

Blackwood Seven A/S

Livjægergade 17 B, 2.

2100 Copenhagen

Central Business Registration

No 32337422

Annual report 2019

The Annual General Meeting adopted the annual report on 09.07.2020

Chairman of the General Meeting

Name: Thomas Gjør-Trønning

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Entity details

Entity

Blackwood Seven A/S
Livjærgade 17 B, 2.
2100 Copenhagen

Central Business Registration No: 32337422
Registered in: Copenhagen
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Patrick Johan Viktor Ståhle, Chairman
Christoph Wedegärtner
Jean Adophe Schmitt
Carl Erik Kjærsgaard
Jacob Christian Bratting Pedersen

Executive Board

Thomas Christian Bertelsen
Henrik Richard Hasselbalch Busch

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Blackwood Seven A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 09.07.2020

Executive Board

Thomas Christian Bertelsen

Henrik Richard Hasselbalch
Busch

Board of Directors

Patrick Johan Viktor Ståhle
Chairman

Christoph Wedegärtner

Jean Adophe Schmitt

Carl Erik Kjærsgaard

Jacob Christian Bratting
Pedersen

Independent auditor's report

To the shareholders of Blackwood Seven A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Blackwood Seven A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

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

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

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

Independent auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 09.07.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification number (MNE) mne32127

Ane Sachs Aasand
State Authorised Public Accountant
Identification number (MNE) mne42783

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	133.046	284.305	538.862	430.117	310.415
Gross profit/loss	25.543	67.324	69.447	31.089	5.868
Operating profit/loss	-27.979	-111.827	-118.401	-53.879	-28.684
Net financials	-3.736	-8.838	-7.054	-4.515	-2.579
Profit/loss for the year	-29.717	-118.229	-121.980	-51.972	-31.061
Total assets	37.574	391.437	731.459	598.312	98.885
Investments in property, plant and equipment	0	159	1.011	695	971
Equity incl minority interests	7.279	31.515	19.202	112.009	9.688
Ratios					
Return on equity (%)	(153,2)	(466,2)	(185,9)	(85,4)	(371,7)
Equity ratio (%)	19,4	8,1	2,6	18,7	9,8
Profit margin	(18,7)	(23,7)	(21,9)	(12,5)	(9,2)

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Profit margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$	The entity's earnings capacity.

Management commentary

Primary activities

Blackwood Seven A/S is a software company with a model engine by which advertisers will achieve optimal sales and marketing effects across all media channels through automated data modeling. By unifying the best performing strategic measuring approaches into one user friendly software platform powered by true A.I, we are challenging the traditional rigid, and one-dimensional approach to measuring media.

Development in activities and finances

The Company continues to see a strong market potential for its media analytics platform with interest in the marketplace. The Company decided to focus the future business only on software, which has resulted in a divestment of the US and Danish media agency-related activities in the spring 2019. These activities were written down to net realisation price in the annual report for 2018.

Financial results (EBITDA) are in line with expectations due to investments agreed by the Board of Directors. The Company's capital situation has been improved in 2019 due to a increase of capital amounting to DKK 11.2 million.

Outlook

With the Company's constant investment in developing its platform, the Company expects to generate significantly improved results in 2020 compared to 2019. The Company is expecting earnings before interest, tax, depreciation and amortisation in the range of DKK 0 to -10 million depending on the level of investments in sales footprint and development activities.

Particular risks

Blackwood Seven A/S' business and financial risks are closely related to the development in the economy in the markets it operates in.

Intellectual capital resources

Blackwood Seven A/S' platform development places high demands on and deep insights in our development team's knowledge in the field of technical, AI, and business development. In order to continuously develop the best-in-the-market software, we have a clear strategy for recruiting and retaining highly skilled employees.

Environmental performance

Blackwood Seven A/S is environmentally responsible and works continuously to limit the environmental impact of corporate operations.

Management commentary

Research and development activities

The Company has developed a real-time AI-powered software platform which automates customer specific media planning and allocation. The Company's software tracks customers' historic marketing spends, sales impacts and a wide range of exogenous parameters providing visibility into the effectiveness of specific marketing channels and measuring returns on investment based on its customers' target KPIs. Covering both online and offline media channels, Blackwood Seven's cloud-based technology allows marketers to regain control of media planning and use media investment as a significant business driver.

