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Vektor Capital Investment ApS

Fruebjergvej 3, 2100 København Ø

Annual report

2017

Company reg. no. 32 79 00 54

The annual report have been submitted and approved by the general meeting on the 15 June 2018.

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David Owen
Chairman of the meeting

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Notes to users of the English version of this document:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The executive board has today presented the annual report of Vektor Capital Investment ApS for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 15 June 2018

Executive board

David Owen

Carsten Pedersen Rise

Independent auditor's report

To the shareholders of Vektor Capital Investment ApS

Opinion

We have audited the annual accounts of Vektor Capital Investment ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 15 June 2018

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Leif Tomasson
State Authorised Public Accountant
MNE-nr. 25346

Company data

The company	Vektor Capital Investment ApS Fruebjergvej 3 2100 København Ø	
	Company reg. no.	32 79 00 54
	Financial year:	1 January - 31 December 8th financial year
Executive board	David Owen Carsten Pedersen Rise	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Øster Allé 42 2100 København Ø	
	Phone	+45 35 38 48 88
	www.martinsen.dk	

Management's review

The principal activities of the company

Like previous years, the principal activities are finance and investment in debt certificates.

Development in activities and financial matters

The gross loss for the year is DKK -110.917 against DKK -39.000 last year. The results from ordinary activities after tax are DKK 33.644.787 against DKK 37.973.266 last year. The management consider the results satisfactory.

Accounting policies used

The annual report for Vektor Capital Investment ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross loss

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

Accounting policies used

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other external costs comprise costs for administration.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Results from equity investments in associated enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual associated enterprises are recognised in the profit and loss account at a proportional share of the associated enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Financial fixed assets

Equity investments in associated enterprises

Equity investments in associated enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

Accounting policies used

To the extent the equity exceeds the cost, the net revaluation of equity investments in associated enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. The reserves are adjusted by other equity movements in associated enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of associated enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in associated enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies used

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Liabilities relating to investment properties are measured at amortised cost.

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2017	2016
	Gross loss	**-110.917**	**-39.000**
	Income from equity investments in associated enterprises	33.339.800	37.556.708
	Other financial income	899.189	3.004.956
1	Other financial costs	-392.766	-2.516.948
	Results before tax	**33.735.306**	**38.005.716**
2	Tax on ordinary results	-90.519	-32.450
	Results for the year	**33.644.787**	**37.973.266**
	Proposed distribution of the results:		
	Reserves for net revaluation as per the equity method	22.732.141	37.556.708
	Allocated to results brought forward	10.912.646	416.558
	Distribution in total	**33.644.787**	**37.973.266**

Balance sheet 31 December

All amounts in DKK.

Assets

Note		2017	2016
	Fixed assets		
3	Equity investments in associated enterprises	100.288.850	80.356.709
	Other securities and equity investments	2.513.803	23.144.809
	Financial fixed assets in total	102.802.653	103.501.518
	Fixed assets in total	**102.802.653**	**103.501.518**
	Current assets		
	Amounts owed by group enterprises	11.494.931	0
	Amounts owed by associated enterprises	12.507.659	0
	Deferred tax assets	100.000	190.000
	Receivable corporate tax	0	14.000
	Debtors in total	24.102.590	204.000
	Available funds	1.391.503	1.705.043
	Current assets in total	**25.494.093**	**1.909.043**
	Assets in total	**128.296.746**	**105.410.561**

Balance sheet 31 December

All amounts in DKK.

Note	**Equity and liabilities**	2017	2016
	Equity		
4	Contributed capital	100.000.000	34.000.000
5	Reserves for net revaluation as per the equity method	34.261.849	77.529.708
6	Results brought forward	-11.151.178	-22.063.824
	Equity in total	**123.110.671**	**89.465.884**
	Liabilities		
	Bank debts	0	500.000
	Long-term liabilities in total	0	500.000
	Bank debts	0	3.400.000
	Trade creditors	60.000	60.000
	Debt to group enterprises	4.143.618	11.957.677
	Other debts	982.457	27.000
	Short-term liabilities in total	5.186.075	15.444.677
	Liabilities in total	**5.186.075**	**15.944.677**
	Equity and liabilities in total	**128.296.746**	**105.410.561**

7 Contingencies

Notes

All amounts in DKK.

		2017	2016
1.	**Other financial costs**		
	Financial costs, group enterprises	237.558	456.293
	Other financial costs	155.208	2.060.655
		392.766	**2.516.948**

		2017	2016
2.	**Tax on ordinary results**		
	Adjustment for the year of deferred tax	90.000	60.000
	Adjustment of tax for previous years	519	-27.550
		90.519	**32.450**

		2017	2016
3.	**Equity investments in associated enterprises**		
	Acquisition sum, opening balance 1 January 2017	2.827.001	27.000
	Additions during the year	0	2.800.001
	Disposals during the year	-2.800.000	0
	Cost 31 December 2017	**27.001**	**2.827.001**
	Revaluation, opening balance 1 January 2017	77.529.708	39.973.000
	Results for the year before goodwill amortisation	33.307.444	37.556.708
	Reversals for the year concerning disposals	32.356	0
	Dividend	-10.607.659	0
	31 December 2017	**100.261.849**	**77.529.708**
	Book value 31 December 2017	**100.288.850**	**80.356.709**

		2017	2016
4.	**Contributed capital**		
	Contributed capital 1 January 2017	34.000.000	34.000.000
	Transfer from reserves for net revaluation as per the equity method	66.000.000	0
		100.000.000	**34.000.000**

Notes

All amounts in DKK.

		31/12 2017	31/12 2016
5.	**Reserves for net revaluation as per the equity method**		
	Reserves for net revaluation 1 January 2017	77.529.708	39.973.000
	Share of results	22.732.141	37.556.708
	Transferred to contribution capital	-66.000.000	0
		34.261.849	**77.529.708**
6.	**Results brought forward**		
	Results brought forward 1 January 2017	-22.063.824	-22.480.382
	Profit or loss for the year brought forward	10.912.646	416.558
		-11.151.178	**-22.063.824**

7. Contingencies

Contingent liabilities

The company has provided guarantees for third party bank debt. On 31. december 2017 the guarantees amounts to 3,2 mio DKK.