MapsPeople A/S

Stigsborgvej 60

9400 Nørresundby

Business Registration No. 84 05 95 28

Annual Report 2020

The Annual General Meeting adopted the Annual Report on / 2021

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Chairman of the General Meeting

Content page

Company information	1
Statement by Management	2
Independent auditor’s report	3
Management Commentary	6
Consolidated Financial Statements	11
Parent Company Financial Statements	50

Company information

The Company

MapsPeople A/S
Stigsborgvej 60
DK-9400 Nørresundby

Business Registration No.: 84 05 95 28
Registered office: Nørresundby

Date of incorporation: 20.04.1978
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Lars Henning Brammer, Chairman
Michael Gram
Lars Rønn
Christian Samsø Dohn
Rasmus Mencke

Executive Board

Michael Gram, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Lead Client Service Partner: Mads Fauerskov

Statement by Management

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

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

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

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

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

Nørresundby, 20 March 2021

Executive Board

Michael Gram
CEO

Board of Directors

Lars Henning Brammer
Chairman

Michael Gram

Christian Samsø Dohn

Lars Rønn

Rasmus Mencke

Independent auditor's report

To the shareholders of MapsPeople A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MapsPeople A/S for the financial year 1 January to 31 December 2020, which comprise the statement of profit or loss, statement of financial position, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as the statement of comprehensive income and cash flow statement for the Group ("financial statements").

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the 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.

Statement on the Management Commentary

Management is responsible for the Management Commentary.

Our opinion on the 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 financial statements, our responsibility is to read the Management Commentary and, in doing so, consider whether the Management Commentary 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 Commentary provides the information required under the Danish Financials Statements Act.

Independent auditor's report

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

Management's responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

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

Auditor's responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

Independent auditor's report

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

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

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

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

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

Aarhus, 20 March 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Mads Fauerskov	**Jens Lauridsen**
State-Authorised Public Accountant	State-Authorised Public Accountant
MNE-no. mne35428	MNE-no. mne34323

Management Commentary

Key financial figures and ratios

DKK'000	**2020**	**2019**
Statement of profit or loss		
Revenue	25,000	20,001
Gross profit	24,559	21,831
Gross profit margin	98.2%	109.2%
EBITDA	(9,582)	(14,572)
Operation profit/(loss)	(12,095)	(16,570)
Net financials	(3,779)	(3,619)
Profit/loss before tax	(15,874)	(20,189)
Net profit for the year	(13,237)	(17,752)
Statement of financial position		
Investments in property, plant and equipment	758	603
Total assets	70,965	48,339
Equity	1,249	(26,698)
Software as a Service (SaaS)		
Annual Recurring Revenue (ARR)[1]	32.534	24.035

Since there were no consolidated financial statements for the MapsPeople Group prepared prior to these IFRS financial statements there no financial figures from before 2019 are disclosed.

[1] Annual Recurring Revenue (ARR), i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period. The amount is contracted ARR, and cannot be directly compared to the revenue.

Management Commentary

Primary activities

MapsPeople is a subscription-based SaaS (Software as a Service) company with two primary revenue streams:

- MapsIndoors is a proprietary generic platform for the global market, while
- Google Maps is primarily aimed at the northern European market based on a Premier Partnership with Google.

MapsIndoors

MapsIndoors is a market-leading indoor mapping platform helping employees find a desk or colleague in large corporate offices, assisting guests navigate to their seats at stadiums, displaying vacant parking lots, or avoiding long queues. With the MapsIndoors platform, employee productivity is improved, fan experience reaches new levels, and passengers do not miss flights or trains.

The MapsIndoors platform can easily be integrated into existing apps, and the solution is primarily built on Google Maps, making the transition from outdoor to indoor completely seamless.

MapsIndoors is more than just an indoor mapping platform. MapsIndoors has all the necessary interfaces for deep integration with internal and external live data sources and with the use of AI, deep learning, and data visualization, the platform is a key element in the user's daily tools.

Since the launch of MapsIndoors, the indoor mapping platform has attracted some of the most well-known global brands, and today, MapsIndoors has become a market leading indoor mapping platform. The MapsIndoors platform has delivered growth rates of ~100% throughout the last three years and makes up more than 50% of MapsPeople's total ARR (Annual Recurring Revenue). The ARR is distributed equally between Europe and the US and covers more than 200 end-customers.

Google Maps

As a Google Premier Partner, MapsPeople provides Google Maps licenses and services for companies wishing to integrate Google Maps in their own products, websites, apps or business systems, and our sales force supports customers in benefiting most from their Google Maps setup.

MapsPeople is the only Google Maps Premier Partner in the Nordics and has more than ten years of experience as a Google Partner and a customer base of more than 230 customers. The increased demand for digital mapping and use of smartphones has resulted in an ever-increasing demand for Google Maps services.

Growth

Both MapsIndoors and Google Maps are standard SaaS with recurring revenue based on usually 12 months subscription. Both business areas are characterized by high growth in ARR and low churn rates. MapsPeople is investing in continued high growth rates to expand its position, with Investments focused on market development, development of the partner-based sales channels and development of the MapsIndoors platform.

Management Commentary

MapsPeople is headquartered in Nørresundby and with a sales office in Copenhagen, serving all customers in EMEA and Asia. The subsidiary MapsPeople Inc. is located in Austin, Texas since 2018 and serves primarily the North American market.

Financial insight

As a SaaS company we measure the growth as growth in ARR. In a difficult year of 2020 we managed to improve total committed ARR with DKK 8.5 million equal to 35% in committed ARR growth (2019: 47%), which lead to a revenue growth of 25,0%

The growth in committed ARR is detailed in the table below:

Committed ARR	**2020**	**2019**
MapsIndoors	89%	122%
Google Maps	7%	37%
Other Subscriptions	-6%	-8%
Growth in committed ARR	**35%**	**47%**

The future investments in MapsIndoors expects to increase the growth in committed ARR. This will secure future growth in total recognised revenue.

In 2016 and 2017 MapsPeople tested the market in regard to “partner based growth” and at the end 2017 MapsPeople made a strategic decision to target Partners collaborations. The cost of acquiring a new partner is higher compared to a single customer, but when the Partner is onboarded, the new customers they bring to the MapsIndoors Platform have a limited acquisition cost.

By this strategic investment in partnering we see the positive impact in 2020, where 70% of new committed ARR in 2020 originates from our partner channel, resulting in 55% of total committed ARR was partner based at the end of 2020.

The US market was hit by Covid-19 from the end of Q1 2020, but in EMEA we reached our revised forecasts. 2020 was in general a year with high investments and continued high growth.

Due to Covid-19 the financial results in 2020 were below the expectations, but with immediate actions from Management, the financial results for the year were satisfactory. The loss in 2020 is an investment in growth for the following years.

Based on the latest years' experiences, sales efforts are now focused and optimized within areas providing the best future profitability and upside. Direct sales focus on corporate offices, which have the strongest traction and most immense future potential. MapsPeople focuses on large corporations with a large building stock where the MapsIndoors platform has significant potential to expand.

Management Commentary

The partner-based sales will be strengthened and focused on OEM partners with substantial scaling potential. MapsPeople will access all verticals through partner channels where MapsIndoors as a generic platform easily can be integrated into any industry, including airports, universities, stadiums, shopping malls, hospitals, etc.

Multiple customers integrate MapsIndoors in their own customer solution. These deep integrations impact positively to our business as customers stay for a very long time and often increase their subscription during the contract period.

The future growth is depending on current investments in the MapsIndoors platform, sales force, AI and automatization. When adding a new sales resource, increasing the marketing spend, providing new add-ons to the platform etc. we see the positive impact to recognized revenue later.

2020 proved our ability to adjust to the current market. When Covid-19 closed down, MapsPeople assessed the market conditions and reduced the expectations accordingly. The operational part of MapsPeople was fully online from home the next day and the closure had only a very limited impact on productivity efficiency.

Diversity

In MapsPeople we aim for diversity reflecting the different markets we operate in. When closing 2020, 64 people were employed. 30% of these were female and 12 different nationalities were represented among our skilled employees.

Development in activities and finances

MapsPeoples business model requires investments and funding to maximize the growth. In 2020 MapsPeople succeeded in closing another funding round of DKK 38,9 million of new equity from existing and new investors together with a DKK 15m loan commitment from The Danish Growth Fund. Only DKK 5m from the loan commitment has been drawn in 2020.

Financial review

Statement of profit or loss

Net results for the financial year 2020 were a loss of DKK 13.2 million compared to a loss of DKK 17.8 million in 2019. The decrease in losses is primarily due to increased revenue.

The Group has changed its accounting policies, and the Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), while the parant company as a consequence of implementation of IFRS in the Consolidated Financial Statements, also has decided to align the accounting policies applied to the Parent Company Financial Statements.

