

Facebook Denmark ApS  
Ny Carlsberg Vej 80, 1799 Copenhagen, Denmark

CVR nr. 39 17 44 99

Annual report for the year ended 31 December 2020

This annual report was presented and adopted at the company's Annual General Meeting on 3/6-2021

A handwritten signature in blue ink, consisting of several overlapping, fluid strokes that form a stylized name.

Chairperson

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## DIRECTORS' REPORT

The Executive Board have today considered and adopted the annual report of Facebook Denmark ApS (the 'company') for the financial year 1 January 2020 - 31 December 2020.


The annual report is prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and additional requirements in the Danish Financial Statements Act. The company has prepared the annual report under the provisions applying to reporting class B with reference to section 78a(1).

In our opinion the financial statements give a true and fair view of the financial position of the company at 31 December 2020 and of the results of the company's operations and cash flows for the financial year.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2021.

### Executive Board



Susan Jennifer Simone Taylor  
Director



David William Kling  
Director

## **INDEPENDENT AUDITOR'S REPORT**

### **Independent auditor's report**

#### **To the shareholders of Facebook Denmark ApS**

#### **Opinion**

We have audited the financial statements of Facebook Denmark ApS for the financial year 1 January – 31 December 2020, which comprise statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement cash flows and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

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

#### **Statement on the Management's review**

Management is responsible for the Management's review.

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

### Independent auditor's report

#### Management's responsibilities for the financial statements

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT

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

### Independent auditor's report


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

Copenhagen, 31 May 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



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Alex Petersen  
State Authorised  
Public Accountant  
mne28604



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Sussi Toft  
State Authorised  
Public Accountant  
mne35830

**FINANCIAL HIGHLIGHTS**  
**For the year ended 31 December 2020**

**The Company** Facebook Denmark ApS  
 Ny Carlsberg Vej 80  
 1799 Copenhagen, Denmark.  
 Company registration Number: 39 17 44 99  
 Financial year: 1 January 2020 to 31 December 2020  
 Incorporated: 19 December 2017  
 Municipality of registered office: Copenhagen

**Executive Board** Susan Jennifer Simone Taylor  
 David William Kling

**Auditors** EY  
 Godkendt Revisionspartnerselskab  
 Dirch Passers Allé 36  
 2000 Frederiksberg.

Financial highlights for the year are disclosed below:

	<b>2020</b>	<b>2019</b>	<b>2018<sup>1</sup></b>
	DKK'000	DKK'000	DKK'000
<b>Profit</b>			
Revenue	69,377	51,611	22,183
Operating profit	29,191	18,040	5,540
Net financial expenses	(6,214)	(623)	(253)
Profit for the period	17,243	13,199	3,875
<b>Balance sheet</b>			
Balance sheet total	398,621	292,987	229,858
Total equity	46,775	26,530	11,771
Average number of employees	14	10	5
<b>Ratios</b>			
Gross margin	98 %	100 %	89 %
Profit margin	42 %	35 %	25 %
Return on assets	7 %	6 %	2 %
Solvency ratio	12 %	9 %	5 %

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<sup>1</sup> For the period ended 19 December 2017 to 31 December 2018.

## MANAGEMENT REVIEW

### Key activity

The principal activity of Facebook Denmark ApS is the provision of sales support and marketing services to the Facebook group and to act as a reseller of advertising services to designated Danish customers.

### Principal risks and uncertainties

The principal risks and uncertainties which the company are confronted with are limited by the arrangements it has in place with group companies. Such arrangements could be impacted in the event of an emergence of competitive products or services, security and privacy breaches, reductions in user engagement and difficulties attracting talent.

Furthermore, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. During the period since and up to the date of this report, the company has continued business operations with limited disruption and has remained engaged in performing its principal activities. The company will continue to monitor and assess the situation but does not expect a material adverse impact on its operations or its ability to continue as a going concern.

Other risks considered by management are outlined in note 22.

### Developments in the year

The statement of profit or loss and other comprehensive income of the company for 2020 shows a profit of DKK17 million and at 31 December 2020 the statement of financial position of the company shows equity of DKK47 million.

At 31 December 2020, current liabilities amounted to DKK350 million and current assets DKK398 million.

The directors have evaluated the relevant conditions and events that are known and reasonably knowable at the date that the financial statements are approved, including the current outbreak of a novel strain of coronavirus (COVID-19) which has continued to spread and cause disruption to businesses. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and that the spread of COVID-19 is not expected to have a material adverse impact on the company's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### Subsequent events

There have been no significant events affecting the company since year end requiring adjustment to or disclosure in the financial statements.

### Outlook for 2021

The company is positioned to expand operations in 2021 and the directors expect the company to be profitable for 2021.