The Company has in 2019 continued to invest in the scalability of the business model. The Company has built out an in-silico data scientist (HamiltonAI) capable of operating the modeling framework and cutting down time to market by a factor 5. This allows the Company to focus on building product wide features and spend less time on customer specific support. Further, the Company's data pipeline and data contracts with customers have been further enhanced and documented easing the process of onboarding.

Statutory report on corporate social responsibility

The Company complies with all legal requirements in terms of social responsibility, environmental considerations, human rights and combat against corruption. Due to the size and limited resources of the organisation, the Company has not prepared separate CSR policies and thus, involvement in corporate social responsibilities is not reported separately in the management commentary.

Business model

With our constant investment in developing our platform, we expect to generate significantly improved results in 2020 compared to 2019. We have had an average of 55 employees in 4 countries.

Our risk landscape

We operate primarily in Europe, and thus we face a high level of regulations in relation to environment and employee relations. We are highly aware of complying with all relevant regulatory requirements across the EU market, including regarding environment and climate protection, social and labor rights and financial legislation. We do not assess that we operate in areas, locations and an industry, where there are major risks related to human rights, labor rights, the environment and anti-corruption and we have not encountered any incidents of this nature.

Policies, activities and results

The Company is fully aware of UN's 'Global Compact' and it strives to work in correspondence with the ten principles stated herein with a focus on respecting human rights, labor rights, the environment and working against corruption in all its forms. The Company has not, however, implemented individual, formalised policies for these areas, as it has assessed that there are no significant risks within the Company's business operations and supply chain. The low risk associated with the industry, locations and size of the Company allows Management to have a good oversight of activities and therefore Management has found no need to implement specific policies.

Management commentary

Statutory report on the underrepresented gender

The legislation aims to increase the share of the underrepresented gender in all of the Company's management levels. The Company will seek to increase the share of female board members and leaders in managing positions over the next three years. The gender composition is considered fulfilled when 25-50% is represented in managing positions.

To support this development, the Company has established recruitment procedures securing that candidates of both genders are considered when hiring or promoting for management positions. All employments will still be based on an overall assessment of who is best suited for the job. There were no female candidates in 2019, so the goal for the proportion of women on the board has not been reached.

Events after the balance sheet date

A capital increase of €1.2m takes place in July 2020 with participation from Jolt Targeted Opportunities FPCI, Cipio and Vækstfonden to support and scale Blackwood's media analytics platform sales.

The outbreak and spread of COVID-19 at the beginning of 2020 has affected 2020 in way of delaying new customers acquiring the software. No existing customers have cancelled or reduced their setup. The outbreak and spread of COVID-19 has not and is not expected to have a significant impact on the Company's financial position and development.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Revenue	1	133.045.748	284.304.671
Other operating income		91.422	1.236.520
Cost of sales		-87.717.561	-175.448.557
Other external expenses	2	-19.876.130	-42.768.170
Gross profit/loss		25.543.479	67.324.464
Staff costs	3	-36.601.906	-91.211.429
Depreciation, amortisation and impairment losses	4	-16.920.842	-87.939.925
Operating profit/loss		-27.979.269	-111.826.890
Other financial income		178.194	234.516
Other financial expenses		-3.914.256	-9.072.021
Profit/loss before tax		-31.715.331	-120.664.395
Tax on profit/loss for the year	5	1.998.487	2.435.528
Profit/loss for the year	6	-29.716.844	-118.228.867

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Completed development projects		16.930.977	20.053.483
Goodwill		0	30.939.202
Intangible assets	7	16.930.977	50.992.685
Other fixtures and fittings, tools and equipment		0	582.445
Leasehold improvements		0	11.142
Property, plant and equipment	8	0	593.587
Deposits		150.621	354.341
Fixed asset investments	9	150.621	354.341
Fixed assets		17.081.598	51.940.613
Trade receivables		3.217.376	85.147.160
Deferred tax		0	418.000
Other receivables		243.929	2.296.742
Income tax receivable		2.044.826	4.539.445
Prepayments	10	463.301	736.883
Receivables		5.969.432	93.138.230
Cash		14.523.191	246.358.491
Current assets		20.492.623	339.496.721
Assets		37.574.221	391.437.334

