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LEARNING

Bookboon Corporate A/S
Annual Report

for 1 January 2020 - 31 December 2020

Falkoner Allé 1, 2., 2000 Frederiksberg
CVR no: 36470666

The Annual Report was presented and adopted at the
Annual General Meeting of the Company on 12 July 2021

Niels Thomas Buus Madsen
Chairman of the General Meeting

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Company Information

The Company
BookBoon Corporate A/S
Falkoner Alle 1, 2.
2000 Frederiksberg

Central Business Registration No:	36 47 06 66
Registered in:	Copenhagen
First year:	1 January 2019 to 31 December 2019
Financial period:	1 January 2020 to 31 December 2020
Municipality of reg. office:	Copenhagen, Denmark

Board of directors
Jesper Jarlbæk
Lars Fløe Nielsen
Jannick Birger Pedersen
Niels Thomas Buus Madsen
Niels Kristian Buus Madsen

Executive Board
Niels Kristian Buus Madsen
Niels Thomas Buus Madsen

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Key figures

	2020 EUR	2019 EUR	2018 EUR	2017 EUR	2016 EUR
Financial highlights					
Profit and loss accounts					
Revenue	6.188.227	5.237.989	4.011.318	3.332.420	3.407.739
Profit/(loss) for the year	284.127	(299.530)	(437.615)	(771.123)	26.195
Balance sheet					
Total assets	9.756.369	8.407.861	8.226.622	7.842.423	6.967.629
Total equity	4.263.914	3.553.124	3.970.112	6.202.595	5.808.418
Cash flows					
Operating activities	1.851.173	16.628	4.967	(833.891)	(7.317)
Investing activities	(370.925)	(427.805)	(694.761)	485.629	(9.805)
Hereof investments in intangible and tangible fixed assets	(370.925)	(427.805)	(412.842)	(44.099)	0
Financing activities	406.080	421.308	642.156	269.026	130.533
Net cash flow for the period	1.886.329	10.131	63.799	112.847	196.673
Employees					
Average number of employees	31	32	31	32	23
Average number of staff, incl freelancers	66	59	54	42	37
Key Ratios					
Solvency ratio (%)	44%	42%	48%	79%	83%

The company has implemented IFRS on 1 January 2019. The comparative figures for 2018, 2017 and 2016 are presented in accordance with the Danish Financial Satements Act.

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

Management's Review

Key activities of the Group

The Bookboon Group consists of Bookboon Corporate A/S, Bookboon ApS and BookBoon.Com Ltd. (UK)

The key business activity of the Bookboon Group is to provide Digital Learning within Soft Skills and Business Skills. The main source of revenue is from B2B Corporate Learning solutions, based on a SAAS subscription revenue model.

The Bookboon Learning Solution is a simple, easy-to-use, and highly effective solution for improving employee soft skills and business knowledge. Bookboon's offerings include Audio Learning, eBooks, and eLearning. Our content provides perfect one hour learning experiences for busy managers and professionals. Our high-quality content is created by leading industry experts. Our extensive learning solution includes relevant titles for everyone from the CEO to the engineer to the assistant. Our content is available in up to ten languages.

The Bookboon Learning Solution is well-known as a market leader within corporate learning due to its superior user experience, modern-day bite size learning, and great customer support. We are setting new standards for staff engagement in digital learning at companies around the world.

Developments in 2020
In 2020 Bookboon has experienced significant growth in a number of areas. The pandemic increased both the need and awareness of digital learning and soft skills in all of Bookboon's key markets. There has been a significant increase in overall learning consumption during 2020. However, the pandemic also had a large impact on the world economy and companies' ability or willingness to purchase new learning solutions. Overall, we are very pleased to have achieved 18% growth in Recognized Revenue (ARR) during 2020.

The growth was driven by continued strong demand for our products in established key markets within the EU, as well as our continued successful expansion into the US market.

Due to multiyear contracts, entered into by our customers, Bookboon had contracted commitments from customers of 11,1 m EUR as of 31 December 2020 (2019: 8,5 m EUR) in future Recognized Revenue for 2021 and the following years.

Our strong growth is the result of our dedicated and passionate associates and our satisfied customers. In 2020, the number of associates grew by 12% to 66.

Management's Statement

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

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2020.

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

Frederiksberg, 12 July 2021

Executive Board

Niels Thomas Buus Madsen	Niels Kristian Buus Madsen

Board of Directors

Jesper Jalbæk Chairman	Lars Fløe Nielsen Deputy Chairman
Jannick Birger Pedersen	Niels Thomas Buus Madsen
Thorsten Erik Ramsing	Niels Kristian Buus Madsen

Independent Auditor's Report

To the Shareholders of BookBoon Corporate A/S

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

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BookBoon Corporate for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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 Financials Statements Act.