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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2020**

	Notes	2020 DKK'000	2019 DKK'000
<b>Continuing operations</b>			
Revenue	3	69,377	51,611
Cost of sales		(1,654)	(34)
<b>Gross profit</b>		<b>67,723</b>	<b>51,577</b>
Administration expenses	5	(38,532)	(33,537)
<b>Operating profit</b>		<b>29,191</b>	<b>18,040</b>
Finance income	7	5,038	1,837
Finance expenses	8	(11,252)	(2,460)
<b>Profit before tax</b>		<b>22,977</b>	<b>17,417</b>
Income tax expense	9	(5,734)	(4,218)
<b>Profit for the year</b>		<b>17,243</b>	<b>13,199</b>
<b>Total comprehensive income from continuing operations for the year:</b>			
- attributable to owners of the parent		<b>17,243</b>	<b>13,199</b>

There is no comprehensive income or expenses other than those in the statement of profit or loss above and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 12 to 36 form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2020**

	Notes	2020 DKK'000	2019 DKK'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	10	916	—
<b>Current assets</b>			
Trade and other receivables	12	360,663	275,877
Deferred tax assets	14	80	117
Cash and cash equivalents	13	36,962	16,993
<b>Total current assets</b>		<b>397,705</b>	<b>292,987</b>
<b>Total assets</b>		<b>398,621</b>	<b>292,987</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	50	50
Retained earnings	17	46,725	26,480
<b>Total equity</b>		<b>46,775</b>	<b>26,530</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	16	2,012	603
<b>Current liabilities</b>			
Trade and other payables	16	309,655	233,944
Borrowings	15	34,482	27,790
Current income tax liability		5,697	4,120
<b>Total current liabilities</b>		<b>349,834</b>	<b>265,854</b>
<b>Total liabilities</b>		<b>351,846</b>	<b>266,457</b>
<b>Total equity and liabilities</b>		<b>398,621</b>	<b>292,987</b>

The notes on pages 12 to 36 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2020**

Equity attributable to owners of the parent	Share capital DKK'000	Retained earnings DKK'000	Total equity DKK'000
<b>Balance at 1 January 2019</b>	<b>50</b>	<b>11,721</b>	<b>11,771</b>
Profit for the year	—	13,199	13,199
Total comprehensive income for the year	—	13,199	13,199
Share-based payment transactions (note 19)	—	1,560	1,560
<b>Balance at 31 December 2019 and 1 January 2020</b>	<b>50</b>	<b>26,480</b>	<b>26,530</b>
Profit for the year	—	17,243	17,243
Total comprehensive income for the year	—	17,243	17,243
Share-based payment transactions (note 19)	—	3,002	3,002
<b>Balance at 31 December 2020</b>	<b>50</b>	<b>46,725</b>	<b>46,775</b>

The notes on pages 12 to 36 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

### For the year ended 31 December 2020

	Notes	2020 DKK'000	2019 DKK'000
<b>Cash flows from operations</b>			
Profit before tax		22,977	17,417
Adjustments for:			
Depreciation	10	2,712	—
Share-based payment expense	19	3,002	1,560
Finance income	7	(5,038)	(1,837)
Finance expenses	8	11,252	2,460
<b>Operating cash flows before changes in working capital</b>		<b>34,905</b>	<b>19,600</b>
<i>Changes in working capital:</i>			
Increase in trade and other receivables		(84,785)	(82,706)
Increase in trade and other payables		77,119	60,089
Income tax paid		(4,120)	(1,629)
<b>Net cash provided by/(used in) operating activities</b>		<b>23,119</b>	<b>(4,646)</b>
<b>Cash flows from financing activities</b>			
Finance income	7	5,038	1,837
Finance expenses	8	(11,252)	(2,460)
Proceeds/(repayment) of borrowings		3,064	(14,210)
<b>Net cash used in financing activities</b>		<b>(3,150)</b>	<b>(14,833)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>19,969</b>	<b>(19,479)</b>
Cash and cash equivalents at the beginning of the year		16,993	36,472
<b>Cash and cash equivalents at the end of the year</b>	13	<b>36,962</b>	<b>16,993</b>

The notes on pages 12 to 36 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

### 1. General information

The principal activity of Facebook Denmark ApS is the provision of sales support and marketing services to the Facebook group and to act as a reseller of advertising services to designated Danish customers.

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors. The company is a limited company incorporated and domiciled in Denmark. The registered office is located at Ny Carlsberg Vej 80, 1799 Copenhagen, Denmark.

The financial statements of the company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors dated 31 May 2021.

The ultimate holding company and ultimate controlling party is Facebook, Inc., a company incorporated in Wilmington, Delaware, United States of America. The ultimate holding company and controlling party of the smallest and largest group of which the company is a member, and for which consolidated financial statements are drawn up, is Facebook, Inc. The immediate parent company of the company is Facebook Global Holdings II LLC, a company established under the laws of the state of Delaware, USA.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements are presented in Danish Krone ('DKK'). This is also the functional currency of the entity as it is the currency of the primary economic environment in which the entity operates. Unless otherwise stated, the financial statements have been presented in thousands ('000').

The financial statements have been prepared in accordance and comply with IFRS as adopted by the EU issued by the International Accounting Standards Board and the Danish Financial Statements Act.

The financial statements are prepared under the historical cost convention, unless otherwise stated.

#### *Critical accounting estimates and judgements*

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.16.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### *Going concern*

The directors have evaluated the relevant conditions and events that are known and reasonably knowable at the date that the financial statements are approved, including the current outbreak of a novel strain of coronavirus (COVID-19) which has continued to spread and cause disruption to businesses. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and that the spread of COVID-19 is not expected to have a material adverse impact on the company's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing its financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 2. Significant accounting policies - continued

##### *Recent accounting pronouncements*

The following new standards and amendments are effective for the first time for periods beginning on or after 1 January 2020:

Title	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendment to the Definition of a Business (Amendments to IFRS 3)	1 January 2020
Amendment to the Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Amendments related to Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020

New and amended standards and interpretations issued but not yet effective or early adopted:

Title	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2023

The company expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

#### **2.2 Revenue**

The company recognises revenue when control of the promised goods or services are transferred to the customer for an amount that reflects the consideration the company expects to be entitled to in exchange for those goods or services.

