

## **LCB ApS**

Sankt Petri Passage 5, st  
1165 København K

**CVR 34 58 90 97**

## **Annual report 2021**

The Annual General Meeting adopted the annual report on 29 June 2022

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**Magnus Svernlöv**  
**Chairman of the General Meeting**

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## **Management's Statement**

The Executive and Board of Directors have today considered and adopted the Annual Report of LCB ApS for the financial year 1 January – 31 December 2021

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company's operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 29 June 2022

### **Executive Board**

Kenneth Gersdorff Melchior

Søren Munk Hansen

### **Board of Directors**

Magnus Svernlöv

Jonathan Minzari

Kenneth Gersdorff Melchior

# Independent Auditor's Report

To the Shareholders of LCB ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of LCB ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of 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 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 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 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 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 Company to cease to continue as a going concern.
- 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.

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.

Copenhagen, 29 June 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Josephine Kilsgaard Holm

State Authorised Public Accountant

mne44114

## Company details

### Company

LCB ApS  
Sankt Petri Passage 5, st.  
1165 København K

Municipality of registered office: Copenhagen

### Company type

The company runs information and communication business.

### Executive board

Kenneth Gersdorff Melchior  
Søren Munk Hansen

### Board of Directors

Magnus Svernlöv  
Jonathan Minzari  
Kenneth Gersdorff Melchior

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

## **Management's Review**

### **Company business**

The principal activity of the Company is to conduct business by selling and developing software as well as other related activities.

### **Result of the annual report 2021**

The result for the period shows net loss for the period of TDKK 2,791 and per the balance sheet date 31 December 2021, equity totals to TDKK 1,801.

The company has completed its development activities on the digital solution early in 2021. The Company expects that there is still a demand for services within the company's business and further the company has built up important know how and a substantial database and network within international law.

During 2021 training of sales organisation was in focus and the build up of leads and business contacts have commenced. The overall feed-back from the market is positive but closing of contracts and invoicing have not been at a satisfied level. As a consequence management decided to do a full write down of the asset value of the developed digital solution. Depreciations on the asset during the year and the subsequent write down had a negative impact on profit and loss of DKK 2.2 m. Due to the write down the company's equity became negative and the shareholders decided for a share issue by converting a loan of DKK 2.2 m to shares and a cash investment of DKK 1.0 m.

Management expects that the share issue has provided the company with sufficient funds to secure ongoing activities for the coming period.

### **Significant events after the balance sheet date**

No events have occurred after the balance sheet date which would influence the evaluation of the Company's financial position at the balance sheet date.

## Management's Review

### Financial highlights

	<u>2021</u> DKK'000	<u>2020</u> DKK'000	<u>2019</u> DKK'000	<u>2018</u> DKK'000	<u>2017</u> DKK'000
<b>Income statement</b>					
Gross profit/loss	-284	-75	-	-	-
Operating profit	-3 385	-528	-396	-340	-
Net financial items	-42	-54	-71	-23	4
Profit/ loss for the period	-2 791	-465	-365	-284	16
<b>Balance sheet</b>					
Total assets	1 860	3 121	3 723	903	543
Equity	1 801	466	931	-204	80
<b>Ratios</b>					
Profit margin	0,0%	0,0%	0,0%	0,0%	0,0%
Return on capital employed	-182,0%	-16,9%	-37,6%	0,0%	0,0%
Equity ratio	96,8%	14,9%	-22,6%	14,7%	98,9%
Average number of employees	1	2	2	1	1

#### Definitions of ratios

Profit margin

Return on capital employed

Equity ratio

Operating profit divided by revenue

Operating profit divided by total assets

Equity divided by total equity and liabilities



## Income statement 1 January - 31 December

	Note	2021 DKK'000	2020 DKK'000
<b>Gross profit/loss</b>		<b>-284</b>	<b>-75</b>
Employee benefit expenses	2	-821	-778
Capitalised salary expenses		-	326
Depreciations and write down		-2 280	-
<b>Operating profit</b>		<b>-3 385</b>	<b>-528</b>
Financial expenses	3	-42	-54
<b>Net financial items</b>		<b>-42</b>	<b>-54</b>
<b>Profit/ loss before income tax</b>		<b>-3 427</b>	<b>-582</b>
Income tax expense	4	636	117
<b>Profit/ loss for the period</b>		<b>-2 791</b>	<b>-465</b>
 <b>Proposed allocation of result</b>			
Result carried forward		-2 791	-465
<b>Total</b>		<b>-2 791</b>	<b>-465</b>

## Balance sheet 31 December

	Note	2021 DKK'000	2020 DKK'000
<b>ASSETS</b>			
Development projects in progress	5	-	2 280
Completed development projects	5	-	-
<b>Non-current assets</b>		<b>-</b>	<b>2 280</b>
Income tax receivables		272	287
Intercompany receivables		287	-
Other receivables		67	-
Cash		1 234	555
<b>Current assets</b>		<b>1 860</b>	<b>842</b>
<b>Total assets</b>		<b>1 860</b>	<b>3 121</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	6	132	94
Share premium		4 088	-
Reserve for capitalised development costs		-	1 916
Retained earnings		-2 419	-1 544
<b>Equity</b>		<b>1 801</b>	<b>466</b>
Borrowings parent	7	-	2 087
Deferred tax liability		-	364
<b>Non-current liabilities</b>		<b>-</b>	<b>2 451</b>
Trade payables		11	18
Other liabilities		48	186
<b>Current liabilities</b>		<b>59</b>	<b>204</b>
<b>Total liabilities</b>		<b>59</b>	<b>2 655</b>
<b>Total equity and liabilities</b>		<b>1 860</b>	<b>3 122</b>

