



Worksome ApS

Bredgade 41, 2.
1260 København K
CVR No. 37990485

Annual report 2020

The Annual General Meeting adopted the
annual report on 07.07.2021

Gorm Sig Rasmussen

Chairman of the General Meeting

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Entity details

Entity

Worksome ApS

Bredgade 41, 2.

1260 København K

Business Registration No.: 37990485

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Gorm Sig Rasmussen, Chairman

Peter Michael Knud Oxholm Zigler

Hans Peter Galouzis Nielsen

Morten Petersen

Mathias Agger Nordkvist Linnemann

Executive Board

Morten Petersen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Worksome ApS for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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

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

Copenhagen, 07.07.2021

Executive Board

Morten Petersen

CEO

Board of Directors

Gorm Sig Rasmussen

Chairman

Peter Michael Knud Oxholm Zigler

Hans Peter Galouzis Nielsen

Morten Petersen

Mathias Agger Nordkvist Linnemann

Independent auditor's report

To the shareholders of Worksome ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Worksome ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 07.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities

The Group's primary activity is to function as a communication platform between companies and self-employed consultants and freelancers.

Description of material changes in activities and finances

2020 was another year of strong growth in both business activity and revenue as we saw continued growth in demand for our services from both existing customers as well as new clients during the year.

Revenue increased to DKK 148m growing 3.6 times compared to 2019. Activity increased month over month throughout the year with December 2020 reaching an all-time high monthly revenue of DKK 27m. Key growth driver has been the UK market which has grown to become our biggest single market during 2020. Other core markets showed healthy growth development as well.

In the second half of 2020 we launched Worksome in the US and set up an office in New York to spearhead our growth efforts in North America. We welcomed clients from both the US and Canada onto the platform and are seeing very positive acceptance of our value proposition among both freelancers and companies.

Growing at a rate of +3 times year-over-year for the past two years to a revenue run-rate close to DKK 325m by the end of 2020, we have also in 2020 invested significantly in people and systems to set up the right organization and infrastructure to support our growth journey. We have also made significant investments in developing our product platform to build an even stronger foundation for continued client attraction and retention.

These growth investments have resulted in a net financial loss as well as negative operating cash flows for the year 2020 which we have funded mainly through issuance of new shares. In February 2020, we completed a share issue raising DKK 19m from existing investors.

Management is overall very satisfied with the development and the financial results for the year 2020.

Events after the balance sheet date

In April 2021 we have again benefitted from the continued support from our existing investors and secured additional equity funding worth DKK 80m.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		147,725,741	41,185,909
Other operating income		70,000	0
Cost of sales		(139,452,790)	(38,191,492)
Other external expenses		(7,465,985)	(4,383,212)
Gross profit/loss		876,966	(1,388,795)
Staff costs	1	(13,232,546)	(5,795,345)
Depreciation, amortisation and impairment losses	2	(1,619,428)	(952,946)
Operating profit/loss		(13,975,008)	(8,137,086)
Other financial income	3	687,038	308,650
Other financial expenses	4	(1,106,648)	(658,010)
Profit/loss before tax		(14,394,618)	(8,486,446)
Tax on profit/loss for the year	5	1,350,400	76,516
Profit/loss for the year		(13,044,218)	(8,409,930)
Proposed distribution of profit and loss			
Retained earnings		(13,044,218)	(8,409,930)
Proposed distribution of profit and loss		(13,044,218)	(8,409,930)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	7	4,910,404	3,366,176
Development projects in progress	7	808,543	0
Intangible assets	6	5,718,947	3,366,176
Other fixtures and fittings, tools and equipment		25,035	0
Property, plant and equipment	8	25,035	0
Deposits		366,339	348,180
Financial assets	9	366,339	348,180
Fixed assets		6,110,321	3,714,356
Trade receivables		49,137,040	6,373,393
Other receivables		876	292,218
Tax receivable		905,430	0
Prepayments		112,062	14,186
Receivables		50,155,408	6,679,797
Cash		3,953,405	4,351,555
Current assets		54,108,813	11,031,352
Assets		60,219,134	14,745,708

