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# ***City Reklame A/S***

Store Kongensgade 116,1, DK-1264 København K

## **Annual Report for 1 January - 31 December 2017**

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CVR No 27 05 97 59

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/4 2018

Jonas Forsman  
Chairman



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Company Information</b>	
Company Information	4
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Notes to the Financial Statements	8

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of City Reklame A/S for the financial year 1 January - 31 December 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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

København, 30 April 2018

## Executive Board

Pia Petersen

## Board of Directors

Stefan Noble  
Chairman

Andreas Lind

Anders Apelgren

Jonas Forsman

# Independent Auditor's Report

To the Shareholder of City Reklame A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of City Reklame A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet 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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 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 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

# Independent Auditor's Report

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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 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.

Hillerød, 30 April 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Morten Munk  
statsautoriseret revisor  
mne32771

Anne Elmelund Sørensen  
statsautoriseret revisor  
mne34115

## Company Information

### The Company

City Reklame A/S  
Store Kongensgade 116,1  
DK-1264 København K

CVR No: 27 05 97 59  
Financial period: 1 January - 31 December  
Incorporated: 5 March 2003  
Financial year: 16th financial year  
Municipality of reg. office: København

### Board of Directors

Stefan Noble, Chairman  
Andreas Lind  
Anders Apelgren  
Jonas Forsman

### Executive Board

Pia Petersen

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Milnersvej 43  
DK-3400 Hillerød

### Bankers

Danske Bank

## Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
<b>Gross profit/loss</b>		<b>12.576.710</b>	<b>9.726.917</b>
Staff expenses	2	-8.464.556	-7.518.107
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-677.560	-435.597
<b>Profit/loss before financial income and expenses</b>		<b>3.434.594</b>	<b>1.773.213</b>
Financial income		618	0
Financial expenses		-518.511	-100.680
<b>Profit/loss before tax</b>		<b>2.916.701</b>	<b>1.672.533</b>
Tax on profit/loss for the year	4	-831.599	-356.387
<b>Net profit/loss for the year</b>		<b>2.085.102</b>	<b>1.316.146</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	0	949.351
Retained earnings	2.085.102	366.795
	<b>2.085.102</b>	<b>1.316.146</b>

# Balance Sheet 31 December

## Assets

	Note	2017 DKK	2016 DKK
Completed development projects		432.030	332.170
<b>Intangible assets</b>	5	<b>432.030</b>	<b>332.170</b>
Other fixtures and fittings, tools and equipment		3.285.616	1.517.022
<b>Property, plant and equipment</b>	6	<b>3.285.616</b>	<b>1.517.022</b>
Other investments		0	60.000
Deposits		155.000	455.000
<b>Fixed asset investments</b>		<b>155.000</b>	<b>515.000</b>
<b>Fixed assets</b>		<b>3.872.646</b>	<b>2.364.192</b>
Trade receivables		3.868.240	3.537.221
Receivables from group enterprises		0	3.404.457
Other receivables		56.968	207.159
Prepayments		120.806	26.792
<b>Receivables</b>		<b>4.046.014</b>	<b>7.175.629</b>
<b>Cash at bank and in hand</b>		<b>4.955.215</b>	<b>937.403</b>
<b>Currents assets</b>		<b>9.001.229</b>	<b>8.113.032</b>
<b>Assets</b>		<b>12.873.875</b>	<b>10.477.224</b>



# Balance Sheet 31 December

## Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		1.000.000	909.092
Reserve for development costs		336.983	0
Retained earnings		2.218.416	561.204
Proposed dividend for the year		0	949.351
<b>Equity</b>	7	<b>3.555.399</b>	<b>2.419.647</b>
Provision for deferred tax		226.518	11.667
<b>Provisions</b>		<b>226.518</b>	<b>11.667</b>
Credit institutions		0	375.291
<b>Long-term debt</b>	8	<b>0</b>	<b>375.291</b>
Credit institutions	8	0	361.494
Prepayments received from customers		384.229	0
Trade payables		3.923.412	4.196.212
Payables to group enterprises		1.733.950	249.670
Corporation tax		433.003	319.680
Other payables		2.617.364	2.543.563
<b>Short-term debt</b>		<b>9.091.958</b>	<b>7.670.619</b>
<b>Debt</b>		<b>9.091.958</b>	<b>8.045.910</b>
<b>Liabilities and equity</b>		<b>12.873.875</b>	<b>10.477.224</b>
Key activities	1		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		
Accounting Policies	11		

# Notes to the Financial Statements

## 1 Key activities

The company's main activity is to conduct trading and advertising activities and other related activities.

City Reklame A/S is merged at January 1, 2017 with City Reklame Produktion ApS. Comparative figures are customized.

City Reklame A/S is from July 3, 2017 a fully owned subsidiary of Visual Art Sweden AB.

