

**Sunstone Technology Ventures Fund II
K/S
Central Business Registration No
30582276**

Annual report 2015

The Annual General Meeting adopted the annual report on 25.02.2016

Chairwoman of the General Meeting



Name: Merete Lundbye Møller

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Entity details

Entity

Sunstone Technology Ventures Fund II K/S

Lautrupsgade 7, 5

DK-2100 Copenhagen Ø

Central Business Registration No: 30582276

Registered in: Copenhagen

Financial year: 01.01.2015 – 31.12.2015

General Partner

Sunstone TV General Partner II ApS

Board of Directors in Sunstone TV General Partner II ApS

Merete Lundbye Møller, Chairwoman

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

Nikolaj Nyholm

Auditor

Deloitte Statsautoriseret Revisionspartnerselskab

Statement by General Partner on the annual report

The Board of Directors in Sunstone TV General Partner II ApS has today approved the annual report of Sunstone Technology Ventures Fund II K/S for the financial year 1 January - 31 December 2015.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements of 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 December 2015 and of the results of its operations and cash flows for the financial year 1 January - 31 December 2015.

In our opinion, the management commentary contains a fair review of the development of the Entity's business and financial matters, the results for the year and of the Entity's financial position as a whole, together with a description of the principal risks and uncertainties that the Entity faces.

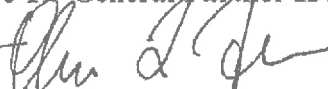
We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen 29 January 2016


Board of Directors in Sunstone TV General Partner II ApS




Merete Lundbye Møller
Chairwoman



Christian Lindegaard Jepsen



Jimmy Fussing Nielsen



Nikolaj Nyholm

Independent auditor's reports

To the General Partner and Limited Partners of Sunstone Technology Ventures Fund II K/S

Report on the financial statements

We have audited the financial statements of Sunstone Technology Ventures Fund II K/S for the financial year 1 January - 31 December 2015, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

General Partner's responsibility for the financial statements

The General Partner is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2015, and of the results of its operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen 29 January 2016

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33 96 35 56



Kim Mücke
State Authorised Public Accountant

Management commentary

Primary activities

Sunstone Technology Ventures Fund II K/S invests in early-stage technology companies mainly located in the Nordic countries.

A team of 5 investment professionals in Denmark is responsible for the investment management.

Development in activities and finances

The Entity was established on 8 May 2007. At the end of 2015, the Entity holds 6 active portfolio enterprises.

Profit for the year of DKK 141,7 million is primarily related to fair value gains from its investments in portfolio companies.

The following has taken place during the year:

Bzt Fashion AB: 2015 was another strong year for the company. The growth strategy was successful and revenue increased with more than 50% compared to the year before. In order to continue the growth path, the company received funding from new investors Sampension and Friheden Invest in 2015, alongside existing investors.

Cloudmade Ltd: The company continued growing on the navigation market with strategic partners (OEM's). CloudMade continued the collaborations with several large automobile manufacturers working with "connected cars".

Microtask Oy: The company builds tools for splitting labor-intensive enterprise jobs into small tasks that are solved by crowd-sourced digital labor force. The company is progressing the work with its primary customer and is expecting additional orders in 2016.

Neo Technology Inc.: The company provides a graph database, Neo4j, to solve the increasing amount of available data. In 2015, the company increased its revenue significantly.

Issuu Inc.: The world's largest digital publishing platform with development activities in Copenhagen continued its focus on the development of the platform and significantly increased revenue.

Prezi Inc.: The presentation tool Prezi with development activities in Hungary and headquarters in San Francisco continued to develop the presentation platform and launched their new platform Prezi Next by the end of 2015.

Management commentary

Uncertainty relating to recognition and measurement

When preparing the Entity's annual report, the General Partner, in accordance with legislative provisions, makes accounting judgements and estimates, which form the basis of the annual report, including determination of fair value of the Entity's investments in portfolio enterprises. The accounting judgements and estimates made by the General Partner are described in the paragraph "Significant accounting policies and estimates" under accounting policies and note 2 to the financial statements, to which we refer. Such estimates are made on the basis of assumptions which the General Partner considers reasonable and realistic, but which are uncertain by nature.

The investments are assessed to have been measured at their fair value at 31 December 2015.