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		97,090	82,367
Retained earnings		14,093,183	(108,050)
Equity		14,190,273	(25,683)
Debt to other credit institutions		7,556,757	0
Convertible and profit-sharing debt instruments		0	6,722,900
Other payables		591,460	132,500
Non-current liabilities other than provisions	10	8,148,217	6,855,400
Trade payables		24,080,522	5,764,130
Other payables	11	13,800,122	2,151,861
Current liabilities other than provisions		37,880,644	7,915,991
Liabilities other than provisions		46,028,861	14,771,391
Equity and liabilities		60,219,134	14,745,708
Unrecognised rental and lease commitments	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	82,367	0	(108,050)	(25,683)
Increase of capital	14,723	28,269,422	0	28,284,145
Transferred from share premium	0	(28,269,422)	28,269,422	0
Costs related to equity transactions	0	0	(39,625)	(39,625)
Exchange rate adjustments	0	0	(984,346)	(984,346)
Profit/loss for the year	0	0	(13,044,218)	(13,044,218)
Equity end of year	97,090	0	14,093,183	14,190,273

For the purpose of offering incentive pay in the form of share options, the Company's Board of Directors is authorised for the period until 30 September 2023 once or several times to increase the Company's share capital with up to nominally 8,237 shares in total without pre-emption right for the the Company's shareholders. The authorisation empowers the Board of Directors to determine the terms for the granted share options, including the exercise price.

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		(13,975,008)	(8,137,086)
Amortisation, depreciation and impairment losses		1,619,428	952,946
Working capital changes	12	(12,610,158)	1,242,383
Cash flow from ordinary operating activities		(24,965,738)	(5,941,757)
Financial income received		687,038	308,650
Financial expenses paid		(1,106,648)	(662,636)
Taxes refunded/(paid)		444,970	600,092
Cash flows from operating activities		(24,940,378)	(5,695,651)
Acquisition etc. of intangible assets		(3,972,199)	(2,168,191)
Acquisition etc. of property, plant and equipment		(25,035)	0
Acquisition of fixed asset investments		(44,432)	(348,180)
Sale of fixed asset investments		31,304	34,200
Cash flows from investing activities		(4,010,362)	(2,482,171)
Free cash flows generated from operations and investments before financing		(28,950,740)	(8,177,822)
Loans raised		7,556,757	0
Cash capital increase		28,244,520	0
Convertible loans		(6,722,900)	6,722,900
Other payables long term		458,960	132,500
Cash flows from financing activities		29,537,337	6,855,400
Increase/decrease in cash and cash equivalents		586,597	(1,322,422)
Cash and cash equivalents beginning of year		4,351,555	5,658,353
Currency translation adjustments of cash and cash equivalents		(984,747)	15,624
Cash and cash equivalents end of year		3,953,405	4,351,555

Cash and cash equivalents at year-end are composed of:

Cash	3,953,405	4,351,555
Cash and cash equivalents end of year	3,953,405	4,351,555

Notes to consolidated financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	14,358,866	6,148,373
Pension costs	531,795	246,285
Other social security costs	753,805	256,814
Other staff costs	513,608	683,951
	16,158,074	7,335,423
Staff costs classified as assets	(2,925,528)	(1,540,078)
	13,232,546	5,795,345
Average number of full-time employees	22	12

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	1,619,428	952,946
	1,619,428	952,946

3 Other financial income

	2020 DKK	2019 DKK
Other interest income	1,588	7,695
Exchange rate adjustments	685,450	300,955
	687,038	308,650

4 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	202,537	239,162
Exchange rate adjustments	809,365	388,067
Other financial expenses	94,746	30,781
	1,106,648	658,010

