Vice ApS

Rosenborggade 15, 3. th., 1130 København K

CVR no. 31 27 80 82

Annual report

for the year 1 January - 31 December 2018

Approved at the Company's annual general meeting on 9 July 2019

Chairman:

Matthew Christopher Elek

Building a better working world

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Vice ApS for the financial year 1 January - 31 December 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2018 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 9 July 2019
Executive Board:

Anja Agerbo Thomsen

Board of Directors:

Matthew Christopher Bek Chairman	Anja Agerbo Thomsen	Frederik Andersen

Independent auditor's report

To the shareholders of Vice ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Vice ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our 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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 as to 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 the 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review 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's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 9 July 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder
State Authorised Public Accountant
mne21337

Management's review

Company details

Name	Vice ApS
Address, Postal code, City	Rosenborggade 15, 3. th., 1130 København K
CVR no.	31 27 80 82
Established	3 January 2008
Registered office	København
Financial year	1 January - 31 December
Board of Directors	Matthew Christopher Elek, Chairman Anja Agerbo Thomsen Frederik Andersen
Executive Board	Anja Agerbo Thomsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2018	2017
Key figures		
Gross margin	34,392	45,990
Ordinary operating profit/loss	-18,047	-2,440
Net financials	-3,178	-510
Profit/loss for the year	**-18,119**	**-2,136**
Total assets	56,450	57,804
Equity	**-17,127**	**927**
Cash flows from operating activities	-35,342	-8,785
Investment in property, plant and equipment	-2,844	-2,029
Total cash flows	**8,083**	**-7,158**
Financial ratios		
Current ratio	68.3%	92.4%
Equity ratio	-30.3%	1.6%
Average number of employees	**104**	**104**

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company's main activities are to provide services within marketing and advertising and news magazines for the Danish market.

Further, the Company holds 100% ownership in Vice AS, Norway.

Financial review

The income statement for 2018 shows a loss of DKK 18,119 thousand against a loss of DKK 2,136 thousand last year, and the group's balance sheet at 31 December 2018 shows a negative equity of DKK 17,127 thousand.

Management considers the result for the year to be unsatisfactory and has initiated measures to boost the topline and reduce capacity costs in order to regain profitability. Management expects to re-establish the share capital through own earnings.

Financing

The Group's current liabilities totalled DKK 72,932 thousand, compared to non-fixed assets of DKK 49,841 thousand at 31 December 2018. The ultimate parent company, Vice Group Holding Inc., has confirmed that it will continue to provide the necessary financial support in order for the Company to pay its obligations as they fall due.

Further, the ultimate parent company, Vice Group Holding Inc., has confirmed that Vice ApS will not incur any losses on intercompany receivables including financial support for any impairment losses or losses incurred in connection with liquidation of the subsidiary, Vice Norway AS.

Events after the balance sheet date

Subsequent to the balance sheet date, the Company completed a restructuring of the organisation reducing the total amunt of FTEs in order to optimise the capacity costs.

Subsequent to the balance sheet date, employees have been terminated in Vice AS, Norway. The Group expects to liquidate the entity in the near future. Reference is also made to the above section 'Financing' regarding the financial support from the Group.

No other events occurred subsequent to the financial year-end.

Outlook

The Company’s pre-tax profit for 2019 is expected to be approximately DKK 15 million due to the continued growth in the Danish market.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
	Gross profit	34,392	45,990	34,811	46,207
3	Staff costs	-49,994	-46,803	-48,772	-46,439
4	Depreciation of property, plant and equipment	-2,446	-1,626	-2,446	-1,626
	Profit/loss before net financials	-18,048	-2,439	-16,407	-1,858
5	Financial income	63	718	62	718
6	Financial expenses	-3,241	-1,228	-3,215	-1,224
	Profit/loss before tax	-21,226	-2,949	-19,560	-2,364
7	Tax for the year	3,107	813	3,107	676
	Profit/loss for the year	-18,119	-2,136	-16,453	-1,688

