

Nasdaq Copenhagen A/S

Nikolaj Plads 6

1067 Copenhagen K

Business Registration No

19042677

Annual report 2017

The Annual General Meeting adopted the annual report on 29.05.2018

Chairman of the General Meeting

Name: Anne Zeuthen Løkkegaard

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Entity details

Entity

Nasdaq Copenhagen A/S
Nikolaj Plads 6
1067 Copenhagen K

Central Business Registration No (CVR): 19042677

Founded: 10.01.1996

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

Phone: 33933366

Website: www.nasdaqomxnordic.com

Board of Directors

Lauri Mikael Rosendahl, Chairman
Suzanne Dahl Wallin
Teuvo Tarmo Tapio Rossi
Robert Ian Caisley
Karl Adam Jarl Christian Leif Kostyál

Executive Board

Nikolaj Kosakewitsch

Entity auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Nasdaq Copenhagen A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 29.05.2018

Executive Board

Nikolaj Kosakewitsch

Board of Directors

Lauri Mikael Rosendahl
Chairman

Suzanne Dahl Wallin

Teuvo Tarmo Tapio Rossi

Robert Ian Caisley

Karl Adam Jarl Christian Leif
Kostyál

Independent auditor's report

To the shareholder of Nasdaq Copenhagen A/S

Opinion

We have audited the financial statements of Nasdaq Copenhagen A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Entity 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.

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 misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content 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.

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.

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 in 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 Financial Statements Act.

Independent auditor's report

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

Copenhagen, 29.05.2018

Ernst & Young

Godkendt Revisionspartnerselskab

Central Business Registration No (CVR) 30700228

Anders Duedahl-Olesen

State Authorised Public Accountant

Identification No (MNE) mne24732

Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	337.249	347.468	335.950	310.869	291.368
Gross profit/loss	282.593	286.692	278.579	242.615	218.315
Operating profit/loss	241.606	241.697	229.133	196.336	168.455
Net financials	68	129	568	1.787	1.351
Profit/loss for the year	189.428	190.134	177.163	148.565	127.119
Total assets	340.478	342.308	324.209	297.831	263.876
Investments in property, plant and equipment	109	208	1.190	686	192
Equity	317.095	315.667	295.533	269.370	240.805
Ratios					
Gross margin (%)	83,8	82,5	82,9	78,0	74,9
Net margin (%)	56,2	54,7	52,7	47,8	43,6
Return on equity (%)	59,9	62,2	62,7	58,2	55,9
Equity ratio (%)	93,1	92,2	91,2	90,4	91,3

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The main activity for Nasdaq Copenhagen is to supply an effective infrastructure for issuers, members and investors. The company primarily generates income from three main areas: IPO's, trading in securities and the sale of information services. The sale is aimed at external clients as well as clients within the Nasdaq group.

Development in activities and finances

IPO development

In 2017 three companies were welcomed on the main market, compared to four companies in 2016. Five companies were delisted from Nasdaq Copenhagen in 2017, in comparison to 12 companies in 2016. 137 companies therefore made up the main market as of ultimo 2017, which is a decrease of two companies in comparison to 2016.

On First North three new companies were listed for trading in 2017, which is the same amount as in 2016. No companies were delisted in 2017 and 12 companies were therefore listed on First North at the end of the year 2017.

In 2017, issuers gave listed companies, excluding new companies, a capital injection of 8.1 billion DKK against 2.6 billion DKK in 2016. New companies obtained 601 million DKK in 2017, in connection with admission to trading and official listing, against 5.5 billion DKK 2016. The proceeds from the sale of existing shares amounted to 713.7 billion DKK in 2017 against 33.5 billion DKK in 2016.

The companies on First North raised 77.5 million DKK in 2017 against 8.7 million DKK in 2016.

On the bond side 180 new bonds were listed in 2017 against 137 in 2016. During 2017 there were two issuances on the First North Bond Market against three issuances in 2016.

In 2017, 540 ETN's were admitted for trading compared to 155 ETN's in 2016. At the end of 2017 a total of 843 ETN's were admitted for trading compared to 327 ETN's in 2016.

2017 was the year where Nasdaq Copenhagen saw its first mini-future admitted for trading. All in all it amounted to 186 new mini-futures.