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(873,398)	0
Change in deferred tax	0	(76,516)
Adjustment concerning previous years	(477,002)	0
	(1,350,400)	(76,516)

6 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	4,895,881	0
Additions	3,163,656	808,543
Cost end of year	8,059,537	808,543
Amortisation and impairment losses beginning of year	(1,529,705)	0
Amortisation for the year	(1,619,428)	0
Amortisation and impairment losses end of year	(3,149,133)	0
Carrying amount end of year	4,910,404	808,543

7 Development projects

The development projects comprise digital development of a digital market place, which the Group uses in its operations. The platform is used by the Group's customers and employees. The platform is continuously further developed and the projects are continuously completed and put to use, after which amortisation is commenced.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalised costs for development projects in the reserve for development costs under equity.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Additions	25,035
Cost end of year	25,035
Carrying amount end of year	25,035

9 Financial assets

	Deposits DKK
Cost beginning of year	348,180
Exchange rate adjustments	5,031
Additions	44,432
Disposals	(31,304)
Cost end of year	366,339
Carrying amount end of year	366,339

10 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Debt to other credit institutions	7,556,757
Other payables	591,460
	8,148,217

As per 31.12.2020 DKK 1,650,191 of the non-current liabilities are due 5 years after the balance sheet date.

11 Other payables

	2020 DKK	2019 DKK
VAT and duties	11,242,172	1,134,785
Wages and salaries, personal income taxes, social security costs, etc. payable	1,654,132	298,834
Holiday pay obligation	338,807	240,890
Other costs payable	565,011	477,352
	13,800,122	2,151,861

12 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in receivables	(42,570,180)	(4,227,569)
Increase/decrease in trade payables etc.	29,960,022	5,469,952
	(12,610,158)	1,242,383

13 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	1,779,899	1,801,854

14 Subsidiaries

	Registered in	Ownership %
Worksome Ltd.	United Kingdom	100
Worksome Inc.	United States	100
Worksome AS	Norway	100

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		52,833,036	36,906,827
Other operating income		70,000	0
Cost of sales		(47,828,773)	(34,351,927)
Other external expenses		(10,423,788)	(2,928,693)
Gross profit/loss		(5,349,525)	(373,793)
Staff costs	1	(7,012,749)	(3,340,100)
Depreciation, amortisation and impairment losses	2	(1,619,428)	(952,946)
Operating profit/loss		(13,981,702)	(4,666,839)
Other financial income	3	461,263	308,648
Impairment of financial assets		(638,153)	0
Other financial expenses	4	(1,059,428)	(656,448)
Profit/loss before tax		(15,218,020)	(5,014,639)
Tax on profit/loss for the year	5	1,350,886	76,516
Profit/loss for the year		(13,867,134)	(4,938,123)
Proposed distribution of profit and loss			
Retained earnings		(13,867,134)	(4,938,123)
Proposed distribution of profit and loss		(13,867,134)	(4,938,123)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	7	4,910,404	3,366,176
Development projects in progress	7	808,543	0
Intangible assets	6	5,718,947	3,366,176
Investments in group enterprises		6,298	31,517
Receivables from group enterprises		21,817,102	4,123,727
Deposits		264,013	264,013
Financial assets	8	22,087,413	4,419,257
Fixed assets		27,806,360	7,785,433
Trade receivables		6,777,557	6,278,662
Other receivables		876	293,677
Tax receivable		873,884	0
Prepayments		112,062	14,186
Receivables		7,764,379	6,586,525
Cash		2,091,299	3,590,645
Current assets		9,855,678	10,177,170
Assets		37,662,038	17,962,603