## Statement of changes in equity

	Share- capital	Share- premium	Reserve for capitalised development projects	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Balance as at 1 January 2021</b>	<b>94</b>	-	<b>1 916</b>	<b>-1 544</b>	<b>466</b>
Profit / loss for the year	-	-	-	-2 791	-2 791
Issue of ordinary shares	38	4 088	-	-	4 126
<b>Total transactions with owners, recognised directly in equity</b>	<b>38</b>	<b>4 088</b>	-	-	<b>4 126</b>
Depreciations on capitalised development costs	-	-	-1 916	1 916	-
<b>Balance as at 31 December 2021</b>	<b>132</b>	<b>4 088</b>	-	<b>-2 419</b>	<b>1 801</b>
<b>Balance as at 1 January 2020</b>	<b>94</b>	<b>74</b>	<b>1 412</b>	<b>-649</b>	<b>931</b>
Profit / loss for the year	-	-	-	-465	-465
Reserve for capitalised development costs	-	-74	504	-430	-
<b>Balance as at 31 December 2020</b>	<b>94</b>	-	<b>1 916</b>	<b>-1 544</b>	<b>466</b>

## Notes

- 1 Accounting policies
- 2 Employee benefit expenses
- 4 Income tax expenses
- 5 Intangible assets
- 6 Share capital
- 7 Related parties
- 8 Events after the reporting period
- 9 Financial risk

## Notes

### 1 Accounting policies

The Annual Report of LCB ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C. The accounting policies applied remain unchanged from last year. The Financial Statements for 2021 are presented in DKK.

#### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement. Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably. Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

#### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement. Fixed assets acquired in foreign currencies are measured at the transaction date rates.

#### Income Statement

##### Revenue

Revenue from sale of subscriptions is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

##### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

##### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

##### Employee benefit expenses

Employee benefit expenses consist of wages and salaries, including non-monetary benefits and sick leaves.

##### Financial expenses

Financial expenses comprise interest expenses including interest from finance lease agreements and exchange rate losses on translation of foreign currency transactions. Furthermore amortization of financial liabilities are recognised in financial expenses.

##### Current tax

Tax on profit for the year consists of current tax and change in deferred tax for the year and is recognized in the income statement with the portion attributable to the profit for the year and directly on equity with the portion attributable to entries directly on equity.

The company is jointly taxed with Karnov Group Holdco DK ApS. The current tax is distributed among the jointly taxed companies in proportion to their taxable income.

## Notes

### 1 Accounting policies (continued)

#### Development projects in progress (intangible assets)

The company has ongoing development activities regarding software products.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- there is an ability to use or sell the software product.
- it can be demonstrated how the software product will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and to use or sell the software.
- product is available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include software development employee costs, costs for consultants and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software development costs recognised as assets are amortised over their estimated useful lives in the range from 3 to 7 years.

#### Receivables

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

#### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

#### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Trade payables and other liabilities

Trade payables and other liabilities are recognised initially at fair value and subsequently amortised cost. The difference between cost and the nominal value is recognised in the statement of comprehensive income as an interest expense over the loan period using the effective interest method.

## Notes

### 2 Employee benefit expenses

	2021	2020
	DKK'000	DKK'000
Salary and other remuneration	814	763
Social charges	6	15
Other personel costs	-	-
	<b>821</b>	<b>778</b>

The company had in average 1,25 employees during 2021

The Board of Directors and Executive management receives no remuneration from the Company.

### 3 Finance expenses

Interest expenses, intercompany	39	54
Interest expenses to loans and borrowings	2	0
Other financial expenses	1	0
	<b>42</b>	<b>54</b>

### 4 Income tax expenses

Current tax on profit/ loss for the year	-272	-290
Change in defered tax	-364	173
	<b>-636</b>	<b>-117</b>

### 5 Intangible assets

	Completed development projects	Development projects in progress
Cost at 1 January	-	2 280
Additions	-	0
Transfer for the year	2 280	-2 280
Impairment for the year	-1 824	-
Cost at 31 December	<b>456</b>	-
Depreciation at 1 January	-	-
Depreciation for the year	-456	-
Depreciation at 31 December	<b>-456</b>	-
<b>Net book value at 31 December</b>	<b>-</b>	<b>-</b>

Completed development projects relates to software products and development projects in progress relates to the development of new versions and functionalities on existing products as well as new products. The projects are proceeding as expected based on the consumption of resources that management has allocated for R&D. The sale of completed development projects has commenced. However, response from the market is below expectations for which reason the value of the projects have been impaired.

## Notes

### 6 Share capital

	<u>Number of shares</u>	<u>Shares of</u> DKK
LCB ApS	132 151	1

The company was established 7 June 2012.  
All shares issued by the company were fully paid.

DKK	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Share capital, 1 January	93 905	93 905	80 000	80 000	80 000
Share issue	38 246	-	13 905	-	-
Share capital, 31 December	132 151	93 905	93 905	80 000	80 000

### 7 Related parties

The company is incorporated in the consolidated financial statements for Karnov Group with ultimate parent company Karnov Group AB (corp.id. 559016-9016) located in Stockholm. The consolidated financial statement of Karnov Group can be downloaded from [www.karnovgroup.com](http://www.karnovgroup.com).

	<u>Parent companies</u>		<u>Other group companies</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	DKK'000	DKK'000		
Paid interest	39	54	-	-
Financial liabilities	0	-2 087	-	-
Receivables	287	-	-	-

### 8 Events after the reporting period

No significant events have occurred after the reporting period.

### 9 Contingencies

LCB ApS are jointly and severally liable for tax on the jointly taxed incomes etc of controlled Danish entities in the Karnov Group. Administration of the jointly taxed entities is managed by Karnov Group Holdco DK ApS. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.