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		82.281.258	77.713.911
Reserve for development expenditure		16.930.977	20.053.478
Retained earnings		-91.933.086	-66.252.472
Equity		7.279.149	31.514.917
Other payables		10.262.428	37.515.437
Non-current liabilities other than provisions	11	10.262.428	37.515.437
Current portion of long-term liabilities other than provisions	11	13.799.770	17.935.586
Prepayments received from customers		0	1.399.022
Trade payables		773.211	288.212.720
Other payables		3.260.888	12.244.869
Deferred income	12	2.198.775	2.614.783
Current liabilities other than provisions		20.032.644	322.406.980
Liabilities other than provisions		30.295.072	359.922.417
Equity and liabilities		37.574.221	391.437.334
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Mortgages and securities	16		
Transactions with related parties	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	77.713.911	0	20.053.478	-66.252.472
Increase of capital	4.567.347	6.622.653	0	6.622.653
Purchase of treasury shares	0	0	0	-5.708.929
Transfer to reserves	0	-6.622.653	-12.417.168	3.122.506
Profit/loss for the year	0	0	9.294.667	-29.716.844
Equity end of year	82.281.258	0	16.930.977	-91.933.086
				Total DKK
Equity beginning of year				31.514.917
Increase of capital				17.812.653
Purchase of treasury shares				-5.708.929
Transfer to reserves				-15.917.315
Profit/loss for the year				-20.422.177
Equity end of year				7.279.149

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Operating profit/loss		-27.979.269	-111.826.890
Amortisation, depreciation and impairment losses		16.920.842	87.939.925
Working capital changes	13	-3.703.165	-201.395.825
Cash flow from ordinary operating activities		-14.761.592	-225.282.790
Financial income received		178.194	234.518
Financial income paid		-3.914.256	-9.072.021
Income taxes refunded/(paid)		2.494.619	2.435.528
Cash flows from operating activities		-16.003.035	-231.684.765
Acquisition etc of intangible assets		-9.294.662	-11.254.174
Acquisition etc of property, plant and equipment		0	-158.760
Acquisition of fixed asset investments		0	-652
Disposal of enterprises		10.491.071	0
Cash flows from investing activities		1.196.409	-11.413.586
Loans raised		0	12.195.650
Instalments on loans etc		-10.925.796	-25.664.722
Cash increase of capital		11.190.000	76.372.196
Disposal cash through business combinations		-216.756.359	0
Cash flows from financing activities		-216.492.155	62.903.124
Increase/decrease in cash and cash equivalents		-231.298.781	-180.195.227
Cash and cash equivalents beginning of year		245.821.972	426.553.718
Cash and cash equivalents end of year		14.523.191	246.358.491

Notes to consolidated financial statements

	2019 DKK	2018 DKK
1. Revenue		
Denmark	90.876.132	176.537.260
Other EU-countries	6.659.336	18.204.501
North America	29.386.250	85.836.335
Other countries	6.124.030	3.726.575
	133.045.748	284.304.671
	2019 DKK	2018 DKK
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	415.610	441.985
Other assurance engagements	28.500	62.000
Tax services	144.010	256.960
Other services	165.500	576.133
	753.620	1.337.078
	2019 DKK	2018 DKK
3. Staff costs		
Wages and salaries	35.166.600	85.683.736
Other social security costs	1.276.105	4.579.466
Other staff costs	159.201	948.227
	36.601.906	91.211.429
Average number of employees	55	133
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Executive Board	4.081.889	3.892.647
	4.081.889	3.892.647

Notes to consolidated financial statements

	2019 DKK	2018 DKK
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	12.417.168	28.287.610
Impairment losses on intangible assets	4.348.834	59.046.368
Depreciation of property, plant and equipment	154.840	605.947
	16.920.842	87.939.925
	2019 DKK	2018 DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	-2.040.487	-2.435.528
Change in deferred tax for the year	42.000	0
	-1.998.487	-2.435.528
	2019 DKK	2018 DKK
6. Proposed distribution of profit/loss		
Retained earnings	-29.716.844	-118.228.867
	-29.716.844	-118.228.867
	Completed develop- ment projects DKK	Goodwill DKK
7. Intangible assets		
Cost beginning of year	70.627.131	149.833.582
Disposals on divestments etc	0	-134.985.396
Additions	9.294.662	0
Cost end of year	79.921.793	14.848.186
Amortisation and impairment losses beginning of year	-50.573.648	-118.894.380
Impairment losses for the year	0	-4.348.834
Amortisation for the year	-12.417.168	0
Reversal regarding disposals	0	108.395.028
Amortisation and impairment losses end of year	-62.990.816	-14.848.186
Carrying amount end of year	16.930.977	0