Unusual circumstances affecting recognition and measurement

Except for the gains and value adjustment on investments, the annual report is not influenced by unusual circumstances.

Events after the balance sheet date

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

Outlook

Future results of Sunstone Technology Ventures Fund II K/S are dependent on the development in the value of the Entity's investments in portfolio enterprises.

Statement of comprehensive income

	Notes	31 Dec 2015 DKK'000	31 Dec 2014 DKK'000
Income from investments in portfolio enterprises	3	150,004	314,495
Other expenses	4	(236)	(159)
Other operating expenses	4	<u>(7,993)</u>	<u>(7,817)</u>
Operating profit/loss (EBIT)		141,775	306,519
Financial expenses		<u>(80)</u>	<u>(8)</u>
Profit/loss for the year		<u>141,695</u>	<u>306,511</u>
Other comprehensive income		<u>0</u>	<u>0</u>
Total comprehensive income for the year		<u>141,695</u>	<u>306,511</u>

Statement of financial position

	<u>Notes</u>	<u>31 Dec 2015 DKK'000</u>	<u>31 Dec 2014 DKK'000</u>	<u>1 Jan 2014 DKK'000</u>
Assets				
<i>Non-current assets</i>				
Investments in portfolio enterprises	5	1,019,776	868,441	594,102
Other receivables	6	<u>0</u>	<u>0</u>	<u>5,200</u>
Fixed asset investments		<u>1,019,776</u>	<u>868,441</u>	<u>599,302</u>
Non-current assets		<u>1,019,776</u>	<u>868,441</u>	<u>599,302</u>
<i>Current assets</i>				
Other receivables	6	<u>0</u>	<u>6,750</u>	<u>6,150</u>
Receivables		<u>0</u>	<u>6,750</u>	<u>6,150</u>
Cash		<u>255</u>	<u>419</u>	<u>0</u>
Current assets		<u>255</u>	<u>7,169</u>	<u>6,150</u>
Assets		<u>1,020,031</u>	<u>875,610</u>	<u>605,452</u>

Statement of financial position

	<u>Notes</u>	31 Dec 2015 DKK'000	31 Dec 2014 DKK'000	1 Jan 2014 DKK'000
Equity and liabilities				
<i>Capital and reserves</i>				
Limited partners' contribution	7	666,027	650,031	602,726
Retained earnings		<u>353,686</u>	<u>225,234</u>	<u>(3,034)</u>
Equity		<u>1,019,713</u>	<u>875,265</u>	<u>599,692</u>
<i>Current liabilities</i>				
Bank loans		0	0	4,933
Other liabilities	8	<u>318</u>	<u>345</u>	<u>827</u>
Current liabilities		<u>318</u>	<u>345</u>	<u>5,760</u>
Liabilities		<u>318</u>	<u>345</u>	<u>5,760</u>
Equity and liabilities		<u>1,020,031</u>	<u>875,610</u>	<u>605,452</u>

Statement of changes in equity for 2015

	Limited partners' contribution DKK'000	Retained earnings DKK'000	Total DKK'000
Balance at 1 January 2014	602,726	(3,034)	599,692
Contribution from limited partners	47,305	0	47,305
Comprehensive income for the year	0	306,511	306,511
Distribution of share of proceeds from realised investments	<u>0</u>	<u>(78,243)</u>	<u>(78,243)</u>
Balance at 31 December 2014	<u>650,031</u>	<u>225,234</u>	<u>875,265</u>
Contribution from limited partners	15,996	0	15,996
Comprehensive income for the year	0	141,695	141,695
Distribution of share of proceeds from realised investments	<u>0</u>	<u>(13,243)</u>	<u>(13,243)</u>
Balance at 31 December 2015	<u><u>666,027</u></u>	<u><u>353,686</u></u>	<u><u>1,019,713</u></u>

Statement of cash flow

	<u>Notes</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Operating profit/loss (EBIT)		141,775	306,519
Change in fair value of investments in portfolio investments	3	(150,004)	(314,495)
Working capital changes	9	(27)	(482)
Cash flows from ordinary primary activities		<u>(8,256)</u>	<u>(8,458)</u>
Financial expenses paid		(80)	(8)
Cash flows from operating activities		<u>(8,336)</u>	<u>(8,466)</u>
Investments in portfolio enterprises		(7,909)	(33,553)
Net proceeds from sale of portfolio enterprises		13,328	78,309
Cash flows from investing activities		<u>5,419</u>	<u>44,756</u>
Contributions from limited partners		15,996	47,305
Distribution of share of proceeds from sale of investments		(13,243)	(78,243)
Cash flows from financing activities		<u>2,753</u>	<u>(30,938)</u>
Increase/decrease in cash and cash equivalents		(164)	5,352
Cash and cash equivalents at 1 January		419	(4,933)
Cash and cash equivalents at 31 December		<u>255</u>	<u>419</u>