We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

Revenue is recognised for the major business activities outlined below.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 2. Significant accounting policies - continued

##### *Advertiser reseller revenue*

The company acts as a reseller of advertising services to designated Danish customers through a reseller agreement with another group company and generates revenues primarily through resale of advertising inventory on Facebook. These revenues consist primarily of advertising revenues generated by displaying ad products on Facebook, Instagram, Messenger, and third-party affiliated websites or mobile applications. The company reports advertising reseller revenue net of associated direct cost of sales.

Advertiser reseller revenue comprises revenue from the display of impression-based ads in the contracted period in which the impressions are delivered. Impressions are considered delivered when an ad is displayed to a user. The company recognises revenue from the delivery of action-based ads in the period in which a user takes the action the marketer contracted for.

##### *Services*

The company generates revenue through service agreements with another group company for the provision of contract sales support and marketing services to the Facebook group. The company applies an output method, based on underlying financial results as agreed between parties, which is considered to faithfully depict the transfer of control to the customer.

The service fee charged is based on the level of expenses incurred by the company in the performance of services. Where the transaction price contains variable consideration, the company uses the most likely amount method in estimating revenue. These estimates are not constrained, as the company assesses that it is highly probable that a significant reversal of revenue will not occur.

The company has elected to use the practical expedient under IFRS 15, and does not adjust the amount of promised consideration for the effects of a significant financing component, as the company expects that the period between the transfer of the service and receipt of payment will be one year or less. The company recognises revenue when control of services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those services.

#### 2.3 Employee benefits

##### *Short-term employee benefits*

Short-term employee benefits, including wages and salaries, are recognised as an expense in the financial year in which the employees render the related service.

##### *Pensions*

The company operates a defined contribution plan for certain employees. Contributions by the company to a defined contribution pension scheme are recognised as an employee benefit expense as service is received from employees. Once contributions have been paid, the company has no further obligations.

#### 2.4 Leases

At the inception of a contract, the company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 2. Significant accounting policies - continued

The company has elected to apply the recognition exemptions for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. The company has also elected to apply the practical expedient to combine its lease and related non-lease components on an ongoing basis to all of its underlying classes of assets, to the extent those non-lease components are fixed and service the underlying leased asset. In addition, the company has elected the practical expedient to apply a portfolio approach to certain equipment leases with similar characteristics where it is reasonably expected the effects on the financial statements would not differ materially from application to the individual leases within that portfolio.

Right-of-use assets and lease liabilities are recognised at the lease commencement date. At commencement date, the lease liability is equal to the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. At commencement date, the right-of-use asset is equal to the amount of the initial lease liability and the total amount of initial direct costs or lease payments made at or prior to commencement, less any lease incentives received.

Lease payments include fixed payments, including in-substance fixed payments, less any:

- lease incentives received;
- variable lease payments that depend on an index or rate;
- amounts expected to be paid or payable under residual value guarantees;
- the exercise price of a purchase option when the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate.

Lease payments will also include estimates of the following costs if, as a sole result of the lease agreement commencing, the company is required to dismantle or remove an underlying asset, restore the site on which it is located on, or restore the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Other costs incurred as a result of improvements made or installation of assets performed by the company that are subject to restoration obligations in the lease, will be accounted for as part of the cost of those assets in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'.

The lease liability is measured at amortised cost using the effective interest method. Right-of-use assets are depreciated over the lesser of the end of the useful life of the asset or the lease term, applying the straight-line method. The lease term includes periods covered by an option to extend if the company is reasonably certain to exercise that option, and includes periods covered by an option to terminate if the company is reasonably certain not to exercise that option. When determining the probability of exercising such options, contract-based, asset-based, entity-based, and market-based factors are considered.

The carrying amount of the lease liability is remeasured to reflect reassessment or lease modification if there is a change to the future lease payments, a change to the lease term, or a change to the assessment of an option to purchase the underlying asset, extend a lease, or terminate a lease. A corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

### 2. Significant accounting policies - continued

Incremental borrowing rate is defined as the rate of interest that lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. To determine the incremental borrowing rate, the company considers its parent company's centralised treasury function, guarantees, credit risk profile, lack of publicly issued debt, and positive cash flow, in combination with the specific currency and interest rate environment of the company.

The company's lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes, and other. Variable lease costs are expensed as incurred in the statement of comprehensive income. The company's lease agreements do not contain any residual value guarantees or restrictive covenants.

### 2.5 Foreign currencies

#### *Functional and presentational currency*

The company's functional and presentational currency is DKK.

#### *Transactions and balances*

Monetary assets and liabilities denominated in foreign currencies are translated into DKK at rates of exchange ruling at the statement of financial position date.

Transactions in foreign currencies are translated into DKK at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

### 2.6 Income tax

Income tax on the statement of profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current and deferred tax are measured according to the tax rates and regulations enacted as per the statement of financial position date.

Underpayment/overpayment of income tax is presented as part of 'Income tax expense' in the statement of profit or loss.

#### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income for the year and any adjustment to tax payables or receivables in respect of previous years.

