

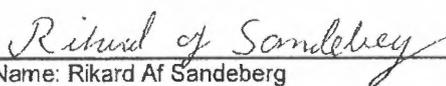
Affinion International ApS

**Affinion International ApS  
Ragnagade 7, Baghuset, 2.  
DK-2100 Copenhagen**

**CVR no.  
10358779**

## **Annual Report 2018**

The Annual General Meeting adopted the annual report on 4 June 2019  
**Chairman of the General Meeting**

  
Name: Rikard Af Sandeberg

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Affinion International ApS

**Entity details**

**Entity**

Affinion International ApS  
Ragnagade 7, Baghuset, 2. sal  
DK-2100 Copenhagen

CVR: 10358779

Registered in: Copenhagen

Financial year: 01.01.2018 - 31.12.2018

**Board of Directors**

Michele Conforti

Justin Figgins

**Executive Board**

Rikard Af Sandeberg

**Auditors**

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

Affinion International ApS

## Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the annual report of Affinion International ApS for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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

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

Copenhagen, 4 June 2019

### Executive Board



Rikard Af Sandeberg

### Board of Directors



Michele Conforti



Justin Figgins

## **The Independent Practitioner's Report**

To the Shareholders of Affinion International ApS

### **Conclusion**

We have performed an extended review of the Financial Statements of Affinion International ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

*Based on the work performed, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.*

### **Basis for conclusion**

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Management's responsibility 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 misstatement, whether due to fraud or error.*

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

### **Auditor's responsibilities for the extended review of the Financial Statements**

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

*An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.*

*An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.*

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**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 extended review 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 extended review, 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.

Hellerup, 4 June 2019  
**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR-no. 33 77 12 31



Poul Madsen  
State Authorised Public Accountant  
mne10745

## **Management's Review**

### **Primary activities**

The Company's primary business area is development of marketing, value added programs and ID security products with focus on the financial sector and other service sectors with large membership bases.

### **Development in activities and finances**

During the financial year, the Company has continued to provide services on a high level with customers, negotiating new strong contracts, of which the counterparts have largely been from within the financial industry. There continues to be great interest in the market for the Company's ID security product.

Profit for the year amounts to TDKK 2,780 which is considered satisfactory.

### **Outlook**

Based on the demand for the Company's products, the new contracts signed in 2018 and the pipeline of potential clients – Management has a positive outlook for the continued running of the Company.

### **Events after the balance sheet date**

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

## **Accounting policies**

### **Reporting class**

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

The accounting policies applied for these financial statements are consistent with those applied last year.

The annual report is submitted in Danish kroner (DKK).

### **Correction of material misstatement**

The Company has decided to correct a material misstatement relating to the financial years 2016 and 2017. The misstatement relates to an accrued income amounting to TDKK 1,507.

Income Statement and equity for the financial year 2016 and 2017 were thus positively affected by TDKK 1,507. The correction is presented in the equity statement with a tax effect of TDKK 331.

### **Recognition and measurement**

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

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

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

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

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

## **Accounting policies**

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### **Income statement**

#### **Gross profit or loss**

With reference to section 32 of Danish Financial Statements Act, revenue has not been disclosed in the annual report. Gross profit or loss comprises revenue and accrued membership income, less cost of sales and other external costs.

#### **Revenue**

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

Membership income is accrued over the term of the agreements.

#### **Cost of sales**

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for *ordinary inventory write-downs*.

#### **Other external expenses**

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

#### **Staff costs**

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

#### **Amortization, depreciation and impairment losses**

Amortization, depreciation and impairment losses relating to property, plant and equipment comprise amortization, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

## **Accounting policies**

### **Other financial income**

Other financial income comprises interest income on receivables from group enterprises and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

### **Other financial expenses**

Other financial expenses comprise interest expenses and transactions in foreign currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### **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**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad and doubtful debts.

### **Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

## **Accounting policies**

### **Prepayments**

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

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Cash**

Cash comprises bank deposits.

### **Operating leases**

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

### **Other financial liabilities**

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

### **Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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**Income statement for 2018**

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
<b>Gross profit</b>		<b>7,083,076</b>	<b>11,571,179</b>
Staff costs	1	(5,202,918)	(4,659,468)
<b>Operating profit/loss</b>		<b>1,880,158</b>	<b>6,911,711</b>
Other financial expenses		(82,230)	(35,719)
<b>Profit/loss before tax</b>		<b>1,797,928</b>	<b>6,875,992</b>
Tax on profit/loss for the year	2	981,895	0
<b>Profit/loss for the year</b>		<b>2,779,823</b>	<b>6,875,992</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		2,779,823	6,875,992
<b>Retained earnings</b>		<b>2,779,823</b>	<b>6,875,992</b>