Notes to the financial statements

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Notes

1. Accounting policies

The financial statements of Sunstone Technology Ventures Fund II K/S for 2015 are prepared in accordance with International Financial Reporting Standards as approved by the EU and disclosure requirements of the Danish Financial Statements Act governing reporting class B enterprises as further outlined in the Danish Executive Order on Adoption of IFRSs issued in accordance with the Danish Financial Statements Act.

The financial statements are presented in Danish kroner (DKK), which is the functional currency of the Entity.

The financial statements are presented based on historical costs apart from investments in portfolio enterprises, which are measured at fair value.

Changes to accounting policies due to transition to IFRS

The financial statements of Sunstone Technology Ventures Fund II K/S for 2015 are the first to be presented in accordance with IFRS, and IFRS 1; First-time Adoption of International Financial Reporting Standards has been applied. Pursuant herewith, the opening balance sheet at 1 January 2014 and comparative figures for 2014 have been prepared in accordance with the standards and interpretations applicable at 31 December 2015.

Management has not deemed it necessary to prepare additional reconciliations between the previous and the new IFRS accounting policies as the transition of the annual report to be prepared in accordance with IFRS has not resulted in changes to the accounting policies in relation to recognition and measurement. Especially it can be noted that investments in portfolio enterprises already under the previous accounting policies were accounted for at fair value through profit or loss.

Statement regarding the omission of consolidated financial statements

With reference to IFRS 10, the General Partner of Sunstone Technology Ventures Fund II K/S has assessed that the Entity meets the definition of an investment company as the following conditions exist:

- 1) The Entity has more than one portfolio investment.
- 2) The Entity has more than one investor, and the investors are not related to each other.
- 3) The Entity's investments in portfolio enterprises primarily occur as equity instruments or similar investments,
- 4) And the investments are measured and evaluated on a fair value basis.

As a result the General Partner has decided to apply the exemption rule in IFRS 10 not to prepare consolidated financial statements where the controlled subsidiaries are consolidated, and instead the controlled subsidiaries are accounted for at fair value through profit or loss.

Notes

1. Accounting policies (continued)

Similarly Sunstone Technology Ventures Fund II K/S holds investments in portfolio enterprises, which meet the definition of an associate over which the Entity has significant influence. Such investments are also accounted for at fair value through profit or loss whereby all investments are treated as investments in portfolio companies no matter the ownership share at fair value through profit or loss.

Standards and interpretations not yet effective

All new and changed standards and interpretations relevant to Sunstone Technology Ventures Fund II K/S and effective for the financial period beginning at 1 January 2014 have been applied at the preparation of the financial statements.

At the time of publication of the financial statements, a number of new or changed standards and interpretations have not yet become effective. It is the General Partner's assessment that these standards and interpretations will not materially impact the financial statements for the forthcoming years.

Significant accounting policies and estimates

When preparing the financial statements, the General Partner makes several accounting estimates forming the basis for the presentation, recognition and measurement of the Entity's assets and liabilities. The most significant accounting estimates and assessments are presented in note 2.

Recognition and measurement

Assets are recognised 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. Assets are eliminated from the balance sheet when it is no longer probable that future economic benefits will flow to the Entity.

Acquisition and sale of financial assets and liabilities are recognised in the balance sheet at the commitment date.

Liabilities are recognised 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. Liabilities are eliminated from the balance sheet when it is no longer probable that future economic benefits will flow out of the Entity.

On initial recognition, assets and liabilities are measured at cost; however, on initial recognition, investment assets are measured at fair value, ordinarily corresponding with cost less direct expenses incurred. Measurement subsequent to initial recognition is effected as described below for each financial statement item. Consideration is made for events occurring during the period from the balance sheet date until the presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes

1. Accounting policies (continued)

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

Foreign currency translation

On initial recognition, transactions made in a different currency than the Entity's functional currency 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 recognised in the statement of comprehensive income as financial income or financial expenses.