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

· Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

· Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

· Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

· Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 12 July 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Jakob Thisted Binder
State Authorised Public Accountant
mne42816

Consolidated statement of comprehensive income

For the period 1 January - 31 December	Notes	2020 EUR	2019 EUR
Revenue from contracts with customers	3	6.188.227	5.237.989
Cost of sales		(2.577.773)	(2.422.635)
Gross profit		**3.610.454**	**2.815.354**
Other external expenses	4	(1.225.782)	(1.329.261)
Staff expenses	5	(1.633.703)	(1.597.224)
Amortisation and depreciation	7	(370.883)	(307.982)
Profit/(loss) before net financials		**380.086**	**(419.112)**
Financial income	8	4.940	126.213
Financial expenses	9	(224.650)	(105.477)
Profit/(loss) before tax		**160.375**	**(398.376)**
Income tax	10	123.752	98.847
Profit/(loss) for the year		**284.127**	**(299.530)**
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		171.699	(115.097)
Other comprehensive income for the period, net of tax		**171.699**	**(115.097)**
Total comprehensive income for the period		**455.827**	**(414.627)**

Consolidated Balance Sheet

	Notes	31 December 2020 EUR	31 December 2019 EUR	1 January 2019 EUR
Intangible assets	11	4.876.006	4.773.778	4.455.811
Other fixtures and fitting, tools and equipment	12	49.213	34.062	39.207
Right-of-use assets	13	558.972	418.178	511.735
Deposits		34.861	43.777	42.539
Deferred tax assets	14	25.683	137.245	35.001
Total non-current assets		**5.544.736**	**5.407.040**	**5.084.294**
Trade receivables	15	1.513.623	2.037.865	1.774.648
Corporation tax, receivable	10	22.636	22.544	26.684
Other receivables		35.308	62.170	28.202
Prepayments	16	686.142	800.208	744.461
Cash and cash equivalents		1.953.924	78.033	62.298
Total current assets		**4.211.633**	**3.000.821**	**2.636.293**
Total assets		**9.756.369**	**8.407.861**	**7.720.587**

	Note	31 December 2020 EUR	31 December 2019 EUR	1 January 2019 EUR
Share capital	17	81.813	80.277	74.773
Foreign currency translation reserve		56.602	(115.097)	0
Retained earnings		4.125.499	3.587.944	2.865.094
Total equity		**4.263.914**	**3.553.124**	**2.939.867**
Lease liabilities	13	368.127	319.195	362.932
Other payables		61.369	22.570	0
Total non-current liabilities		**429.497**	**341.765**	**362.932**
Credit institutions	19	745.798	400.468	798.197
Trade payables		821.784	822.743	540.735
Lease liabilities	13	205.675	113.140	161.278
Other payables		197.570	120.290	539.033
Deferred revenue	20	3.092.130	3.056.331	2.378.545
Total current liabilities		**5.062.958**	**4.512.972**	**4.417.788**
Total liabilities		**5.492.455**	**4.854.737**	**4.780.720**
Total equity and liabilities		**9.756.369**	**8.407.862**	**7.720.587**

Consolidated Statement of Changes in Equity

	Notes	Share capital EUR	Share premium EUR	Foreign currency translation reserve EUR	Retained earnings EUR	Total EUR
Equity at 01.01.2019	17	**74.773**	**0**		**2.865.094**	**2.939.867**
Profit for the period					(299.530)	(299.530)
Other comprehensive income				(115.097)		(115.097)
Exchange rate difference on share capital and premium		(24)		24		0
Total comprehensive income for the period		**(24)**	**0**	**(115.073)**	**(299.530)**	**(414.627)**
Transactions with owners in their capacity as owners						
Capital increase		5.528			983.764	989.293
Share-based payments	6		0	0	38.591	38.591
Total transactions with owners		**5.528**	**0**	**0**	**1.022.355**	**1.027.884**
Equity at 31.12.2019		**80.277**	**0**	**(115.073)**	**3.587.920**	**3.553.124**
Profit for the period					284.127	284.127
Other comprehensive income				171.699		171.699
Exchange rate difference on share capital and premium		328		(328)		0
Total comprehensive income for the period		**328**	**0**	**171.371**	**284.127**	**455.827**
Transactions with owners in their capacity as owners						0
Capital increase		1.208			215.081	216.288
Share-based payments	6	0	0	0	38.675	38.675
Total transactions with owners		**1.208**	**0**	**0**	**253.755**	**254.963**
Equity at 31.12.2020		**81.813**	**0**	**56.299**	**4.125.803**	**4.263.914**

Consolidated Cash Flow Statement

For the period 1 January - 31 December	**Notes**	**2020 EUR**	**2019 EUR**
Profit/loss for the period		284.127	(299.530)
Adjustments	26	519.956	217.542
Changes in net working capital	26	807.781	53.880
Interests received		1.285	126.213
Interests paid		(41.330)	(81.478)
Income taxes received	10	279.355	0
Net cash flow from operating activities		**1.851.173**	**16.628**
Purchase of intangible assets	11	(335.571)	(416.694)
Purchase of tangibleassets		(35.353)	(11.111)
Net cash flow from investing activities		**(370.925)**	**(427.805)**
Capital increase		216.288	989.293
Increase in borrowing		704.232	0
Repayment of borrowings		(358.903)	(397.729)
Effects of exchangerates on financing activities			
Principal elements of lease payments	13	(155.538)	(170.256)
Dividend paid		0	0
Cash flow from financing activities		**406.080**	**421.308**
Net cash flow for the period		**1.886.329**	**10.131**
Cash and cash equivalents, beginning of the period		78.033	62.298
Effects of exchange rate changes on cash and equivalents		(3.968)	3.565
Cash and cash equivalents at end of the period		**1.960.394**	**75.994**
Cash and cash equivalents comprise the following:			
Cash at bank and in hand		1.960.394	75.994
Effects of exchange rate changes on cash and equivalents		(6.470)	2.039
Cash and cash equivalents at end of the period		**1.953.924**	**78.033**

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Notes

1. Accounting policies

The activity of BookBoon Corporate A/S and group companies (the Group), consists of a Digital Learning universe within Soft skills and Business Skills. The main source of revenue is from B2B Corporate Learning customers, based on a SAAS income model.

