

BLOXHUB Annual Report 2020

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BLOX **HUB**

Foreningen BLOXHUB

Bryghuspladsen 8, DK-1473 Copenhagen K

Annual Report for 1 January - 31 December 2020

CVR No 37 78 55 39

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/4 2021

Bruno Månsson
Chairman of the General
Meeting



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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 2020.

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 2020 of the Federation and of the results of the Federation operations for 2020.

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, 26 April 2021

Executive Board

Torben Klitgaard
Executive Officer

Board of Directors

Lars-Peter Søbye
Chairman

Jørgen Bardenfleth
Vice Chairman

Nina Kovsted Helk

Bruce Katz

Torben Nielsen

Line Groes

Anders Thusgaard

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 2020 and of the results of the Federation's operations for the financial year 1 January - 31 December 2020 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 2020, 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, 26 April 2021

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
Line Groes
Anders Thusgaard
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.

Activities in 2020

BLOXHUB's main activity is the facilitation of a co-working space for 700+ 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 Urban Partnerships – a B2B service offering innovation workshops and network opportunities to map companies with the right competences, help unleash the potential of ideas, and scale up business opportunities. Urban Partnerships includes a global dimension – GLOBAL BUSINESS MATCH –linking Danish companies to international business opportunities within sustainable urbanization. In summary, Urban Partnerships was used by more than 114 companies and organizations in 2020.

Management's Review

In 2020 the Urban Partnerships program launched a digital match making format – Digital Roundtable. In total 61 companies took part in sharing business ideas, inspiring and advising each other on post-pandemic business opportunities.

BLOXHUB runs the cross disciplinary research platform 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 within sustainable urbanization. In 2020, Science Forum's activities continued with both Summer School courses and a series of Science Talks attracting leading international researchers. Furthermore the network comprising of Danish research institutions was established, DARE – Danish Network for Architecture and Urbanism. DARE is hosted by Science Forum and will run seminars, symposiums and exhibitions.

The 3 year Urban Tech Acceleration Program ran the 2nd co-hort online with great success sourcing from 300+ international tech start ups and selecting 8 companies for a 3-month acceleration program meeting partners, mentors and potential investors.

The Covid-19 crisis affected BLOXHUB's programs and events as many activities had to be postponed or cancelled. However, a new online format was developed based on live streaming. This format enables BLOXHUB to reach out to a much broader network, globally as well as locally, and has been well received.

In order to support the tenants in BLOXHUB's co-working space during the crisis, the small and medium sized companies were offered exemption from rent from April to June 2020 as a supplement to the national aid packages. Though some companies had to give up their tenancy, many were able to stay and there were also new arrivers. All in all, BLOXHUB's level of renting has not suffered from the crisis so far.

Development through the year

The primary income in 2020 was grants from founding father Realdania. The secondary income was rental revenue from BLOXHUB's tenants. Membership fees also contributed to BLOXHUB's income.

As for the expenses, BLOXHUB spent DKK 43,3 million on the operation in 2020.

At December 31, 2020, the balance sheet shows an equity of DKK 2,3 million. This years profit of DKK 0,9 million is transferred to retained earnings.

The management considers the result for 2020 as satisfactory and in line with the expectations.

Targets and expectations for 2021

The development of BLOXHUB will continue in 2021. The aim is to continue the members' growth and the rental of co-working space by attracting both national and international members. Also, the activities will be further developed and the daily matchmaking between members and partners will be strengthened.

Management's Review

All events and Roundtables will be held in an online format and Urban Partnerships programs target the involvement of minimum 200 companies.

Among the new activities in 2021 is the launch of a new international strategy focusing on increased international growth, impact and awareness.

BLOXHUB will – together with DAC, DDC and Creative Denmark – be part of an EU bid for a 'New European BAUHAUS' in Denmark. The goal is to unite the Danish ecosystem within architecture, design, industry and the creative arts in a consolidated bid to create an international design movement integrating sustainability, aesthetics and inclusion.

Science Forum will increase the activities starting up a new industrial PhD co-hort within circular construction and the facilitation of 2-3 Grand Solution Research programs also focusing on circular construction.