Exchange rate adjustments relating to investments in portfolio enterprises are presented in the statement of comprehensive income together with other fair value adjustments concerning the investments.

Income tax

The annual report does not include current or deferred tax due to the corporate form of the Entity.

Statement of comprehensive income

Income from investments in portfolio enterprises

Income from investments in portfolio enterprises comprises gains/losses from divestments, fair value changes and received dividends and other similar types of returns from the investments.

Gains/losses from divestment of investments in portfolio enterprises are stated as the difference between the selling price or disposal consideration and the carrying amount of the portfolio enterprises at the time of sale or disposal, respectively.

Dividends from investments in portfolio enterprises are recognised as income when final entitlement to the dividends is obtained, which is usually at the time of the approval of the declaring dividends by the portfolio enterprise.

External expenses

External expenses include general costs, investment costs relating to incomplete investments and management fee to the management company, Sunstone Capital A/S.

Notes

1. Accounting policies (continued)

Financial expenses

Other financial expenses comprise interest expenses, which are accrued based on the principal amount and the effective interest rate. The effective interest rate represents the discount rate which should be used when discounting future payments related to the financial asset or the financial liability, in order for the present value of these to correspond with the carrying amount of the asset and the liability, respectively.

Balance sheet

Investments in portfolio enterprises

Investments in portfolio enterprises comprise equity investments in portfolio enterprises and loans to portfolio enterprises measured at fair value through profit or loss.

Fair value for investments, which are traded on a stock exchange, is based on the quoted market prices at the reporting date. Fair value for the unlisted investments is determined in accordance with IPEV's Valuation Guidelines, whereby fair value – depending on the type and maturity of the investment – is determined to be equal to cost (typically applied for new investments), price of recent investments, multiple based calculations based on industry benchmarks or discounted cash flow models. Price of recent investment is only applied if transaction include participating of new investors obtaining more than an insignificant ownership share in the portfolio enterprise.

Receivables

Receivables typically representing deferred payments from the divestment of investment are measured at amortised cost less write-downs for bad and doubtful debts.

Other financial liabilities

Other financial liabilities comprise accounts payable, accrued expenses, other liabilities and bank loans.

Statement of cash flows

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items including fair value adjustments of investments in portfolio enterprises and working capital changes attributable to the operating activities.

Cash flows from investing activities comprise payments in connection with investments, including follow-up investments, and divestment of portfolio enterprises.

Cash flows from financing activities comprise changes in the limited partners' contribution, distributions to limited partners as well as the raising of loans and instalments on interest-bearing debt, if any.

Notes

2. Critical accounting judgements, estimates, assumptions and uncertainties

Sunstone Technology Ventures Fund II K/S invests in portfolio enterprises which primarily include equity investments and to a smaller extent contribution of loans to development-oriented enterprises, and which may require continuous contribution of capital. The investments are accounted for at a fair value through profit or loss. When measuring the fair value of the unlisted investments, the General Partner assesses the development stage of the portfolio enterprises compared to the initial plans at the time of making the initial investments, future financing requirements, commercialisation possibilities, timing of exit and possible exit values.

The fair value of each unlisted portfolio enterprise is determined in accordance with commonly used valuation principles based on the IPEV Valuation Guidelines, taking into account the assessment of the development stage of the enterprise as well as its market potential and expected cash flows in order to reflect the fair value of the portfolio enterprise in the best way possible.

Methods and assumptions for determining the fair value of investments in unlisted portfolio enterprises is described in note 10.

3. Income from investments in portfolio enterprises

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
Realised gain	6,578	44,470
Unrealised gain	<u>143,426</u>	<u>270,025</u>
Income from investments in portfolio enterprises	<u>150,004</u>	<u>314,495</u>

4. Expenses

The Entity had no employees during the financial year. All administrative work is performed by Sunstone Capital A/S (see note 11). No salary or remuneration has been paid to the General Partner. Other operating expenses cover management fee to Sunstone Capital A/S of DKK 7,993k (2014: DKK 7,817k).