The consolidated financial statements have been prepared under the historical cost conversion, except for certain financial instruments that are measured at fair value.

First time adoption

These consolidated financial statements is the first consolidated financial statements that is presented in accordance with IFRS. The comparative figures for 2019 in the income statement and the balance sheet items at 1 January 2019 and 31 December 2019, have also now been restated in accordance with IFRS. The accounting principles applied are based on the standards and interpretations effective for 2020. No standards or interpretations which are not yet effective have been adopted.

As part of the adoption of IFRS, the Parent has changed the currency in which it presents its consolidated financial statements from Danish Kroner (DKK) to Euro (EUR). See note 30 for further information.

The disclosures required by IFRS 1 First-time Adoption of International Financial Reporting Standards, concerning the transition from Danish Financial Statements Act to IFRS, are provided in note 28.

Basis for consolidation principles

The consolidated financial statements include the parent company, BookBoon Corporate A/S, and its subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Unrealised gains and losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. They are deconsolidated from the date that control ceases.

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

Foreign currency translation

Functional and presentation

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

Transactions and balances

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

Notes

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

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

Revenue from contracts with customers
Revenue is recognised when the performance obligations in the contract are satisfied by transferring control of the promised service or learning product. There is typically only one performance obligations to satisfy in the contracts. Control transfers over time as revenue comprise an access to web portal or learning services. Revenue is recognised when the client has obtained control of the service and has the ability to use and obtain substantially all the benefits from the service.

Revenue from services delivered are recognised based on the price specified in the contract with the customer. The recognised revenue is measured at fair value excluding VAT, all discounts are recognised in revenue, and revenue is recognised per the duration of the contract as the service are being delivered.

Revenue is recognised on a straight-line basis, over the duration of the contract. The contracts vary in length, typically lasting from anything from 12 to 36 Months. Contracts are typically invoiced upfront for the coming 12 Month period.

Payment terms are 30 days net.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

There is no variable consideration included in the transaction.

Cost of sales
Sales cost comprise costs incurred to achieve the year's revenue. Cost of sales primarily include expenses for author's fee and royalties, sales commissions, agent fees and sales related external consultants.

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

Notes

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses, costs under share-based

Amortisation and depreciation

Amortisation, depreciation and impairment loss comprise amortisation, depreciation and impairment of, intangible asseets, leasede assets and property, plant and equipment.

Financial income and expenses

Financial income and exepenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses etc. calculated in accordance with the effective interest method.

Income tax expense

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

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

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

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

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

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

Notes

Intangible assets

Goodwill

Goodwill on acquisitions of subsidaries is included in intangible assets, goodwill is not amortised but is subject to impairment testing at least annually, more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses.

IT Development projects and ebooks

IT Development projects and eBooks are measured at cost less accumulated depreciation and less any accumulated impairment losses. Development costs cover costs and salaries directly or indirectly attributable to the development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to use the project, are recognised as intangible assets. This applies where the cost can be measured reliably and if sufficient certainty exists that future earnings cover production costs, selling costs and administrative expenses as well as the development costs. Amortisation of development projects recognised will start when the asset is ready for use.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work.

eBooks

Cost directly attributed to the preparation of eBooks for publishing.

eBook costs that are clearly defined and identifiable and were the eBooks are intended to be published on the platform, are recognised as intangible assets. This applies when cost can be measured reliable and if sufficient certainty exists that future earning will be generated to the Company. Amortisation of eBooks will start when the eBook is published. eBook costs that do not meet the criteria for recognition in the balance are recognised as expenses as incurred.

As of the date of publishing the capitalised eBooks costs are amortised on a straight-line basis over the period of the expected economic benefit from the published eBook.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

IT development projects	5 years
eBooks	5 years

Notes

Property, plant, and equipment
Property, plant, and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the aquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools, and equipment	3-4 years
Leasehold improvements	4 years

Depreciation period and residual value are reassessed annually.

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

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

The lease payments are discounted using the interest rate implicit in the lease, if that can be determined, or the Group's incremental borrowing rate.

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

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

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

Notes

Impairment of intangible assets

Goodwill
Goodwill has indefinite life and are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicates that they might be impaired. The Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group assets (cash-generating units).

Completed development projects
Non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance. The Group hold the trade receivables with the objective to collect the contractual cash flows and therefor measures them subsequently at amortised cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 14 for a description of the Group's impairment policies for trade receivables.

Other receivables
Other receivables comprise VAT receivables.

Prepayments
Prepayments comprise prepaid commission, and prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

Equity
Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes

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

Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.
Other financial liabilities, including trade and other payables are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Share-based payments
Share-based compensation benefits are provided to selected consultants and freelancers under two separate warrant programs. One warrant program and one "EMI Option".

Warrant programs are classified as equity arrangements. As such, the fair value of warrants granted under the programs are recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the warrants granted including the impact of any non-vesting conditions. Accelerating vesting as both programs have date on which they can be exercised regardless of Exit. The fair value is calculated by using a Black-Scholes formula.

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

Further information about the warrant programs are disclosed in note 6.

Other payables
Other payables comprise VAT, holiday allowance etc.

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

Notes

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

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

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets as well as fixed asset investments.

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

New standards and interpretations not yet adopt
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements according to IFRS, Management is required to make certain estimates as many financial statement items cannot be reliably measured but must be estimated as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgments, estimates and assumptions made are based on historical experience and other factors that

Critical accounting judgement
Key accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made by the Group that can have a significant impact on the amounts recognised in the consolidated financial statements.

