

BLOXHUB ANNUAL REPORT 2019



BLOX HUB

BLOX • Bryghuspladsen 8, Entrance C, 3rd floor • 1473 Copenhagen K • Denmark
CVR no. 37785539 • info@bloxhub.org

Foreningen Bloxhub

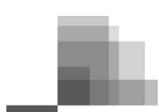
Bryghuspladsen 8, DK-1473 Copenhagen K

Annual Report for 1 January - 31 December 2019

CVR No 37 78 55 39

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/4 2020

Bruno Månsson
Chairman of the General
Meeting



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Foreningen Bloxhub for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Federation and of the results of the Federation operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 27 April 2020

Executive Board

Torben Klitgaard
Executive Officer

Board of Directors

Lars-Peter Søbye
Chairman

Jørgen Bardenfleth
Vice Chairman

Nina Kovsted Helk

Bruce Katz

Torben Nielsen

Michael Kragh Rasmussen

Line Nørbæk

Jacob Holm

Søren Tegen Pedersen

Independent Auditor's Report

To the Board of Directors of Foreningen Bloxhub

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Federation at 31 December 2019 and of the results of the Federation's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Foreningen Bloxhub for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation'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 Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

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

Hellerup, 27 April 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Claus Christensen

statsautoriseret revisor

mne33687

Company Information

The Company

Foreningen Bloxhub
Bryghuspladsen 8
DK-1473 Copenhagen K
Website: www.bloxhub.org

CVR No: 37 78 55 39
Financial period: 1 January - 31 December
Incorporated: 3 June 2016
Municipality of reg. office: Copenhagen

Board of Directors

Lars-Peter Søbye, Chairman
Jørgen Bardenfleth, Vice Chairman
Nina Kovsted Helk
Bruce Katz
Torben Nielsen
Michael Kragh Rasmussen
Line Nørbæk
Jacob Holm
Søren Tegen Pedersen

Executive Board

Torben Klitgaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Intro

BLOXHUB is the Nordic Hub for sustainable urbanization, founded on the belief that the challenges of global urbanization and climate change require new ways of collaboration. The objective is to contribute to sustainable urbanization – on a global scale – through the development of innovative solutions encompassing architecture, design, construction and urban development, coupled with new knowledge within the area of digitalization. Solutions that can create growth, new businesses and increased exports.

In BLOXHUB an international ecosystem of 300+ small and large companies, start-ups, cities, organizations, and research institutions gain knowledge, work across fields of knowledge and aspire to create new solutions for global cities.

BLOXHUB works within eight primary themes on sustainable urbanization:

1. Livability
2. Urban Mobility
3. Urban resilience
4. Sustainable buildings
5. Design DNA
6. Circular economy
7. Digitalisation
8. Urban governance

BLOXHUB is a non-profit organization founded in 2016 by Realdania, the City of Copenhagen and the Ministry of Industry, Business and Financial Affairs.

Management's Review

Activities in 2019

BLOXHUB's main activity is the facilitation of a co-working space for 600+ people working within sustainable urbanization. The co-working space is located in BLOX and Fæstningens Materialgård.

Besides the co-working space, BLOXHUB offers a number of programs, activities and events with the purpose of connecting members, facilitating their sharing of ideas and knowledge and help them scale their business.

BLOXHUB runs the member program MATCH – a B2B service offering counselling, workshops and network opportunities to map companies with the right competences, help unleash the potential of ideas, and scale up business opportunities. MATCH includes a global dimension, linking Danish companies to international business opportunities within sustainable urbanization. In summary, Match was used by more than 100 companies and organizations in 2019.

BLOXHUB runs the cross disciplinary research platform called SCIENCE FORUM. A 50+ student network for industrial PhDs, fellows and postdocs with the purpose of bridging the newest research across science institutions with leading Danish businesses. In 2019, a Summer school for students across universities was launched – a 3-year cross disciplinary program that bridges students and companies offered in collaboration with five Danish research institutions.

Also, a new 3 years' Urban Tech Acceleration Program was launched, each year sourcing from 300+ international tech start ups and selecting 10 companies for a 3-month acceleration program meeting partners, mentors and potential investors.