The company shall offset current tax assets and current tax liabilities if the company has a legally enforceable right to settle the current tax assets and liabilities, the current tax assets and liabilities relate to income taxes levied by the same taxation authority, and the company intends to either settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 2. Significant accounting policies - continued

##### *Deferred tax*

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced when it is probable that sufficient taxable profit will not be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The company shall offset deferred tax assets and deferred tax liabilities if the company has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current or deferred tax assets and liabilities are not discounted.

#### 2.7 Cash and cash equivalents

Cash and cash equivalents include cash balances on hand, held for the purpose of meeting short-term cash commitments, and bank deposits. Cash at bank and bank deposits earn interest at floating rates based on daily deposit bank rates. Bank deposits are made for varying periods depending on the immediate cash requirements of the company and earn interest at the respective deposit interest rates.

#### 2.8

#### Tangible

#### assets

Tangible assets, which include right-of-use assets, are initially recognised at cost and subsequently stated at cost less depreciation and any accumulated impairment losses (if any). Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value. The cost of tangible assets include expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The cost of servicing of tangible fixed assets is charged to the statement of comprehensive income during the financial period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 2. Significant accounting policies - continued

Each part of an item of tangible assets with a cost that is significant in relation to the total cost of the item, and which have different useful lives, are depreciated separately.

Depreciation on assets is charged using the straight-line method so as to allocate the cost of assets less their residual value over their estimated useful lives, or as it relates to right-of-use assets, the remaining lease term if shorter. Assets under construction are not depreciated until such time as the assets are ready for their intended use. The estimated useful lives are as follows:

	Estimated useful life
Buildings - right-of-use asset	1-2 years

Depreciation is charged to administration expenses in the statement of comprehensive income.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if there is an indication of a significant change since the last end of reporting date.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of tangible assets, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Some items of tangible assets that are considered immaterial are expensed in full in the month of acquisition.

#### 2.9 Impairment of non-financial and financial assets measured at cost

An impairment loss is recognised in the statement of comprehensive income.

##### *Impairment of non-financial assets*

Non-financial assets are reviewed for impairment at the end of each reporting period or 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. Fair value less costs of disposal is determined by the amount that would be received to sell an asset in an orderly transaction between market participants. For the purposes of determining value in use, cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An assessment is made at each reporting date as to whether there is any indication that an impairment recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment was recognised. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any depreciation/amortisation, if no impairment in value had been recognised. Reversals of impairment in value are recognised in profit or loss. After such a reversal, the depreciation/amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

### 2. Significant accounting policies - continued

#### *Impairment of financial assets*

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### 2.10 Share capital

Called up shares are classified as equity.

#### 2.11 Financial instruments

##### (a) Financial assets

##### *Classification*

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial instrument and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortised cost its contractual cash flows should be 'solely payments of principal and interest' ('SPPI') on the principal amount outstanding and the financial assets should be held under a business model where cash flows result from collecting contractual cash flows. Financial assets which are debt instruments are measured at fair value through other comprehensive income where the contractual cash flows are SPPI and the assets are managed under a business model where cash flows result from both collecting contractual cash flows and selling the financial assets.

For instruments measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The company reclassifies debt instruments when, and only when, its business model for managing those assets changes.

##### *Recognition, measurement and derecognition*

Financial assets are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ('FVTPL'), directly attributable transaction costs. A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, except for those subsequently measured at fair value through other comprehensive income ('FVTOCI'), the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

### 2. Significant accounting policies - continued

For derecognition of financial assets measured at FVTOCI, any cumulative gain or loss is recognised in other comprehensive income. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All the company's debt instruments are measured at amortised cost as the assets are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest.

The company's debt instruments consist of the following:

- Loans and receivables owed from related parties
- Trade and other receivables
- Cash and cash equivalents

#### *Impairment*

For trade receivables, including intercompany trade receivables, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The company uses judgement in making assumptions around the risk of default and expected loss rates, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For loans owed from related parties, the company applies the general approach to providing for expected credit losses, as prescribed by IFRS 9. The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12 months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since initial recognition, in which case lifetime expected credit losses should be recorded.

Management consider amounts due from related parties to have 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term.

#### (b) Financial liabilities

Financial liabilities at amortised cost include borrowings and trade and other payables. These financial instruments are initially measured at fair value, net of any transaction costs in the case of borrowings, and subsequently measured at amortised cost using the effective interest rate.

Borrowings are classified as current liabilities (payables due within one year), unless the company has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

Financial liabilities are derecognised when the company's obligations specified in the contract expire, are discharged or cancelled. Interest expense is recognised using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 2. Significant accounting policies - continued

##### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 2.12 Trade and other receivables

Amounts owed by parent and fellow subsidiary undertakings, trade receivables and other receivables are measured initially at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method, less any impairment.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as amounts due after more than one year, within current assets.

The carrying amount of all trade and other receivables at the statement of financial position date approximate their fair values.

#### 2.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables also comprise accrued expenses, deferred revenue and various taxes payable. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as payables - amounts falling due after more than one year.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

The carrying amount of all trade and other payables at the statement of financial position date approximate their fair values.

#### 2.14 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, unless the impact of discounting is immaterial. The increase in the provision due to passage of time is recognised as interest expense.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provisions are reversed.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **For the year ended 31 December 2020**

#### **2. Significant accounting policies - continued**

##### **2.15 Share-based payments**

Facebook, Inc. operates a share-based compensation plan. Employees of the company receive remuneration in the form of equity instruments (restricted stock units ('RSUs')) of its ultimate holding company as consideration for services rendered.