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

Determine the lease term
Extension and termination options are included in a number of property leases and server leases across the Group.
In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Notes

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

Goodwill
Impairment of goodwill requires management judgement as to weather the carrying value can be supported by the net present value of the future cash flows. In calculating the net present value of the future cash flows assumptions are made including management's expectations of growth in revenue and EBITDA and the discount rate used. The cash flows are calculated based on the budgets and estimates used for management decision making.

Share-based payments
The fair value of the warrants granted have been measured using Black-Scholes that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option. The values applied for the Black-Scholes formula is derived from actual capital increases made to the parent company, which is updated annually, For further information, reference is made in note.

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

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

Notes

3. Revenue from contracts with customers

BookBoon monitores revenue based on the geography (based on location of the respective customers).

Geographical segmentation of external revenue specify as follows:

	2020 EUR	2019 EUR
DACH region	2.454.961	2.031.439
Rest of the world	925.445	512.744
Benelux	908.617	967.036
United Kingdom	653.126	616.180
North-America	591.159	376.908
The Nordics	589.914	669.555
Premium	64.530	64.128
Other	475	0
	6.188.227	**5.237.989**

4. Other external expenses	**EUR**	**EUR**
Marketing	96.981	179.551
Provision for bad debt	113.871	646
Audit fees	58.442	20.379
Legal fees	27.953	1.591
Consulting services	676.261	682.136
IT	179.811	222.677
Other office and administration	72.462	222.282
	1.225.782	**1.329.261**

5. Staff expenses	**EUR**	**EUR**
Wages and salaries	1.459.101	1.449.394
Other social security costs	105.613	73.132
Defined contribution pension plans	18.918	17.354
Share-based payment	38.675	38.591
Other staff costs	11.397	18.753
	1.633.703	**1.597.224**
Average number of employees	31	32

Notes

Key Management Compensation

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

	2020	2019
Executive Board:	**EUR**	**EUR**
Wages and salaries	184.121	228.127
Other social security costs	14.364	18.554
Total	**198.485**	**246.681**
Board of Directors		
Board fee	9.223	0
Total	**9.223**	**0**
Total compensation of key management personnel	**207.708**	**246.681**

6. Share-based payment plans

In 2018, the parent company BookBoon Corporate A/S introduced two share-based payment programs for selected external consultants (a warrant program and an Enterprise Management Incentive (EMI) Option program). We measure the value on the grant date. The consultants and employees are being granted warrants under both programs. The programs grant the participants warrants in BookBoon Corporate A/S, and are designed to provide long-term incentives to the participants throughout the Group and to create incentive to the participants to work for and contribute to future value added to the Company, this creating a positive development in the market value of the Company's shares.

The programs were approved by The Board of Directors in March 2020 (the grant date). However, the employees started to render the services under the share-based payment programs in January 2018. Consequently, at service commencement date (January 2018), the grant date fair value was estimated and the recognition of costs related to the programs commenced in January 2018. Management has determined that the estimated grant fair value and the actual grant date fair value are, for all material purposes, identical. As such, there has been no change in estimate when revising the grant date fair value in March 2020.

Notes

The fair value at grant date is determined using a Black-Scholes model calculation that takes into account the share price, the exercise price, the risk-free interest rate, the expected viability and the expected time to maturity. The model inputs for the warrants included:

a. Share price at grant date: EUR 24
b. Exercise price: EUR 16-21
c. Expected price volatility of 46% - 48%
d. Risk-free interest rate: -0.83%
e. Expected maturity 2 years

The expected volatility is based upon an analysis of the historical volatility of peer-group public companies and factors specific to BookBoon A/S. The share price of the shares is determined using interpolation between two data points related to actual capital transactions that occurred in 2020. Actual capital increase is the basis for valuation.

The expected maturity corresponds to the expected number of years until the most likely outcome of either the occurence of an exit event or the expiration of the programs.

The shares are issued as common shares and have no special rights attached.
The terms and condition for the share-based payments programs for selected consultants are described below:

Warrant program:
The participants under the program are granted warrants in the Company for no consideration, which entitle the holder to subscribe for new shares in BookBoon A/S. The exercise price of the warrants are EUR 16 and 21.

The warrants are only exercisable upon either the occurrence an exit event or until the expiration date of the program is reached (accelerating vesting). The warrants are further conditional on the warrant holder's ongoing engagement with the Company (i.e. all warrants related to bad leavers will automatically lapse and become null). The warrants are set to expire on 1 January 2022.

Notes

EMI Option
The program is similar to the warrant program, except for the following:

- The warrants expire at on 1 November 2021
- The exercisability of the share-based payment is limited by a cap. Management has determined that this meets the definition of a market condition and as such, the cap is reflected in the fair value of the program.
- An exercise price of EUR 16

Set out below are summaries of warrants granted and outstanding under the programs:

EUR	Number of warrants	Weighted-average exercise prices	Weighted-average years to maturity	Range of exercise prices for warrants outstanding	Weighted-average fair value per warrant
Warrants as at 31 December 2018	**17.008**	131	3	**16-21**	
Warrants as at 31 December 2019	**17.008**	131	2	**16-21**	
Warrants subject to approval	**-17.008**	0			
Warrants formally granted	**17.008**	0			67
Warrants as at 31 December 2020	**17.008**	131	1	**16-21**	

The employees started to render the services under the share-based payment programs in January 2018 and the programs were subject to approval at that date. The approval was obtained in 2020 where the warrants were formally granted.