29 new investment funds and two ex-dividend investment funds were admitted for trading, against 17 new investment funds and 83 ex-dividend investment funds in 2016. 27 departments, including the two ex-dividend divisions, were deleted from trading in 2017 compared to 23 departments, excluding the 83 ex-dividend divisions, in 2016. At the end of 2017 447 departments were admitted for trading against 445 departments ultimo 2016.

On the AIF market (Alternative Investment Funds) seven new issuers were admitted for trading, whereas no new issuers were admitted for trading on this market in 2016.

Trading development

There were 251 trading days in 2017, which was one day less than in 2016.

Development in trading in shares

In 2017 shares were traded for 1,498 billion DKK on Nasdaq Copenhagen against 1,373 billion DKK in 2016. Therefore, 2017 turned into a record year based on turnover in market value, which is an increase in turnover of 9.1% in comparison to 2016. Measured in the number of equity transactions, it increased by 13.3%, from 24.0 million trades in 2016 to 27.2 million trades in 2017, which was also a new record, measured on the number of trades.

In 2017, non-Nordic stockbrokers increased their trading turnover on the Danish stock market to 67.2% of the total turnover, an increase of 3.3 percent point compared to 2016.

Nasdaq Copenhagen continues being the second largest stock market in the Nordic region following Nasdaq Stockholm. This position has been further expanded in 2017, where the Danish stock market has continued to grow relative to the market cap development in the Nordic region in 2016.

Management commentary

Today all stock trading is global and Nasdaq Copenhagen's job is to secure the Danish stock market a front row seat. The Danish companies benefit from the liquidity and risk capability that an international investor segment can offer. The fact that in 2008 the Danish stock market became part of the world's largest stock exchange group, has made it significantly easier for international investors to trade Danish shares, seeing that many stockbrokers outside the Nordic countries know Nasdaq's trading set-up from the US market. In addition, Nasdaq Copenhagen has succeeded in securing the Danish stock market a prominent place in Europe by actively attracting new non-Nordic trade members to the Danish and Nordic markets. The interest to invest in Danish equities rose in 2016 measured on consolidated turnover (consolidated Lit, Auction and Dark turnover) at European level, with the Danish market growing by 14.1%. In 2017, the interest in Danish equities continued to grow, where stock trading rose by 14.6% compared to 2016, with the Danish market, turnover wise, being the third most increasing market.

Denmark is an open economy and is dependent on foreign countries. This also applies to the stock market. Therefore, Nasdaq Copenhagen has also set its sight on countries abroad in order to attract foreign liquidity to the Danish market. A clear consequence is that the price spread itself in 2017 was further reduced in favour of both lower trading costs and the companies' pricing. In 2017, the quoted price spread was thus narrowed, not only in the leading Large Cap shares, but also in both the Mid Cap and Small Cap shares. A better spread means that trading costs will be reduced for the individual investor and the increased liquidity creates sharper pricing for listed companies. In addition to contributing to strengthen the Danish market, the increased non-Nordic trading means that the companies listed in Denmark take up more space in the general European order book, and thereby reinforcing the attraction of more investors to the Nordic region. In 2017, all shares grew extensively in turnover and exchange rates, and several Small Cap companies therefore grew to be Mid Cap, while more Mid Cap companies grew to become Large Cap companies.

At the end of 2017, Nasdaq Copenhagen therefore had a new record in the number of Large Cap companies, with a total of 42 Large Cap shares on the Danish Stock Exchange.

Development in the trading with investment funds

In 2017 the Danish unit trust market continued to hold a significant share of the equity market, corresponding to 18.6% of the total equity market, which was a small increase of 2.0% compared with 2016. The total turnover in unit trusts on Nasdaq Copenhagen in all of 2017 set a new record with a total turnover of 345.7 billion DKK, which was an increase of 25.3% compared with 2016, with a turnover of only 275.8 billion DKK.

In contrast to the increase in turnover, the number of transactions decreased by -5.4% in 2017 from 1.75 million trades in 2016 to 1.66 million trades in 2017.