Notes to consolidated financial statements

7. Intangible assets (continued)

Completed development projects

The Blackwood Seven platform, including features for data collection and storage, for data analysis, predictive modeling, and media buying, is our Company's most significant intangible asset. The cost of having developed it mainly comprises man-hours spent by our internal staff supplemented by significant resources spent on external expert consultants.

The Engineering and Product Management regularly assess the value of this asset based on the future market potential and our growth expectations.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
8. Property, plant and equipment		
Cost beginning of year	1.426.352	217.811
Disposals on divestments etc	-1.276.420	0
Disposals	-59.055	0
Cost end of year	90.877	217.811
Depreciation and impairment losses beginning of the year	-843.907	-206.669
Depreciation for the year	-143.698	-11.142
Reversal regarding disposals	896.728	0
Depreciation and impairment losses end of the year	-90.877	-217.811
Carrying amount end of year	0	0
		Deposits DKK
9. Fixed asset investments		
Cost beginning of year		354.341
Disposals		-203.720
Cost end of year		150.621
Carrying amount end of year		150.621

10. Prepayments

Prepayments recognised under assets comprise expenses incurred related to the subsequent financial year.

Notes to consolidated financial statements

	Instalments within 12 months 2019 DKK	Instalments within 12 months 2018 DKK	Instalments beyond 12 months 2019 DKK
11. Liabilities other than provisions			
Other payables	13.799.770	17.935.586	10.262.428
	13.799.770	17.935.586	10.262.428

12. Short-term deferred income

Deferred income comprises income received to be recognised in the subsequent financial year.

	2019 DKK	2018 DKK
13. Change in working capital		
Increase/decrease in receivables	84.256.179	82.947.660
Increase/decrease in trade payables etc	-298.238.520	-283.569.467
Other changes	210.279.176	-774.018
	-3.703.165	-201.395.825

14. Unrecognised rental and lease commitments

Hereof liabilities under rental or lease agreements until maturity in total

	2019 DKK	2018 DKK
	438.624	14.453.430

15. Contingent liabilities

Recourse and non-recourse guarantee commitments

Contingent liabilities in total

	2019 DKK	2018 DKK
	0	10.000.000
	0	10.000.000

16. Mortgages and securities

Blackwood Seven A/S has given the buyer of Densou Media A/S a specific indemnity of up to DKK 3.9 million. The indemnity expires on 30 April 2022.

Blackwood Seven A/S has issued an all money mortgage totalling DKK 25 million providing company charge in operating fixtures and equipment as well as goodwill, domain names and rights providing security for balances with Blackwood Seven A/S lenders. The carrying amount of the pledged assets amounts to DKK 54,362 thousand.

17. Transactions with related parties

No transactions with related parties were made in 2019 that were not made on an arm's length basis.

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
18. Subsidiaries			
Blackwood Seven UK Ltd.	United Kingdom	Ltd.	100,0
Blackwood Seven Germany GmbH	Germany	GmbH	100,0

According to §264 (3) HGB (Germany), the subsidiary, Blackwood Seven Germany GmbH, is exempted from a financial audit, disclosure of financial statements, preparation of notes and preparation of a management report.