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		97,090	82,367
Reserve for development costs		4,460,779	2,625,617
Retained earnings		13,254,643	727,142
Equity		17,812,512	3,435,126
Debt to other credit institutions		7,556,757	0
Convertible and profit-sharing debt instruments		0	6,722,900
Other payables		591,460	132,500
Non-current liabilities other than provisions	9	8,148,217	6,855,400
Trade payables		7,188,931	5,609,943
Other payables	10	4,512,378	2,062,134
Current liabilities other than provisions		11,701,309	7,672,077
Liabilities other than provisions		19,849,526	14,527,477
Equity and liabilities		37,662,038	17,962,603
Unrecognised rental and lease commitments	11		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	82,367	0	2,625,617	727,142	3,435,126
Increase of capital	14,723	28,269,422	0	0	28,284,145
Transferred from share premium	0	(28,269,422)	0	28,269,422	0
Costs related to equity transactions	0	0	0	(39,625)	(39,625)
Transfer to reserves	0	0	1,835,162	(1,835,162)	0
Profit/loss for the year	0	0	0	(13,867,134)	(13,867,134)
Equity end of year	97,090	0	4,460,779	13,254,643	17,812,512

For the purpose of offering incentive pay in the form of share options, the Company's Board of Directors is authorised for the period until 30 September 2023 once or several times to increase the Company's share capital with up to nominally 8,237 shares in total without pre-emption right for the Company's shareholders. The authorisation empowers the Board of Directors to determine the terms for the granted share options, including the exercise price

Notes to parent financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	9,118,702	4,439,847
Pension costs	347,050	207,219
Other social security costs	92,893	61,234
Other staff costs	379,632	171,878
	9,938,277	4,880,178
Staff costs classified as assets	(2,925,528)	(1,540,078)
	7,012,749	3,340,100
Average number of full-time employees	15	10

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	1,619,428	952,946
	1,619,428	952,946

3 Other financial income

	2020 DKK	2019 DKK
Other interest income	1,588	7,695
Exchange rate adjustments	459,675	300,953
	461,263	308,648

4 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	189,969	238,983
Exchange rate adjustments	809,365	388,067
Other financial expenses	60,094	29,398
	1,059,428	656,448

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(873,884)	0
Adjustment concerning previous years	(477,002)	(76,516)
	(1,350,886)	(76,516)

6 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	4,895,881	0
Additions	3,163,656	808,543
Cost end of year	8,059,537	808,543
Amortisation and impairment losses beginning of year	(1,529,705)	0
Amortisation for the year	(1,619,428)	0
Amortisation and impairment losses end of year	(3,149,133)	0
Carrying amount end of year	4,910,404	808,543

7 Development projects

The development projects comprise digital development of a digital market place, which the Company uses in its operations. The platform is used by the Company's customers and employees. The platform is continuously further developed and the projects are continuously completed and put to use, after which amortisation is commenced.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalised costs for development projects in the reserve for development costs under equity.

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	31,518	264,013
Additions	6,298	0
Cost end of year	37,816	264,013
Impairment losses beginning of year	(1)	0
Impairment losses for the year	(31,517)	0
Impairment losses end of year	(31,518)	0
Carrying amount end of year	6,298	264,013

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

9 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Debt to other credit institutions	7,556,757
Other payables	591,460
	8,148,217

As per 31.12.2020 DKK 1,650,191 of the non-current liabilities are due 5 years after the balance sheet date.

10 Other payables

	2020 DKK	2019 DKK
VAT and duties	2,427,397	1,137,788
Wages and salaries, personal income taxes, social security costs, etc. payable	1,182,461	218,834
Holiday pay obligation	338,807	240,890
Other costs payable	563,713	464,622
	4,512,378	2,062,134

11 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	1,291,218	1,801,854

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Basis of consolidation

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

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

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

Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

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

Income statement

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises salaries to freelancers.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment.

Other financial income

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

Impairment of financial assets

Impairment of financial assets comprise impairment of financial assets which are not measured at fair value on a current basis.

Other financial expenses

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

Tax on profit/loss for the year

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

Balance sheet**Intellectual property rights etc.**

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

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

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 4 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

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

Investments in group enterprises

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

Receivables

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

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with development.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs.

Cash and cash equivalents comprise cash.