The average trading volume increased significantly in 2017, but in reality it was an expression of extraordinary activity in the second quarter of 2017, where the Danish banking and investment sector were preparing for a new regulation (MiFID II with a retrocession ban) and the sector thus by July, transferred a large proportion of their customers and trade in Danish unit trusts to so called unlisted Clean Funds. The listed market value of the listed unit trusts decreased systematically by approximately -21.2% from the first to the second half of the year, equivalent to a decrease of just over 125 billion DKK in market value, after the sector had converted a large part of their customers' holdings to the unlisted and non-transparent Clean Fund unit trusts. The collective turnover record for the year was thus due solely to the extraordinarily high activity in the first half of the year, whereby the total trading in listed unit trusts on Nasdaq Copenhagen fell in the second half of the year where there was a 50.9% decrease in average daily turnover measured through market value, and a total of 59.1% fewer trades on average per day.

The development in Danish Exchange Traded Products

The fastest growing product group on Nasdaq Copenhagen in recent years was again in 2017 the so-called Exchange Traded Products (ETPs), where the turnover in 2017 was 13.1 billion DKK, representing a 13.7% increase in turnover compared to 2016. Many new products have been issued in the ETN segment in 2017, with more issuers and various underlying instruments. Thus, 2017 offered a large new retail issuer, who, in addition to the popular ETNs, became the first issuer in Denmark to launch Warrants and Mini-Futures in their product portfolio.

Not only in the ETNs, but also in relation to the interest for Warrants and Mini-futures, there is a general demand for the highly geared instruments. The increased appetite for geared products has also caused the average trading size to fall.

Management commentary

The number of ETP trades has increased by 36.0% from 133,594 transactions in 2016 to 181,725 ETP transactions in 2017. However, trading with ETNs remains the vast majority of the trading activity in the ETP segment, accounting for a full 99.5%, where the remaining part are the new Mini-Futures instruments. Overall, however, the ETP segment remains a relatively modest part of the total Danish equity market, accounting for only 0.7% of total equity market turnover.

The development in the Danish equity derivatives trading

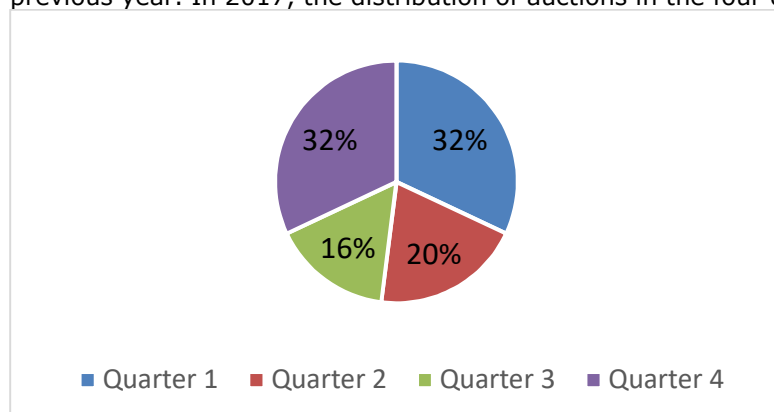
The turnover in Danish equity derivatives declined by 32.1% in 2017, compared to 2016. This was primarily due to a decrease in single share derivatives trading, as well as in the Index options. In 2017 there was only an increase in the trading in Index futures, which increased by 10.3% from 2016 to 2017. Trading and clearing revenues from the Danish equity derivatives totalled 4.5 million DKK in 2017, corresponding to a total decrease in revenue of 23.9% from 2016.

Overall, 824,937 derivative contracts were traded in 2017, the majority of which originated from trading in stock option contracts. In 2017, 601,016 single-share contracts, 19,588 single-share futures contracts, 195,360 index futures contracts, as well as 8,973 index-option contracts were traded.

Development in bond trading

By the end of 2017, there were a total of 18 bond members on Nasdaq Copenhagen. Three of which are issuers who have access to the issuer market.

Turnover in mortgage lending amounted to 330.4 billion DKK in 2017, against 405.2 billion DKK nominal the previous year. In 2017, the distribution of auctions in the four quarters was as follows:



The Danish bond market recorded a total of 177 new bonds in 2017. 135 of these were mortgage bonds. This was an increase compared to 2016, with a total of 136 new bond series on Nasdaq Copenhagen.

