

Umbraco A/S

Haubergsvej 1, 5000 Odense C

CVR no. 35 86 65 82

Annual report 2020

Approved at the Company's annual general meeting on 26 May 2021

Chair of the meeting:

.....
Niels Hartvig Rasch





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Umbraco A/S for the financial year 1 January - 31 December 2020.

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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Odense, 26 May 2021
Executive Board:

.....
Kim Sneum Madsen

Board of Directors:

.....
Torben Frigaard Rasmussen
Chair

.....
Niels Hartvig Rasch

.....
Poul Anders Lerche Jensen

Independent auditor's report

To the shareholders of Umbraco A/S

Opinion

We have audited the financial statements of Umbraco A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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 the 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 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.

Independent auditor's report

- ▶ 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 26 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant
mne31450



Management's review

Company details

Name	Umbraco A/S
Address, Postal code, City	Haubergsvej 1, 5000 Odense C
CVR no.	35 86 65 82
Established	3 June 2014
Registered office	Odense
Financial year	1 January - 31 December
Website	www.Umbraco.com
Board of Directors	Torben Frigaard Rasmussen, Chair Niels Hartvig Rasch Poul Anders Lerche Jensen
Executive Board	Kim Sneum Madsen
Auditors	EY Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Management's review

Business review

The purpose of Umbraco is to develop social and friendly software that makes a positive difference for those who choose an Umbraco solution for their web/mobile business.

The Company's purpose is also to sell support, training, and add-ons to the users in the Umbraco universe.

Financial review

The Covid-19 health crisis has, without doubt, impacted the Company's financial performance in 2020. In mid-March 2020, cost reduction initiatives were executed to meet expected lower sales.

In 2020, the Company continued heavy investments in Umbraco products, in Umbraco HQ, and the Umbraco Community.

The Company's growth in sales is mainly driven by the Umbraco Cloud offerings with a 50% growth in sales from 2019 to 2020. On top of this, new partners and support customers have contributed to making the overall business more sustainable.

The income statement for 2020 shows a profit of 139 t.EUR compared to 79 t.EUR last year, and the balance sheet from December 31, 2020, shows equity of 1,441 t.EUR.

Management considers the Company's financial performance in 2020 to be satisfactory - especially seen in the light of the ongoing worldwide health crisis.

Knowledge resources

Product

2020 introduced several new versions of Umbraco CMS from version 8.5 to 8.10 with improvements and new feature functionality. This include the new block type editor (introduced in Umbraco CMS 8.6) for the backoffice of Umbraco giving editors more control over content editing in relation to layout and design, as well as new login mechanics to support external authentication platforms being integrated with Umbraco (introduced in Umbraco CMS 8.9).

In June 2020, Umbraco launched a new SaaS platform called Umbraco Uno. Umbraco Uno was introduced as a SaaS offering targeting a new type of agencies i.e.: Marketing agencies. The purpose of Uno is to give users of Umbraco an easy way to get started with a new website and the ability to go from idea to end result in no time without the need for custom coding. The option of customizing still exists, but it is no longer a requirement on Umbraco Cloud for building a website.

In August 2020, Umbraco introduced a vast improvement of the headless cloud offering, Umbraco Heartcore, with the addition of native GraphQL support on the API level as well as introducing several improvements in caching and data consumption giving developers using Umbraco Heartcore more tools, performance, and flexibility.

In September 2020, Umbraco introduced the first Alpha version of Umbraco 9 which will be the next major release of Umbraco CMS (expected in August 2021). With the first alpha version ready, community developers and partners engaged with the new technology for testing and early feedback.

Throughout 2020 we've introduced additional improvements across our products, including Umbraco CMS, Cloud, Heartcore, Uno, Forms and Deploy as well as worked on several improvements to the underlying infrastructure of Umbraco Cloud to be introduced in the first half of 2021.

For more information, see our Product Roadmap history on:
<https://umbraco.com/products/roadmap/roadmap-history/>

Management's review

Umbraco HQ

In January 2020 Umbraco opened a sales office in Charlotte, NC, USA with the purpose of servicing the North American market. Subsequently, in February 2020, a similar sales office was opened in the Netherlands. Despite COVID-19, these offices have instantly contributed with increased sales in these markets.