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 2021 will be the rental of the co-working space, i.e. the occupancy rate.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Revenue		51,140,392	46,997,554
Other external expenses		-29,572,284	-30,910,930
Gross profit/loss		21,568,108	16,086,624
Staff expenses	1	-13,747,093	-9,742,036
Depreciation and impairment losses	2	-6,880,788	-6,333,529
Profit/loss before financial income and expenses		940,227	11,059
Financial income		102	11,931
Financial expenses		-16,460	-2,022
Profit/loss before tax		923,869	20,968
Tax on profit/loss for the year		0	0
Net profit/loss for the year		923,869	20,968

Distribution of profit

Proposed distribution of profit

Retained earnings		923,869	20,968
		923,869	20,968

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Other fixtures and fittings, tools and equipment		457,316	1,897,844
Leasehold improvements		14,190,192	17,440,967
Property, plant and equipment	3	<u>14,647,508</u>	<u>19,338,811</u>
Fixed assets		<u>14,647,508</u>	<u>19,338,811</u>
Trade receivables		1,843,870	2,048,499
Other receivables		2,369,951	1,965,899
Prepayments		293,710	104,935
Receivables		<u>4,507,531</u>	<u>4,119,333</u>
Cash at bank and in hand		<u>22,162,172</u>	<u>17,490,421</u>
Currents assets		<u>26,669,703</u>	<u>21,609,754</u>
Assets		<u>41,317,211</u>	<u>40,948,565</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Retained earnings		2,335,563	1,411,694
Equity		2,335,563	1,411,694
Other provisions	4	20,124,249	21,481,169
Provisions		20,124,249	21,481,169
Deposits		6,014,898	5,210,389
Long-term debt	5	6,014,898	5,210,389
Trade payables		590,578	1,263,615
Other payables		3,229,391	1,522,044
Deferred income		9,022,532	10,059,654
Short-term debt		12,842,501	12,845,313
Debt		18,857,399	18,055,702
Liabilities and equity		41,317,211	40,948,565
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Statement of Changes in Equity

	Retained earnings	Total
	DKK	DKK
Equity at 1 January	1,411,694	1,411,694
Net profit/loss for the year	923,869	923,869
Equity at 31 December	2,335,563	2,335,563

Notes to the Financial Statements

	2020 DKK	2019 DKK
1 Staff expenses		
Wages and salaries	12,989,944	9,123,734
Pensions	48,325	0
Other social security expenses	148,778	121,354
Other staff expenses	560,046	496,948
	13,747,093	9,742,036
Average number of employees	22	16
2 Depreciation and impairment losses		
Depreciation of property, plant and equipment	6,880,788	6,333,529
	6,880,788	6,333,529
Which is specified as follows:		
Other fixtures and fittings, tools and equipment	1,513,277	1,487,599
Leasehold improvements	5,367,511	4,845,930
	6,880,788	6,333,529
3 Property, plant and equipment		
	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	4,615,119	25,548,187
Additions for the year	72,749	2,116,736
Cost at 31 December	4,687,868	27,664,923
Impairment losses and depreciation at 1 January	2,717,275	8,107,220
Depreciation for the year	1,513,277	5,367,511
Impairment losses and depreciation at 31 December	4,230,552	13,474,731
Carrying amount at 31 December	457,316	14,190,192

Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
	DKK	DKK
4 Other provisions		
Realdania BY & BYG A/S, grant for leasehold improvement	12,788,535	18,883,588
Realdania, BLOXHUB, grant for operations 2018-27	4,000,000	1,000,000
MATCH grant 2018-2019	0	810,081
Next Level grant 2019-2025	1,873,262	0
Smart City Research Cluster grant 2020	105,482	0
Detained for refurbishment of premises	1,356,970	787,500
	<u>20,124,249</u>	<u>21,481,169</u>

5 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:

Deposits

Between 1 and 5 years	<u>6,014,898</u>	<u>5,210,389</u>
Long-term part	6,014,898	5,210,389
Within 1 year	<u>0</u>	<u>0</u>
	<u>6,014,898</u>	<u>5,210,389</u>

6 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	24,712,078	26,403,629
Between 1 and 5 years	98,889,404	105,437,976
After 5 years	<u>55,727,678</u>	<u>85,890,196</u>
	<u>179,329,160</u>	<u>217,731,801</u>

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Foreningen BLOXHUB for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in 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

7 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.

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

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.