The effect of the changes in accounting policies is described in note 1. Other than the described changes there has also been found material errors in previus years, with is corrected directly on the equity pr. 1.1.2020 and in previus years. This is also described in note 1.

Uncertainty in recognition and measurement

Management has assessed that no assertions in the financial statements have been affected by material uncertainty in recognition and measurement.

Consolidated Financial Statements

Consolidated statement of profit or loss and other comprehensive income

DKK'000	Note	2020	2019
Revenue	5	25,000	20,001
Cost of sales		(441)	1,830
Gross profit		**24,559**	**21,831**
Other external expenses		(9,807)	(9,010)
Staff costs	6	(26,187)	(27,393)
Other operating income	7	1,853	0
Depreciation, amortisation and impairment losses	9	(2,513)	(1,998)
Operating profit/(loss)		**(12,095)**	**(16,570)**
Financial income	10	17	95
Financial expenses	11	(3,796)	(3,714)
Profit/(loss) before tax		**(15,874)**	**(20,189)**
Tax for the year	12	2,637	2,437
Profit/(loss) for the year from continuing operations		**(13,237)**	**(17,752)**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		0	0
Other comprehensive income for the year, net of tax		**0**	**0**
Total comprehensive income for the year		**(13,237)**	**(17,752)**
Attributable to:			
Shareholders of MapsPeople A/S		**(13,237)**	**(17,752)**
Earnings per share, basic (DKK)	19	(17.76)	(27.24)
Earnings per share, diluted (DKK)	19	(13.82)	(19.95)

Consolidated Financial Statements

Consolidated statement of financial position

DKK'000	Note	31/12/20	31/12/19	01/01/19
Intangible assets	13	21,961	15,181	8,385
Property, plant and equipment	14	1,492	1,479	1,532
Contract costs	5	3,013	1,287	0
Right-of-use assets	15	3,976	3,248	3,855
Deposits	16	659	396	269
Deferred tax assets	12	3,150	2,720	2,165
Total non-current assets		**34,251**	**24,311**	**16,206**
Trade receivables	17	16,785	11,533	7,178
Contract assets		0	38	151
Contract costs	5	950	626	0
Income tax receivables	12	2,313	1,881	1,374
Receivable from affiliated companies		2	44	23
Other receivables		465	420	280
Prepayments		1,135	5,646	1,063
Cash		15,064	3,840	(1,334)
Total current assets		**36,714**	**24,028**	**8,735**
Total assets		**70,965**	**48,339**	**24,941**

Consolidated Financial Statements

Consolidated statement of financial position

DKK'000	Note	31/12/20	31/12/19	01/01/19
Share capital	19	840	652	652
Retained earnings		409	(27,350)	(10,006)
Translation reserve		0	0	0
Total equity		**1,249**	**(26,698)**	**(9,354)**
Other provisions		0	63	0
Interest-bearing liabilites	20	15,375	14,927	6,625
Lease liabilities	15	3,117	2,678	3,119
Other payables		2,913	4,216	3,000
Total non-current liabilities		**21,405**	**21,884**	**12,744**
Interest-bearing liabilites	20	2,477	9,437	416
Contract liabilities	5	27,999	24,005	14,529
Lease liabilities	15	974	635	736
Trade payables		9,874	12,775	1,224
Payables to affiliated companies		150	155	108
Other payables		6,837	6,146	4,538
Total current liabilities		**48,311**	**53,153**	**21,551**
Total liabilities		**69,716**	**75,037**	**34,295**
Total equity and liabilities		**70,965**	**48,339**	**24,941**

Consolidated Financial Statements

Consolidated statement of changes in equity

DKK'000	Share capital	Retained earnings	Other reserve	Total
2020				
Balance at 1 January	652	(27,350)	0	(26,698)
Total comprehensive income				
Net profit/(loss) for the period		(13,237)	0	(13,237)
Total comprehensive income for the year	**0**	**(13,237)**	**0**	**(13,237)**
Transactions with owners				
Capital increase	118	26,333	0	26,451
Conversion of loan	70	12,452	0	12,522
Transaction costs	0	(1,425)	0	(1,425)
Other adjustments	0	3,310	0	3,310
Share-based payments	0	327	0	327
Total transactions with owners	**188**	**40,997**	**0**	**41,185**
Balance at 31 December	**840**	**409**	**0**	**1,249**

DKK'000	Share capital	Retained earnings	Other reserve	Total
2019				
Balance at 1 January	652	(7,771)	8,993	1,874
Effect of consolidation	0	(2,870)	0	(2,870)
Effect of initially applying IFRS	0	(1,413)	0	(1,413)
Corrections of errors in prior period	0	2,048	(8,993)	(6,945)
Adjusted equity at 1 January	**652**	**(10,006)**	**0**	**(9,354)**
Total comprehensive income				
Net profit/(loss) for the period	0	(17,752)	0	(17,752)
Total comprehensive income	**0**	**(17,752)**	**0**	**(17,752)**
Transactions with owners				
Share-based payments	0	408	0	408
Total transactions with owners	**0**	**408**	**0**	**408**
Balance at 31 December	**652**	**(27,350)**	**0**	**(26,698)**

Consolidated Financial Statements

Cash flow statement

DKK'000	Note	2020	2019
Operating profit/loss		(12,096)	(16,569)
Depreciation, amortisation and impairment losses		2,513	1,998
Share-based payments expense		328	408
Change in provisions		(63)	63
Change in working capital	18	(2,280)	12,998
Financial income received		17	95
Financial expenses paid		(1,654)	(1,227)
Income taxes refunded/(paid)		1,776	1,465
Cash flow from operating activities		**(11,459)**	**(769)**
Investments in intangible assets		(7,626)	(7,475)
Investments in property plant and equipment		(758)	(603)
Deposits		(263)	(126)
Cash flow from investing activities		**(8,647)**	**(8,204)**
Proceeds from borrowings	22	7,328	14,871
Repayment of loans	22	(125)	(125)
Payment of principal portion of lease liabilities	22	(828)	(598)
Capital increase		24,956	0
Cash flow from financing activities		**31,331**	**14,148**
Change in cash and cash equivalents			
Cash, 1 January		3,840	(1,334)
Net cash flow		11,224	5,174
Cash 31 December		**15,064**	**3,840**

Notes

1. Accounting policies
2. Adoption of new and amended standards
3. Critical accounting judgements and key sources of estimation uncertainty
4. Segment information
5. Revenue
6. Staff costs
7. Government grants
8. Share-based payments
9. Depreciation, amortisation and impairment losses
10. Financial income
11. Financial expenses
12. Tax for the year
13. Intangible assets
14. Property, plant and equipment
15. Leases
16. Deposits
17. Trade receivables
18. Working capital changes
19. Share capital and earnings per share
20. Interest-bearing liabilities
21. Financial risks
22. Liabilities arising from financing activities
23. Guarantees, contingent liabilities and collateral
24. Related parties
25. Events after the reporting period

Notes

1. Accounting policies

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class C enterprises, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS-bekendtgørelsen ") issued in accordance with the Danish Financial Statements Act ("DFSA").

Basis of preparation

The financial statements are presented in Danish kroner (DKK). All amounts have been rounded to the nearest DKK thousand, unless otherwise indicated.

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

The accounting policies, except as described below, have been applied consistently during the financial year and for the comparative figures.

Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of MapsPeople A/S (the Parent Company) and subsidiaries which are entities controlled by MapsPeople A/S. The Group controls an entity when it directly or indirectly owns more than 50% of the voting rights or may otherwise exercise a controlling influence.

Principles of consolidation

The Consolidated Financial Statements are prepared on the basis of the financial statements of the Parent Company and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The financial statements used for consolidation are prepared in accordance with the Group’s accounting policies.

The line items of subsidiaries are recognised 100% in the Consolidated Financial Statements. Investments in subsidiaries are offset by the interest’s share of subsidiaries’ net assets at the acquisition date at fair value.

Accounting policies are described in full in this note below.

Notes

1. Accounting policies (continued)

First-time adoption of IFRS

The Group' financial statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for the presentation of financial statements. In previous years, the financial statements of the Parent Company were prepared in accordance with the Danish Financial Statements Act for reporting class B enterprises. As a result of the transition to IFRS, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

In accordance with IFRS 1, the statement of financial position at 31 December 2019 and comparative figures for 2019 have been prepared in accordance with IFRS/IAS and IFRIC/SIC applicable at 31 December 2020. The statement of financial position at 1 January 2019 has been prepared in accordance with the same principles.

Exemptions applied

In the preparation of these first IFRS financial statements, the following exemptions have been applied:

Leases:

IFRS allows a first-time adopter to determine whether a contract existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date. Also IFRS 1 allows a first-time adopter, that is a lessee, to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. We have utilised this exemption to our lease contracts.