The fair value of the employee services received in exchange for the grant of the RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the RSUs granted.

Non-market performance and service conditions are included in assumptions about the number of RSUs that are expected to vest. 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 reporting period, the ultimate holding company revises its estimates of the number of RSUs that are expected to vest based on the non-market vesting conditions. The company recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income.

When the RSUs are exercised, the ultimate holding company issues new shares. The grant of equity instruments by the ultimate holding company to the employees of the company is treated as equity-settled, with a corresponding increase in equity as a contribution from the ultimate holding company.

##### **2.16 Critical accounting estimates and assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

###### *Taxation*

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on deductible temporary differences where it is probable that there will be taxable income against which these can be offset. See note 9 for further details.

##### **2.17 Related party transactions**

The company enters into transactions with related parties in the normal course of business. The significant transactions and balances as year-end are presented in note 18.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 2. Significant accounting policies - continued

##### 2.18 Financial highlights

Explanation of financial ratios:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Operating profit} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Total equity} \times 100}{\text{Total assets}}$

#### 3. Revenue

Revenue is the value of the principal services supplied by the company, net of value added tax. The principal services are disclosed in note 2.2.

All revenue recognised relates to revenue from contracts with customers.

	2020	2019
	DKK'000	DKK'000
Advertising reseller revenue	51,884	37,941
Sales support and marketing services revenue	17,493	13,670
<b>Total revenue</b>	<b>69,377</b>	<b>51,611</b>

As detailed in note 2.2, the company reports advertising reseller revenue and associated direct cost of sales for reseller activity on a net basis. The table below provides a reconciliation between gross amounts from advertisers and others with the advertising reseller and other revenue reported:

	2020	2019
	DKK'000	DKK'000
Gross amounts from advertisers and others	936,314	666,596
Cost of sales - reseller expense	(866,937)	(614,985)
<b>Advertising reseller and other revenue</b>	<b>69,377</b>	<b>51,611</b>



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 4. Employees and directors

	2020	2019
	DKK'000	DKK'000
<b>Employee benefits:</b>		
Wages and salaries	22,690	15,794
Pension costs	1,414	1,731
Other social security costs	11	11
Share-based payment (note 19)	3,002	1,560
Total employee benefits expenses	27,117	19,096

	2020	2019
The average number of employees of the company (including directors) during the year was as follows:	14	10

The directors of the company, during the current and previous year, were also senior executives of, and were remunerated by other Facebook entities and received no remuneration for services to this company.

#### 5. Operating profit

	2020	2019
	DKK'000	DKK'000
<b>Expenses by nature</b>		
The profit on ordinary activities before taxation is arrived at after charging:		
Employee benefits (note 4)	27,117	19,096
Depreciation of tangible assets	2,712	—
Rental expense	283	2,444
Donations	561	500
Auditor's remuneration (note 6)	219	475
Bad Debt	19	(802)
Professional fees	4,388	4,485
Marketing costs	939	1,561
Travelling, accommodation and entertainment	809	1,134
Other administration expenses	1,485	4,644
Total	38,532	33,537

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 6. Auditor's remuneration

	2020 DKK'000	2019 DKK'000
During the year the company obtained the following services from its auditor:		
Audit of entity financial statements	219	475

Fees paid to the company's statutory auditors, Ernst & Young, in respect of the financial year, relate to statutory audit and other assurance services provided to the company.

#### 7. Finance income

	2020 DKK'000	2019 DKK'000
Foreign exchange gains	5,038	1,837

#### 8. Finance expenses

	2020 DKK'000	2019 DKK'000
Bank interest expense	541	404
Interest expense relating to lease liabilities (note 11)	6	—
Foreign exchange loss	10,705	2,056
Total finance expenses	11,252	2,460

#### 9. Income tax expense

	2020 DKK'000	2019 DKK'000
Tax expense included in profit or loss		
<i>Current tax:</i>		
Corporation tax on profit on ordinary activities	5,697	4,119
Current tax charge for the financial year	5,697	4,119
<i>Deferred tax:</i>		
Deferred tax charge	37	99
Total income tax expense	5,734	4,218

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 9. Income tax expense - continued

<b>Reconciliation of the expected tax charge at the statutory tax rate to the actual tax charge at the effective rate</b>	2020 DKK'000	2019 DKK'000
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The assessed tax charge for the year is different to the rate of corporation tax in Denmark (22%). The differences are explained below.

Profit on ordinary activities before tax	22,977	17,417
Profit on ordinary activities multiplied by rate of corporation tax in Denmark:	5,055	3,832

*Effects of:*

Expenses not deductible for tax purposes	679	386
Income tax expense recognised in profit or loss	<u>5,734</u>	<u>4,218</u>

#### 10. Tangible assets

	Buildings DKK'000	Total DKK'000
<b>At 31 December 2020</b>		
<b>Cost</b>		
At 1 January 2020	—	—
Additions	3,628	3,628
At 31 December 2020	<u>3,628</u>	<u>3,628</u>
<b>Depreciation</b>		
At 1 January 2020	—	—
Charge for the year	2,712	2,712
At 31 December 2020	<u>2,712</u>	<u>2,712</u>
<b>Net book values</b>		
At 31 December 2020	<u>916</u>	<u>916</u>
At 31 December 2019	<u>—</u>	<u>—</u>

Right-of-use assets amounting to DKK0.92 million (2019: NIL) are included within tangible assets. See note 11 for further detail.