Notes

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
5. Investments in portfolio enterprises		
Cost at beginning of year	408,877	402,606
Additions	7,909	33,553
Disposals	<u>0</u>	<u>(27,282)</u>
Cost at end of year	<u>416,786</u>	<u>408,877</u>
Revaluations at beginning of year	459,564	191,496
Revaluations	143,426	270,025
Reversal regarding disposals	<u>0</u>	<u>(1,957)</u>
Revaluation at end of year	<u>602,990</u>	<u>459,564</u>
Carrying amount at end of year	<u>1,019,776</u>	<u>868,441</u>

Issuu Inc., registered in Palo Alto, California, USA with an Equity Interest of fifty-seven percent. Bzt Fashion AB, registered in Malmö, Sweden with an Equity Interest of twenty-seven percent Equity Interest. Cloud-eMade Ltd. registered in London, UK with an Equity Interest of forty percent. Microtask Oy, registered in Tampere, Finland with an Equity Interest of twenty-seven percent. Neo Technology Inc., registered in San Menlo, California, USA with an Equity Interest of twenty-four percent. Prezi Inc. registered in Menlo Park, California, USA with an Equity Interest of twelve percent. Rightster Ltd. London, UK with an ownership below one percent.

The indicated equity interests represent the Entity's proportional share of the total share capital of the respective portfolio enterprises. The indicated equity interest does not necessarily represent the Entity's share of sales or liquidation proceeds as this depends on agreed or legally determined preferential rights to obtaining proceeds for the different classes of shares held by the Entity and other investors, and the potential proceeds may be different and depending on whether an exit is organised as a sale or shares, a listing on a stock exchange or as a liquidation. The fair value for the investments is generally determined based on the expected proceeds, which the Entity would receive in a sale of all shares to an independent third party, unless other exit ways have been decided and announced.

Notes

5. Investments in portfolio enterprises (continued)

The Fund has shares in certain portfolio enterprises, owning more than 20% respectively 50% of the capital or the voting rights where certain disclosures have been omitted with reference to section 72(4) of the Danish Financial Statements Act.

The Entity's methods for measurement of investments are described in note 11.

The Entity's portfolio enterprises are not classified as investment companies. They are engaged in doing business in trading and development, etc. The Entity has no limitations concerning the potential reception of dividends or having loans etc. repaid from the portfolio enterprises, apart from the fact that distribution from the portfolio enterprises can only take place if it is considered proper and prudent.

The Entity has no commitments towards its portfolio enterprises to pay-in additional capital or provide financial support.

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
6. Other receivables		
Receivables from sale of investments (current asset)	<u>0</u>	<u>6,750</u>

The carrying amount of the receivables approximates the fair value of the assets.

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
7. Limited partners' contribution		
Limited partners' contribution at beginning of year	650,031	602,726
Contributions made during the year	<u>15,996</u>	<u>47,305</u>
Limited partners' contribution at end of year	<u>666,027</u>	<u>650,031</u>

The limited partners' contribution can be specified as follows:

Share type:	2015		2014	
	<u>DKK'000</u>	<u>%</u>	<u>DKK'000</u>	<u>%</u>
A-shares	665,675	99,95	649,679	99,95
B-shares	352	0,05	352	0,05
	<u>666,027</u>	<u>100,00</u>	<u>650,031</u>	<u>100,00</u>

Notes

7. Limited partners' contribution (continued)

The Entity's A-shares are paid successively and pro rata and the B-shares are fully paid-up. One of the share classes has a dividend preference attached when the realised return in the Entity exceeds a fixed minimum rate of return p.a. (hurdle rate) of the investors' contributed capital

	2015 DKK'000	2014 DKK'000
8. Other liabilities		
Sundry accrued expenses	<u>318</u>	<u>345</u>

The recognised amount approximates the fair value of the liabilities.

	2015 DKK'000	2014 DKK'000
9. Working capital changes		
Change in other liabilities	<u>(27)</u>	<u>(482)</u>
	<u>(26)</u>	<u>(482)</u>

10. Financial risks and financial instruments

Categories of financial instruments:

Investments in portfolio enterprises	<u>1,019,776</u>	<u>868,441</u>
Financial assets measured at fair value through profit/loss	<u>1,019,776</u>	<u>868,441</u>
Other receivables	<u>0</u>	<u>6,750</u>
Loans and receivables	<u>0</u>	<u>6,750</u>
Other liabilities	<u>318</u>	<u>345</u>
Financial liabilities measured at amortised cost	<u>318</u>	<u>345</u>

The Entity adheres to an investment strategy approved by the investors. As a result of its investments in portfolio enterprises, the Entity is directly exposed to changes in liquidity, credit, interest and currency risks.