In early 2021 the Company opened a sales office in Australia. The Umbraco HQ in Odense, Denmark has again been expanded with more m² across the street.

Umbraco is now present with sales offices in the USA, The Netherlands, Australia, and Scandinavia. By the end of March 2021, there are more than 80 employees and freelancers associated with the Company.

Umbraco Support - a world class one

As a global company, we believe that we are obliged to be reachable and available to our global audience. And we are proud to be so.

With extended opening hours and support offerings that include 24/7 SLA's, we can take good care of our users and customers from around the world.

Furthermore, we know that the speed of delivery and first touch resolutions are crucial in order to deliver the best support experience possible. That's why we make sure that when you engage with Umbraco Support you will be met with a passionate, friendly, and domain strong supporter.

We make sure to measure our performance and closely follow the journey in order to set sail accordingly. But no metric is more important than the experience our customers have when engaging with Umbraco Support. We trust in the Net Promoter Score (NPS) that will ask the customer how she or he felt during their previous interaction based on a score from 1-10. Based on the score we will get an honest and direct answer to that. We have high ambitions and are not afraid to raise the bar and set the benchmark high and above the industry standards.

Umbraco Support at a glance

- ▶ Numbers of requests in 2020: 14.124
- ▶ Net Promoter Score in 2020: 75*
- ▶ Opening hours: 8am to 10pm CET (Mon-Fri)
- ▶ Channels: phone, chat, and email
- ▶ Responding to 90% of all tickets within opening hours: 89%
- ▶ Responding to 90% of customers within one hour: 93%

**The industry standard is in average 45-50 according to general public surveys*

Management's review

Umbraco Community

The open-source philosophy is at the heart of everything we do. This drives and fuels our strong belief in the power of communities.

Since 2018, we have decided to invest even more in our open-source community efforts. Investments that will foster a growing and sustainable CMS community e.g. by structuring the contribution process through dedicated and specialized teams called Community Teams. Each team is working exclusively with certain areas of Umbraco by involving and engaging with contributors around the world and hereby ensuring real-life solutions rather than laboratory solutions.

In February 2021, we launched the dedicated Umbraco HQ Community Happiness Team. A team that will introduce a new way of working that enables us to include different departments in community projects and initiatives. The team includes developer advocates who are also part of the Product and Sales teams and a copywriter from the Communication team.

The contribution and community activities have somewhat been negatively affected by the health crisis, e.g. canceling the Codegarden conference in 2020 and changing the 2021 Codegarden to an online event.

Umbraco Community at a glance

- ▶ CMS pull requests by the community in 2020: 897
- ▶ Documentation pull requests by the community in 2020: 438
- ▶ Number of CMS active contributors in 2020: 163
- ▶ Number of Documentation active contributors in 2020: 94
- ▶ Umbraco meetup groups: 41
- ▶ Members of the meetup groups: 5.795
- ▶ Community Teams: 6
- ▶ Members of the Community Teams: 28
- ▶ Number of MVPs (Most Valuable People): 61

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	EUR	2020	2019
	Revenue	6,433,621	5,712,190
	Cost of sales	-1,525,060	-1,223,893
2	Other operating income	70,505	0
	Other external expenses	-1,027,877	-1,501,237
	Gross profit	3,951,189	2,987,060
3	Staff costs	-2,810,682	-2,179,459
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-892,244	-701,769
	Profit before net financials	248,263	105,832
	Income from investments in group entities	996	1,447
	Financial income	1,337	53,520
	Financial expenses	-134,997	-60,148
	Profit before tax	115,599	100,651
4	Tax for the year	23,457	-21,661
	Profit for the year	139,056	78,990
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	996	1,447
	Other reserves	229,402	481,356
	Retained earnings/accumulated loss	-91,342	-403,813
		139,056	78,990

Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2020	2019
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	2,228,233	2,171,867
	Goodwill	84,445	116,807
		<u>2,312,678</u>	<u>2,288,674</u>
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	159,625	197,543
	Leasehold improvements	123,841	117,744
		<u>283,466</u>	<u>315,287</u>
7	Investments		
	Investments in group entities	6,953	5,931
	Other receivables	33,610	32,256
		<u>40,563</u>	<u>38,187</u>
	Total fixed assets	<u>2,636,707</u>	<u>2,642,148</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	576,121	438,986
	Receivables from group entities	77,448	36,326
	Income taxes receivable	42,248	90,629
	Other receivables	112,103	34,711
	Deferred income	160,913	63,859
		<u>968,833</u>	<u>664,511</u>
	Cash	<u>820,578</u>	<u>75,655</u>
	Total non-fixed assets	<u>1,789,411</u>	<u>740,166</u>
	TOTAL ASSETS	<u><u>4,426,118</u></u>	<u><u>3,382,314</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	111,265	111,265
	Net revaluation reserve according to the equity method	6,953	5,931
	Reserve for development costs	1,731,423	1,502,021
	Translation reserve	5,551	0
	Retained earnings	-414,127	-322,785
	Total equity	1,441,065	1,296,432
	Provisions		
	Deferred tax	526,002	521,548
	Total provisions	526,002	521,548
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Bank debt	0	39,495
	Other payables	283,983	108,599
		283,983	148,094
	Current liabilities other than provisions		
9	Current portion of long-term liabilities	38,263	54,199
	Bank debt	283,228	117,402
	Prepayments received from customers	1,156,413	769,420
	Trade payables	200,938	213,225
10	Other payables	496,226	261,994
		2,175,068	1,416,240
		2,459,051	1,564,334
	TOTAL EQUITY AND LIABILITIES	4,426,118	3,382,314

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

EUR	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Translation reserve	Retained earnings	Total
Equity at 1 January 2019	111,303	4,486	1,020,665	0	81,419	1,217,873
Transfer through appropriation of profit	0	1,447	481,356	0	-403,813	78,990
Exchange adjustment	-38	-2	0	0	-391	-431
Equity at 1 January 2020	111,265	5,931	1,502,021	0	-322,785	1,296,432
Transfer through appropriation of profit	0	996	229,402	0	-91,342	139,056
Exchange adjustment	0	26	0	5,551	0	5,577
Equity at 31 December 2020	111,265	6,953	1,731,423	5,551	-414,127	1,441,065

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Umbraco A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in EUR. The financial statements were previously presented in DKK. The presentation currency has been changed because the Company's most significant sales and expenses are settled in EUR and because the Company aims to increase comparability with its European competitors. Comparative figures have been restated as follows:

- ▶ The items in the income statement are translated using average rates for the period concerned.
- ▶ Monetary balance sheet items are translated using the rates at the relevant balance sheet dates.
- ▶ Non-monetary balance sheet items are translated at the exchange rate at the time of acquisition.
- ▶ All exchange adjustments are recognised in the income statement as financial income/expenses.

Income statement

Revenue

Licence and royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from time limited software licences is accrued and recognised on a straight line basis over the term of the licence according to the terms of the licence agreement.

Sale of indefinite software licences is recognised as sale of goods whereby revenue is recognised when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets and received subsidy.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Goodwill	10 years

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

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	10 years

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

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

Tax

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

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

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

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

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Equity investments in subsidiaries is measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

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

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

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

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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

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

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

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

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

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

Financial statements 1 January - 31 December

Notes to the financial statements

EUR

2 Other operating income

The company has received 71 t.EUR regarding compensation related to COVID-19.