#### 11. Leases

The company has entered into various non-cancelable lease agreements for a certain number of our buildings. These leases have lease periods expiring between 2020 and 2021. Certain leases include one or more options to renew. The company does not include renewals in the determination of the lease term unless the renewals are deemed to be reasonably certain. Information presented below should be considered in conjunction with notes 2.4.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 11. Leases - continued

##### Right-of-use assets

	Building DKK'000	Total DKK'000
<b>Right-of-use assets</b>		
Depreciation - 2019 charge	—	—
<b>At 31 December 2019</b>	<u>—</u>	<u>—</u>
Depreciation - 2020 charge	(2,712)	(2,712)
<b>At 31 December 2020</b>	<b>916</b>	<b>916</b>

Right-of-use assets are included within 'Tangible assets' in the statement of financial position.

Additions to the right-of-use assets during 2020 were DKK3.63 million (2019: nil).

##### Lease liabilities

The following is an analysis of lease liabilities 31 December 2020, by relevant maturity groupings based on contractual maturities.

	2020 DKK'000	2019 DKK'000
<b>Lease liabilities</b>		
Not later than 1 year	857	—
<b>Total undiscounted lease liabilities</b>	<u>857</u>	<u>—</u>
Less imputed interest	—	—
<b>Lease liabilities as at 31 December</b>	<u>857</u>	<u>—</u>
Of which are:		
Current	857	—
Non-current	—	—

Current and non-current lease liabilities are included within 'Borrowings' in the statement of financial position. The following amounts related to leases were recognised in the statement of comprehensive income:

	2020 DKK'000	2019 DKK'000
Interest expense	6	—
Short-term lease expense	—	3
Variable lease expense	25	—

Total cash outflows in relation to leases in 2020 were DKK2.80 million (2019: DKK2,812).

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 12. Trade and other receivables

	2020	2019
	DKK'000	DKK'000
<b>Current assets</b>		
Trade receivables	206,758	159,660
Amounts owed by parent and subsidiary undertakings	153,295	115,502
Other receivables	—	505
Prepayments	610	210
Total current assets - trade and other receivables	<u>360,663</u>	<u>275,877</u>

Amounts owed by group subsidiary undertakings are analysed as:

Trade receivables	153,295	115,502
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Trade receivables are non-interest bearing and repayable on demand.

#### 13. Cash and cash equivalents

	2020	2019
	DKK'000	DKK'000
Cash at bank and in hand	<u>36,962</u>	<u>16,993</u>

Cash and cash equivalents are held with banks and financial institution counterparties which are rated investment grade by external credit rating agencies and are considered to have low credit risk. The maximum maturity of cash and cash equivalents is three months. Cash at bank earns interest at floating rates based on daily deposit rates.

#### 14. Deferred tax

	2020	2019
	DKK'000	DKK'000
Deferred tax assets (deductible temporary differences):		
Property, plant and equipment	73	115
Provisions	7	2
Total	<u>80</u>	<u>117</u>

Movement in deferred tax assets during the year were as follows:

At 31 December 2019	117
Profit or loss	(37)
Equity	—
At 31 December 2020	<u>80</u>

The deferred tax asset of DKK0.08 million (2019: DKK0.12 million) has been recognised on the basis it is probable there will be sufficient future taxable profits against which the deductible temporary differences can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 15. Borrowings

	2020	2019
	DKK'000	DKK'000
<b>Current</b>		
Bank overdrafts	33,625	27,790
Lease liabilities	857	—
Total current liabilities – borrowings	34,482	27,790

##### *Bank overdrafts*

The company, together with other legal entities in the Facebook group, is a member of a multi-currency notional cash pooling arrangement (the arrangement) with a third-party bank provider. Actual cash balances are not physically converted and are not commingled between participating legal entities. As part of the notional cash pool agreement, the bank extends overdraft credit to participating entities as needed, provided that the overall notionally pooled balance of all accounts in the pool at the end of each day is at least zero.

As at 31 December 2020, the overall notionally pooled balance of all accounts in the pool was in a surplus (2019: surplus).

The terms of the bank overdraft are as follows:

- Repayment period: Repayable on demand
- Interest rate: Determined day-to-day by the bank, based on overnight interbank/swap rates.  
The closing interest rate on 31 December 2020 for DKK balances was 0.0% (2019: 0.0%).

The company is a beneficiary of a guarantee given by Facebook, Inc. under the arrangement to guarantee the amounts owed to the third party-bank provider. In addition, as part of the arrangement, other Facebook legal entities that are party to the cash pool arrangement have pledged cash held under the arrangement as security in respect of the obligations of the company.

##### *Lease liabilities*

See note 11 for further detail relating to lease liabilities.

#### 16. Trade and other payables

	2020	2019
	DKK'000	DKK'000
<b>(a) Current liabilities:</b>		
Trade payables	633	416
Amounts owed to parent and fellow subsidiary undertakings	279,205	209,781
VAT payable	26,137	18,128
Other payables including tax and social insurance	—	2
Deferred revenue	269	53
A-Tax	—	669
Accruals	3,411	4,895
Total current liabilities – trade and other payables	309,655	233,944

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 16. Trade and other payables - continued

	2020	2019
	DKK'000	DKK'000
<b>(b) Non-current liabilities:</b>		
Other payables	2,012	603

Other payables relates to the accrued holiday allowance under the new Danish Holiday Act, which is presented as long-term payables at 31 December 2020. All 16 persons employed by the company at year end, are expected to retire in more than 5 years and therefore expected maturity of the debt is greater than 5 years.