Market data products

Nasdaq Nordic Global Information Services is recognized as a leading player in the development of high quality data products. Nasdaq Nordic offers a full range of real-time data products based on equities, bonds, derivatives and commodities for the Nordic market. Nasdaq Nordic offers its innovative market data products to professional and private investors worldwide. Nasdaq Nordics data products are essential tools for investors in order to identify trends in the market and thus make more qualified trade decisions.

Most investors gain access to Nasdaq's data products through market data distributors. Nasdaq also offers direct access to Nordic data products through real-time data feeds and web-based products.

The main European market data products include:

- Nordic Equity Totalview, which provides full market access to trading information, news and analysis of data for all Nordic stocks. The product also contains index values and liquidity indicators;
- Nordic Derivatives Totalview, which gives full market access to trading information, listing details, and
- Nordic Fixed Income Level 2, which provides listing details, order book information, bid and offer prices up to five levels, trade information, derived information, indicative bid and offer prices, daily turnover statistics and company information.

Management commentary

From January 2017, we adjusted the prices for Member Nordic Equity and Nordic Derivatives Snapshot market data products. The prices for the Nordic Member snapshot products have not been changed since 2010.

2017 at Nasdaq Copenhagen

Nikolaj Kosakewitsch new CEO of Nasdaq Copenhagen

On May 1st, Nikolaj Kosakewitsch took over the position of CEO after Bjørn Sibbern's promotion to Executive Vice President of the Nasdaq Global Information Group in New York.

Nikolaj Kosakewitsch comes from a position as Head of Securities at Carnegie Investment Bank and has a long career in Nordic investment banks. Nikolaj therefore comes with a solid experience and insight into the market conditions that concern both the trading members of the stock exchange and the banks and stock-brokers acting as financial advisors for listed companies as well as stock market candidates.

In addition to his duties as managing director of Nasdaq Copenhagen A/S, Nikolaj has the title of and functions as the Vice President in charge of Nasdaq's equity and derivatives customers in Europe.

New companies at Nasdaq Copenhagen

In 2017 Nasdaq welcomed five new companies at Nasdaq Copenhagen and Nasdaq First North:

- GreenMobility A/S; 16.06.2018
- Conferize A/S; 23.06.2018
- Nilfisk Holding A/S; 12.10.2018
- Orphazyme A/S; 16.11.2018
- TCM A/S; 24.11.2018

In addition, 24 listed companies raised 8.1 billion DKK in share issues during 2016.

Record activity in share trading

The turnover in shares on the Danish equity market in 2017 set a turnover record with an average daily trading turnover of 5.9 billion DKK. The record from 2015 was 5.7 billion DKK per day.

Turnover has risen sharply in recent years and has increased from 2.4 billion DKK in 2012 to 5.9 billion DKK in average daily turnover. Turnover in the Danish market is defined as regulated trading and OTC reporting to the Danish Stock Exchange.

Measured on the number of trades, 2017 was also a record year with 106,539 trades per day on average, against 91,899 share transactions per trading day in the record year 2015.

New larger C25 replaces C20CAP

Large company listings, more large-cap shares and a general market growth have paved the way for expanding the number of companies in the new elite index C25. Since 2012, the number of large cap shares have risen from 24 to 42 in 2017; the average daily share turnover has more than doubled from 2.4 billion DKK to 5.9 billion DKK; and the total market value of the Danish equity market has risen from 1,300 billion DKK to 3,000 billion DKK, over five years from 2012 to 2017.

It is in short the background for replacing the old C20 CAP with a new major index that better reflects the significant change that has taken place in the Danish stock market over the past five years.

It is a priority for the stock exchange to strengthen the visibility of the listed companies, and for this purpose an index is a powerful tool because both investors, the market, the media and the public are attentive of the leading index, and because companies can utilize being a part of the elite index as an active communication platform.

When the stock exchange expands its elite index with five additional companies, it is a way to easier make the cut to reach for the listed companies, enabling more companies to become a part of the group with the highest turnover on the stock market and a group which is increasingly attracting more attention.

Looking at the companies that are included in the new C25, all companies are formerly known from the C20. But the field of candidates to join the elite index opens up for new companies. The incentive for the companies to work actively with their share's liquidity and turnover is thus greater.

