

ITERON HOLDING DK ApS

Stockholmsgade 41
2100 København Ø
Business Registration No
36462973

Annual report 2017

The Annual General Meeting adopted the annual report on 07.06.2018

Chairman of the General Meeting

Name: Peter Mollerup

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Entity details

Entity

ITERON HOLDING DK ApS
Stockholmsgade 41
2100 København Ø

Central Business Registration No (CVR): 36462973

Registered in: København

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Vidar Thorkelsson, Chairman
Peter Mollerup

Executive Board

Peter Mollerup, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ITERON HOLDING DK ApS for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 07.06.2018

Executive Board

Peter Mollerup
CEO

Board of Directors

Vidar Thorkelsson
Chairman

Peter Mollerup

Independent auditor's report

To the owner of ITERON HOLDING DK ApS

Opinion

We have audited the financial statements of ITERON HOLDING DK ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 where it appears that the Company has a negative equity and a material debt at year-end 2017. Management has presented the financial statements on a going concern basis because the the Company has sufficient liquidity to meet its obligations as they fall due during 2018. Furthermore the company expects to convert its intercompany loan to equity. This information has not resulted in a modification of our conclusion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

Independent auditor's report

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 07.06.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Primary activities

Iteron Holding ApS operates as a holding company for AltaPay A/S.

Development in activities and finances

Net loss on the Company's operation during the year amounted to 4,558 DKK thousand according to the income statement. The Company's negative equity at year end amounted to DKK 20,748 thousand according to the balance sheet.

The Company's total share capital amounts to DKK 50 thousand at year end and remains unchanged from the establishment of the company. At beginning and year end 2016, one shareholder, Iteron Holding Limited, owned 100% of the Company's share capital.

Late 2016 the capital controls were gradually lifted, so that they do now allow for Icelandic companies to invest in share capital outside of Iceland. Valitor is therefor working in converting the outstanding loan into equity, at least partly, to restore positive equity and show a strong balance sheet. The annual account for 2016 will explain this, while the actual conversion will not take place until 2018.

Uncertainty relating to recognition and measurement

Other payables covers the value of the option to acquire the remaining shares in the group enterprise, AltaPay A/S. The value of the option is determined on the basis of a number of assumptions and expectations about the future performance of the subsidiary, why there is uncertainty related to the measurement.

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.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Other external expenses		-77	-51
Gross profit/loss		-77	-51
Staff costs	2	-69	0
Operating profit/loss		-146	-51
Other financial income	3	3.555	3.095
Other financial expenses	4	-8.287	-7.685
Profit/loss before tax		-4.878	-4.641
Tax on profit/loss for the year		320	0
Profit/loss for the year		-4.558	-4.641
Proposed distribution of profit/loss			
Retained earnings		-4.558	-4.641
		-4.558	-4.641

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Investments in group enterprises		<u>182.603</u>	<u>182.603</u>
Fixed asset investments	5	<u>182.603</u>	<u>182.603</u>
Fixed assets		<u>182.603</u>	<u>182.603</u>
Receivables from group enterprises		3.851	3.667
Deferred tax		<u>841</u>	<u>0</u>
Receivables		<u>4.692</u>	<u>3.667</u>
Cash		<u>40</u>	<u>0</u>
Current assets		<u>4.732</u>	<u>3.667</u>
Assets		<u>187.335</u>	<u>186.270</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Contributed capital	6	50	50
Retained earnings		-20.798	-16.240
Equity		-20.748	-16.190
Payables to group enterprises		197.041	185.214
Non-current liabilities other than provisions		197.041	185.214
Payables to group enterprises		522	0
Other payables		10.520	17.246
Current liabilities other than provisions		11.042	17.246
Liabilities other than provisions		208.083	202.460
Equity and liabilities		187.335	186.270
Going concern	1		
Contingent assets	7		
Contingent liabilities	8		
Assets charged and collateral	9		
Group relations	10		

Statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	50	-16.240	-16.190
Profit/loss for the year	0	-4.558	-4.558
Equity end of year	50	-20.798	-20.748

Notes

1. Going concern

Net loss on the Company's operation during the year amounted to 4,558 DKK thousand according to the income statement. The Company's negative equity at year end amounted to DKK 20,798 thousand according to the balance sheet.

The Company's total share capital amounts to DKK 50 thousand at year end and remains unchanged from the establishment of the company. At beginning and year end 2017, one shareholder, Iteron Holding Limited., owned 100% of the Company's share capital.

Late 2016 the capital controls were gradually lifted, so that they do now allow for Icelandic companies to invest in share capital outside of Iceland. Valitor is there for working in converting the outstanding loan into equity, at least partly, to restore positive equity and show a strong balance sheet.

The mother company (Valitor hf) has expressed to support Iteron Holding DK ApS with liquidity if considered necessary.

	2017	2016
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	69	0
	69	0
Average number of employees	0	0

	2017	2016
	DKK'000	DKK'000
3. Other financial income		
Financial income arising from group enterprises	185	15
Fair value adjustments	3.370	3.080
	3.555	3.095

	2017	2016
	DKK'000	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	8.287	7.685
	8.287	7.685

Notes

5. Fixed asset investments

Financial position and investments in subsidiaries are specified as follows:

	<u>Registered in</u>	<u>Equity inte- rest %</u>
Investments in group enterprises comprise:		
AltaPay A/S	Søborg	91,3

6. Contributed capital

The Company's total share capital amounts to DKK 50,000 at year end and remains unchanged from the establishment 15 December 2014. One vote is attached to each DKK one share in the Company, in addition to the right of receiving dividend.

7. Contingent assets

The Company has an unrecorded tax asset of DKK 3,006 thousand related to tax losses carried forward. The tax losses can be utilized in the joint taxation, but there is an uncertainty whether the tax asset will be utilized within the next 3-5 years why the Company has chosen a conservative approach not to record the tax asset.

The Company has recognized 1,450 thousand in the balance sheet, as part of the Assessment Act § 8X of which the tax losses are converted to cash.

8. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2014/2015 for income taxes etc. for the jointly taxed companies and from 15 December 2014 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

9. Assets charged and collateral

The Company has no mortgages or collaterals per. 31.12.2017.

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Valitor Holding hf., Dalshraun 3, 220 Hafnarfjörður, Iceland

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 enterprises.

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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.

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.

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.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Staff costs

Staff costs comprise salaries and wages.

Accounting policies

Other financial income

Other financial income comprises interest income on receivables from group enterprises and other financial income.

Other financial expenses

Other financial expenses comprise interest expenses on payables to group enterprises.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

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