Notes

10. Financial risks and financial instruments (continued)

Liquidity risks

Maturity of financial liabilities is specified below divided into timing intervals. The specified amounts represent the amounts due for payment.

	Within 1 year DKK'000	Between 1 and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other liabilities	345	-	-	345
31 December 2014	345	-	-	345

	Within 1 year DKK'000	Between 1 and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other liabilities	318	-	-	318
31 December 2015	318	-	-	318

Credit risks

In some cases the Entity provide loans to its portfolio enterprises. These loans are considered part of the investment and are therefore not considered to represent a separate credit risk but is rather considered being part of the total investment risk and risk relating to determining a fair value of the investment.

In some cases, the Entity has receivables from the sale of investments. Typically the payment is secured by the buyer depositing the receivable on escrow accounts in accepted credit institutions and, therefore, the credit risk is considered limited.

At 31 December 2015 and 2014, the Entity is not exposed to any credit risks.

Interest risks

The Entity has access to a credit facility of DKK 20,000k with a variable interest. At 31 December 2015 and 2014, the Entity has not drawn on its credit facility and hence an increase of 1 percentage point compared to the interest-rate level at the balance sheet would only have an immaterial impact on result for the year and equity.

Notes

10. Financial risks and financial instruments (continued)

Currency risks

Some of the Entity's investments are exposed to changes in foreign currencies like USD, GBP or EUR. The Entity consider the currency risk as part of the whole investment risk and hence the Entity does not separately hedge the currency risk relating to its investments in portfolio enterprises.

In addition the Entity is indirectly exposed to currency risks through investments in portfolio enterprises which trades in other currencies than their functional currencies and hence development in exchange rates may influence income and thereby their determination of fair value of the portfolio enterprises.

Methods and assumptions for determining fair values in unlisted portfolio enterprises

Investments in unlisted portfolio enterprises

Fair value for each unlisted portfolio enterprise is determined based on methods, which best reflect the individual investment's potential and risk.

In general, fair value is determined following the IPEV Valuation Guidelines, which prescribe the use of accepted valuation methods, such as price of recent investments, multiple analysis/benchmarking, most recent transaction multiple and other relevant methods. The Entity invests venture capital primarily in development stage companies without any or with only limited revenue entailing that the fair value measurement of each of the investments is inherently subject to considerable uncertainty.

Upon initial investment cost of the investment is generally determined to represent the fair value. If new investors join the investments and obtain more than just an insignificant share of the enterprise, price of recent investment is used as basis for determining the fair value.

Throughout the life of the investment, the General Partner reviews its investments for potential impairment, which may materialise if the portfolio enterprises have been subject to pervasive negative development and/or if the Entity decides that it will no longer participate in the further funding and there is a considerable risk that the portfolio enterprise may not be able to continue its operations or it is by other means obvious that there is a pervasive decline in the fair value of the portfolio enterprise. In these cases the value is written down to a new lower fair value based on the General Partner's best estimate.

As investments mature, other valuation models for determining the fair value may be more appropriate. These models are based on Peer Group Multiples, which subsequently are discounted depending on whether the portfolio enterprise is cash flow positive or cash flow negative.

Notes

10. Financial risks and financial instruments (continued)

The fair value is determined in the functional currency of the portfolio enterprise, which is then translated to DKK at the exchange rate at the balance sheet date, and any exchange rate adjustment is included in the fair value adjustment of the investment in profit or loss.

Each investment is valued as follows:

Portfolio enterprise	Corporate form	2015	2014
<i>Investments in subsidiaries:</i>			
Issuu	Inc.	Price of recent investment	Peer Group Multiple
<i>Investments in associates:</i>			
Bzt Fashion	AB	Price of recent investment	Peer Group Multiple
Cloudmade	Ltd.	Price of recent investment	Price of recent investment
Microtask	Oy	Cost	Cost
Neo Technology	Inc.	Price of recent investment	Price of recent investment
<i>Other investments</i>			
Prezi	Inc.	Price of recent investment	Price of recent investment
Rightster	Ltd.	Listing price	Listing price

Peer Group Multiple

The Peer Group Multiple-method uses comparable entities, in which market value and earnings are known. Based on this, a market level for revenue multiples is determined for the comparable entities.

