been recognized in profit or loss for the year ended 31 December 2018 (2017: USD 1,745 thousand). Corresponding entries have been made directly to equity.

Software liabilities

Under Danish GAAP, the Group had recognized a liability related to contractual payments on long-term software contracts. The corresponding assets were depreciated over the contract period. Under IFRS, such contracts are considered being service contracts, whereby only actual prepayments made by the Group are recognised as other receivables, which subsequently are expensed over the period covered by the prepayment. The expense amounting to USD 4,500 thousand for 2018 (2017: USD 3.8 mill.) was under Danish GAAP included in depreciations.

Notes

Development projects

Unlike Danish GAAP, IFRS includes detailed requirements for capitalizing development costs. These IFRS requirements were not met by he Group for 2017 and 2018. As such, costs related to development projects will be presented as research and development costs in the income statement, amounting to USD 7,500 thousand for 2018 and USD 6,600 thousand for 2017. However, under Danish GAAP the capitalised development costs were fully impaired in 2017 and 2018, respectively. Thus, in respect of development costs the transition to IFRS has not had any impact to net profit, total assets or equity for 2017 and 2018.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

- Cumulative currency translation differences for the parent company and for foreign operations with a functional currency different from USD are deemed to be zero as at 1 January 2017.

- No opening adjustment on the date of transition for warrants that have vested prior to the date of transition will be recognized. Only the expenses related to the warrants vested from the share-based arrangement after the date of transition to IFRS have been recognized.

- In the adoption of IFRS 16, the Group has used the following practical expedients permitted by the standard:
  1) Excluding initial direct costs for measurement of the right-of-use asset at the date of initial application.
  2) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Notes

Reclassification of profit and loss

As describe in note 1, the Group has in connection with the transition to IFRS made the following changes to the classification of profit and loss items (the comparatives conform to the new classification):

Statement of profit or loss - 2017	**IFRS with DK GAAP presentation (kUD)**	**Reclassifi-cation (kUSD)**	**IFRS with IFRS presentation (kUD)**
Revenue	48.260	(11)	48.249
Cost of sales	(11.754)	1.203	(10.551)
Sales and Marketing	(45.976)	17.065	(28.911)
General and Administrative	(14.764)	(1.371)	(16.135)
Technology and Content	0	(17.186)	(17.186)
Other Operating Income	142	(131)	11
Financial income	887	2.683	3.570
Financial expenses	(3.120)	(2.252)	(5.372)
Total		**0**	

Statement of profit or loss - 2018	**IFRS with DK GAAP presentation (kUD)**	**Reclassifi-cation (kUSD)**	**IFRS with IFRS presentation (kUD)**
Revenue	64.569	(30)	64.539
Cost of sales	(15.659)	1.499	(14.160)
Sales and Marketing	(57.238)	20.014	(37.224)
General and Administrative	(16.269)	(1.173)	(17.442)
Technology and Content	0	(20.106)	(20.106)
Other Operating Income	875	(845)	30
Financial income	2.909	72	2.981
Financial expenses	(4.020)	569	(3.451)
Total		**0**	

With effect from 2019, the Group has made some reclassifications of expense items included in the income statement. This as management believes that the Trustpilot Group consolidated Profit and Loss using the functional split of expenses gives a meaningful view to the readers of the financials Group consolidated Profit and Loss. The nature and amounts of the reclassification are as described:

Sales & Marketing costs are comprised of the commercial costs of acquiring new customers including the direct sales support functions such as sales operations, partnerships and the like.

Technology & Content costs include those costs incurred by the Product and Engineering teams work directly on the platform as well as the Content Integrity teams ensuring the quality of the content on the platform. The cost was mainly before classified under Sales and Marketing.

General & Administrative costs are those costs incurred by the back office functions such as Finance, Legal, Office and HR.

Statement of profit or loss (Parent)

	Notes	2019 TDKK	2018 TDKK
Revenue	2	408.278	307.836
Production costs	3, 4	(82.772)	(81.194)
Gross profit		**325.506**	**226.642**
Distribution costs	3, 4	(382.852)	(307.949)
Administrative costs	3, 4	(62.407)	(64.550)
Operating profit/loss		**(119.753)**	**(145.857)**
Other operating income		66.643	54.300
Profit/loss before financial income and expenses		**(53.110)**	**(91.557)**
Income from investments in subsidiaries		(81.582)	(83.155)
Financial income	6	60.433	28.072
Financial expenses	7	(49.848)	(23.212)
Profit/loss before tax		**(124.107)**	**(169.852)**
Tax on profit/loss for the year	8	0	5.500
Profit/loss for the year		**(124.107)**	**(164.352)**