7. Depreciation, amortisation, and impairment of intangible assets and property, plant and	**EUR**	**EUR**
Amortisation of intangible assets	206.769	130.223
Depreciation of right-of-use assets	145.074	160.457
Depreciation of property, plant and equipment	19.041	17.301
	370.883	**307.982**

8. Financial income	**EUR**	**EUR**
Foreign exchange rate gains	3.655	120.745
Other financial income	1.285	5.467
	4.940	**126.213**

9. Financial expenses	**EUR**	**EUR**
Foreign exchange rate losses	199.415	66.513
Interest on lease liabilities and financial liabilities measured at amortised cost	24.878	30.989
Other financial expenses	357	7.975
	224.650	**105.477**

Notes

10. Tax on profit for the year	2020 EUR	2019 EUR
Current tax:		
Current tax on profits for the year	(47.349)	(421)
Current tax on profits for previous years	168.640	110.715
Deferred tax on profit for the year	6.900	(11.447)
Deferred tax on profit for previous years	(4.439)	0
	123.752	**98.847**
Calculated 22.0% tax on profit for the year before income tax	**(35.283)**	**87.643**
Tax effects of:		
Differences in the tax rates in foreign subsidiaries relative to 22%		
Taxable losses not recognised	(842)	(90.889)
Non-deductible expenses	(8.671)	(8.873)
Deferred tax, effect of change in tax rate		
Adjustment of tax relating to previous years		241
Income utilised against previous years taxable losses not recognised		
Research and development tax credit	168.640	110.715
Other	(92)	10
	123.752	**98.846**
Effective tax rate	**-77%**	**25%**

Notes

11. Intangible assets	Goodwill EUR	IT & eBooks EUR	Total EUR
Cost:			
At 1 January 2019	**4.047.059**	**454.521**	**4.501.580**
Additions during the year	0	416.694	416.694
Exchange difference	(1.307)	39.391	38.084
At December 2019	**4.045.752**	**910.606**	**4.956.358**
Accumulated amortisation and impairment:			
At 1 January 2019	**0**	**45.769**	**45.769**
Amortisation for the year	0	130.223	130.223
Exchange difference	0	6.588	6.588
At December 2019	**0**	**182.580**	**182.580**
Carrying amount 31 December 2019	**4.045.752**	**728.026**	**4.773.778**
Cost:			
At 1 January 2020	**4.045.752**	**910.606**	**4.956.358**
Additions during the year	0	335.571	335.571
Exchange difference	15.139	(56.652)	(41.513)
At December 2020	**4.060.891**	**1.189.525**	**5.250.416**
Accumulated amortisation and impairment:			
At 1 January 2020	**0**	**182.580**	**182.580**
Amortisation for the year	0	206.769	206.769
Exchange difference	(1.401)	(13.537)	(14.938)
At December 2020	**(1.401)**	**375.811**	**374.410**
Carrying amount 31 December 2020	**4.062.292**	**813.714**	**4.876.006**

Goodwill arising from the acquisition of subsidiaries, the goodwill is not amortized as it is considered to have indefinite useful life. The Group tests whether goodwill has suffered any impairment on annual basis. For the 2020 reporting period, the recoverable amount of cash generating units (CGUs) was determined based on value-in-use calculations. The expected future cash flows are based on financial budgets and estimates used by management for decision making. The short-therm double-digit growth rate assumed, reflects the increase in market share, due to the organic growth of the group. The expected long term growth rate in set to 2%, and a discount rate of 8.7% has been applied.

The Group is considered a single cash-generating unit as this is how management makes decisions and assesses business performance.

The impairment tests performed in 2020 did not result in the recognition of impairment losses.

Notes

12. Property, plant, and equipment

	Other fixtures and fittings, tools and equipment EUR	Leasehold improvements EUR	Total EUR
Cost:			
At 01.01.2019	**100.099**	**28.284**	**128.383**
Additions during the year	11.111	0	11.111
Exchange difference	2.194	9	2.203
At 31.12.2019	**113.405**	**28.293**	**141.697**
Accumulated amortisation and impairment:			
At 1 January 2019	**78.727**	**10.449**	**89.176**
Amortisation for the year	10.233	7.069	17.301
Exchange difference	1.143	15	1.158
At 31.12.2019	**90.103**	**17.532**	**107.635**
Carrying amount 31.12.2019	**23.302**	**10.760**	**34.062**
Cost:			
At 01.01.2020	**113.405**	**28.293**	**141.697**
Additions during the year	35.353	0	35.353
Disposals during the year	(12.739)	0	(12.739)
Exchange difference	(2.326)	116	(2.210)
At 31.12.2020	**133.693**	**28.409**	**162.102**
Accumulated amortisation and impairment:			
At 1 January 2020	**90.103**	**17.532**	**107.635**
Amortisation for the year	11.958	7.083	19.041
Disposals during the year	(12.739)	0	(12.739)
Exchange difference	(1.136)	88	(1.048)
At 31.12.2020	**88.185**	**24.703**	**112.889**
Carrying amount 31.12.2020	**45.508**	**3.705**	**49.213**

Notes

13. Right-of-use-assets

The Group has property leases and server leases, which are typically made for fixed periods up to five years but may have extension options. Lease terms are negotiated on individuel basis an contain a wide range of different terms and conditions. The lease agreements do not impose any covernants, but leased assets may not be used as security for borrowing purposes.

