

**Sunstone Technology Ventures Fund III
K/S**

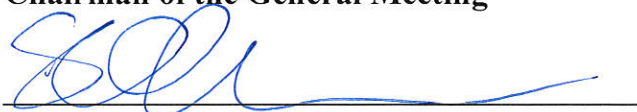
**Central Business Registration No
34076790**

**Frederiksberggade 16
1459 Copenhagen K**

Annual report 2015

The Annual General Meeting adopted the annual report on 25.02.2016

Chairman of the General Meeting



Name: Merete Lundbye Møller

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Entity details

Entity

Sunstone Technology Ventures Fund III K/S
Frederiksberggade 16
1459 Copenhagen K

Central Business Registration No: 34076790

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

Executive Board

Merete Lundbye Møller

Jimmy Fussing Nielsen

Christian Lindegaard Jepsen

Nikolaj Nyholm

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Executive Board of the General Partner, Sunstone TV General Partner III ApS have today considered and approved the annual report of Sunstone Technology Ventures Fund III K/S for the financial year 01.01.2015 - 31.12.2015.

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



In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 29.01.2016

Executive Board



Merete Lundbye Møller

Jimmy Fussing Nielsen



Christian Lindegaard Jepsen



Nikolaj Nyholm

Independent auditor's reports

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

Report on the financial statements

We have audited the financial statements of Sunstone Technology Ventures Fund III K/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

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 judgment, 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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

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, 29.01.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33963556



Kim Mücke

State Authorised Public Accountant

Management commentary

Primary activities

Sunstone Technology Ventures Fund III K/S invests in technology companies mainly located in Europe.

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

Development in activities and finances

The Fund was established 6 December 2011. At the end of 2015 the Fund holds 26 active portfolio companies of which seven is located in Denmark.

The Fund made seven new investments in 2015 and exited the investment in Audibene GmbH.

Profit for the year of DKK 116.3 million is primarily related to fair value gains on investments.

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

Development in selected portfolio companies:

Blackwood Seven A/S headquartered in Copenhagen offers a platform for media campaigns where advertisers can plan, execute and evaluate across all media groups on the basis of real performance. During the year, the company raised DKK 50 million and acquired Munich based Booming Media for an undisclosed amount.

Seriously Holding Corp (Best Fiends) headquartered in Helsinki is a mobile/tablet free-to-play game developer with a strong focus on creating IP in the form of recognizable character universes across game and video. The company raised USD 18 million in August 2015.

Kontakt.io, headquartered in Cracow, Poland is Europe's leading hardware and software provider of iBeacon technology. The company developed according to plan and successfully raised capital from an external investor at the end of the year.

GetYourGuide AG headquartered in Zurich is the world's leading in-destination tour and activities provider for travelers. Aggregating over 7,000 merchants that provide over 20,000 activities, GetYourGuide is the exclusive travel experience provider for partners such as Tripadvisor, TUI/ThomasCook, Kayak and Expedia. In 2015, the company raised USD 50 million in a financing round led by KKR & Co.

New Investments:

Of the seven new investments six of them were publicly announced.

Management commentary

AJNS New Media GmbH (Kitchenstories) with headquarters in Berlin, offers a mobile social cooking platform used by millions of people around the world.

Everywear Games Oy, with headquarters in Helsinki, is developing games targeting the wearables market (Android Wear, Apple Watch).

Futureplay Oy, with headquarters in Helsinki is developing games for tablets and mobile phones.

Mobile Motion GmbH, with headquarters in Berlin has developed a mobile app, Dubsmash, that allows users to underlay their own videos with well-known film and song excerpts (“dubs”). The long-term vision of Dubsmash is to become a social video platform.

NaturalCycles AB, with headquarters in Stockholm, offers a fertility monitor app for mobile devices using basal body temperature measurements and proprietary algorithms to naturally plan or prevent pregnancies in a simple and efficient way.

PeakOn ApS, with headquarters in Copenhagen, provides a SaaS solution allowing enterprises to measure, understand and act on employee engagement.

Future Investments:

At the end of 2015 the Fund signed another three investments. All three investments were closed during January 2016.

At the end of January 2016 the Fund consisted of 29 active investments of which ten are Danish investments.

Exits:

Audibene GmbH was acquired by Sivantos Group (The Siemens hearing aid division now owned by PE Fund EQT) in May 2015 with a short holding period of 18 months and a good financial outcome to the Fund.

Uncertainty relating to recognition and measurement

When preparing the annual report, the General Partner, in accordance with legislative provisions, makes accounting judgments and estimates, which form the basis of the annual report. The accounting judgments and estimates made by the General Partner are described in the paragraph “Management’s significant accounting judgments and estimates” under accounting policies 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.

Management commentary

Unusual circumstances

Except for the fair value changes 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 influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B.

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

The description of accounting policies reflects the Entity's special activity as venture fund.

The annual report is presented in DKK 1,000.

Income tax

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

Material uncertainty related to recognition and measurement

When preparing the Entity's annual report, Management makes accounting judgments and estimates, which form the basis of the presentation, recognition and measurement of the Entity's assets and liabilities. In particular, the accounting judgments and estimates made by Management relate to the Entity's investments in portfolio enterprises, which include contribution of equity and loans to development-oriented enterprises, the assets of which essentially include intangible assets, and which may require continuous contribution of capital. When measuring 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.

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 assets can be measured reliably.