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

Balance sheet (Parent)
Assets

	Notes	31 December 2019 TDKK	31 December 2018 TDKK
Development projects in progress	10	13.031	0
Completed development projects	10	4.761	0
Acquired intangible assets	10	0	9.102
Intangible assets		**17.792**	**9.102**
Right-of-use assets	11	6.876	0
Other fixtures and fittings, tools and equipment	11	1.356	551
Leasehold improvements	11	807	96
Property, plant and equipment		**9.039**	**647**
Investments in subsidiaries	9	9.675	3.681
Deposits	13	1.930	1.897
Fixed asset investments		**11.605**	**5.578**
Fixed assets		**38.437**	**15.327**
Trade receivables	12	15.977	26.507
Receivables from group enterprises		0	0
Other receivables		4.553	3.677
Corporation tax	8	0	5.500
Prepayments	14	9.832	2.237
Total current assets		**30.361**	**37.921**
Cash at bank and in hand		209.464	35.200
Current assets		**239.826**	**73.121**
Assets		**278.262**	**88.448**

Balance sheet (Parent)
Liabilities

	Note	31 December 2019 TDKK	31 December 2018 TDKK
Share capital	15	4.715	4.147
Share premium		341.451	4.464
Reserve for development projects		17.792	0
Retained earnings		(240.045)	(112.801)
Total equity		**123.913**	**(104.190)**
Provisions relating to investments in group enterprises	9	0	8.113
Provisions		**0**	**8.113**
Credit institutions	17	0	48.422
Lease liabilities	17	1.863	0
Other payables	17	7.263	0
Long-term debt		**9.127**	**48.422**
Contract liabilities		96.407	84.763
Lease liabilities	17	5.772	0
Trade payables		4.076	8.860
Payables to group enterprises		4.541	609
Corporation tax	8	0	0
Other payables		34.427	41.871
Short-term debt		**145.223**	**136.103**
Total debt		**154.349**	**184.525**
Liabilities and equity		**278.262**	**88.448**

Statement of Changes in Equity (Parent)

	Share capital **TDKK**	Share premium **TDKK**	Reserve for development projects **TDKK**	Retained earnings **TDKK**	Total **TDKK**
Equity at 1 January	**4.147**	**4.464**	**0**	**(112.801)**	**(104.190)**
Cash capital increase	569	336.988			337.557
Exchange rate differences of foreign entities and on loans to subsidiaries considered part of net investment				(10)	(10)
Share based payment				14.665	14.665
Net profit/loss for the year				(124.107)	(124.107)
Capitalised development costs			17.792	(17.792)	0
Equity at 31 December	**4.715**	**341.451**	**17.792**	**(240.045)**	**123.913**

Notes

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.

Differences relative to the Group's accounting policies

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

Changes in accounting policies
The accounting policies for the financial statements of the parent company are unchanged from the previous financial year, with the following exceptions:

Share-based payments
The Parent Company has decided to adopt the provisions under IFRS 2 Share-based payment. Consequently, the existing warrant programs of Trustpilot A/S that are equity-settled are to be recognised in the financial statements by the Parent Company. Hereby, the grant date fair value of the warrant programs will be recognised over the vesting period. For warrants granted to employees of the Parent the fair value is recognised as an expense in profit or loss, whereas warrants granted to employees of the subsidiaries are regarded as additions to the cost of the investments. The corresponding entry will be made in equity. The change in accounting policy has been applied retrospectively and comparative figures have been restated accordingly. Under previous accounting policies, no expenses related to share-based payments were recognised. The change in accounting policy has had the following impact:

	2019	**2018**
Income statement	**TDKK**	**TDKK**
Administrative costs (employees of the parent company)	(5.295)	(4.941)
Income from investments in subsidiaries (employees of subsidiaries)	(9.370)	(6.036)
Net impact on profit for the year	(14.665)	(10.977)

	2019	**2018**	**1 Jan 2018**
	TDKK	**TDKK**	**TDKK**
Balance sheet			
Investment in subsidiaries			
- Cost of investments	9.370	6.036	14.235
- Value adjustment	(9.370)	(6.036)	(14.235)
Net impact on investment in subsidiaries	-	-	-

The change in accounting policy has not had any impact on equity. The has been no impact on current tax or deferred tax.

In the view of Management, the change in accounting policy will result in the financial statements providing reliable and more relevant information about the remuneration to employees and management.