The Group has recognised the following amounts relating to leases:

	2020 EUR	2019 EUR
Properties	471.062	313.411
Server	87.910	104.767
	558.972	**418.178**

Lease liabilities		
Current	205.675	113.140
Non-current	368.127	319.195
	573.803	**432.335**
Additions to the right-of-use assets during the year were	291.075	69.632

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

Depreciation charge of right	2020 EUR	2019 EUR
Properties	128.217	148.371
Servers	16.857	12.086
	145.074	160.457
Interest expense (included in finance expenses)	11.203	11.537

The total cash outflow for leases in 2020 was TEUR 156 (2019 TEUR 170)

Notes

14. Deferred tax assets	EUR 2020	EUR 2019
	EUR	EUR
Tax losses	6.900	23.128
Tax receivable	18.783	114.118
	25.683	**137.245**

15. Trade receivables	EUR	EUR
Trade receivables, gross	1.636.998	2.068.030
Less provision for impairment of trade receivables	(123.375)	(30.165)
Trade receivables net	**1.513.623**	**2.037.865**

Trade receivables are amounts due from customers in the ordinary course of business. Trade receivables in BookBoon Group are recognised initially at the amount of consideration that is unconditional.

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

The expected loss rates are based on the historic payment profiles of sales over a period of 24-36 months before 31.12.2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

	0-30	31-60	61+	Total
Gross carrying amount	1.223.351	36.778	376.869	1.636.999
Provision for loss	-25.322	-1.943	-96.110	-123.375
Trade receivables net	**1.198.029**	**34.835**	**280.759**	**1.513.623**

Movement on the Group's provision for impairment of trade receivables are as follows:	2020 EUR	2019 EUR
Opening balances	30.165	30.165
Increase in loss allowance recognised in profit or loss during the year	93.176	0
Provision for impairment of trade receivables	**123.341**	**30.165**

Trade receivables are written off when there is no reasonable expectations of recovery. Indications that there is no reasonable expection of recovery include, amongst others, futile collection attempts, confirmed bankruptcy or liquidation.

Notes

16. Prepayments

	2020	2019
	EUR	**EUR**
Prepaid commission	609.891	756.619
Other prepayments	76.250	43.589
	686.142	**800.208**

17. Share capital and premium

	31 December 2020		31 December 2019		1 Januar 2019	
The share capital comprise:	Number of shares	Nominal value EUR	Number of shares	Nominal value EUR	Number of shares	Nominal value EUR
A shares	550.280	73.969	500.000	72.466	500.000	66.959
B shares	58.350	7.843	58.350	7.812	58.350	7.814
Share capital and premium	**608.630**	**81.813**	**558.350**	**80.277**	**558.350**	**74.773**

All shares have nominal value of DKK 1.

B shares shall be given preference to receive distributions corresponding to their original subscription price plus the discount rate + 4% from the time of subscription prior to distribution to A shares, if the distribution of liquidation proceeds by voluntary liquidation of the company implies that B shares based on the right to dividends under the nominal holding of shares would receive a lower proceed than their original subscription amount plus the discount rate + 4%. Excess proceeds shall be distributed to the A shares.

18. Financial assets and liabilities

	2020	2019
Financial assets:	EUR	EUR
Financial assets at amortised costs:		
Trade receivables	1.513.623	2.037.865
Cash and equivalents	1.953.924	78.033
	3.467.547	2.115.898
Financial liabilities:		
Financial liabilities at amortised costs:		
Trade payables	821.784	822.743
Lease liabilities (current and non-current)	573.803	432.335
Credit institutions	745.798	400.468
	2.141.385	1.655.547

Notes

19. Deferred revenue

Revenue is recognized on a straight-line basis, over the duration of the contract. The contracts vary in length, typically lasting from anything from 12 to 36 Months. Contracts are typically invoiced upfront for the coming 12 Month period.

	2020 EUR	2019 EUR
Deferred revenue, beginning of the year	3.056.331	2.378.545
New contracts	6.250.820	5.776.707
Recognized revenue in the year	(6.123.222)	(5.173.861)
Exchange difference	(91.799)	74.941
Deferred revenue	3.092.130	3.056.331

20. Financial risk management

Financial risk factors

The Group manages financial risks centralised in BookBoon Corporate A/S. The Group identifies, monitors, assesses and mitigates financial risk at headquarter in cooperation with the Group's business units. The Group is exposed to foreign exchange risk, liquidity risk and credit risk that can have a significant impact on the financial performance of the Group. Significant risks are continuously assessed by Management and the Board of Directors.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates.
The Group operates from Denmark and United Kingdom with customers all over the world, majority in Germany, United Kingdom, North America and The Netherlands. In general sales are made in functional currencies of each of the Group entities. The currency risk therefore primarily arises from sale in foreign currencies compared to fuctional currency of each of the Group entities. The majority of contracts in the group are in EUR, GBP & USD, the group has close to none contracts in high-risk currencies.

In general purchases are made in the functional currency of each of the Group entities, for the Danish company (with EUR functional currency) purchases are partly made in DKK, Due to the fixed exchange rate policy in Denmark against the EUR, the foreign exchange rate risk against the EUR is considered not material. The Group will continuously assess how these exchange rate fluctuations can affect the liquidity.

Borrowings obtained by the parent company (with DDK functional currency) in 2020 was denominated in DKK, borrowings obtained in the UK entity (with functional currency GBP) was denominated in 2020 GBP, the risk related to borrowings are considered insignificant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates on loans are at fixed rates. Consequently, the Company's exposure to changes in interest rates is considered insignificant by Management.

Notes

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables. The Group's primary credit exposure is related to trade receivables and cash positions.

The credit risk of the Group is assessed to be low. Credit risk related to trade receivables is managed by a selective approach to to customers. Based on forecasts as well as historical data, the Group expects only insignificant loss allowances for trade receivables. The group has no major exposures to one single customers or business partners.