Management commentary

Market growth

The listings of Ørsted, Chr. Hansen, Pandora, TDC and ISS are all examples of companies that have recently entered the elite index immediately after listing. This is not seen in other European stock markets where there is further between large listings.

In addition companies that grow by their own power on the stock exchange, are the latest examples of mid cap companies that have grown to large cap companies. Examples are Alm. Brand, Simcorp, Royal Unibrew, DFDS, NKT, ALK-Abello, Ambu, Jeudan, Schouw & Co., and Spar Nord Bank.

The selection

The method behind the selection of the new C25, will be the same as for the C20: Only the amount will be different. First, the 35 companies with the largest marketable market value (also called free float-adjusted market cap) are selected; out of the 35, the 25 shares that have had the largest share turnover over a period of six months are identified.

Details

C25 opened in index 1000 on December 19th 2016.

C25 is a capped index of the 25 most traded shares with the largest free float-adjusted market value.

On December 18th 2017, the Danish stock market started using C25 as the leading index.

The goal is to phase out the C20 index as soon as derivatives, ETPs and investment funds either transition to C25 or expire.

Nasdaq will continue to calculate the OMXC20 as long as there are products to calculate.

C25 is available in three versions:

- Price return Index -> OMXC25
- Gross total return Index -> OMXC25GI
- Expiration Index -> OMXC25EXP

Campaign to focus on the beneficial effects of equity investments

In 2017 Nasdaq Copenhagen participated for the third time at the People's Political Festival in Allinge with two planned events on entrepreneurship and the value to society of equity investments as a growth generator for companies.

The events took place in Dansk Erhvervs tent and centred on opening and closing the market, respectively. The morning event was the listing of GreenMobility on Nasdaq First North, which is the first time a company has been listed at the People's Political Festival in Allinge. The listing speeches were given by Business Minister Brian Mikkelsen, as well as the CEO of Dansk Erhverv, Jens Klarskov, and the Chairman of the Board for Green Mobility Henrik Isaksen and Nasdaq Head of Listings Carsten Borring.

In the afternoon the market was closed by the participants in the stock exchange's share trading competition Lisbeth Beck Poulsen (SF), Benny Engelbrecht (S), Joachim B. Olsen (LA) and the winner of the competition, for the second year in a row, Pelle Dragsted (Enh.). Before the market closed, the stock exchange hosted a panel debate on equity investment and crowdfunding.

Once again, the daily newspaper Børsen covered the four politicians' struggle to get one million fictional DKK to breed by investing them following their convictions, expectations and observations.

Under the heading "The stock market - the world's oldest form of regulated crowdfunding?", the share trading competition and the subsequent debate set off a fundamental discussion of growth creation through private investment and the need for a popular stock culture in Denmark. The effort was embodied in a chronicle in the Danish newspaper Politiken authored by CEO Nikolaj Kosawitsch.

Introduction of a Danish Investment Savings Account

Strong political efforts have, after years of work, resulted in the approval of a Danish Share Savings Account. Since 2014, where this tax model was recommended by the working groups of the IPO Task Force, Nasdaq Copenhagen has had it as its highest political priority to promote the understanding of simpler and lower

Management commentary

taxation of returns and dividends in Denmark. The Investment Savings Account, has been a central tool in the work and its approval is an important step towards eliminating restrictive taxation rules on investments.

Statutory report on corporate social responsibility

For Nasdaq Copenhagen, the responsibility in relation to the surrounding society is a central and integral part of the business. However, Nasdaq Copenhagen has not prepared any individual politics in respect of social responsibility, including environment, climate impact and Human rights.

As a Danish Stock Exchange, Nasdaq Copenhagen plays a central role as both capital transfer infrastructure and a way for retail and professional investors to seek returns and diversify their investments through a transparent, secure and trustworthy marketplace.

The dual function of the market is thus a prerequisite for the capital market eco system to function and for prosperity, development and growth to spread throughout society and the business life.

The dissemination of capital is a prerequisite for private individuals to finance real estate or to save up for retirement through the pricing and trading of bonds and shares taking place on Nasdaq Copenhagen.

The efforts Nasdaq Copenhagen goes through to offer our market participants the most quality-assured financial markets therefore has a dual purpose: On the one hand, it is a competitive parameter to offer a transparent and efficient trading platform. On the other hand, through a well-functioning infrastructure, we contribute to the financial markets generating growth in favour of private and professional investors and businesses with growth on the agenda.