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
	ASSETS				
	Fixed assets				
8	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	4,516	4,290	4,516	4,290
		4,516	4,290	4,516	4,290
9	**Investments**				
	Investments in group enterprises	0	0	25	25
	Deposits, investments	2,093	1,322	2,039	1,322
		2,093	1,322	2,064	1,347
	Total fixed assets	6,609	5,612	6,580	5,637
	Non-fixed assets				
	Receivables				
	Trade receivables	12,039	8,542	12,039	8,563
10	Work in progress	1,971	1,409	1,971	1,409
	Receivables from group enterprises	25,222	34,500	27,241	34,320
13	Deferred tax assets	3,868	763	3,740	633
	Corporation tax receivable	88	124	88	124
	Other receivables	217	553	217	553
11	Prepayments	44	1,440	43	1,440
		43,449	47,331	45,339	47,042
	Cash	6,392	4,861	6,305	4,753
	Total non-fixed assets	49,841	52,192	51,644	51,795
	TOTAL ASSETS	56,450	57,804	58,224	57,432

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
	EQUITY AND LIABILITIES				
	Equity				
12	Share capital	125	125	125	125
	Share premium account	0	1	0	1
	Retained earnings	-17,252	801	-15,215	1,237
	Total equity	-17,127	927	-15,090	1,363
	Liabilities other than provisions				
14	**Non-current liabilities other than provisions**				
	Lease liabilities	402	402	402	402
	Deposits	243	0	243	0
		645	402	645	402
	Current liabilities other than provisions				
14	Short-term part of long-term liabilities other than provisions	242	242	242	242
	Bank debt	1	6,553	1	6,553
10	Construction contracts	5,164	4,657	5,164	4,657
	Trade payables	9,011	26,433	8,959	26,392
	Payables to group enterprises	51,263	7,007	51,192	6,344
	Other payables	7,251	11,583	7,111	11,479
		72,932	56,475	72,669	55,667
	Total liabilities other than provisions	73,577	56,877	73,314	56,069
	TOTAL EQUITY AND LIABILITIES	56,450	57,804	58,224	57,432

1 Accounting policies
2 Events after the balance sheet date
15 Contractual obligations and contingencies, etc.
16 Collateral
17 Related parties

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group			
		Share capital	Share premium account	Retained earnings	Total
	Equity at 1 January 2017	125	1	2,925	3,051
	Transfer through appropriation of loss	0	0	-2,136	-2,136
	Adjustment of investments through forreign exchange adjustments	0	0	12	12
	Equity at 1 January 2018	125	1	801	927
	Transfer to retained earnings	0	-1	1	0
	Transfer through appropriation of loss	0	0	-18,119	-18,119
	Adjustment of investments through forreign exchange adjustments	0	0	65	65
	Equity at 31 December 2018	125	0	-17,252	-17,127

Note	DKK'000	Parent company			
		Share capital	Share premium account	Retained earnings	Total
	Equity at 1 January 2018	125	1	1,237	1,363
	Transfer to retained earnings	0	-1	1	0
18	Transfer, see "Appropriation of profit/loss"	0	0	-16,453	-16,453
	Equity at 31 December 2018	125	0	-15,215	-15,090

Management expects to re-establish the share capital through own earnings.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2018	Group 2017
	Profit/loss for the year	-18,119	-2,136
19	Adjustments	-4,130	137
	Cash generated from operations (operating activities)	-22,249	-1,999
20	Changes in working capital	-16,308	-6,847
	Cash generated from operations (operating activities)	-38,557	-8,846
	Interest received, etc.	-63	-718
	Interest paid, etc.	3,241	1,228
	Income taxes paid	37	-449
	Cash flows from operating activities	-35,342	-8,785
	Additions of property, plant and equipment	-2,844	-2,029
	Cash flows to investing activities	-2,844	-2,029
	Repayments, finance leases	0	644
	Repayments, borrowings from group enterprises	46,269	3,012
	Cash flows from financing activities	46,269	3,656
	Net cash flow	8,083	-7,158
	Cash and cash equivalents at 1 January	-1,692	5,466
21	**Cash and cash equivalents at 31 December**	6,391	-1,692

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Vice ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes in accounting policies

