

**Bownty ApS  
Central Business Registration No  
33251017**

**Annual report 2014**

The Annual General Meeting adopted the annual report on 17.03.2015

**Chairman of the General Meeting**

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Name: Steffen Wiemann Frølund

## **Contents**

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	7
Income statement for 2014	11
Balance sheet at 31.12.2014	12
Statement of changes in equity for 2014	14
Notes	15

## **Entity details**

### **Entity**

Bownty ApS  
Vester Voldgade 83, 2. tv.  
1552 Copenhagen V

Central Business Registration No: 33251017

Registered in: Copenhagen

Financial year: 01.01.2014 - 31.12.2014

### **Board of Directors**

Pia Pickering Vemmelund, Chairman

Steffen Wiemann Frølund

Marc Francois Engelage Lucas

Jakob Ekkelund

Pablo Elosua

### **Executive Board**

Steffen Wiemann Frølund

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

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 Bownty ApS for the financial year 01.01.2014 - 31.12.2014.

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 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014.

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, 17.03.2015

### **Executive Board**

Steffen Wiemann Frølund

### **Board of Directors**

Pia Pickering Vemmelund  
Chairman

Steffen Wiemann Frølund

Marc Francois Engelage Lucas

Jakob Ekkelund

Pablo Elosua

## **Independent auditor's reports**

### **To the owners of Bownty ApS**

#### **Report on the financial statements**

We have audited the financial statements of Bownty ApS for the financial year 01.01.2014 - 31.12.2014, 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 Company's financial position at 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014 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, 17.03.2015

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Martin Juul Møller  
State Authorised Public Accountant

## Management commentary

### Primary activities

The Company's primary activity is to offer an online deal aggregator.

### Development in activities and finances

The Company experienced an impressive revenue growth in the financial year 2014. Heavy investments have been made in growth to exploit a market opportunity of being the first to scale in the online2offline deal aggregator market. However, a small, anticipated loss has been realised.

The Company's available funds have been invested successfully in mainly marketing in order to build the consumers' loyalty through awareness and permissions. More than two million European consumers have now trusted Bownty with a permission of being notified of great deals. At the same time, there have been a series of impressive product improvements from completed development projects, which have been launched as a result of increased investments in IT resources.

In terms of consumer permissions and IT platforms, these assets represent the main value of the Company together with the Company's scalable potential.

The Company has received external financing mainly in order to acquire all the assets of the main European competitor Yunait SL. This acquisition has been a great success giving Bownty a boost in traction in the Southern European markets. Both users and the development assets of Yunait were integrated smoothly during Q3 2014.

The market leader position of Bownty has thus been cemented and further enhanced. Today, the Company is the largest of its kind in Europe - and at least on par with the largest in the world.

The Company's revenue is based on commissions on sales generated by partners. This effectively corresponds to factor 10 times larger bookings created by partners compared to Bownty's own revenue reported on collected commissions.

From early Q4 2014, the Company became cash flow profitable. All profits are reinvested in further growth according to the existing plans for product investments and marketing.

Management is confident that the Company is in a very healthy financial position to continue the current rate of expansion. However, the Company still has access to external capital. The distribution of the investments in marketing and product development projects can be tweaked, if needed.

## **Management commentary**

Management is very satisfied with the performance for 2014.

## **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 enterprises.

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

### **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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue and other external expenses.

## Accounting policies

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, net capital gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Income taxes

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.

### Balance sheet

#### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases

## Accounting policies

it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed with related intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

## Accounting policies

Other fixtures and fittings, tools and equipment 5 years

Property, plant and equipment 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.

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Cash

Cash comprises cash in hand and bank deposits.

### 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.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

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

## Income statement for 2014

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK'000</u>
<b>Gross profit</b>		<b>3.335.667</b>	<b>(925)</b>
Staff costs	1	(1.719.622)	(818)
Depreciation, amortisation and impairment losses	2	<u>(3.546.530)</u>	<u>(317)</u>
<b>Operating profit/loss</b>		<b>(1.930.485)</b>	<b>(2.060)</b>
Other financial income	3	66.273	0
Other financial expenses	4	<u>(309.083)</u>	<u>(144)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>(2.173.295)</b>	<b>(2.204)</b>
Tax on profit/loss from ordinary activities	5	<u>1.754.685</u>	<u>673</u>
<b>Profit/loss for the year</b>		<b><u>(418.610)</u></b>	<b><u>(1.531)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(418.610)</u>	<u>(1.531)</u>
		<b><u>(418.610)</u></b>	<b><u>(1.531)</u></b>