	<u>2017</u> DKK	<u>2016</u> DKK
<b>2 Staff expenses</b>		
Wages and salaries	7.732.495	6.994.421
Pensions	319.881	159.300
Other social security expenses	98.144	92.012
Other staff expenses	<u>314.036</u>	<u>272.374</u>
	<b><u>8.464.556</u></b>	<b><u>7.518.107</u></b>
<b>Average number of employees</b>	<b><u>14</u></b>	<b><u>11</u></b>
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	152.840	0
Depreciation of property, plant and equipment	<u>524.720</u>	<u>435.597</u>
	<b><u>677.560</u></b>	<b><u>435.597</u></b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	616.748	331.871
Deferred tax for the year	159.416	24.516
Adjustment of deferred tax concerning previous years	<u>55.435</u>	<u>0</u>
	<b><u>831.599</u></b>	<b><u>356.387</u></b>

# Notes to the Financial Statements

## 5 Intangible assets

	Completed development projects DKK
Cost at 1 January	332.170
Additions for the year	252.700
Cost at 31 December	<u>584.870</u>
Impairment losses and amortisation at 1 January	0
Amortisation for the year	152.840
Impairment losses and amortisation at 31 December	<u>152.840</u>
<b>Carrying amount at 31 December</b>	<b><u>432.030</u></b>
Amortised over	<u>3 years</u>

Development projects relate to the development of a new software product, Campaign Planner. The Campaign Planner is primarily for internal use, but are also expected to be sold in the present market to the Company's existing customers.

## 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	2.520.051
Net effect from merger and acquisition	355.755
Additions for the year	2.368.314
Disposals for the year	-300.000
Cost at 31 December	<u>4.944.120</u>
Impairment losses and depreciation at 1 January	1.115.856
Net effect from merger and acquisition	242.929
Depreciation for the year	524.719
Reversal of impairment and depreciation of sold assets	-225.000
Impairment losses and depreciation at 31 December	<u>1.658.504</u>
<b>Carrying amount at 31 December</b>	<b><u>3.285.616</u></b>

## Notes to the Financial Statements

### 6 Property, plant and equipment (continued)

Other fixtures  
and fittings,  
tools and  
equipment  
DKK

Depreciated over

3-5 years

### 7 Equity

	Share capital DKK	Reserve for development costs DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity at 1 January	909.092	0	0	949.351	1.858.443
Net effect from merger and acquisition under the uniting of interests method	<u>90.908</u>	<u>0</u>	<u>470.297</u>	<u>0</u>	<u>561.205</u>
Adjusted equity at 1 January	1.000.000	0	470.297	949.351	2.419.648
Ordinary dividend paid	0	0	0	-949.351	-949.351
Development costs for the year	0	456.198	-456.198	0	0
Depreciation, amortisation and impairment for the year	0	-119.215	119.215	0	0
Net profit/loss for the year	<u>0</u>	<u>0</u>	<u>2.085.102</u>	<u>0</u>	<u>2.085.102</u>
<b>Equity at 31 December</b>	<b><u>1.000.000</u></b>	<b><u>336.983</u></b>	<b><u>2.218.416</u></b>	<b><u>0</u></b>	<b><u>3.555.399</u></b>

The share capital consists of 1,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2017 DKK	2016 DKK	2015 DKK	2014 DKK	2013 DKK
Share capital at 1 January	909.092	909.092	909.092	909.092	909.092
Capital increase	90.908	0	0	0	0
Capital decrease	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Share capital at 31 December</b>	<b><u>1.000.000</u></b>	<b><u>909.092</u></b>	<b><u>909.092</u></b>	<b><u>909.092</u></b>	<b><u>909.092</u></b>

# Notes to the Financial Statements

## 8 Long-term debt

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

The debt falls due for payment as specified below:

	<u>2017</u> DKK	<u>2016</u> DKK
<b>Credit institutions</b>		
Between 1 and 5 years	<u>0</u>	<u>375.291</u>
Long-term part	<u>0</u>	<u>375.291</u>
Within 1 year	0	266.000
Other short-term debt to credit institutions	<u>0</u>	<u>95.494</u>
Short-term part	<u>0</u>	<u>361.494</u>
	<u><b>0</b></u>	<u><b>736.785</b></u>

## Notes to the Financial Statements

	2017 DKK	2016 DKK
<b>9 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with bankers:		
All-moneys charge at nominal DKK 750k, providing security on trade receivables at a total carrying amount of	3.868.240	3.537.221
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	106.000	213.000
	<b>106.000</b>	<b>213.000</b>

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group until July 3, 2018. The total amount of corporation tax payable is disclosed in the Annual Report of APA Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 10 Related parties

### Basis

#### Consolidated Financial Statements

The company is included in the Group Annual Report of Visual Art Sweden AB

Name	Place of registered office
Visual Art Sweden AB	Stockholm, Sweden

# Notes to the Financial Statements

## 11 Accounting Policies

The Annual Report of City Reklame A/S for 2017 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 2017 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 Company, 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 Company, 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.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

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

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### Staff expenses

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

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and plant and equipment.



# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### 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

### Intangible assets

#### *Development projects, patents and licences*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 years.

### Property, plant and equipment

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

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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	3-5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

### Impairment of fixed assets

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

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

### Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### **Prepayments**

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

### **Dividend**

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **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.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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