#### 17. Share capital

	2020	2019
	DKK'000	DKK'000
<b>Authorised equity</b>		
50,000 ordinary shares of DKK1 each	50	50
<b>Ordinary shares issued and fully paid</b>		
50,000 ordinary shares of DKK1 each	50	50

#### Share capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

All shares carry equal voting rights. All shares issued are fully paid. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

#### Retained earnings

Retained earnings represents accumulated comprehensive income for the financial period plus transfers in relation to reduction of share capital less dividends paid.

#### 18. Related party transactions

The company has a related party relationship with its intermediate parent, ultimate parent company, and other related group companies. Related party transactions entered into by the company are contracted in the normal course of operations at an arm's length basis.

The following were the significant related party transactions based on terms as agreed between parties during the financial year:

#### (a) Transactions with related parties

	2020	2019
	DKK'000	DKK'000
<i>Sales of services:</i>		
Associated companies	17,493	13,670

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 18. Related party transactions - continued

Sales of services are transacted with the company's other related entities in accordance with sales support and marketing services agreements.

	2020	2019
	DKK'000	DKK'000
<i>Purchases of services:</i>		
Associated companies (advertising inventory)	866,937	614,985

The company pays for advertising inventory to other related parties in accordance with an advertising reseller agreement. 'Advertising inventory' shall mean the advertising or other content inventory available for display through the Facebook Online Platform, including, but not limited to, audio spots and videos.

#### (b) Year end balances arising from sales/purchases of services:

	2020	2019
	DKK'000	DKK'000
<i>Amounts due from related parties (note 12):</i>		
Associated companies	153,295	115,502
<i>Amounts due to related parties (note 16):</i>		
Associated companies	279,205	209,781

The amounts due from related parties arise mainly from sale transactions and are settled in accordance with intercompany agreements. In relation to amounts due from related parties, no loss provisions have been made at the reporting date (2019: none), and no expense has been recognised during the period in respect of loss provisions (2019: none).

The payables to related parties arise mainly from purchase transactions and are settled in accordance with intercompany agreements. The payables bear no interest.

#### 19. Share-based payment

At 31 December 2020 Facebook, Inc. had one active stock-based employee compensation plan (the 2012 Equity Incentive Plan ('the Plan')) under which new awards may be granted. Awards may include incentive share options, non-statutory share options, share purchase rights or restricted ordinary shares. The company has granted only RSUs to employees of Facebook Denmark ApS. RSUs may be settled in cash or equity however the company intends to equity settle all RSUs. The vesting condition of the RSUs is that the employees must remain in employment until the initial vesting event.

The Plan permits the grant of RSUs over ordinary shares (class B common stock) in Facebook, Inc. The per-share exercise price of RSUs granted is generally nil.

The fair value of each RSU is estimated on the date of grant as the share price at the date of grant.

RSUs are granted to employees under the Plan upon hire or based on performance criteria established by management. RSUs are independent of ordinary share options and are subject to forfeiture if employment terminates prior to the release of the restrictions.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 19. Share-based payment - continued

During the vesting period, ownership of the shares cannot be transferred. Once shares are issued pursuant to the terms of an RSU agreement, these shares have the same dividend and voting rights as other ordinary shares.

The weighted average share price during the year for RSUs settled was DKK1,535.93 (US\$234.40), (2019: DKK1,210.79 (US\$181.64)).

The total charge for the year relating to employee share-based payment plans was DKK3.00 million (US\$0.45 million), (2019: DKK1.56 million (US\$0.24 million)).

The fair value of RSUs granted in the year was DKK1,112.24 (US\$165.54) (2019: DKK1,226.53 (US\$184.02)).

	2020	2019
	RSUs	RSUs
	Number	Number
A reconciliation of movements in the number of RSUs outstanding are as follows:		
Outstanding at 1 January	4,631	2,017
Granted	1,684	3,581
Movements*	—	749
Settled	(1,938)	(1,117)
Forfeited	—	(599)
Outstanding at 31 December	4,377	4,631

*\*This accounts for the net change in outstanding awards due to employee transfers across territories.*

#### 20. Contingencies and commitments

##### Contingencies and guarantees

The Danish group (the 'Group') companies are jointly and severally liable for tax on the Group's jointly taxed income. Cassin Networks ApS is the administration company of the joint taxation. The Group companies are also jointly and severally liable for Danish withholding tax on dividend, royalties and interest.

There were no other material contingent liabilities requiring disclosure as at 31 December 2020.

#### 21. Controlling parties

At 31 December 2020, the company is a wholly-owned subsidiary of Facebook Global Holdings II LLC, a company incorporated in the state of Delaware, USA, its registered office being 251 Little Falls Drive, Wilmington, New Castle, DE, 19808.

The company's ultimate parent undertaking is Facebook, Inc., a company registered in Delaware, USA. Facebook, Inc. prepares consolidated financial statements which are publicly available at <http://investor.fb.com>.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 22. Financial risk management

The company maintains positions in a variety of non-derivative financial instruments. The company's activities expose it to various types of risk that are associated with the financial instruments and markets in which it operates. The most important types of financial risk to which the company is exposed are market risk, credit risk and liquidity risk.