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Revenue	2	13.369.929	8.584.988
Other operating income		319.307	8.293.418
Other external expenses		-12.302.694	-24.928.327
Gross profit/loss		1.386.542	-8.049.921
Staff costs	3	-16.046.459	-23.413.951
Depreciation, amortisation and impairment losses	4	-12.419.183	-9.037.923
Operating profit/loss		-27.079.100	-40.501.795
Income from investments in group enterprises		15.115.026	-74.758.420
Other financial income	5	112.261	214.141
Financial expenses from group enterprises		-280.189	-174.765
Other financial expenses	6	-3.763.129	-6.262.782
Profit/loss before tax		-15.895.131	-121.483.621
Tax on profit/loss for the year	7	2.044.826	2.476.000
Profit/loss for the year	8	-13.850.305	-119.007.621

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Completed development projects		16.930.977	20.053.483
Intangible assets	9	16.930.977	20.053.483
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		0	2.015
Property, plant and equipment	10	0	2.015
Investments in group enterprises		17.366.851	19.534.007
Deposits		150.621	226.325
Fixed asset investments	11	17.517.472	19.760.332
Fixed assets		34.448.449	39.815.830
Trade receivables		3.217.376	789.266
Receivables from group enterprises		0	11.373.938
Other receivables		243.929	55.000
Income tax receivable		2.044.826	2.476.000
Prepayments	12	463.301	237.688
Receivables		5.969.432	14.931.892
Cash		13.943.744	25.383.733
Current assets		19.913.176	40.315.625
Assets		54.361.625	80.131.455

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital	13, 14	82.281.258	77.713.911
Reserve for development expenditure		16.930.977	20.053.478
Retained earnings		-91.933.086	-82.119.011
Equity		7.279.149	15.648.378
Other payables		10.262.428	17.532.113
Non-current liabilities other than provisions	15	10.262.428	17.532.113
Current portion of long-term liabilities other than provisions	15	13.799.770	17.935.586
Trade payables		724.695	801.346
Payables to group enterprises		17.366.851	19.820.191
Other payables		2.729.957	7.604.575
Deferred income	16	2.198.775	789.266
Current liabilities other than provisions		36.820.048	46.950.964
Liabilities other than provisions		47.082.476	64.483.077
Equity and liabilities		54.361.625	80.131.455
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	17		
Mortgages and securities	18		
Transactions with related parties	19		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	77.713.911	0	20.053.478	-82.119.011
Increase of capital	4.567.347	6.622.653	0	6.622.653
Purchase of treasury shares	0	0	0	-5.708.929
Transfer to reserves	0	-6.622.653	-12.417.168	3.122.506
Profit/loss for the year	0	0	9.294.667	-13.850.305
Equity end of year	82.281.258	0	16.930.977	-91.933.086
				Total DKK
Equity beginning of year				15.648.378
Increase of capital				17.812.653
Purchase of treasury shares				-5.708.929
Transfer to reserves				-15.917.315
Profit/loss for the year				-4.555.638
Equity end of year				7.279.149

Notes to parent financial statements

1. Events after the balance sheet date

A capital increase of €1.2m takes place in July 2020 with participation from Jolt Targeted Opportunities FPCI, Cipio and Vækstfonden to support and scale Blackwood's media analytics platform sales.

The outbreak and spread of COVID-19 at the beginning of 2020 has affected 2020 in way of delaying new customers acquiring the software. No existing customers have cancelled or reduced their setup. The outbreak and spread of COVID-19 has not and is not expected to have a significant impact on the Company's financial position and development.

	2019 DKK	2018 DKK
2. Revenue		
Denmark	1.231.804	4.858.988
Other EU-countries	6.014.095	0
Other countries	6.124.030	3.726.000
	13.369.929	8.584.988
	2019 DKK	2018 DKK
3. Staff costs		
Wages and salaries	15.794.203	22.546.272
Other social security costs	211.283	298.163
Other staff costs	40.973	569.516
	16.046.459	23.413.951
Average number of employees	28	40
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Executive Board	4.081.889	3.892.647
	4.081.889	3.892.647

Notes to parent financial statements

	2019 DKK	2018 DKK
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	12.417.168	8.992.363
Depreciation of property, plant and equipment	2.015	45.560
	12.419.183	9.037.923
	2019 DKK	2018 DKK
5. Other financial income		
Exchange rate adjustments	112.261	214.141
	112.261	214.141
	2019 DKK	2018 DKK
6. Other financial expenses		
Interest expenses	73.992	110.410
Exchange rate adjustments	387.694	37.543
Other financial expenses	3.301.443	6.114.829
	3.763.129	6.262.782
	2019 DKK	2018 DKK
7. Tax on profit/loss for the year		
Tax on current year taxable income	-2.044.826	-2.476.000
	-2.044.826	-2.476.000
	2019 DKK	2018 DKK
8. Proposed distribution of profit/loss		
Retained earnings	-13.850.305	-119.007.621
	-13.850.305	-119.007.621