Cumulative translation differences:

IFRS allows a first-time adopter not to comply with the requirements in IAS 21 to recognise cumulative translation differences on foreign operations. If a first-time adopter uses this exemption then the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS. We have utilised this exemption.

Notes

1. Accounting policies (continued)

Changes in accounting policies

As a result of first time adoption of IFRS, the Group has changed its accounting policies for recognition of share-based payments, leases and revenue from contracts with customers. The Group has adjusted for the changes in accounting policies in the opening balance of equity at 1 January 2019.

A. Share-based payments

The Group has established shared-based incentive programmes comprising equity-settled programmes (warrants) for Key Management Personnel and other key employees. The purpose of these programmes is to ensure common goals for Management, key employees and shareholders. According to DFSA, there is no requirement for recognition and measurement of equity-settled programmes. Following the adoption of IFRS, IFRS 2 requires that the warrant programmes be recognised at fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled sharebased transactions are set out in note 8 Share-based payments.

The impact on the financial statements regarding the warrant programme from transition to IFRS is shown in the tables on page 33.

B. Revenue

In the contracts with Google Maps the Group was appointed to act as an agent in these arrangements. Under IFRS, the Group will need to record revenue at the net amount that it retains for its agency services. As a result, the Group recognised a decrease of DKK 42,014 thousand of revenue and cost of sales.

C. Leases

Under DFSA, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised an increase of DKK 3,855 thousand (31 December 2019: DKK 3,313 thousand) of lease liabilities and DKK 3,855 thousand (31 December 2019: DKK 3,248 thousand) of right-of-use assets. Additionally, depreciation increased by DKK 663 thousand and finance costs increased by DKK 139 thousand for the year ended 31 December 2019.

Notes

1. Accounting policies (continued)

D. Sales commissions

Under DFSA, sales commissions are expensed in the year they occurred. Under IFRS, these commissions are recognised as contract costs in the statement of financial position and amortised over five years (based on the average duration of the underlying customer contracts). As a result, the Group recognised an increase of contract costs end of December 2019 of DKK 1,913 thousand and a reduction in staff costs of DKK 2,072 thousand in 2019.

E. Development costs

Under DFSA, indirect costs of development projects were capitalised. Under IFRS, these indirect costs are expensed in the year they occurred. As a result, the Group recognised a decrease of intangible assets and an increase in staff costs.

Material errors

F. Revenue

In previous years, revenue was recognised at a point in time, however, this was not in line with DFSA nor IFRS as both require that the recognition of the subscriptions be over time, based on the licence being distinct and giving a right to access. Furthermore, the Google Maps revenue was previously recognised when the usage was billed rather when the underling licence was used.

As a result, the Group recognised a decrease of DKK 4,393 thousand in the opening balance retained earnings, and a decrease in the reported profit before tax of DKK 10,443 thousand.

G. Convertible loans

In previous years, the convertible loans were recognised at amortised cost not factoring in the agreed discount on the conversion. As the number of shares in the loan agreement is based on the market value of the underlying shares, the conversion right does not meet the fix-for-fixed condition in IAS 32, and hence much be treated as a debt component at fair value through profit or loss. This applies for both DFSA and IFRS.

H. Cash-settled share-based bonus agreement

The Company has entered into a cash-settled share-based bonus agreement with two key employees. As the Company has an unconditioned obligation to pay the bonus in cash if the condition of the agreement is met, the agreement is a debt contract under both DFSA and IFRS. As a result, the Group recognised a decrease of DKK 3,000 thousand in the opening balance retained earnings.

The correction of the error is shown in a separate column in the table below.

Notes

1. Accounting policies (continued)

Since the Group has not previously prepared consolidated financial statements, but only the Parent Company Financial Statements, the transition requirements in IFRS 1, include a reconciliation of equity reported under previous GAAP based on the separate financial statements of the Parent Company:

Impact on statement of profit or loss and statement of comprehensive income 2019:

DKK'000	Note	2019 Parent Reported under DFSA	Correction of errors in prior period	Impact from adoption of IFRS	Impact from con-solidation	2019 Group under IFRS
Revenue	BF	65,844	(10,504)	(46,724)	11,385	20,001
Cost of sales	D	(42,196)	0	46,565	(2,539)	1,830
Gross profit		**23,648**	**(10,504)**	**(159)**	**8,846**	**21,831**
Other external expenses	C	(7,864)	220	919	(2,285)	(9,010)
Staff costs	ADE	(21,496)	0	(11)	(5,886)	(27,393)
Other operating income		0	0	0	0	0
Depreciation, amortisation and impairment losses	C	(1,097)	0	(799)	(102)	(1,998)
Operating profit/loss		**(6,809)**	**(10,284)**	**(50)**	**573**	**(16,570)**
Net financials	C	(1,281)	(1,953)	(139)	(246)	(3,619)
Profit/(loss) before tax		**(8,090)**	**(12,237)**	**(189)**	**327**	**(20,189)**
Tax for the year		1,971	493	(27)	0	2,437
Profit/(loss) for the year		**(6,119)**	**(11,744)**	**(216)**	**327**	**(17,752)**
Other comprehensive income		0	0	0	0	0
Total comprehensive income		**(6,119)**	**(11,744)**	**(216)**	**327**	**(17,752)**

Notes

1. Accounting policies (continued)

Impact on statement of financial position 2019:

DKK'000	Note	2019 Parent Reported under DFSA	Correction of errors prior period	Impact from adoption of IFRS	Impact from con-solidation	2019 Group under IFRS
Intangible assets	E	20,893	0	(5,712)	0	15,181
Property, plant and equipment		986	0	0	493	1,479
Contract costs	D	0	0	1,287	0	1,287
Right-of-use assets	C	0	0	3,248	0	3,248
Investment in group enterprises		7	0	0	(7)	0
Deposits		236	0	0	160	396
Deferred tax		0	1,787	933	0	2,720
Total non-current assets		**22,122**	**1,787**	**(244)**	**646**	**24,311**
Trade receivables		23,682	(16,425)	0	4,276	11,533
Contract costs	D	0	0	626	0	626
Work in progress		4			34	38
Income tax receivables		1,881	0	0	0	1,881
Receivables from affiliated companies		7,383	0	0	(7,339)	44
Other receivables		420	0	0	0	420
Prepayments	A	5,006	0	640	0	5,646
Cash		1,895	(74)	0	2,019	3,840
Total current assets		**40,271**	**(16,499)**	**1,266**	**(1,010)**	**24,028**
Total assets		**62,393**	**(14,712)**	**1,022**	**(364)**	**48,339**
Share capital		652	0	0	0	652
Retained earnings	A,C,D,E	(4,898)	(17,621)	(2,291)	(2,540)	(27,350)
Total equity		(4,246)	**(17,621)**	**(2,291)**	**(2,540)**	**(26,698)**
Other provisions		0	0	0	63	63
Deferred tax		222	(222)	0	0	0
Interest-bearing liabilities		1,847	13,080	0	0	14,927
Lease liabilities	C	0	0	2,678	0	2,678
Other payables	H	11,798	(7,815)	0	233	4,216
Total non-current liabilities		**13,867**	**5,043**	**2,678**	**296**	**21,884**
Interest-bearing liabilities		9,822	(385)	0	0	9,437
Lease liabilities	C	0	0	635	0	635
Payables to affiliated companies		155	0	0	0	155
Trade payables	F	25,701	(13,896)	0	970	12,775
Other payables		6,146	0	0	0	6,146
Contract liabilities	F	10,948	12,147	0	910	24,005
Total current liabilities		**52,772**	**(2,134)**	**635**	**1,880**	**53,153**
Total liabilities		**66,639**	**2,909**	**3,313**	**2,176**	**75,037**
Total equity and liabilities		**62,393**	**(14,712)**	**1,022**	**(364)**	**48,339**

Notes

1. Accounting policies (continued)

Foreign currency translation

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and at the date of payment are recognised in the statement of profit or loss in financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in the statement of profit or loss in financial income or financial expenses.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on operating profit/loss, adjusted for the cash flow effect of non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment, and financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital and dividend paid. Cash and cash equivalents comprise cash at bank and in hand.

Statement of profit or loss

Revenue

The Group recognises revenue from the following major sources being subscriptions for Mapsindoors and Google Maps subscription. Revenue is mainly derived from subscription fees charged for the Group's software licences. For software contracts, which are comprised of several components, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

Revenue recognition requires an agreement with the customer, which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of the licence or service to a customer. All revenue is derived from contracts with customers.

Notes

1. Accounting policies (continued)

Fixed-term subscription agreements give the right to access the software for a determined period of time, which can be extended at the end of the initial term. The standard perpetual software licences provide customers with the access to the software whilst the contract remains in force and the contract is recognised over time until the contract has expired or is terminated.

New subscription fees are comprised of income derived from new customers and additional subscription income originating from supplementary sales to existing customers.