The following sections provide details regarding the company's exposure to the above-mentioned financial risk and objectives, policies and processes for the management of these risks. There have been no changes to the management of these risks from prior year.

##### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, price risk and interest rate risk.

###### (i) Currency risk

Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the company's functional currency. The company has limited exposure to foreign exchange risk.

The company holds no significant balances denominated in currencies other than the company's functional currency as at the reporting date and has partaken in minimal foreign currency transactions during the year. Therefore, as at the reporting date, any exposure to foreign currency risk was deemed to not have a material effect on the financial statements. The carrying amounts of the company's financial assets and liabilities are all denominated in the company's functional currency.

###### (ii) Price risk

The company holds no quoted investments and is therefore not exposed to equity securities price risk.

###### (iii) Interest rate risk

Interest rate risk is the risk that the fair value of the company's financial instruments will fluctuate due to changes in market interest rates. Cash at bank earns interest at floating rates based on daily bank deposit rates. The company's exposure to interest-rate risk arises from its bank overdraft. As a result, the company does not face significant exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates therefore management does not consider this to be a risk to the company.

##### b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company. The board of directors has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the reporting date, the company's financial assets exposed to credit risk amounted to the following:

	2020	2019
	DKK'000	DKK'000
Cash and cash equivalents	36,962	16,993
Amounts due from related parties	153,295	115,502
Trade receivables – external	206,758	160,165
Total	397,015	292,660

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

### 22. Financial risk management - continued

#### Cash and cash equivalents

Substantially, all of the cash of the company is held with Citibank. Bankruptcy or insolvency by this bank may cause the company's rights with respect to the cash held to be delayed or limited. The company selected Citibank as a banking partner on the basis of it being a reputable financial institution with a low risk of bankruptcy and insolvency. The expected credit loss on cash and cash equivalents at 31 December 2020 was not material.

#### Amounts owed by group undertakings

For amounts owed by group undertakings, the company applies the general approach to providing for expected credit losses prescribed by IFRS 9. The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12 months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since initial recognition, in which case lifetime expected credit losses should be recorded. Management consider amounts due from related parties to have 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term.

The company uses judgement in making assumptions around the risk of default and expected loss rates, based on the company's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

As at the end of the current and prior periods, the allowance for impairment on amounts due from related parties was not deemed to be material to the financial statements, and all of the above assets were deemed to have low credit risk at the reporting date.

#### Trade receivables

Trade receivable are derived from revenues earned from customers. The risk with respect to accounts receivable is partially mitigated by ongoing credit evaluations. The company performs ongoing credit evaluations of its customers to determine credit worthiness. Credit lines are granted and approved in accordance with company policy and an approved authority matrix.

IFRS 9 Financial Instruments includes the requirements for calculating provisions for impairment of financial assets. Default from trade receivables is not considered a significant risk for the company, as the company has historically not experienced instances of material bad debt write-offs.

The company determines the appropriate level of provisioning required based on historical experience of receivables that subsequently default on payment during the life cycle of trade receivables. This provision is based on historical experience of the previous 3 months.

The company also incorporates forward looking information into the calculation of provisions where such information indicates that further default beyond that anticipated by management could arise, due to wider macro-economic factors.

In addition to these receivables, separate provisions are created for those receivables that are subject to bankruptcy or where a specific reserve outside of the above provision process is deemed necessary.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2020

#### 22. Financial risk management - continued

The following table presents the age profile and the maximum credit exposure (total gross amount receivable) relating to assets included on the company's statement of financial position at 31 December 2020:

	Year ended 31 December 2020		
	Gross amount receivable	Loss allowance	Net amount receivable
	DKK'000	DKK'000	DKK'000
Not past due	119,914	(31)	119,883
Past due < 30 days	80,534	—	80,534
Past due > 30 days	6,332	—	6,332
Past due > 90 days	1	—	1
<b>Total</b>	<b>206,781</b>	<b>(31)</b>	<b>206,750</b>

	Year ended 31 December 2019		
	Gross amount receivable	Loss allowance	Net amount receivable
	DKK'000	DKK'000	DKK'000
Not past due	157,719	(8)	157,711
Past due < 30 days	2,255	(1)	2,254
Past due > 30 days	85	—	85
Past due > 90 days	(258)	—	(258)
<b>Total</b>	<b>159,801</b>	<b>(9)</b>	<b>159,792</b>

#### Other receivables

As at the end of the current and prior reporting dates, the provision for impairment on other receivables was not deemed to be material to the financial statements, with the carrying amount in the statement of financial position reflecting the maximum exposure to credit risk.

The company uses judgement in making assumptions around the risk of default and expected loss rates, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Other receivables are considered to be low risk when they have a low risk of default and the issuer has strong capacity to meet its contractual cash flow obligations in the near term.

#### **c) Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds. The company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The company's objective is to ensure sufficient funds are available to meet its obligations as they fall due. The company's trade and other payables as well as borrowings as at 31 December 2020 are payable in less than three months.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**23. Subsequent events**

There have been no significant events affecting the company since year end requiring adjustment to or disclosure in the financial statements.

**24. Approval of financial statements**

The financial statements were approved and authorised for issue by the directors on 31 May 2021