Notes to parent financial statements

	Completed develop- ment projects DKK
9. Intangible assets	
Cost beginning of year	70.627.131
Additions	9.294.662
Cost end of year	79.921.793
Amortisation and impairment losses beginning of year	-50.573.648
Amortisation for the year	-12.417.168
Amortisation and impairment losses end of year	-62.990.816
Carrying amount end of year	16.930.977

Completed development projects

The Blackwood Seven platform, including features for data collection and storage, for data analysis, predictive modeling, and media buying, is our Company's most significant intangible asset. The cost of having developed it mainly comprises man-hours spent by our internal staff supplemented by significant resources spent on external expert consultants.

The Engineering and Product Management regularly assess the value of this asset based on the future market potential and our growth expectations.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
10. Property, plant and equipment		
Cost beginning of year	67.915	217.811
Cost end of year	67.915	217.811
Depreciation and impairment losses beginning of the year	-67.915	-215.796
Depreciation for the year	0	-2.015
Depreciation and impairment losses end of the year	-67.915	-217.811
Carrying amount end of year	0	0

Notes to parent financial statements

	Investments in group enterprises DKK	Deposits DKK
11. Fixed asset investments		
Cost beginning of year	124.215.728	226.325
Disposals on divestments etc	-75.861.760	0
Disposals	-22.421	-75.704
Cost end of year	48.331.547	150.621
Revaluations beginning of year	45.888.348	0
Disposals on divestments etc	-45.888.348	0
Revaluations end of year	0	0
Impairment losses beginning of year	-150.570.069	0
Disposals on divestments etc	110.199.276	0
Adjustments on equity	-5.708.929	0
Share of profit/loss for the year	3.597.327	0
Impairment losses for the year	-5.849.152	0
Reversal of impairment losses	17.366.851	0
Impairment losses end of year	-30.964.696	0
Carrying amount end of year	17.366.851	150.621

12. Prepayments

Prepayments recognised under assets comprise expenses incurred related to the subsequent financial year.

	Number	Par value DKK	Nominal value DKK
13. Contributed capital			
B shares	54.037.196	1	54.037.196
C shares	14.560.388	1	14.560.388
D Shares	13.683.674	1	13.683.674
	82.281.258		82.281.258

Notes to parent financial statements

	<u>Number</u>	<u>Nominal value DKK</u>	<u>Share of contributed capital %</u>
14. Treasury shares			
Holding of treasury shares:			
D Shares	2.398.303	5.708.929	3,0
	2.398.303	5.708.929	3,0

	<u>Instalments within 12 months 2019 DKK</u>	<u>Instalments within 12 months 2018 DKK</u>	<u>Instalments beyond 12 months 2019 DKK</u>
15. Liabilities other than provisions			
Other payables	13.799.770	17.935.586	10.262.428
	13.799.770	17.935.586	10.262.428

16. Deferred income

Deferred income comprises income received to be recognised in the subsequent financial year.

	<u>2019 DKK</u>	<u>2018 DKK</u>
17. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	433.580	374.335

18. Mortgages and securities

Blackwood Seven A/S has given the buyer of Densou Media A/S a specific indemnity of up to DKK 2.4 million.

Blackwood Seven A/S has issued an all money mortgage totalling DKK 25 million providing company charge in operating fixtures and equipment as well as goodwill, domain names and rights providing security for balances with Blackwood Seven A/S lenders. The carrying amount of the pledged assets amounts to DKK 54,362 thousand.

19. Transactions with related parties

No transactions with related parties were made in 2019 that were not made on an arm's length basis.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to the consolidated financial statements and parent financial statements are consistent with those applied last year.

The annual report is presented in Danish currency (DKK).

Non-comparability

Due to the divestment in activities in US and Denmark, the comparative figures are not comparable because they cover a full year of consolidated activities for the divested companies.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on

Accounting policies

the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Accounting policies

Other fixtures and fittings, tools and equipment 3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 7 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.