The main possible performance obligation related to subscription agreements has been identified as the right to access the software. MapsPeople provides customers with the software licence and they have a right to access the entity's intellectual property as it exists throughout the licence period, including any changes to that intellectual property. The intellectual property is updated on an ongoing basis while the customers are using the existing software and having access to all improvement and changes in the system over the licence period. Therefore, the licence gives a right to access and is recognised over time.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services. In the contracts with Google Maps the Group was appointed to act as an agent in these arrangements.

Cost of sales

Cost of sales comprises costs incurred to achieve the year's revenue, including hosting and transaction costs.

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for sales of licences. The commissions are recognised as contract costs in the statement of financial position and amortised over five years.

Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in profit or loss, but the standard is silent on where to present such amounts within the primary financial statements.

Other external expenses

Other external expenses comprise sales and marketing costs, external consultancy costs, other employee-related costs, IT and software costs, investor relations costs, rent costs, expected credit losses on doubtful trade receivables and other administrative expenses.

Notes

1. Accounting policies (continued)

Staff costs

Staff costs consist of salaries, sales commissions, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits. Salaries, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits are recognised in the year in which the associated services are rendered by the employees. The Group has entered into retirement benefit schemes and similar agreements with employees. Contributions to defined contribution plans are recognised in the statement of profit or loss in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as other liabilities.

Share-based payments

The Board of Directors, the Board of Management and other employees have been granted warrants. The warrants are measured at fair value at the grant date and are recognised as an expense in staff costs over the vesting period. Expenses are set off against equity. The fair value of the warrants is measured using the Black-Scholes valuation method or other generally accepted valuation techniques. The calculation takes into account the terms and conditions under which the warrants are granted. Fair value is not subsequently remeasured. If subsequent modifications to a warrant programme increase the value of the warrants granted, measured before and after the modification, the increase is recognised as an expense. If the modification occurs before the vesting period the increase in value is recognised as an expense over the period for services to be received. If the modification occurs after the vesting date, the increase in value is recognised as an expense immediately. Consideration received for warrants sold are recognised directly in equity.

Other operating income

Other operating income and other operating expenses comprise income and expenses of a secondary nature relative to the principal activities of the Group.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. They are included in other operating income.

Financial income and financial expenses

Financial income and expenses include interest income, interest expense, amortisation of borrowing costs and realised and unrealised exchange gains and losses.

Tax

Tax on the profit or loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit or loss for the year is recognised in the statement of profit or loss, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Notes

1. Accounting policies (continued)

Current tax payable and receivable is recognised in the statement of financial position as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the statement of financial position date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the statement of financial position date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the statement of profit or loss.

The Group recognises deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilisation in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

The Group is included in national joint taxation with its Parent Company, Michael Gram Holding ApS. The tax charge for the year is allocated between the Danish jointly taxed companies in proportion to their taxable income, taking into account taxes paid.

Balance sheet

Intangible assets

Intangible assets with determinable useful lives comprise completed development projects and are measured at cost less accumulated amortisation and impairment losses. Completed development projects by the Group are recognised as an asset if the cost of development is reliably measurable and an analysis shows that future economic benefits from using the software exceed the cost. Cost is defined as development costs incurred to make the software ready for use and consists primarily of direct salaries and other directly attributable development costs.

Once a software application has been developed the cost is amortised over the expected useful life on a straight-line basis, which is five years.

Amortisation and impairment charges are recognised in the statement of profit or loss.

Expected useful lives are reassessed regularly. The Group regularly reviews the carrying amounts of its finite-lived intangible assets to determine whether there is an indication of an impairment loss.

Notes

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment and are measured at cost less accumulated depreciation and accumulated impairment losses. Other fixtures and fittings, tools and equipment are depreciated on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

Other fixtures and fittings, tools and equipment – 3-5 years

Leasehold improvements – 5 years

Property, plant and equipment are tested for impairment if indications of impairment exist. Property, plant and equipment are written down to their recoverable amount, if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognised in the statement of profit or loss.

Leases

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Group leases properties which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Where the Group cannot reliably separate lease and non-lease items, it is considered a single lease payment.

Short leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position.

The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

The lease obligation, which is recognised in "Lease liabilities", is measured at the present value of the remaining lease payments, discounted by the Group's incremental loan interest rate, if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined. The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in the exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognised as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognised in the statement of profit or loss.

Notes

1. Accounting policies (continued)

Deposits

On initial recognition, deposits are measured at fair value and subsequently at amortised cost less impairment losses, if any.

Trade receivables

Trade receivables are measured at amortised cost less allowance for lifetime expected credit losses.

To measure the expected credit losses, credit risk for trade receivables has been based on an individual assessment. Trade receivables are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

The cost of allowances for expected credit losses and write-offs for trade receivables are recognised in the statement of profit or loss in other external expenses.

Prepayments

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

Interest-bearing liabilities

Interest-bearing liabilities are measured at amortised cost.

Trade payables and other payables

Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Payables are measured at cost.

Definition of Key Figures and Ratios

Annual Recurring Revenue

Annual Recurring Revenue (ARR) is the subscriptions at a given date, including transaction-based use, entered into with the Company and converted to a monthly value multiplied by 12.

New subscriptions are included in ARR at the time of entering into the binding agreement, which would typically occur at the time of signing the agreement.

For changes to existing subscriptions, ARR is included at the time that the change enters into force.

Subscriptions that are terminated or not renewed are reduced on ARR at the time that the agreement ceases to exist.

Subscriptions are typically entered into with an irrevocable period of 12-36 months. Inclusion of ARR is conducted in the following manner:

For 12-month subscriptions, ARR is included as 1 times the value of the agreement. For 24 month subscriptions, ARR is included as ½ times the value of the agreement. For 36-month subscriptions, ARR is included as ⅓ times the value of the agreement.

Notes

1. Accounting policies (continued)

Monthly subscriptions are included in ARR as 12 times the actual monthly value of the subscription (MRR).

In addition to the value of subscriptions, the customers' transaction-based subscription use, including e-mail and SMS transactions, are also included in ARR.

The value of ARR from transaction-based use is calculated as the latest months actual transaction-based use.

From month to month, ARR is calculated as the value from the last day of the most recent month ARR adjusted for changes until the last day of the current month.

The following elements are included in the calculation of the changes in ARR:

+ Additional sales to existing customers (subscription-based extensions/additional services)

+ Agreed-upon price adjustments to existing subscriptions

+ New sales of subscriptions

+ The change (+/-) in transaction use derived from the subscriptions

- Termination or contraction of subscriptions

= Change in ARR

ARR is calculated in Danish Kroner. When entering into an agreement in a foreign currency, a currency translation is conducted at the time of entering into the agreement.

Churn rate (%) - The value of terminated ARR for a 12-month period as a percentage of total ARR end of reporting period.

Customer Acquisition Costs (CAC) - The sales and marketing cost (inclusive direct related cost, like travel costs, personal IT costs, costs of office etc.) of acquiring one new customer.

Customer lifetime Average number of years from customers acquisition to customer churn calculated as 1 divided by gross value churn rate.

Earnings per share (EPS) Net profit divided by the weighted average number of shares.

Earnings per share, diluted (DEPS) Net profit divided by the weighted average number of shares, including the dilutive effect of stock options.

EBITDA Net profit before interest, tax, depreciation, amortisation and results from joint ventures.

EBIT Earnings before interest and tax.

Gross profit margin (%) Gross profit as a percentage of revenue.

Number of employees year end (FTE) Number of full-time equivalent employees (part-time employees translated into full-time employees) at the end of the year.

Years to recover CAC Average number of years to recover the costs of acquiring one new customer (CAC) calculated as CAC divided by Average ARR per customer in the previous 6 months (ARPA – annual recurring per account).

Notes

2. Adoption of new and amended standards

The new and amended Standards and Interpretations that have been issued, but are not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended Standards and Interpretations, if applicable, when they become effective.

- Amendments to "References to the Conceptual Framwork in IFRS Standards"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 3 "Business Combinations"
- Amendment to IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark reform"
- Amendment to IFRS 16 "Rent concessions due to impact of COVID-19".

The implementation has not had a significant impact on recognition, measurement or disclosures in the Annual Report 2020 and is not expected to have significant impact on the financial reporting for future periods.

3. Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses as well as judgements made in applying the entity's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in note 1 to the financial statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the financial statements:

Development costs

The Group capitalises costs for software development projects. Initial capitalisation of costs is based on Management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. At 31 December 2020, the carrying amount of capitalised development costs was DKK 21,961 thousand (2019: DKK 15,181 thousand).

Notes

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8.