The determined revenue multiples are then capitalised based on a normalised EBITDA for the individual portfolio enterprises, which, after adjustment for interest-bearing debt, if any, shows the value of the investments. The determined value is reduced by a certain factor depending on whether the portfolio enterprise is cash flow positive or cash flow negative.

In connection with the use of this method, the Entity assesses which multiples are applicable as well as assesses the determination of the applicable earnings to be used in the calculation of the deemed fair value.

Price of recent investment

If new investors provide equity to the portfolio enterprises and receive more than just an insignificant ownership share, the price of the recent investment is normally deemed to be the best representation of the fair value of the portfolio enterprise, and hence in these cases fair value will be based on the price of the most recent investment in the portfolio enterprise.

Notes

10. Financial risks and financial instruments (continued)

Description of the measurement process

The General Partner regularly and at least on a quarterly basis reviews the value of its portfolio enterprises in connection with its non-public reporting to its limited partners and in connection with the preparation of the annual report.

The development in the value of investments in portfolio enterprises can be summarised as:

	2015 DKK'000	2014 DKK'000
Fair value at 1 January	868,441	594,102
Follow-up investments	7,909	33,555
Fair value adjustments	127,575	253,784
Exchange rate adjustments	15,851	14,282
Disposals	0	(27,282)
Fair value at 31 December	1,019,776	868,441

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

Below is shown the classification of financial instruments, measured at fair value, organised in accordance with the fair value hierarchy as required by IFRS:

- Listing prices in an active market for the same type of financial instrument (level 1)
- Listing prices in an active market for similar assets or liabilities or other measurement methods, in which any material input is based on observable market data (level 2)
- Measurement methods, in which any material input is not based on observable market data (level 3).

2014	Level 1 DKK'000	Level 2 DKK'000	Level 3 DKK'000	Total DKK'000
Unlisted shares, investment in portfolio enterprises	0	0	865,957	865,957
Listed shares, investment in portfolio enterprises	2,454	0	0	2,454
Financial assets measured at fair value through profit/loss	2,454	0	865,857	868,441

Notes

10. Financial risks and financial instruments (continued)

2015	<u>Level 1 DKK'000</u>	<u>Level 2 DKK'000</u>	<u>Level 3 DKK'000</u>	<u>Total DKK'000</u>
Unlisted shares, investment in portfolio enterprises	0	0	1,019,194	1,019,194
Listed shares, investment in portfolio enterprises	<u>582</u>	<u>0</u>	<u>0</u>	<u>582</u>
Financial assets measured at fair value through profit/loss	<u>582</u>	<u>0</u>	<u>1,019,194</u>	<u>1,019,776</u>

No transfers have occurred between levels 1 and 2 in the financial year.

Material non-observable input for level 3

The measurement of investments in portfolio enterprises are based on measurement methods, in which material non-observable inputs are included such as assessment of which method best reflect fair value, assessment of the performance of each portfolio enterprise, determination of multiples and future earnings, and assessment of whether a pervasive negative development should lead to the recognition of impairment write-downs.

Fair value of the Entity's portfolio enterprises is impacted by the development in applied multiples as well as expected future earnings and development in each portfolio enterprise. A decrease or increase in the above-mentioned material non-observable input may have a direct effect on the measurement of the portfolio enterprises, just as fair value of the Entity's portfolio enterprises is impacted by the development in macroeconomic conditions.

11. Related party transactions

Related parties with control

The single limited partner has control over the Entity.

The Entity has a majority shareholding in 1 portfolio enterprise as disclosed in Note 5.

Transactions with related parties

The General Partner is Sunstone TV General Partner ApS II. In the financial year, the Entity has paid management fee to Sunstone Capital A/S, which is related to Sunstone TV General Partner ApS II. See Note 4.

Notes

12. Assets charged and contingent liabilities etc.

The Entity's has no assets charged.

At the balance sheet date, the Entity has no obligations or commitments towards portfolio enterprises or other types of contingent liabilities.

13. Events after the reporting date

No events have occurred after the reporting date, which would materially influence the evaluation of this annual report.

14. Approval of the financial statements for publication

At its Board meeting on 29 January 2016, the General Partner approved the financial statements. The financial statements will be presented to the Entity's limited partners for approval at the Annual General Meeting on 25 February 2016.