Notes

Revenue

The Parent Company has decided to adopt IFRS 15 Revenue from Contracts with Customers for the financial year ending 31 December 2019 as permitted under the Danish Financial Statements Act. The Parent Company's accounting policies have been changed as it is Management's assessment that the changed accounting policies give a more true and fair view of the financial position and the results of the Company.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration which an entity expects to be entitled to, in exchange for transferring goods or services to a customer.

The Parent Company has decided to apply the modified retrospective approach under which the cumulative effect of 1 January 2019, if any, is recognized as an adjustment to retained earnings without restatement of comparative figures.

In accordance with IFRS 15, revenue is only recognised when it is probable that the Company will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer. The probability of collection is only reassessed if there is an indication of a significant change in facts and circumstances. Accordingly, the Company has for 2019 adjusted the amount of revenue by DKK 2,000 thousand related to 12-month contracts. The amount would under previous accounting policy have been presented as losses on trade receivables, which was recognised as part of administrative costs in the income statement.

In addition, a contract liability is under IFRS 15 only recognised when the payment is received or the amount is due from the customer. As of 1 January and 31 December 2019 adjustments of DKK 13,849 thousand and DKK 16,225 thousands, respectively, has been made to account receivables and contract liabilities, as those under IFRS 15 are to be presented on a net basis.

There has been no impact on retained earnings as of 1 January 2019. The accounting policy for revenue recognition is further described in note 1 to the consolidated financial statements.

Leases

The Parent has decided to adopt IFRS 16 Leases as permitted under the Danish Financial Statements Act. IFRS 16 has been adopted as of 1 January 2019.

IFRS 16 replaces IAS 17 and requires that almost all leases are recognised on the balance sheet. On adoption of IFRS 16, the Parent Company recognised lease liabilities and right-of-use assets in relation to leases which had previously been classified as 'operating leases' under the principles of the Danish Financial Statements Act. The liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The assets equal the liabilities on initial measurement, however adjusted for prepaid and accrued lease payments. The comparative figures has not been restated. The Parent Company has chosen to apply the exemption for short-term leases, thus leases with a lease-term of 12 months or less are not recognised. Under IAS 17 the Parent Company's leases were all classified as operating leases, whereby payments made under operating leases were recognised in the income statement on a straight-line basis over the lease term.

Notes

The change in accounting policy had the following impact on the balance sheet:

	1 January 2019	31 December 2019
	TDKK	TDKK
Balance sheet		
Right of use asset	9.018	6.876
Lease liabilities (non-current)	5.471	1.863
Lease liabilities (current)	4.403	5.772
Other payables	(856)	0
Equity (retained earnings)	0	(97)

For 2019, the change in accounting policy had the following impact on profit or loss

	2019
	TDKK
Administrative costs (depreciations)	5.050
Administrative costs	(5.731)
Interest expense	584
Impact on profit for the year	(97)

The change in accounting policy has not had any impact on current and deferred tax.

Before the adoption of IFRS 16, the Parent Company had recognized a liability related to contractual payments on long-term software contracts (acquired intangible assets). The corresponding assets were amortised over the contract period. With the adoption of IFRS 16, such contracts are from 1 January 2019 considered being service contracts, whereby only actual prepayments made by the Company are recognised as other receivables, which subsequently are expensed over the period covered by the prepayment. For 2019, the expense for such contracts amounts to DKK 9,845 thousand which under previous accounting policy would have been recognised as amortisations. As IFRS 16 is adopted as of 1 January 2019 no comparative figures for 2019 have been adjusted in this respect. There was no impact on profit for the year or on equity. Please refer to note 11 Intangible assets for further information

The change will result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows and will align to the accounting policies of the consolidated Trustpilot Group. The accounting policy for leases is further described in note 1 to the consolidated financial statements.

Notes

2. Revenue

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

	2019 TDKK	2018 TDKK
Europe	346.045	261.908
Rest of the world	62.233	45.928
	408.278	**307.836**

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

3. Staff costs

	2019 TDKK	2018 TDKK
Wages and salaries	207.837	177.626
Share-based payment	5.295	4.941
Other social security expenses	2.392	2.047
	215.524	**184.614**

Including remuneration to the Executive Board and Borad of Directors of:

Executive Board	7.582	5.443
Board of Directors	624	333
	8.206	**5.776**
Average number of employees	**340**	**310**

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	2019 TDKK	2018 TDKK
Depreciation on property, plant and equipment	735	572
Depreciation on right-of-use asset	5.050	0
Amortisation on intangible assets	720	32.930
Impairment loss	0	40.131
	6.505	**73.633**

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

	2019 TDKK	2018 TDKK
Production costs	1.138	8.999
Distribution costs	38	16.537
Administrative costs	5.329	48.097
	6.505	**73.633**