Deferred tax asset

At 31 December 2020, the net deferred tax assets amounted to DKK 3,150 thousand (2019: 2,721 thousand), whereas the increase relates to tax loss carry-forward. Deferred tax assets have been set off against provisions in the same legal tax jurisdiction. The tax losses can be carried forward indefinitely and have no expiry date. The deferred tax assets have been recognised based on expected earnings for the next three-five years and the possibility of utilising deferred tax assets to be offset against positive taxable income in each jurisdiction.

Management has concluded that the deferred tax assets will be recoverable using estimated future taxable income based on business plans and budgets for MapsPeople.

4. Segment information

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- The Google Maps segment, including revenues originating from the Google Maps platform, for which MapsPeople Group represents a Premier Partner;
- The MapsIndoors segment, including revenues originating from the MapsIndoors platform, which provides a solution for any project that needs a map;
- The Other Subscription segment, which includes any additional service provided by MapsPeople A/S to their customers.

The Executive Management is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas and is responsible for the strategic decision making. And for the monitoring of the operating results of the operating segments for the purpose of performance assessment. Segment performance is evaluated based on revenue and is measured consistently with revenue in the Consolidated Financial Statements. The statement of profit or loss in management information is not separated into segments, therefore no further information is disclosed. No customer generates more than 10% of the total revenue. For the split of revenue per segment please refer to note 5.

Notes

5. Revenue

DKK'000	2020	2019
Google Maps, gross	52,957	42,180
Netting due to agent principle	(42,014)	(33,744)
Google Maps, net	**10,943**	**8,436**
MapsIndoors	10,493	7,778
Other Subscriptions	3,564	3,787
Total	**25,000**	**20,001**

The following table shows the opening and closing balances of contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

Contract balances (liability)

DKK'000	2020	2019
Cost at 1 January	24,005	14,529
Additions	3,994	9,476
Cost at 31 December	**27,999**	**24,005**

Management expects that 36 percent of the transaction price allocated to the unsatisfied performance obligations as of the year ended 2020 will be recognised as revenue during the next reporting period.

Contract costs

DKK'000	2020	2019
Cost to obtain contracts	**3,963**	**1,913**
Non-current	3,013	1,287
Current	950	626

Cost to obtain contracts relate to sales commissions.

These costs are amortised on a straight–line basis over the period of the underlying contracts (in general, five years). In 2020, amortisation amounting to DKK 626 thousand (2019: DKK 159 thousand) was recognised as part of cost of sales in the consolidated statement of profit or loss. There was no impairment in relation to the costs capitalised.

Notes

6. Staff costs

DKK'000	2020	2019
Salaries	22,411	23,421
Share-based payments	415	694
Pensions	2,998	2,831
Other social security costs	337	425
Other staff costs	26	22
Total	**26,187**	**27,393**

Average numbers of employees during the year	63	59

Board of Directors and Key Management Personnel		
Remuneration	1,214	1,207
Pension	98	102
	1,312	**1,309**

Employment contracts for members of the Key Management Personnel contain terms and conditions that are common to those of their peers in similar companies including terms of notice and non-competitive clauses.

7. Government grants

As a result of COVID-19, the Group has received DKK 1,853 thousand in government aid in 2020, which is included in Other operating income in accordance with IAS 20. This is presented separately and is not offset in staff costs. The Group has not received any other government grants in 2020.

8. Share-based payments

DKK'000	2020	2019
Cost of share-based payments	415	694
Total	**415**	**694**

Costs of share-based payments are recognised as staff costs with a corresponding effect in equity. Consideration received for warrants sold is recognised directly in equity.

Notes

8. Share-based payments (continued)

Warrant programme:

The Board of Directors was authorised on 15 December 2017 to issue warrants to a number of the Company´s board members, executive and key employees. The warrant terms entitles the warrant holders to subscribe for up to a total of 65,161 class A shares of DKK 1.00 nominal.

Specification of outstanding warrants:

Number of warrants	Weighted average exercise price DKK	Board of Directors	Key Management Personnel	Employees	Total
Outstanding at 1 January 2019	99.75	6,516	40,551	0	47,067
Granted	161.14	0	8,145	0	8,145
Outstanding at 31 December 2019		**6,516**	**48,696**	**0**	**55,212**
Granted	253.86	0	7,258	0	7,258
Cancelled		0	(8,145)	0	(8,145)
Outstanding at 31 December 2020		**6,516**	**47,809**	**0**	**54,325**

Outstanding warrants have the following characteristics:

Warrants outstanding	Weighted average exercise price DKK	Vesting period	Exercise period	2020	2019
Warrants granted in 2018	99.75	Jan 19 – Jun 22	Jan 19 – Jan 26	47,067	47,067
Warrants granted in 2019	161.14	Jan 20 – Jan 23	Jan 20 – Jan 27	0	8,145
Warrants granted in 2020	253.86	May 21 – Jan 25	May 21 – Nov 28	7,258	0
Outstanding at 31 December				**54,325**	**55,212**

	2020	2019
Average remaining life of outstanding warrants at 31 December (years)	5,4	6,2
Exercise price for outstanding warrants at 31 December (DKK)	99.75 – 289.29	99.75 – 161.14

Notes

8. Share-based payments (continued)

The fair value of the warrants issued is measured at calculated market price at the grant date based on the Black-Scholes option pricing model. The calculation is based on the following assumptions at the grant date:

	Warrants granted in 2020	Warrants granted in 2019	Warrants granted in 2018
Average share price (DKK)	257.21	161.14	98.94
Expected volatility rate (% p.a.)	40%	40%	40%
InterRisk-free interest rate (% p.a.)	0.00	0.00	0.00
Expected warrant life (no. years)	3	4	5
Exercise price (DKK)	225.00 – 289.29	161.14	99.75
Fair value all warrants, after dilution (DKK'000)	500	408	1.595

The expected volatility rate is applied based on the annualised volatility on relevant peer groups derived from the standard deviation of daily observations over 12 months ending 2020.

9. Depreciation, amortisation and impairment losses

DKK'000	**2020**	**2019**
Amortisation of intangible assets	754	679
Depreciation of property, plant and equipment	744	656
Loss from sale of intangible assets and property, plant and equipment	138	0
Depreciation of right-of-use assets	877	663
Total	**2,513**	**1,998**

10. Financial income

DKK'000	**2020**	**2019**
Foreign exchange gains	17	92
Other financial income	0	3
Total	**17**	**95**

Notes

11. Financial expenses

DKK'000	2020	2019
Interest on debts and borrowings	3,409	3,447
Foreign exchange losses and other adjustments	176	128
Other interest expenses	211	139
Total	**3,796**	**3,714**

12. Tax for the year

DKK'000	2020	2019
Current tax for the year income	2,313	1,881
Changes in deferred tax	324	556
	2,637	**2,437**
Recognised as receivable tax credit	2,313	1,881

Income tax benefits for both the years 2020 and 2019 relate to tax credit for research and development expenses at the applicable tax rate under the Danish Corporation Tax Act.

DKK'000	2020	2019
Tax calculated as 22% of profit/loss before tax	3,493	4,441
Non-capitalised tax assets US	(1,109)	(1,612)
Non-deductible expenses related to share-based payment and compound loan	(394)	(582)
Extra deductible expenses related to development costs	647	190
Effective tax	**2,637**	**2,437**
Tax rate for the year (%)	17%	12%

Deferred tax liabilities, net

Deferred tax 1 January	2,721	2,165
Deferred tax for the year recognised in the statement of profit or loss	429	555
Other adjustments	0	0
Deferred tax 31 December	**3,150**	**2,720**

Notes

12. Tax for the year (continued)

Deferred tax is recognised in the statement of financial position as follows:

Deferred tax (asset)	3,150	2,720
Deferred tax (liability)	0	0
Total	**3,150**	**2,720**

Deferred tax concerns:

DKK’000	**2020**	**2019**
Contract costs	(714)	(339)
Tangible assets other than contract costs	143	117
Liabilities	660	660
Intangible assets	(4,831)	(3,340)
Tax loss carried forward	7,892	5,622
Total	**3,150**	**2,720**

Description of deferred tax:

The deferred tax assets is significantly affected by the Danish tax incentive rules in relation to development costs, under which companies can choose to deduct the capitalised cost when preparing the tax return. For 2020, companies could furthermore deduct an additional 30%. Therefore Intangible assets and Tax loss carried forward should be seen together given a net asset on the loss carried forward of DKK 3,061 thousand for 2020 (2019: DKK 2,282 thousand)

When assessing the value of the deferred tax assets, Management has prepared a business case covering the next three years.