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 liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Accounting policies

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

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

Foreign currency translation

On initial recognition, foreign currency transactions 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 income statement as financial income or financial expenses.

Exchange rate adjustments relating to investments enterprises are recognised in the income statement together with fair value adjustments concerning the investments.

Income statement

Other external expenses

Other external expenses include administration costs, start up costs and investment costs.

Administrative expenses comprise expenses for administration incurred by the Entity.

Investment costs comprise due diligence expenses relating to uncomplete investments etc.

Investment costs relating to completed investments are added to the cost of investments.

Other operating expenses

Other operating expenses comprise management fee to the management company, Sunstone TV Management A/S.

Income from other fixed asset investments

Income from other fixed asset investments comprises realised gains/losses from divestments as well as unrealised value adjustments from revaluation and write-down of portfolio companies.

Other financial expenses

Other financial expenses comprise interest expenses, realised and unrealised capital losses on transactions in foreign currencies which do not relate to exchange adjustments of investments in portfolio companies.

Accounting policies

Balance sheet

Other investments

Other investments included as fixed asset investments comprise investments in portfolio companies and loans to portfolio companies. Investments in portfolio companies made in the financial year are recognised at cost at the time of investment. The cost includes expenses incurred in connection with acquisition or investment in portfolio companies.

Unlisted investments in portfolio companies are subsequently measured in accordance with IPEV's Valuation Guidelines, under which investments including loans are recognised at fair value at the balance sheet date in accordance with section 38 of Danish Financial Statement Act. For investments in portfolio companies listed on a stock exchange, fair value is determined as the stock price at the balance sheet date. Value adjustments are recognised in the income statement.

Other financial liabilities

Other financial liabilities, which comprise other payables are measured at amortised cost.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Other external expenses	1	<u>(681)</u>	<u>(152)</u>
Gross profit/loss		(681)	(152)
Other operating expenses		<u>(13.691)</u>	<u>(18.599)</u>
Operating profit/loss		(14.372)	(18.751)
Income from other investments and receivables that are fixed assets	2	130.835	4.312
Other financial expenses		<u>(143)</u>	<u>(191)</u>
Profit/loss for the year		<u>116.320</u>	<u>(14.630)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>116.320</u>	<u>(14.630)</u>
		<u>116.320</u>	<u>(14.630)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Other investments		<u>385.609</u>	<u>242.865</u>
Fixed asset investments	3	<u>385.609</u>	<u>242.865</u>
Fixed assets		<u>385.609</u>	<u>242.865</u>
Assets		<u>385.609</u>	<u>242.865</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	4	374.425	263.657
Retained earnings		<u>(2.120)</u>	<u>(46.174)</u>
Equity		<u>372.305</u>	<u>217.483</u>
Bank loans		2.759	20.438
Other payables	5	<u>10.545</u>	<u>4.944</u>
Current liabilities other than provisions		<u>13.304</u>	<u>25.382</u>
Liabilities other than provisions		<u>13.304</u>	<u>25.382</u>
Equity and liabilities		<u><u>385.609</u></u>	<u><u>242.865</u></u>
Contingent liabilities	6		
Related parties with control	7		

Statement of changes in equity for 2015

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	263.657	(46.174)	217.483
Increase of capital	110.768	0	110.768
Ordinary dividend paid	0	(72.266)	(72.266)
Profit/loss for the year	0	116.320	116.320
Equity end of year	374.425	(2.120)	372.305

The stated contributed capital represents the Limited partners' total equity contributions.

Ordinary dividend comprises of distributions of proceeds from realised investments distributed to the limited partners.

Notes

1. Other external expenses

The Fund had no employees during the financial year. All administrative work is performed by Sunstone TV Management A/S. No salary or remuneration has been paid to the general partner.

2. Income from other investments and receivables that are fixed assets

Income from other fixed asset investment comprise unrealised value adjustments from investments in portfolio companies and realised gains/losses. In 2015 the Entity has realised a gain of DKK 38,863k (2014: DKK 0k). This year's unrealised gain from investments in portfolio companies amounts to DKK 93,430k (2014: DKK 4,312k).

	Other in- vestments DKK'000
3. Fixed asset investments	
Cost beginning of year	240.094
Additions	84.151
Disposals	(34.836)
Cost end of year	289.409
Revaluations beginning of year	2.770
Revaluations	93.430
Revaluations end of year	96.200
Carrying amount end of year	385.609
	2015 DKK'000
4. Contributed capital	
Changes in contributed capital	
Contributed capital beginning of year	263.657
Increase of capital	110.768
Contributed capital end of year	374.425

The contributed capital represents the Limited partner's total equity contribution. The Entity's contributed capital comprise 99.91% A-shares and 0.09% B-shares. 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's contributed capital.

Notes

5. Other short-term payables

Other payable primarily comprise prepaid capital contribution from limited partners and amounts to DKK 10,384k.

6. Contingent liabilities

At the balance sheet date the Entity has assumed obligations to invest further in portfolio companies or otherwise assumed obligations towards portfolio companies be an amount up to DKK 4,576k (2014: DKK 0k). Payment may be conditional on the portfolio companies meeting predefined requirements.

7. Related parties with control

The General Partner is Sunstone TV General Partner III ApS, Copenhagen. In the financial year the Fund has had transactions with the management company Sunstone TV Management A/S, Copenhagen, comprising management fee.