The most significant counterparty risk is related to deposit with banks, as the Group's balance at 31 December 2020 amounts to TEUR 1.954. Bank deposits are split between the subsidiaries' banks placed in the local countries, which implies that the cash balance risk has a natural diversification. The maximum exposure corresponds to the carrying amount of receivables and cash

Liquidity risk

Based on the Group's financial reserves and credit facilities, the liquidity risk of the Group is assessed to be low. Overall, the Group's debt financing is very low. The financial position of the Group and short-term forecasts of liquidity reserves is continuously monitored by Management to ensure that sufficient financial resources are available.

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

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

	Carrying amount EUR	Less than 1 year EUR	1 and 5 year EUR	More than 5 years EUR	Total EUR
As at 31.12.2020					
Trade payables	821.784	821.784			821.784
Credit institutions	745.798	45.920	483.589	216.288	745.798
Lease liabilities (current and non-current)	573.803	205.675	360.984	7.144	573.803
	2.141.385	**1.073.380**	**844.573**	**223.432**	**2.141.386**
As at 31.12.2019					
Trade payables	822.743	822.743			822.743
Credit institutions	400.468	400.468			400.468
Lease liabilities (current and non-current)	432.335	113.140	299.912	19.283	432.335
	1.655.547	**1.336.351**	**299.912**	**19.283**	**1.655.546**

Notes

21. Capital management

The Group's objective when managing capital is to safeguard their ability to continue as a going concern, so that the Company can provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group's strategy is to finance the operations of the business with the cash on the balance sheet and only access the credit facility if additional opportunities present themselves.

The Group's interest-bearing debt as at 31 December 2020 amounts to 745 TEUR

Based on above it is Management's assessment that the company has sufficient capital ressources to support the 2020 business plan and no material uncertainty exists about the company's ability to continue as going concern.

22. Changes in liabilities arising from financing activities

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

	1 January 2020	Cash flows	Foreign exchange movement	New leases	31 December 2020
Loans and borrowings	400	345	0	0	745
Lease liabilities	432	(156)	8	291	574
Total liabilities from financing activities	832	189	8	291	1.319

	1 January 2019	Cash flows	Foreign exchange movement	New leases	31 December 2019
Loans and borrowings	798	(398)	0	0	400
Lease liabilities	524	(160)	(3)	70	432
Total liabilities from financing activities	1.322	(558)	(3)	70	832

23. Commitments and contingent liabilities

Contingent liabilities

Charges and security

Company charge of total TEUR 400 (2019: TEUR 400), which provides security in receivables at a carrying amount of TEUR 843 (2019: TEUR 845) and property, plant and equipment at a carrying amount of TEUR 21 (2019: TEUR 15)

Notes

24. Related parties

Transactions with key management personnel

Transactions with key management personnel include transactions with companies controlled by the key management personnel. Reference is made to note 5.

The following transactions were carried through with related parties:

Transactions with	2020 EUR	2019 EUR
Interest paid to shareholders	0	7.913
	0	**7.913**

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

25. Events after the balance sheet date

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

26. Cash flow specifications

Adjustments	2020 EUR	2019 EUR
Financial income	-4.940	-126.213
Financial expenses	223.912	105.477
Depreciation, amortisation, and impairment losses, including losses and gain:	370.883	307.982
Tax on profit/loss for the year	-123.842	-98.847
Share based compensation	38.675	38.591
Exchange adjustments	15.267	-14.054
Other adjustments	0	4.606
	519.956	**217.542**

Changes in net working capital	2020 EUR	2019 EUR
Change in trade receivables	467.565	-191.759
Change in other receivables	2.013	-33.483
Change in prepayments	154.520	-53.212
Change in trade payables	1.494	278.672
Change in other payables	182.189	53.662
	807.781	**53.880**
Lease liabilities	**573.803**	**432.335**

27. List of group companies

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

	Type	Place of incorporation	Ownership interest
BookBoon ApS	Subsidiary	Denmark	100%
BookBoon.Com Limited	Subsidiary	United Kingdom	100%

Notes

28. First time adoption of IFRS

These consolidated financial statements for the year ended 31 December 2020 are the first consolidated financial statements the Group has prepared. The consolidated financial statements are prepared in accordance with IFRS.

The Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2020, together with the comparative period data for the year ended 31 December 2019.

In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2019.

Leases

In accordance with the provisions in IFRS 1, the Group has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the incremental borrowing rates of 1 January 2019. The weighted average incremental borrowing rate applied was 2.5% at the date of transition. The associated right-of-use-assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Under Danish GAAP the costs for operating leases were recognised in the income statement as operating expenses, which under IFRS is replaced with depreciations on the right of use assets and interest expense on the lease liability.

On the date of transition, lease liability and right og use assets of TEUR 524 and TEUR 512 respectively were recognised in the balance sheet. For 2019, the net impact on the income statement was TEUR 2. In the cash flow statement, lease payments were under Danish GAAP presented in cash flow from operating activities. Under IFRS, the principal element of lease payments is presented in cash flows from financing activities, whereas the interest element is presented as cash flow from operating activities. For 2020, the principal element of lease payments amounted to TEUR 156 (2019: TEUR 170). which thus has increased the cash flows from operating activities under IFRS compared to the cash flows previously presented under Danish GAAP.