Notes

13. Intangible assets

DKK'000	Completed development projects	Development projects in progress
2020		
Cost at 1 January	4,594	13,493
Additions	0	7,626
Transfers	18,556	(18,556)
Disposals	(227)	0
Cost at 31 December	**22,923**	**2,563**
Amortisation and impairment losses at 1 January	2,906	0
Amortisation during the year	754	0
Disposals during the year	(135)	0
Amortisation and impairment losses at 31 December	**3,525**	**0**
Carrying amount at 31 December	**19,398**	**2,563**

DKK'000	Completed development projects	Development projects in progress
2019		
Cost at 1 January	3,108	7,505
Additions	0	7,475
Transfers	1,486	(1,486)
Cost at 31 December	**4,594**	**13,494**
Amortisation and impairment losses at 1 January	2,228	0
Amortisation during the year	679	0
Amortisation and impairment losses at 31 December	**2,907**	**0**
Carrying amount at 31 December	**1,687**	**13,494**

Completed development projects comprise software development costs related to the development of the existing software platform. The software is under continuous development for the use of customers and is sold as a licence to access the software for a given period. The user has access to upgrades and new functionalities during the contract period.

Development costs for the year cover both development of the front-end and the back-end part of the software solution. Both parts to increase the user experience and functionalities within the software in order to increase the Group's revenue by maintaining existing clients and acquire new customers.

Notes

13. Intangible assets (continued)

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed software at the reporting date.

In 2020, the Group expensed DKK 2.4 million (2019: 2.9 million) for development projects, primarily planning, administrative and other general overhead expenditures not meeting the recognition criteria applicable to internally generated intangible assets.

14. Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements
2020		
Cost at 1 January	3,652	954
Additions	299	459
Cost at 31 December	**3,951**	**1,413**
Depreciation at 1 January	2,679	449
Depreciation during the year	545	199
Depreciation at 31 December	**3,224**	**648**
Carrying amount at 31 December	**727**	**765**

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements
2019		
Cost at 1 January	3,288	715
Additions	364	239
Cost at 31 December	**3,652**	**954**
Depreciation at 1 January	2,189	282
Depreciation during the year	490	166
Depreciation at 31 December	**2,679**	**448**
Carrying amount at 31 December	**973**	**506**

Notes

15. Leases

DKK'000	Offices
2020	
Cost at 1 January	3,911
Adjustments and revaluations	1,605
Cost at 31 December	**5,516**
Depreciation at 1 January	663
Depreciation during the year	877
Depreciations at 31 December	**1,540**
Carrying amount at 31 December	**3,976**

DKK'000	Offices
2019	
Cost at 1 January	3,855
Adjustments and revaluations	56
Cost at 31 December	**3,911**
Depreciation at 1 January	0
Depreciation during the year	663
Depreciations at 31 December	**663**
Carrying amount at 31 December	**3,248**

Carrying amounts of lease liabilities and movements during the period:

DKK'000	2020	2019
At 1 January	3,314	3,855
Additions	1,600	0
Accrual of interest	155	139
Payments	(983)	(736)
Adjustments	5	55
At 31 December	**4,091**	**3,313**
Non-current	**3,117**	**2,678**
Current	**974**	**635**

Notes

15. Leases (continued)

The following amounts have been recognised in the statement of profit or loss:

DKK'000	2020	2019
Depreciation expense of right-of-use assets	877	663
Interest expense on lease liabilities	155	139
Expense relating to short-term leases (included in other external expenses)	0	0
Total amount recognised in the statement of profit or loss	**1,032**	**802**

The Group had total a outflow for leases of DKK 983 thousand (2019: DKK 736 thousand).
The Group leases offices and lease terms are negotiated on an individual basis and contain different terms and conditions. As part of COVID-19, no rent concession has been received.

16. Deposits

DKK'000	2020	2019
Cost at 1 January	396	269
Additions	263	127
Cost at 31 December	**659**	**396**

17. Trade receivables

DKK'000	31 December 2020	31 December 2019	1 January 2019
Trade receivables	16,946	11,701	7,418
Other receivables	216	(168)	(147)
Write-downs	(377)	0	(93)
Total	**16,785**	**11,533**	**7,178**

Trade receivables related to Google Maps revenue were DKK 10,335 thousand (2019: DKK 9,372 thousand). As revenue for this segment is reported net in the statement of profit or loss, the gross receivables for this segment are five times the reported revenue.

Notes

17. Trade receivables (continued)

Expected credit loss

The following table details the risk profile of trade receivables based on the Group's expected loss on trade receivables:

DKK'000	Not past due	Overdue by 0-1 month	Overdue by 1-2 months	Overdue by more than 2 months	Total
31 December 2020					
Trade receivables	12,642	2,250	738	1,316	**16,946**
Lifetime expected credit losses	0	(23)	(74)	(658)	**(755)**
Expected credit loss rate	0%	1%	10%	50%	**4%**
31 December 2019					
Trade receivables	8,641	2,325	659	76	**11,701**
Lifetime expected credit losses	0	(23)	(20)	(40)	**(83)**
Expected credit loss rate	0%	1%	3%	53%	**1%**
1 January 2019					
Trade receivables	4,803	2,316	56	243	**7,418**
Lifetime expected credit losses	0	(23)	(6)	(137)	**(166)**
Expected credit loss rate	0%	1%	10%	56%	**2%**

18. Working capital changes

DKK'000	2020	2019
Change in receivables and prepayments	(2,755)	(10,899)
Change in trade payables and other debt etc	475	23,897
	(2,280)	**12,998**

Notes

19. Share capital and earnings per share

At 31 December 2020, the share capital consisted of 839,516 (2019: 651,610) shares with a nominal value of DKK 1.

The shares are divided into class A and B shares as descripted in note 10 to the Parent Company Financial Statements.

	DKK'000
Issued and fully paid-up shares:	
At 1 January 2019	652
Capital increase, 2020	188
Share capital at 31 December 2020	**840**

Earnings per share

DKK'000	2020	2019
The calculation of earnings per share is based on the following:		
Profit/(loss) for the year	(13,238)	(17,752)
Effect of dilutive potential ordinary shares:		
Interest and fair value adjustments on convertible loan notes (net of tax)	1,675	2,577
Earnings for the purposes of diluted earnings per share	(11,563)	(15,175)
Weighted average number of ordinary shares for calculation of earnings per share:	745,564	651,612
Effect of dilutive potential ordinary shares:		
Share options	52,375	53,855
Convertible loan notes	38,846	55,043
Weighted average number of shares for calculation of diluted earnings per share:	836,785	760,510
Earnings per share, (EPS)	(17.76)	(27.24)
Earnings per share, diluted (DEPS)	(13.82)	(19.95)

Notes

20. Interest-bearing liabilities

DKK'000	31 December 2020	31 December 2019	1 January 2019
Non-current borrowings			
Debt to credit institutions	15,375	14,927	6,625
Total	**15,375**	**14,927**	**6,625**
Current borrowings			
Debt to credit institutions	2,477	9,437	416
Debt to related parties	150	155	108
Total	**2,627**	**9,592**	**524**

Management has assessed the carrying amount to be equivalent to the fair value of the liabilities.

21. Financial risks

Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of net debt and equity. Management reviews the capital structure continually to consider if the current capital structure is in accordance with the Group's and shareholders' interests.

Financial risk management

Due to the nature of its operations, investments, and financing, the Group is exposed to a number of financial risks. It is Group policy to operate with a low risk profile, so that currency risk, interest rate risk and credit risk only occur in commercial relationships. The scope and nature of the Group's financial instruments appear from the statement of profit or loss and statement of financial position in accordance with the accounting policies applied. Provided below is information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the financial statements. This note addresses only financial risks directly related to the Group's financial instruments.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations towards the Group, leading to a financial loss. The Group is exposed to credit risk primarily related to its trade and other receivables, receivables from group enterprises, contract assets and cash held at financial institutions.

The Gsroup asseses default when the accounts receivable are due more than 90 days, and the outstanding amount is written off when there is a court order of bankruptcy from the counterparty. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets

Notes

21. Financial risks (continued)

Foreign currency risk

Foreign currency risk is the risk that arises from changes in exchange rates and affects the Group's results.

The general objective of the Group's currency risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. The Group also aims at balancing incoming and outgoing payments in local currency as much as possible as well as monitoring the development in exchange rates and adjust price lists when required.

The dominating foreign currency is EUR but since this is stabile, the greatest exposure in foreign currency is to USD and in 2020, 25% (2019: 23%) of the Group's revenue was denominated in USD. In order to minimise the foreign currency risk related to transactions in USD, the Group holds cash deposits in USD.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
DKK'000	**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
Currency				
USD	4,353	4,372	5,361	5,970
EUR	20,289	10,624	51,815	48,624
Other	770	150	312	170

The current level of exposure to USD has limited effect on the reported profit before tax and pre-tax equity. The below sensitivity analysis for profit before tax is based on the reported USD profit before tax, and the effect on pre-tax equity is based on the above listed monetary assets and monetary liabilities at the reporting date.