Freelance-related cost is classified as cost of goods sold as opposed to payroll expenses. Payables and receivables from group transactions is classified as payables to, or receivables from group enterprises opposed to trade payables and receivables. Accrued expenses from vendors have been classified as trade payables opposed to deferred revenue. The presentation method has been applied retrospectively for the 2017 comparison figures. The reclassification effect (addition) at 31 December 2017 amounts to DKK 8,320 thousand as an addition of total assets.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a service contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	3-5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments

Investments comprise of deposit for office premises.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Current ratio $$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$$

Equity ratio $$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

Subsequent to the balance sheet date, the Company completed a restructuring of the organisation reducing the total amunt of FTEs in order to optimise the capacity costs.

Subsequent to the balance sheet date, employees have been terminated in Vice AS, Norway. The Group expects to liquidate the entity in the near future. Reference is also made to the section 'Financing' regarding the financial support from the Group.

No other events occurred subsequent to the financial year-end.

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
3	**Staff costs**				
	Wages/salaries	46,183	44,158	45,004	43,839
	Pensions	1,958	956	1,958	956
	Other social security costs	344	348	344	348
	Other staff costs	1,509	1,341	1,466	1,296
		49,994	46,803	48,772	46,439

	Group		Parent company	
	2018	2017	2018	2017
Average number of full-time employees	104	104	102	102

Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the Group's Management is not disclosed.

Parent company

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
4	**Depreciation of property, plant and equipment**				
	Depreciation of property, plant and equipment	2,446	1,626	2,446	1,626
		2,446	1,626	2,446	1,626

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
5	**Financial income**				
	Interest receivable, Group entities	3	0	3	0
	Exchange gains	59	718	58	718
	Other financial income	1	0	1	0
		63	718	62	718

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
6	**Financial expenses**				
	Interest expenses, Group entities	272	0	272	0
	Exchange losses	2,788	1,018	2,780	1,016
	Other financial expenses	181	210	163	208
		3,241	1,228	3,215	1,224

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
7	**Tax for the year**				
	Deferred tax adjustments in the year	-3,107	-813	-3,107	-676
		-3,107	-813	-3,107	-676

8 **Property, plant and equipment**

	Group
DKK'000	Fixtures and fittings, other plant and equipment
Cost at 1 January 2018	7,113
Additions	2,844
Disposals	-202
Cost at 31 December 2018	9,755
Impairment losses and depreciation at 1 January 2018	2,823
Depreciation	2,446
Reversal of accumulated depreciation and impairment of assets disposed	-30
Impairment losses and depreciation at 31 December 2018	5,239
Carrying amount at 31 December 2018	4,516
Depreciated over	3-5 years

Note 16 provides more details on security for loans, etc. as regards property, plant and equipment.

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Notes to the financial statements

DKK'000	Parent company Fixtures and fittings, other plant and equipment
Cost at 1 January 2018	7,113
Additions	2,844
Disposals	-202
Cost at 31 December 2018	9,755
Revaluations at 1 January 2018	0
Revaluations at 31 December 2018	0
Impairment losses and depreciation at 1 January 2018	2,823
Depreciation	2,446
Reversal of accumulated depreciation and impairment of assets disposed	-30
Impairment losses and depreciation at 31 December 2018	5,239
Carrying amount at 31 December 2018	4,516

Property, plant and equipment include finance leases with a carrying amount totalling	537

9 Investments

DKK'000	Group Deposits, investments
Cost at 1 January 2018	1,322
Additions	771
Cost at 31 December 2018	2,093
Carrying amount at 31 December 2018	2,093

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Vice Norway AS	AS	Oslo, Norway	100.00%	-2,036	-1,666

At 31 December 2018, the subsidiary has negative equity which amounts to DKK 2,036 thousand. The ultimate parent company has confirmed that it will cover any impairment losses and negative equity and, hence, Management has not made any provisions for such negative equity in the parent financial statements for Vice ApS.