Development through the year

The primary income-generating activity is rental income and membership fees. However the primary revenue remains to be grants from, among others, the founding father Realdania.

As for the expenses, BLOXHUB spent DKK 40.7 million on the operation in 2019.

At December 31, 2019, the balance sheet shows an equity of DKK 1.4 million. This years profit of DKK 20.1 thousand is transferred to retained earnings.

The management considers the result for 2019 as satisfactory and in line with the expectations.

Management's Review

Targets and expectations for 2020

The development of BLOXHUB will continue in 2020. The aim is to continue the members' growth and the rental of co-working space. Also, the activities will be further developed and the daily matchmaking between members and partners will be strengthened.

The activities in 2020 will focus on three main areas;

- Urban Partnerships – which is the overall program for business development activities and match making – a strengthening and further development of the MATCH and GLOBAL MATCH programs running from 2016 to 2019. The Urban Partnership programs also include a new TECH MATCH program, aiming at matching EU TECH start ups with Danish SMEs within the construction industry.
- A further development of the SCIENCE Forum activities of which the cross disciplinary network for students within the built environment, the facilitation of the Summer schools and the Smart City Research industrial Ph.D co-hort and the launch of a new industrial Ph.D co-hort, and lastly the launch and facilitation of a Grand Solution 3-year research program funded by Realdania and Innovationsfonden, and
- A further development of the delegation service – International Networks – to focus on lead generation for Urban Partnership programs rather than merely offering tours and visits. The aim is to invite foreign delegations to work with Danish companies on challenges as part of their stay in Copenhagen for the benefit of the Danish SMEs – both in the BLOXHUB eco-system and beyond.

As a non-profit organization, BLOXHUB does not aim to make a profit besides a small buffer to secure the future operation. The primary risk in 2020 will be the rental of the co-working space, i.e. the occupancy rate.

Subsequent events without financial statements impact

COVID-19

The Federation's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak.

Before the COVID-19 outbreak, Management expected a modest growth in the occupancy rate compared to 2019. However, the COVID-19 outbreak has a negative impact on the tenants' revenue, and Management expects this to have a negative impact on occupancy rate and revenue in 2020. The scope of the impact is, however, unknown at this time as it is uncertain to what extent BLOXHUB will be able to recapture lost revenue later in the year.

Precautionary measures

To mitigate the economic downturn of the tenants, BLOXHUB has offered the SME tenants a rent free period for a maximum of 3 months in Q2 2020.

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Revenue		46,997,554	37,707,159
Other external expenses		-31,401,623	-26,119,163
Gross profit/loss		15,595,931	11,587,996
Staff expenses	2	-9,251,343	-6,679,400
Depreciation and impairment losses	3	-6,333,529	-4,419,025
Profit/loss before financial income and expenses		11,059	489,571
Financial income		11,931	21,488
Financial expenses		-2,022	-5,229
Profit/loss before tax		20,968	505,830
Tax on profit/loss for the year		0	0
Net profit/loss for the year		20,968	505,830

Distribution of profit

Proposed distribution of profit

Retained earnings	20,968	505,830
	20,968	505,830

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Other fixtures and fittings, tools and equipment		1,897,844	3,370,568
Leasehold improvements		<u>17,440,967</u>	<u>18,639,171</u>
Property, plant and equipment	4	<u>19,338,811</u>	<u>22,009,739</u>
Fixed assets		<u>19,338,811</u>	<u>22,009,739</u>
Trade receivables		2,048,499	1,364,841
Other receivables		1,965,899	7,008,573
Prepayments		<u>104,935</u>	<u>1,755,373</u>
Receivables		<u>4,119,333</u>	<u>10,128,787</u>
Cash at bank and in hand		<u>17,490,421</u>	<u>24,832,925</u>
Currents assets		<u>21,609,754</u>	<u>34,961,712</u>
Assets		<u>40,948,565</u>	<u>56,971,451</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Retained earnings		1,411,694	1,390,723
Equity		1,411,694	1,390,723
Other provisions	5	21,481,169	38,141,710
Provisions		21,481,169	38,141,710
Deposits		5,210,389	4,722,441
Long-term debt	6	5,210,389	4,722,441
Trade payables		1,263,615	2,031,225
Other payables		1,522,044	1,618,798
Deferred income		10,059,654	9,066,554
Short-term debt		12,845,313	12,716,577
Debt		18,055,702	17,439,018
Liabilities and equity		40,948,565	56,971,451
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of Changes in Equity