DKK'000	**2020**	**2019**
Sensitivity to a 10% increase in USD exchange rate		
Effect on profit before tax	292	240
Effect on pre-tax equity	(101)	(160)

Liquidity risk

The Group ensures sufficient liquidity resources by liquidity management. In order to limit the Group's counter-party risk, deposits are only made in well-reputed banks. At 31 December 2020, the Group's cash and cash equivalents amounted to DKK 15,064 thousand (2019: DKK 3,840 thousand). The cash reserve and expected cash flow for 2021 are considered to be adequate to meet the obligations of the Group as they fall due.

Notes

21. Financial risks (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments which include estimated interest payments:

DKK'000	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total	Carrying amount
Year ended 31 December 2020						
Interest-bearing loans and borrowings	2,336	2,383	14,721	2,029	**21,469**	17,852
Lease liabilities	64	850	3,526	0	**4,440**	4,091
Other payables	0	6,837	2,913	0	**9,750**	9,750
Trade payables	9,874	0	0	0	**9,874**	9,874
	12,274	**10,070**	**21,160**	**2,029**	**45,533**	**41,568**

DKK'000	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total	Carrying amount
Year ended 31 December 2019						
Interest-bearing loans and borrowings	3,740	10,000	11,309	2,107	**27,156**	24,363
Lease liabilities	207	775	2,530	306	**3,819**	3,313
Other payables	0	6,146	4,216	0	**10,362**	10,362
Trade payables	12,777	0	0	0	**12,777**	12,777
	16,724	**16,921**	**18,055**	**2,413**	**54,114**	**50,815**

Interest rate risk

Interest rate risk arises in relation to interest-bearing assets and liabilities. The Group's interest-bearing debt to credit institutions of DKK 17,852 thousand at 31 December 2020 is subject to a floating rate of interest based on a three-month CIBOR plus a premium.

If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the loan balance to credit institutions at year-end 2020 would lead to a yearly increase in interest expenses of DKK 179 thousand. A corresponding decrease in market interest rates would have the opposite impact.

Notes

21. Financial risks (continued)

Financial instruments

DKK'000	2020	2019
Financial assets measured at amortised cost		
Receivables from Parent Company	2	44
Deposits	659	396
Other receivables, current	466	420
Cash	15,064	3,840
Total	**16,191**	**4,700**

Financial liabilities measured at amortised cost	2020	2019
Interest-bearing loan, current	1,810	9,389
Trade payables	32,915	27,487
Other payables	4,979	6,146
Total	**39,704**	**43,022**

Classification of financial assets measured at amortised cost

Since the Group's financial instruments measured at amortised cost are either short-term and/or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

22. Liabilities arising from financing activities

DKK'000	Other borrowings	Compound loans	Lease liabilities	Total
2020				
Liabilities at 1 January	12,925	11,438	3,313	**27,676**
Loans raised	4,828	2,500	1,605	**8,933**
Repayments	(125)	0	(828)	**(953)**
Fair value adjustment of compound loan	0	1,085	0	**1,085**
Accrued interest	223	879	0	**1,102**
Conversion of compound loan	0	(15,902)	0	**(15,902)**
Liabilities at 31 December	**17,851**	**0**	**4,090**	**21,941**

Notes

22. Liabilities arising from financing activities (continued)

DKK'000	Other borrowings	Compound loans	Lease liabilities	Total
2019				
Liabilities at 1 January	7,041		3,855	**10,896**
Loans raised	5,991	8,861	56	**14,908**
Repayments	(125)		(598)	**(723)**
Fair value adjustments of compound loan		1,570		**1,570**
Accrued interest		1,007		**1,007**
Liabilities at 31 December	**12,907**	**11,438**	**3,313**	**27,658**

The Group had non-cash additions to right-of-use assets and lease liabilities of DKK 1,605 thousand in 2020 (DKK 56 thousand in 2019).

23. Guarantees, contingent liabilities and collateral

DKK'000	31 December 2020	31 December 2019	1 January 2019
The following assets are provided as collateral in favour of credit institutions in the Parent Company:			
Intangible assets	21,961	15,181	8,385
Property, plant and equipment	1,050	986	1,213
Receivables	13,229	9,450	6,597
Total	**36,240**	**25,617**	**16,195**

Contingent liabilities

The Parent Company participates in a Danish joint taxation arrangement where Michael Gram Holding ApS serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent Company is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Notes

24. Related parties

Shareholders	Registered office	Basis of influence
Mapspeople DK Holding ApS	Denmark	56.6 %
Vækstfonden	Denmark	27.3 %

The immediate parent company is Mapspeople DK Holding ApS and the ultimate parent company is Michael Gram Holding ApS.

Other related parties

Other related parties of MapsPeople A/S with a significant influence comprise the Board of Directors and the Executive Board and their related parties. Remuneration is disclosed in note 6. There were no other related parties identified.

25. Events after the reporting period

From the statement of financial position date and until today, no further matters, which would influence the evaluation of the Annual Report has occurred.

Parent Company Financial Statements

Parent company statement of profit or loss

DKK'000	Note	2020	2019
Gross profit	2	**13,514**	**14,326**
Staff costs	3	(18,961)	(21,909)
Depreciation, amortisation and impairment losses		(2,374)	(1,897)
Operating loss		**(7,821)**	**(9,480)**
Financial income		631	75
Financial expenses		(3,647)	(3,448)
Loss before tax		**(10,837)**	**(12,853)**
Tax for the year		2,637	2,437
Loss for the year		**(8,200)**	**(10,416)**

Proposed distribution of profit and loss

Reserve for development costs	5,288	5,301
Retained earnings	(13,488)	(15,717)
Profit/loss for the year	**(8,200)**	**(10,416)**

Parent Company Financial Statements

Parent company statement of financial position

DKK'000	Note	2020	2019
Intangible assets	4	21,961	15,181
Property, plant and equipment	5	1,050	986
Right-of-use assets		3,976	3,248
Investment in subsidiaries	6	7	7
Deposits	7	499	236
Contract costs		2,466	1,037
Total non-current assets		**29,959**	**20,695**
Trade receivables		13,229	9,450
Receivable from group enterprises		16,628	11,073
Deferred tax assets	8	3,150	2,721
Income tax receivable		2,313	1,881
Other receivables		456	420
Prepayments	9	1,095	5,647
Contract assets		0	4
Contract costs		775	497
Cash		14,859	1,822
Total current assets		**52,505**	**33,515**
Total assets		**82,464**	**54,210**

Parent Company Financial Statements

Parent company statement of financial position

DKK'000	Note	31/12/20	31/12/19
Share capital	10	840	652
Retained earnings		(978)	(28,485)
Reserve for capitalised development costs		17,130	11,841
Total equity		**16,992**	**(15,992)**
Interest-bearing liabilities		15,375	14,927
Lease liabilities		3,117	2,678
Other payables		2,913	3,983
Total non-current liabilities	11	**21,405**	**21,588**
Interest-bearing liabilities	11	2,477	9,437
Contract liabilities		24,000	20,434
Trade payables		9,863	11,806
Lease liabilities	11	974	636
Payable to affliated companies		150	155
Other payables		6,603	6,146
Total current liabilities		**44,067**	**48,614**
Total liabilities		**65,472**	**70,202**
Total equity and liabilities		**82,464**	**54,210**

Parent Company Financial Statements

Parent company statement of changes in equity

DKK'000	Share capital	Other reserves	Retained earnings	Total
Equity beginning of year	652	11,841	(28,485)	**(15,992)**
Capital increase	118	0	26,333	**26,451**
Transaction cost	0	0	(1,425)	**(1,425)**
Conversion of loan	70	0	12,452	**12,522**
Share-based payments	0	0	327	**327**
Other adjustments	0	0	3,310	**3,310**
Profit/loss for the year	0	5,289	(13,490)	**(8,201)**
Equity end of year	**840**	**17,130**	**(978)**	**16,992**

Please refer to note 1 to the Consolidated Financial Statements for reconciliation of equity previously reported.

Notes

1. Accounting policies
2. Government grants
3. Staff costs
4. Intangible asstes
5. Property, plant and equipment
6. Investment in subsidiaries
7. Deposits
8. Deferred tax
9. Prepayments
10. Share capital
11. Non-current liabilities
12. Guarantees, contingent liabilities and collateral
13. Related parties

Notes

1. Summary of significant accounting policies

The separate Parent Company Financial Statements have been incorporated in the Annual Report because a separate set of financial statements is required for the Parent Company under DFSA requirements for annual reports of reporting class C enterprises. The Company is required to apply the requirements for reporting class C enterprises in accordance to DFSA, where the requirements were previously applied for reporting class B enterprises.

As a consequence of implementation of IFRS in the Consolidated Financial Statements, Management has decided to align the accounting policies applied to the Parent Company Financial Statements as well. Other than the descriped changes and material errors, the accounting policies applied are consistent with those applied in previous years.

Change in accounting policies:

Revenue from contracts with customers

The Parent Company has decided to change its accounting policy for recognition of revenue.