Central to maintaining a transparent and efficient market for securities trading is the trust that investors, companies, market players, control agencies and other stakeholders have for our business. Therefore, through a number of initiatives in education, ethics and surveillance, we seek to make our market deserving of that trust.

Nasdaq Nordic ESG Guide and UN's Sustainable Stock Exchanges collaboration

Climate sustainability and social responsibility have increasingly become an investment focus and have been higher on investors' agenda in 2017. With this in mind Nasdaq Copenhagen became part of the UN's Sustainable Stock Exchange collaboration in 2016, to work voluntarily to promote sustainable investment and transparency in the capital markets.

This is sought through dialogue with investors and issuers with the aim of promoting long-term, sustainable investment.

In 2017, this dialogue resulted in the production of a voluntary, globally standardized guide to ESG parameters (Environmental, Social and Governance metrics) that will provide listed companies with a guideline for reporting on ESG and thus helping investors seek sustainable investment opportunities.

System development

2017 has been a preparatory year in relation to the trading system INET, which covers all share and equity related products on Nasdaq Copenhagen. 2017 has thus offered the following changed and new services:

- In June 2017, Nasdaq Nordic launched a new Auction-On-Demand (AOD) order book for trading shares and investment funds, in addition to the regular continuous matching order book, thus systematically initiating a short auction when two orders could match in an auction form. This order book has been launched to meet industry challenges in the light of MiFID II regulation on dark pool trading.
- In December 2017, Nasdaq moved all Exchange Traded Products (ETP) from our main market listing to be listed and traded from the new First North ETP segments, NSDX. At the same time, Nasdaq introduced a new order type called MMO order's, which is partly a market maker protection feature, and also protects customers from being matched incorrectly if the market maker is not in the order book.
- In November 2017, Nasdaq prepared several MiFID II related functionalities, including Order Record Keeping data and consolidation features that all members trading in the trading system are required to fill in customer or proprietary identification codes for.

Management commentary

- In addition, Nasdaq continuously made a number of other updates and analysis, which would make INET MiFID II compliant for the implementation from January 3rd, 2018.

Statutory report on the underrepresented gender

The elected board of directors of Nasdaq Copenhagen consists of five members of which four are male and one is female. The goal for Nasdaq Copenhagen is to have 30% female representation in the board of directors by 2020. No gender distribution is reported elsewhere, as the company has less than 50 employees.

Education

Nasdaq Copenhagen offers guidance and educates issuers, traders and other market participants in order to ensure compliance with rules, including the issuers disclosure obligations. In 2017, 24 seminars and education events were held for groups and individual companies as well as Certified Advisors on First North, including two seminars together with the Danish Financial Supervisory Authority regarding the rules on disclosure obligations in the Market Abuse Regulation (MAR).

Ethics

All employees in Nasdaq Copenhagen are subject to an ethical code to ensure that Nasdaq Copenhagen performs with unremitting ethical conduct in all circumstances. All employees must annually declare themselves in relation to this Code. On a consolidated basis, this report is followed up and it is made known by the Nasdaq Group to Nasdaq Copenhagen, if there are circumstances where the ethical code has not been adhered to or there are employees who have not declared themselves in relation to the ethical code. There have been no significant deviations from the ethical code in 2017.

Surveillance

Nasdaq Copenhagen Surveillance ensures that all new issuers and financial instruments fulfil the conditions for admission to trading. In addition, Surveillance continuously monitors the market to ensure that the transaction is fair and transparent, and that the market receives accurate and timely information from the issuers. In 2017, nine issuers were sanctioned by Nasdaq Copenhagen, while 21 cases of possible market abuse were forwarded to the Danish Financial Supervisory Authority.

For further information, see Decisions & Statements, as well as annual and monthly reports from Surveillance on Nasdaq Nordic, which is available on the website.

Development in economic conditions

Result

The result after tax was 189.4 million DKK in 2017, against 190.1 million DKK in 2016. The result is in line with the expected.

Net sales

Net sales decreased 10.2 million DKK (-3%) to 337.2 million DKK, against 347.5 million DKK in 2016.