6. Financial income	2019 TDKK	2018 TDKK
Interest received from group enterprises	12.936	9.260
Other financial income	201	136
Exchange adjustments	47.296	18.676
	60.433	**28.072**

7. Financial expenses	2019 TDKK	2018 TDKK
Other financial expenses	10.439	4.451
Exchange adjustments, expenses	39.410	18.761
	49.848	**23.212**

Notes

8. Tax on profit/loss for the year	2019 TDKK	2018 TDKK
Current tax for the year	0	(5.500)
Deferred tax for the year	0	0
	0	**(5.500)**

9. Investments in subsidiaries	2019 TDKK	2018 TDKK
Cost at 1 January	143.996	123.725
Impact from changed accounting policy for share-based payment	0	14.235
Addition share-based payment	9.370	6.036
Cost at 31 December	153.366	143.996
Value adjustment at 1 January	(366.047)	(267.107)
Exchange differences	(10.023)	(1.550)
Impact from changed accounting policy for share-based payment	0	(14.235)
Share-based payment arrangements	(9.370)	(6.036)
Net profit/loss for the year	(72.212)	(77.119)
Value adjustment at 31 December	(457.651)	(366.047)
Equity investments with negative net asset value amortised over the receivables	313.961	217.619
Equity investments with negative net asset value transferred to provisions	0	8.113
Carrying amount at 31 December	**9.675**	**3.681**

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

	Development projects in progress TDKK	**Completed development projects TDKK**	**Acquired intangible assets TDKK**	**Total TDKK**
Cost at 1 January	0	142.181	60.603	202.784
Additions for the year	13.031	5.481	0	18.512
Adoption of IFRS 16	0	0	(60.603)	(60.603)
Cost at 31 December	13.031	147.662	0	160.693
Impairment losses and amortisation at 1 January	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	0	142.901	0	142.901
Carrying amount 31 December	**13.031**	**4.761**	**0**	**17.792**
Amortised over	**3 years**	**3 years**	**1-3 years**	

Notes

11. Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improve-ments TDKK	Right of use assets TDKK	Total TDKK
Cost at 1 January	3.782	1.525	0	5.307
Adoption of IFRS 16	0	0	9.018	9.018
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	2.738	1.040	11.822	15.600
Impairment losses and depreciation at 1 January	3.227	1.429	0	4.656
Adoption of IFRS 16				
Depreciation for the year	567	168	5.050	5.785
Disposals for the year	(2.412)	(1.364)	(105)	(3.881)
Impairment losses and depreciation at 31 December	1.382	233	4.946	6.561
Carrying amount at 31 December	**1.356**	**807**	**6.876**	**9.039**

Notes

12. Trade receivables

	2019 TDKK	2018 TDKK
Trade receivables at 31 December	22.259	30.298
Less provision for impairment of trade receivables	(6.282)	(3.791)
Trade receivables net	**15.977**	**26.507**

13. Other fixed asset investments

	Deposits TDKK
Cost at 1 January	1.897
Additions for the year	33
Disposals for the year	0
Cost at 31 December	1.930
Carrying amount at 31 December	**1.930**

14. Prepayments

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

15. Share capital

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

16. Distribution of profit

	2019 TDKK	2018 TDKK
Retained earnings	(124.107)	(164.352)
	(124.107)	**(164.352)**

Notes

17. 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

	2019 TDKK	2018 TDKK
Credit institutions		
More than 5 years	0	0
Between 1 and 5 years	0	48.422
Long-term part	**0**	**48.422**
Within 1 year	0	0
Other short-term payables	0	0
Short-term part	0	0
	0	**48.422**
Lease liabilities		
More than 5 years	0	0
Between 1 and 5 years	1.863	0
Long-term part	**1.863**	**0**
Within 1 year	5.772	0
Other short-term payables	0	0
Short-term part	5.772	0
	7.636	**0**
Other payables		
More than 5 years	7.263	0
Between 1 and 5 years	0	0
Long-term part	**7.263**	**0**
Within 1 year	0	4.958
Other short-term payables	34.427	36.913
Short-term part	**34.427**	**41.871**

Notes

18. Fee to the auditors appointed at the general meeting.

Refer to note 20 in the consolidated financial statements for an overview of the fee to the auditor's appointed at the general meeting.

PwC	**2019** **TDKK**	**2018** **TDKK**
Audit fee	220	123
Tax advisory services	20	18
Non-audit services	32	30
	272	**171**

Notes

19. 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.

20. Events after the balance sheet date

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

21. Commitments and contingent liabilities

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