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Notes to the financial statements

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
10	**Work in progress**				
	Selling price of work performed	1,971	1,409	1,971	1,409
	Progress billings	-5,164	-4,657	-5,164	-4,657
		-3,193	-3,248	-3,193	-3,248
	recognised as follows:				
	Work in progress(assets)	1,971	1,409	1,971	1,409
	Work in progress(liabilities)	-5,164	-4,657	-5,164	-4,657
		-3,193	-3,248	-3,193	-3,248

11 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies etc.

12 Share capital

The parent's share capital has remained DKK 125 thousand in the past year.

Financing

The Group's current liabilities totalled DKK 73,577 thousand, compared to non-fixed assets of DKK 56,450 thousand at 31 December 2018. The ultimate parent company, Vice Group Holding Inc., has confirmed that it will continue to provide the necessary financial support in order for the Company to pay its obligations as they fall due.

Further, the ultimate parent company, Vice Group Holding Inc., has confirmed that Vice ApS will not incur any losses on intercompany receivables including financial support for any impairment losses or losses incurred in connection with liquidation of the subsidiary, Vice Norway AS.

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
13	**Deferred tax**				
	Deferred tax at 1 January	-763	0	-633	0
	Change in deferred tax for the year	-3,105	-763	-3,107	-633
	Deferred tax at 31 December	-3,868	-763	-3,740	-633

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Notes to the financial statements

14 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	644	242	402	0
Deposits	243	0	243	0
	887	242	645	0

DKK'000	Parent company			
	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	644	242	402	0
Deposits	243	0	243	0
	887	242	645	0

15 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	Group		Parent company	
	2018	2017	2018	2017
Rent and lease liabilities	6,866	5,358	6,746	5,358

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes and withholding taxes falling due for payment.

16 Collateral

Group

The Group has not provided any security or other collateral in assets at 31 December 2018.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

17 Related parties

Group

Vice ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Vice Europe Holding Limited	37 Esplanade, St. Helier, Jersey, JE2 3QA, Great Britain	Ownership
Vice Group Holding Inc.		Ultimative parent company

Related party transactions

DKK'000	2018	2017
Group		
Revenue (services), direct parent company	651	0
Revenue (services), group sister companies	48,700	72,011
Expenses (services), group sister companies	-13,834	-9,647
Receivables from direct parent company	243	0
Receivables from group sister companies	26,992	34,500
Payables to direct parent company	-99	0
Payables to group sister companies	-53,177	-7,007
Parent Company		
Revenue (services), direct parent company	651	0
Revenue (services), group sister companies	49,436	72,723
Expenses (services), group sister companies	-13,950	-9,864
Receivables from direct parent company	243	0
Receivables from group sister companies	24,979	34,320
Payables to direct parent company	-99	0
Payables to group sister companies	-51,164	-6,344

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Vice Europe Holding Limited	37 Esplanade, st Helier, Jersey, JE2 3QA, Great Britain

Parent company

Parties exercising control

Related party	Domicile	Basis for control
Vice Europe Holding Limited	37 Esplanade, st Helier, Jersey, JE2 3QA, Great Britain	Ownership
Vice Group Holding Inc.	49 S. 2nd St., Brooklyn, 11241 NY, USA	Ultimate parent company

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Notes to the financial statements

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Vice Europe Holding Limited	37 Esplanade, st Helier, Jersey, JE2 3QA, Great Britain

		Parent company	
	DKK'000	2018	2017
18	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-16,453	-1,688
		-16,453	-1,688

		Group	
	DKK'000	2018	2017
19	**Adjustments**		
	Amortisation/depreciation and impairment losses	2,445	1,626
	Loss on disposed assets	173	0
	Change in deposits	-528	-178
	Financial income	63	718
	Financial expenses	-3,241	-1,228
	Tax for the year	-3,107	-813
	Other adjustments	65	12
		-4,130	137

		Group	
	DKK'000	2018	2017
20	**Changes in working capital**		
	Change in receivables	4,754	-14,213
	Change in trade and other payables	-21,062	7,366
		-16,308	-6,847

		Group	
	DKK'000	2018	2017
21	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	6,392	4,861
	Short-term debt to banks	-1	-6,553
		6,391	-1,692