To better achieve a true and fair view of the Company's activities, the Company has decided to change its accounting policies and has from 1 January 2019 used the International Financial Reporting Standard IFRS 15 “Revenue from Contracts with Customers” when recognising revenue.

The basic principle in IFRS 15 is that revenue must be recognised in a way that reflects the transfer of control over goods or services to the customer in an amount corresponding to what the Company expects to be entitled to receive.

Leases

The Parent Company has decided to change its accounting policy for recognition of leases.

To better achieve a true and fair view of the Parent Company’s financial position and results, leases are recognised in accordance with the accounting principles of the International Financial Reporting Standard IFRS 16 “Leases”, effective 1 January 2019. IFRS 16 does not distinguish between operating leases and finance leases but requires the recognition of a lease asset (right-of-use asset) and a lease liability when entering into leases, except for leases with a lease term ending within 12 months (short-term leases) and contracts to lease assets of low value.

Development costs

Under DFSA, indirect costs of development projects were capitalised. Under IFRS, these indirect costs are expensed in the year they occurred. To align the accounting policies, Management has decided also to exclude indirect cost under DFSA. As a result, the Parent Company recognised a decrease of intangible assets and an increase in staff costs.

Share-based payment

Share-based payment is included as a cost in the Parent Company Financial Statements from 1 January 2019.

Notes

1. Summary of significant accounting policies (continued)

Material errors

In previous years, revenue was recognised at a point in time, however, this was not in line with DFSA nor IFRS as both require that the recognition of the subscriptions be over time, based on the licence being distinct and giving a right to access. Furthermore, the Google Maps revenue was previously recognised when the usage was billed rather when the underling licence was used.

It has been found that the Parent Company has not previously recognised management fee and service level agreement income from subsidiaries.

Monetary effect of changes in accounting policies and adjustments of material errors

The change in accounting policies and adjustments of material errors lead to a reduction in other external expenses by DKK 409 thousand (2019: DKK 1,683 thousand), an increase in depreciation by DKK 1,072 thousand (2019: DKK 799 thousand), a reduction in staff costs by DKK 897 thousand (2019: increase of DKK 413 thousand), and an increase in interest expenses by DKK 2,206 thousand (2019: DKK 1,925 thousand). The total effect of the change in accounting policies and adjustments of material errors amounts to a reduction in results for the year before tax of DKK 5,899 thousand (2019: DKK 4,762 thousand). Tax for the year as a result of the change in accounting policies and adjustments of material errors, consisting of an adjustment of deferred tax, amounts to DKK 429 thousand (2019: DKK 465 thousand), after which results for the year after tax are reduced by DKK 5,470 thousand (2019: DKK 4,297 thousand). The statement of financial position total is reduced by DKK 9,607 thousand (2019: DKK 7,962 thousand) while equity is reduced by DKK 12,809 thousand (2019: DKK 11,746 thousand) at 31 December 2020.

Change of presentation

The principle of presentation under the format requirements of DSFA has been changed to be aligned with the presentation within the Consolidated Financial Statements so as to be split into current and non-current assets and liabilities.

Cash flow statement

Referring to section 86(4) of DFSA, no cash flow statement have been prepared.

Statement of profit or loss

Gross profit

Gross profit or loss comprises revenue, own work capitalised, other operating income, cost of sales and external expenses with reference to section 32 of DFSA.

Notes

1. Summary of significant accounting policies (continued)

Statement of financial position

Investments in subsidiaries

Investments in subsidiaries are measured at cost. In cases where cost exceeds net realisable value, it is written down to this lower value.

Reserve for development costs

Reserve for development costs comprises recognised development costs net of related deferred tax liabilities. The reserve cannot be used to pay out dividend or cover losses. The reserve is reduced or dissolved, if recognised development costs are depreciated or dissolved from the Company's operations. This is done by transferring development costs directly to the free reserve in equity.

2. Government grants

As a result of COVID-19, the Parent Company has received DKK 928 thousand in government aid in 2020 which is included in Other operating income in accordance with IAS 20. This is presented separately and is not offset in staff costs. The Group has not received any other government grants in 2020.

3. Staff costs

DKK’000	**2020**	**2019**
Salaries	15,312	18,100
Shared-based payments	415	694
Pensions	2,897	2,668
Other social security costs	337	425
Other staff costs	0	22
Total	**18,961**	**21,909**
Average numbers of employees during the year	54	49

For information on remuneration to the Board of Directors and MapsPeople Management please refer to note 3 to the Consolidated Financial Statements. In conformity with section 98.b.3 of DFSA, the remuneration for the management team is stated as one category for the whole management team. Remuneration to the Board of Directors and the CEO is DKK 1.3 million in 2020 (2019: DKK 1.2 million).

Notes

3. Staff costs(continued)

Employment contracts for members of the Key Management Personnel contain terms and conditions that are common to those of their peers in similar companies including terms of notice and non-competitive clauses.

4. Intangible assets

DKK'000	Completed development projects	Development projects in progress
2020		
Cost at 1 January	4,594	13,493
Additions	0	7,626
Transfers	18,556	(18,556)
Disposals	(227)	0
Cost at 31 December	**22,923**	**2,563**
Amortisation and impairment losses at 1 January	2,906	0
Amortisation during the year	754	0
Disposals during the year	(135)	0
Amortisation and impairment losses at 31 December	**3,525**	0
Carrying amount at 31 December	**19,398**	**2,563**

Please refer the description in note 13 to the Consolidated Financial Statements.

5. Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements
2020		
Cost at 1 January	3,221	750
Additions	246	423
Cost at 31 December	**3,467**	**1,173**
Depreciation at 1 January	2,557	428
Depreciation during the year	450	155
Depreciation at 31 December	**3,007**	**583**
Carrying amount at 31 December	**460**	**590**

Notes

6. Investment in subsidiaries

DKK'000	2020	2019
Cost at 1 January	7	7
Cost at 31 December	**7**	**7**

Investment in subsidiaries	*Registered in*	*Corporate form*	*Equity interest %*
MapsPeople Inc	USA	Inc	100

7. Deposits

DKK'000	2020	2019
Cost at 1 January	236	236
Additions	263	0
Cost at 31 December	**499**	**236**

8. Deferred tax

DKK'000	2020	2019
Changes during the year		
Beginning of year	2,721	2,165
Recognised in the statement of profit or loss	429	556
End of year	**3,150**	**2,721**

9. Prepayments

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

10. Share capital

	Number	Nominal value	Nominal value in total
A-shares	500,000	DKK 1	DKK 500,000
B-shares	339,516	DKK 1	DKK 339,516
	839,516		**DKK 839,516**

Notes

10. Share capital (continued)

In any liquidity event, the remaining proceeds after incurrence of all related costs are to be distributed as follows: Firstly, an amount equal to the subscription amount paid for the class B shares must be paid to the holders of class B shares. Secondly, any exceeding proceeds must be paid to the holders of class A shares until these holders have received an amount per share equivalent to the amount paid to the class B shares. Finally, any remaining distribution of funds must be made on a pro rata basis among all the shareholders (according to nominal share values).

11. Non-current liabilities

DKK'000	< 1 year	1 to 5 years	> 5 years	Total
Year ended 31 December 2020				
Interest-bearing loans and borrowings	2,477	13,470	1,905	**17,852**
Lease liabilities	974	3,117	0	**4,091**
Other payables	6,603	2,913	0	**9,516**
	10,054	**19,500**	**1,905**	**31,459**

12. Guarantees, contingent liabilities and collateral

DKK'000	2020	2019
The following assets are provided as collateral in favour of credit institutions in the Parent Company		
Intangible assets	21,961	15,181
Property, plant and equipment	1,050	986
Receivables	13,229	9,450
Total	**36,240**	**25,617**

Interest-bearing liabilities has been secured by way of a registered all-monies mortgage providing security in a floating charge of DKK 27,000 thousand on the Company's above listed intangible assets, property, plant and equipment and receivables.

Contingent liabilities

The Parent Company participates in a Danish joint taxation arrangement where Michael Gram Holding ApS serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent Company is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Notes

13. Related parties

Related parties with controlling interest

Mapspeople DK Holding ApS, Stigsborgvej 60, DK-9400 Nørresundby, owns the majority of the shares within the Company, thus having controlling influence thereon.

Related party transactions

Please refer to note 24 to the Consolidated Financial Statements.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Christian Samsø Dohn
Bestyrelsesmedlem
Serienummer: PID:9208-2002-2-517063158437
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2021-03-20 11:34:52Z
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Michael Gram
Adm. direktør
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Michael Gram
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Lars Henning Brammer
Bestyrelsesformand
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Jens Lauridsen
Revisor
Serienummer: CVR:33963556-RID:84811611
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Rasmus Mencke
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Mads Fauerskov
Revisor
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