Exemptions

IFRS 1 allows first-time adopters certain exemptions from the
The Group has applied the following exemptions:

*Cumulative currency translation differences for the parent company and all foreign operations are deemed to
*In the adoption of IFRS 16, the Group has used the following practical expedients permitted by the standard:
1) Excluding initial direct costs for measurement of the right-of-use assets at the date of initial application.
2) Using hindsight in determining the lease term where the contract contains option to extend or terminate the lease

*Business combinations completed before 1 January 2019 have not been restated to IFRS. Consequently, the carrying amounts of assets and liabilities are the amounts that would have been reported under Danish GAAP had the Group prepared consolidated financial statements as of 31 December 2018. For the purposes of determining the carrying amount of goodwill as of 1 January 2019, the deemed amortisation period is 20 years

Statement of profit or loss

	Notes	2020 EUR	2019 EUR
Gross profit/loss		**(48.368)**	**(5.635)**
		(48.368)	(5.635)
Financial income	4	20.566	16.739
Financial expenses	5	(3.497)	(8.095)
Profit/loss before tax		**(31.299)**	**3.010**
Tax on profit/loss for the year	6	6.886	(421)
Net Profit/loss for the year		**(24.413)**	**2.589**

Balance sheet

	Notes	31 December 2020 EUR	31 December 2019 EUR
Investment in subsidaries	7	5.108.007	5.087.219
Fixed asset investments		**5.108.007**	**5.087.219**
Fixed asset		**5.108.007**	**5.087.219**
Receivables from group enterprises		2.081.308	1.689.371
Deferred tax asset		6.900	0
Receivables		**2.088.208**	**1.689.371**
Cash and cash equivalents		458.656	5.340
Total current assets		**2.546.864**	**1.694.710**
Total assets		**7.654.871**	**6.781.929**

	Note	31 December 2020 EUR	31 December 2019 EUR
Share capital	8	81.813	80.277
Retained earnings		6.917.890	6.699.893
Total equity		**6.999.703**	**6.780.170**
Trade payables		4.201	1.339
Payables to group enterprises relating to corportion tax		422	420
Other payables		1.680	0
Short-term debt		**6.303**	**1.759**
Long-term debt		**648.865**	**0**
Total equity and liabilities		**7.654.871**	**6.781.929**

Capital resources and liquidity	1
Uncertainty relating to recognition and measurement	2
Subsequent events	3
Contingent assets, liabilities and other financial obligations	9
Accounting polices	10

Statement of changes in equity

	Share capital EUR	Retained earnings EUR	Total EUR
Equity at 1 January 2020	**80.277**	**6.699.893**	**6.780.170**
Cash capital increase	1.208	215.081	**216.288**
Exchange rate difference	328	27.330	**27.658**
Net profit/loss for the year	0	(24.413)	**(24.413)**
Equity at 31 December 2020	**81.813**	**6.917.890**	**6.999.703**

Notes

1. Capital resources and liquidity
2. Uncertainty relating to recognition and measurement
3. Subsequent events
4. Financial income
5. Financial expenses
6. Tax on profit for the year
7. Investments in subsidiaries
8. Equity
9. Contingent liabilities
10. Accounting policies

Notes

1. Capital resources and liquidity
The realised profit after tax in 2020 amounts to TEUR -24 and equity at 31 December 2020 to TEUR 7.000. The company is included in the liquidity forecast prepared at group level for 2020 comprising Bookboon ApS, Bookboon.com Ltd and Bookboon Corporate A/S.
It is Management's assessment that the company has sufficient capital ressources to support the 2021 business plan and no material uncertainty exists about the company's and the Group ability to continue as going concern

2. Uncertainty relating to recognition and measurement
The investments in the subsidiaries and receivables from group enterprises are based om Managements assessment of its carrying value of the items based on the expectations to future growth within the e-book segment and the business case in general. If the market conditions changes or the Company and Group does not succeed with the business initiatives this can have a negative impact on the valuation of the company's investments in the subsidiaries and receivables from group enterprises.

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

Notes

4. Financial income	2020 EUR	2019 EUR
Interest on financial assets measured at amortised cost	20.566	16.739
	20.566	**16.739**

5. Financial expenses	2020 EUR	2019 EUR
Interest on financial liabilities measured at amortised cost	3.497	8.095
	3.497	**8.095**

6. Tax on profit for the year	2020 EUR	2019 EUR
Current tax:		
Current tax on profits for the year	0	(421)
Current tax on profits for previous years	6.886	0
	6.886	**(421)**

	2020 EUR	2019 EUR

7. Investments in subsidiaries	2020 EUR	2019 EUR
Cost at 1 January	5.087.219	5.088.854
Exchange rate difference	20.788	-1.635
	5.108.007	**5.087.219**
Value adjustments at 1 January	0	0
	0	**0**
Carrying amount at 31 December	**5.108.007**	**5.087.219**

8. Share capital

Refer to note 17 in the consolidated financial statements.

Notes

9. Contingent liabilities and other financial obligations

Contingent liabilities
The company has submitted a Letter of Financial Support for the subsidiary BookBoon ApS valid until 31 December 2021.

The company has provided at surety guarantee to Sydbank for all balances between the bank and BookBoon ApS.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to EUR 0. Moreover, the 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.

10. Accounting policies

The Annual Report of BookBoon Corporate A/S for 2020 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 2020 are presented in EUR.

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, amortisation, impairment losses 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes

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.

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 the sale of goods 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 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 and other external expenses.

Staff expenses
Staff expenses comprise wages and salaries as well as payroll expenses.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write down is made to this lower value. The carrying amounts of investments in subsidiaries are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.

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.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

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Jesper Jarlbæk
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