EUR	2020	2019
3 Staff costs		
Wages/salaries	3,231,104	2,782,536
Pensions	263,339	308,276
Other social security costs	24,568	22,260
Other staff costs	119,558	139,288
Capitalised development costs	-827,887	-1,072,901
	<u>2,810,682</u>	<u>2,179,459</u>
 Average number of full-time employees	 <u>54</u>	 <u>44</u>
 4 Tax for the year		
Estimated tax charge for the year	-26,602	-79,423
Deferred tax adjustments in the year	2,319	99,636
Tax adjustments, prior years	826	1,448
	<u>-23,457</u>	<u>21,661</u>

5 Intangible assets

EUR	Completed development projects	Goodwill	Total
Cost at 1 January 2020	4,021,435	327,055	4,348,490
Exchange adjustment	16,434	1,336	17,770
Additions in the year	829,548	0	829,548
Cost at 31 December 2020	<u>4,867,417</u>	<u>328,391</u>	<u>5,195,808</u>
Impairment losses and amortisation at 1 January 2020	1,849,568	210,248	2,059,816
Exchange adjustment	9,125	925	10,050
Amortisation/depreciation in the year	780,491	32,773	813,264
Impairment losses and amortisation at 31 December 2020	<u>2,639,184</u>	<u>243,946</u>	<u>2,883,130</u>
Carrying amount at 31 December 2020	<u>2,228,233</u>	<u>84,445</u>	<u>2,312,678</u>
 Amortised over	 <u>5 years</u>	 <u>10 years</u>	

Based on the current development projects the company expects a significant increase in activities and profits during the coming years.

Management has not identified any evidence of impairment relative to the carrying amount.

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

EUR	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	341,532	159,910	501,442
Exchange adjustment	1,396	653	2,049
Additions in the year	23,665	22,365	46,030
Disposals in the year	-18,893	0	-18,893
Cost at 31 December 2020	347,700	182,928	530,628
Impairment losses and depreciation at 1 January 2020	143,989	42,166	186,155
Exchange adjustment	714	206	920
Amortisation/depreciation in the year	62,265	16,715	78,980
Reversal of amortisation/depreciation and impairment of disposals	-18,893	0	-18,893
Impairment losses and depreciation at 31 December 2020	188,075	59,087	247,162
Carrying amount at 31 December 2020	159,625	123,841	283,466
Depreciated over	5 years	10 years	

7 Investments

EUR	Investments in group entities	Other receivables	Total
Cost at 1 January 2020	0	32,256	32,256
Exchange adjustment	0	131	131
Additions in the year	0	1,223	1,223
Cost at 31 December 2020	0	33,610	33,610
Value adjustments at 1 January 2020	5,931	0	5,931
Exchange adjustment	26	0	26
Share of the profit/loss for the year	996	0	996
Value adjustments at 31 December 2020	6,953	0	6,953
Carrying amount at 31 December 2020	6,953	33,610	40,563

Name	Domicile	Interest
Subsidiaries		
Umbraco LLC	USA	100.00%
Umbraco UK Ltd.	England	100.00%

8 Share capital

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

DKK	2020	2019	2018	2017	2016
Opening balance	831,118	831,118	831,118	784,000	691,765
Capital increase	0	0	0	47,118	92,235
	831,118	831,118	831,118	831,118	784,000

Financial statements 1 January - 31 December

Notes to the financial statements

9 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

10 Other payables

Other payables are comprised of holiday obligation and other payables regarding salaries.

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent company, POKE 53280,13 ApS , in the periode 1 January - 31 May 2020. As from 1 June 2020 the company is no longer part of any joint taxation arrangement.

Other financial obligations

Other rent and lease liabilities:

EUR	2020	2019
Rent and lease liabilities	48,112	40,565

Rent and lease liabilities include interminable rent obligations on 3-6 months and interminable leasing obligations on 10 months.

12 Collateral

As security for the Company's debt to banks and other suppliers the Company has provided security or other collateral in its assets for at total amount of EUR 1,243,397.

13 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Sea Bass ApS	Odense
Kim & Kunden ApS	Copenhagen
POKE 53280,13 ApS	Odense
TPC Management ApS	Odense

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Poul Anders Lerche Jensen

Bestyrelse

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Serienummer: PID:9208-2002-2-170334633905

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Kim Sneum Madsen

Direktør

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Niels Hartvig Rasch

Dirigent

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Torben Frigaard Rasmussen

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Søren Smedegaard Hvid

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:1256831000710

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