	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	1,390,726	1,390,726
Net profit/loss for the year	20,968	20,968
Equity at 31 December	<u>1,411,694</u>	<u>1,411,694</u>

Notes to the Financial Statements

1 Subsequent events

The consequences of Covid-19, in which many governments around the world have decided to "shut down the countries", are of great importance to the world economy. Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date of December 31, 2019 and therefore has no impact on the 2019 financial statements (non-regulatory event).

Covid-19 may potentially have a negative impact on the tenants' revenue, and Management expects this to have a negative impact on occupancy rate and revenue in 2020. The scope of the impact is, however, unknown at this time as it is uncertain to what extent BLOXHUB will be able to recapture lost revenue later in the year.

To mitigate the economic downturn of the tenants, BLOXHUB has offered the SME tenants a rent free period for a maximum of 3 months in Q2 2020. Management considers that BLOXHUB has sufficient liquidity for operations in 2020 despite the expected decline in rental revenues.

	2019 DKK	2018 DKK
2 Staff expenses		
Wages and salaries	9,123,734	6,607,888
Other social security expenses	121,354	62,655
Other staff expenses	6,255	8,857
	9,251,343	6,679,400
Average number of employees	16	11
3 Depreciation and impairment losses		
Depreciation of property, plant and equipment	6,333,529	4,419,025
	6,333,529	4,419,025
Which is specified as follows:		
Other fixtures and fittings, tools and equipment	1,487,599	1,216,957
Leasehold improvements	4,845,930	3,202,068
	6,333,529	4,419,025

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>DKK</u>	Leasehold improvements <u>DKK</u>
Cost at 1 January	4,600,244	21,900,462
Additions for the year	<u>14,875</u>	<u>3,647,725</u>
Cost at 31 December	<u>4,615,119</u>	<u>25,548,187</u>
Impairment losses and depreciation at 1 January	1,229,676	3,261,291
Depreciation for the year	<u>1,487,599</u>	<u>4,845,929</u>
Impairment losses and depreciation at 31 December	<u>2,717,275</u>	<u>8,107,220</u>
Carrying amount at 31 December	<u>1,897,844</u>	<u>17,440,967</u>

	<u>2019</u> DKK	<u>2018</u> DKK
Realdania BY & BYG A/S, grant for leasehold improvement	18,883,588	25,351,895
Realdania, BLOXHUB, grant for operations 2018-27	1,000,000	10,000,000
MATCH grant 2018-2019	810,081	2,456,315
GI pilot project on Summer School	0	200,000
Detained for refurbishment of permises	<u>787,500</u>	<u>133,500</u>
	<u>21,481,169</u>	<u>38,141,710</u>

5 Other provisions

Notes to the Financial Statements

6 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2019</u> DKK	<u>2018</u> DKK
Deposits		
Between 1 and 5 years	5,210,389	4,722,441
Long-term part	<u>5,210,389</u>	<u>4,722,441</u>
Within 1 year	0	0
	<u>5,210,389</u>	<u>4,722,441</u>

7 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	26,403,629	26,420,332
Between 1 and 5 years	105,437,976	105,492,583
After 5 years	<u>85,890,196</u>	<u>112,317,948</u>
	<u>217,731,801</u>	<u>244,230,863</u>

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Foreningen Bloxhub for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Federation, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Federation, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income Statement

Revenue

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales. Revenue comprises grants and funds received, membership fees, rental income etc.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

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

Notes to the Financial Statements

8 Accounting Policies (continued)

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Financial income and expenses

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

Extraordinary income and expenses

Extraordinary income and expenses comprise income and expenses resulting from events or transactions which clearly differ from ordinary activities and which are not expected to be of a recurring nature.

Tax on profit/loss for the year

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

Balance Sheet

Property, plant and equipment

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

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

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

Other fixtures and fittings,	
Tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

8 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Federation has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.