**Balance sheet at 31.12.2018**

	Note	2018 DKK	2017 DKK
Other fixtures and fittings, tools and equipment		0	0
<b>Property, plant and equipment</b>	3	<b>0</b>	<b>0</b>
Deposits		296,342	291,628
<b>Fixed asset investments</b>	4	<b>296,342</b>	<b>291,628</b>
<b>Fixed Assets</b>		<b>296,342</b>	<b>291,628</b>
Manufactured goods and goods for resale		115,879	186,951
<b>Inventories</b>		<b>115,879</b>	<b>186,951</b>
Trade receivables		4,270,570	5,430,270
Receivables from group enterprises		23,134,076	13,136,597
Other Short-term receivables		0	461,691
Prepayments		0	14,753
<b>Receivables</b>		<b>27,404,646</b>	<b>19,043,331</b>
Cash		2,138,159	4,142,914
<b>Current Assets</b>		<b>29,658,684</b>	<b>23,373,176</b>
<b>Assets</b>		<b>29,955,026</b>	<b>23,664,804</b>

**Balance sheet at 31.12.2018**

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	5	1,059,381	1,059,381
Retained Earnings		21,203,190	17,248,185
<b>Equity</b>		<b>22,262,571</b>	<b>18,307,566</b>
Prepayments received from customers		35,820	57,226
Corporation tax		517,926	0
Trade payables		3,505	918,627
Payables to group enterprises		4,850,133	0
Other payables		2,282,008	4,381,385
Other Short-term payables		3,693	0
<b>Current liabilities other than provisions</b>		<b>7,692,455</b>	<b>5,357,238</b>
<b>Liabilities other than provision</b>		<b>7,692,455</b>	<b>5,357,238</b>
<b>Equity and liabilities</b>		<b>29,955,026</b>	<b>23,664,804</b>
Contingent assets	6		
Contingent liabilities	7		
Related parties	8		

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**Statement of changes in equity for 2018**

	<b>Contributed Capital DKK</b>	<b>Retained Earnings DKK</b>	<b>TOTAL DKK</b>
<b>Equity beginning of year</b>	<b>1,059,381</b>	<b>17,248,184</b>	<b>18,307,565</b>
Net effect from adjustment of material misstatement		1,506,645	1,506,655
Tax of effect of material misstatement		-331,462	-331,462
<b>Adjusted equity at 1 January</b>	<b>1,059,381</b>	<b>18,423,367</b>	<b>19,482,749</b>
Profit/loss for the year		2,779,823	2,779,823
<b>Equity end of year</b>	<b>1,059,381</b>	<b>21,203,190</b>	<b>22,262,571</b>

**Notes**

	<u>2018</u> DKK	<u>2017</u> DKK
<b>1. Staff costs</b>		
Wages and salaries	4,741,497	4,260,344
Pension costs	400,487	336,466
Other social security costs	60,933	59,658
	<u>5,202,918</u>	<u>4,659,465</u>
 Average number of employees	 <u>7</u>	 <u>7</u>

**2. Tax on profit/loss for the year**

Current tax for the year	185,834	0
Tax concerning previous years	-1,167,729	
	<u>-981,895</u>	<u>0</u>

Tax calculated on material misstatement amounts to DKK 331,462, giving overall tax liability of DKK 517,296.

**3. Property, plant and equipment**

	DKK
Cost beginning of year	<u>676,502</u>
<b>Carrying amount end of year</b>	<b><u>676,502</u></b>
 Depreciation and impairment losses beginning of the year	 (676,502)
Depreciation for the year	<u>0</u>
<b>Depreciation and impairment losses end of year</b>	<b><u>(676,502)</u></b>
 Booked value per 31. December 2018	 <b>0</b>

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	<u>DKK</u>
<b>4. Fixed asset Investments</b>	
Cost beginning of year	291,628
Additions	<u>4,714</u>
<b>Cost end of year</b>	<u><b>296,342</b></u>
<b>Carrying amount end of year</b>	<u><b>296,342</b></u>

	<u>Number</u>	<u>Par Value DKK</u>	<u>Nominal Value DKK</u>
<b>5. Contributed capital</b>			
Share	1	381,818	381,818
Share	1	334,137	334,137
Share	1	<u>343,426</u>	<u>343,426</u>
	<u>3</u>		<u><b>1,059,381</b></u>

**6. Contingent assets**

The Company has a deferred tax asset of TDKK 77 which has not been capitalized (22% tax rate used).

**7. Contingent liabilities**

The Company has lease commitments in the amount of DKK 400 thousand.

**8. Related parties with control**

Related parties with a controlling interest of Affinion International ApS:

- Affinion International AS, Kjørøbokollen 30, N-1337 Sandvika, Norway