Operating costs

The company's operating expenses amounted to 95.6 million DKK in 2017 compared to 105.8 million DKK in 2016. The reason for the decline is due to lower external costs and lower staff costs.

Balance

At the end of 2017, the company's assets amounted to 340.5 million DKK against 342.3 million DKK at the end of 2016. The assets consist mainly of current assets amounting to 338.6 million DKK, against 339.8 million DKK at the end of 2016.

Equity, including the restricted reserve, amounts to 317.1 million DKK at the end of 2017, against 315.7 million DKK at the end of 2016. The restricted reserve amounts to 53.7 million DKK at the end of 2017, which is unchanged from the end of 2016.

Management commentary

Uncertainty regarding recognition and measurement

No special uncertainties are considered for recognition and measurement in connection with the 2017 annual report.

Special risks

Business risks

Nasdaq Copenhagen remains the preferred choice for listing of companies domiciled in Denmark.

Continued globalisation has increased competition for trading of shares. In the bond market, the competition lay out is a little different, as internationally there is not the same trading tradition as in Denmark.

Earnings on trading are generally affected by the development of equity and bond turnover and are therefore largely outside the company's control. The increased competition on trading with large cap shares causes a greater pressure on trading revenue. By the end of 2017, Nasdaq Copenhagen had a market share of 65.5% of the trading in shares listed on Nasdaq Copenhagen compared to 62.1% in 2016.

Information revenue continues to be based primarily on sale of real-time information. This is due to the basic structure of the international financial information environment and therefore also applies to Nasdaq Copenhagen.

Currency risk

The company's currency risk mainly relates to payment for the development and operation of the company's trading and information transmission systems, settled in Swedish kroner. These services are received from Nasdaq Technology AB, a Nasdaq group company.

Interest rate risk

Interest rate risk arises in connection with interest bearing assets and relates primarily to the Nasdaq Copenhagen's liquidity surplus. Liquidity surpluses are invested internally in the Nasdaq Group through short loans to Nasdaq Treasury AB with a duration of approximately six months.

Operational risks

An important element in the operation of Nasdaq Copenhagen is IT and operational reliability. The primary IT partner is Nasdaq Technology AB. The company's trading system had an uptime of 100% in 2017.

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.

Expected development

Nasdaq Copenhagen expects a higher result in 2018 compared to 2017 due to increased trading volumes and growing market data revenue.

Management commentary

	Number	Nominal value DKK'000	Share of contributed capital %
Treasury shares			
Holding of treasury shares:			
Shares	5.645	565	1,4
	5.645	565	1,4

Income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue	1	337.249	347.468
Other external expenses		<u>(54.656)</u>	<u>(60.776)</u>
Gross profit/loss		282.593	286.692
Staff costs	2	(40.492)	(44.335)
Depreciation, amortisation and impairment losses	3	<u>(495)</u>	<u>(660)</u>
Operating profit/loss		241.606	241.697
Other financial income	4	140	203
Other financial expenses		<u>(72)</u>	<u>(74)</u>
Profit/loss before tax		241.674	241.826
Tax on profit/loss for the year	5	<u>(52.246)</u>	<u>(51.692)</u>
Profit/loss for the year	6	<u>189.428</u>	<u>190.134</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Other fixtures and fittings, tools and equipment		398	482
Leasehold improvements		575	875
Property, plant and equipment	7	973	1.357
Deposits		955	1.131
Fixed asset investments	8	955	1.131
Fixed assets		1.928	2.488
Trade receivables		18.992	16.882
Receivables from group enterprises		309.388	313.536
Deferred tax	9	164	207
Other receivables		149	189
Prepayments	10	1.914	1.119
Receivables		330.607	331.933
Cash		7.943	7.887
Current assets		338.550	339.820
Assets		340.478	342.308

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital	11	40.000	40.000
Reserves according to the articles of association		53.657	53.657
Retained earnings		33.438	34.010
Proposed dividend		190.000	188.000
Equity		317.095	315.667
Trade payables		6.244	7.400
Payables to group enterprises		650	2.423
Joint taxation contribution payable		4.058	2.239
Other payables		10.706	12.854
Deferred income	12	1.725	1.725
Current liabilities other than provisions		23.383	26.641
Liabilities other than provisions		23.383	26.641
Equity and liabilities		340.478	342.308
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		
Transactions with related parties	16		
Group relations	17		

Statement of changes in equity for 2017

	Contributed capital DKK'000	Reserves according to the articles of association DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	40.000	53.657	34.010	188.000
Ordinary dividend paid	0	0	0	(188.000)
Profit/loss for the year	0	0	(572)	190.000
Equity end of year	40.000	53.657	33.438	190.000
				Total DKK'000
Equity beginning of year				315.667
Ordinary dividend paid				(188.000)
Profit/loss for the year				189.428
Equity end of year				317.095

Notes

	2017	2016
	DKK'000	DKK'000
1. Revenue		
Denmark	114.474	119.267
Other EU-countries	208.753	210.587
Other European countries	2.888	5.782
USA	2.459	3.808
Asia	8.675	8.024
	337.249	347.468

	2017	2016
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	32.291	33.938
Pension costs	2.467	2.612
Other social security costs	3.403	3.274
Other staff costs	2.331	4.511
	40.492	44.335
 Average number of employees	 35	 38

Persuant to Section 98(b) (3) of the Danish Financial Statements Act, remuneration of the Executive Board has not been disclosed.

	2017	2016
	DKK'000	DKK'000
3. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	495	660
	495	660

	2017	2016
	DKK'000	DKK'000
4. Other financial income		
Financial income arising from group enterprises	139	205
Exchange rate adjustments	1	(2)
	140	203

Notes

	2017	2016
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Current tax	52.206	51.614
Change in deferred tax	42	145
Adjustment concerning previous years	(2)	(67)
	52.246	51.692

	2017	2016
	DKK'000	DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	190.000	188.000
Retained earnings	(572)	2.134
	189.428	190.134

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
7. Property, plant and equipment		
Cost beginning of year	8.653	12.356
Additions	109	0
Disposals	(4.392)	(9.393)
Cost end of year	4.370	2.963
Depreciation and impairment losses beginning of year	(8.171)	(11.479)
Depreciation for the year	(193)	(302)
Reversal regarding disposals	4.392	9.393
Depreciation and impairment losses end of year	(3.972)	(2.388)
Carrying amount end of year	398	575

Notes

	Deposits DKK'000
8. Fixed asset investments	
Cost beginning of year	1.131
Disposals	(176)
Cost end of year	955
Carrying amount end of year	955

	2017 DKK'000	2016 DKK'000
9. Deferred tax		
Property, plant and equipment	164	207
	164	207

Changes during the year

Beginning of year	207
Recognised in the income statement	(43)
End of year	164

10. Prepayments

Prepayments relates to prepaid expenses.

	Number	Par value DKK'000	Nominal value DKK'000
11. Contributed capital			
Shares	400.000	100	40.000
	400.000		40.000

12. Deferred income

Deferred income relates to prepaid income.

	2017 DKK'000	2016 DKK'000
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	5.732	6.700

Notes

14. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Nasdaq Holding Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity 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.

15. Related parties with controlling interest

Nasdaq Holding Denmark A/S, Copenhagen, Denmark is the sole shareholder and therefore has the controlling interest.

16. Transactions with related parties

All related party transactions are conducted on an arm's length basis.

17. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Nasdaq Inc., Delaware.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

Income statement

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer.

Revenue mainly includes listing and issue income, transaction income and income from the sale of information.

Listing income consists of the annual fee paid by companies, investment funds and bond issuers for being listed on Nasdaq Copenhagen.

Issue income comprises income from new listings made during the year and issues carried through by companies that are already listed etc.

Transaction income consists of income from the trading of shares, investment units, bonds and derivatives.

Income from the sale of information mainly consists of income from the sale of electronic real time information about price formation regarding the securities etc listed on Nasdaq Copenhagen, which is communicated through information providers.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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 writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation 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 intangible assets as well as property, plant and equipment.

Accounting policies

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation 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, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries 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
Leasehold improvements	3 - 5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Treasury shares

Acquisition and selling prices and dividends for treasury shares are classified directly as equity under retained earnings. Gains and losses on sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to the nominal value.

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The Company are part of the consolidated financial statement of Nasdaq Group Inc. With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the company is prepared.