**Balance sheet at 31.12.2014**

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK'000</u>
Completed development projects		7.305.021	2.856
Acquired intangible assets		6.847.732	0
Goodwill		4.899.237	0
<b>Intangible assets</b>	<b>6</b>	<b><u>19.051.990</u></b>	<b><u>2.856</u></b>
Other fixtures and fittings, tools and equipment		75.187	0
<b>Property, plant and equipment</b>	<b>7</b>	<b><u>75.187</u></b>	<b><u>0</u></b>
Other receivables		21.515	3
<b>Fixed asset investments</b>	<b>8</b>	<b><u>21.515</u></b>	<b><u>3</u></b>
<b>Fixed assets</b>		<b><u>19.148.692</u></b>	<b><u>2.859</u></b>
Trade receivables		1.267.899	652
Receivables from associates		5.250	0
Other short-term receivables		57.391	0
Income tax receivable		1.420.524	0
<b>Receivables</b>		<b><u>2.751.064</u></b>	<b><u>652</u></b>
<b>Cash</b>		<b><u>223.293</u></b>	<b><u>589</u></b>
<b>Current assets</b>		<b><u>2.974.357</u></b>	<b><u>1.241</u></b>
<b>Assets</b>		<b><u><u>22.123.049</u></u></b>	<b><u><u>4.100</u></u></b>

**Balance sheet at 31.12.2014**

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK'000</u>
Contributed capital	9	286.167	195
Retained earnings		5.504.534	(2.311)
<b>Equity</b>		<u><b>5.790.701</b></u>	<u><b>(2.116)</b></u>
Provisions for deferred tax		249.037	0
<b>Provisions</b>		<u><b>249.037</b></u>	<u><b>0</b></u>
Subordinate loan capital		11.698.087	5.541
<b>Non-current liabilities other than provisions</b>	10	<u><b>11.698.087</b></u>	<u><b>5.541</b></u>
Current portion of long-term liabilities other than provisions	10	2.608.476	0
Trade payables		978.924	185
Other payables	11	797.824	490
<b>Current liabilities other than provisions</b>		<u><b>4.385.224</b></u>	<u><b>675</b></u>
<b>Liabilities other than provisions</b>		<u><b>16.083.311</b></u>	<u><b>6.216</b></u>
<b>Equity and liabilities</b>		<u><u><b>22.123.049</b></u></u>	<u><u><b>4.100</b></u></u>
Contingent liabilities	12		
Related parties with control	13		

**Statement of changes in equity for 2014**

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	194.899	(2.310.880)	(2.115.981)
Increase (decrease) of equity through corrections of errors	0	(144.639)	(144.639)
Increase of capital	91.268	8.378.663	8.469.931
Profit/loss for the year	0	(418.610)	(418.610)
<b>Equity end of year</b>	<b>286.167</b>	<b>5.504.534</b>	<b>5.790.701</b>

## Notes

	<b>2014</b>	<b>2013</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	1.449.904	795
Other social security costs	112.198	62
Other staff costs	157.520	(39)
	<b>1.719.622</b>	<b>818</b>
	<b>2014</b>	<b>2013</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	2.784.275	317
Impairment losses on intangible assets	749.544	0
Depreciation of property, plant and equipment	12.711	0
	<b>3.546.530</b>	<b>317</b>
	<b>2014</b>	<b>2013</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>3. Other financial income</b>		
Interest income	627	0
Exchange rate adjustments	65.646	0
	<b>66.273</b>	<b>0</b>
	<b>2014</b>	<b>2013</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>4. Other financial expenses</b>		
Interest expenses	274.932	136
Exchange rate adjustments	34.151	8
	<b>309.083</b>	<b>144</b>
	<b>2014</b>	<b>2013</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>5. Tax on ordinary profit/loss for the year</b>		
Current tax	(1.420.524)	(673)
Change in deferred tax for the year	249.037	0
Adjustment relating to previous years	(583.198)	0
	<b>(1.754.685)</b>	<b>(673)</b>

## Notes

	<b>Completed development projects DKK</b>	<b>Acquired intangible assets DKK</b>	<b>Goodwill DKK</b>
<b>6. Intangible assets</b>			
Cost beginning of year	3.173.014	0	0
Additions	<u>5.682.097</u>	<u>8.501.694</u>	<u>5.546.305</u>
<b>Cost end of year</b>	<b><u>8.855.111</u></b>	<b><u>8.501.694</u></b>	<b><u>5.546.305</u></b>
Amortisation and impairment losses beginning of year	(317.301)	0	0
Impairment losses for the year	0	(749.544)	0
Amortisation for the year	<u>(1.232.789)</u>	<u>(904.418)</u>	<u>(647.068)</u>
<b>Amortisation and impairment losses end of year</b>	<b><u>(1.550.090)</u></b>	<b><u>(1.653.962)</u></b>	<b><u>(647.068)</u></b>
<b>Carrying amount end of year</b>	<b><u>7.305.021</u></b>	<b><u>6.847.732</u></b>	<b><u>4.899.237</u></b>
			<b>Other fixtures and fittings, tools and equipment DKK</b>
			<u>87.898</u>
<b>7. Property, plant and equipment</b>			<b><u>87.898</u></b>
Additions			<u>87.898</u>
<b>Cost end of year</b>			<b><u>87.898</u></b>
Depreciation for the year			<u>(12.711)</u>
<b>Depreciation and impairment losses end of the year</b>			<b><u>(12.711)</u></b>
<b>Carrying amount end of year</b>			<b><u>75.187</u></b>
			<b>Other receivables DKK</b>
<b>8. Fixed asset investments</b>			<u>2.968</u>
Cost beginning of year			2.968
Additions			<u>18.547</u>
<b>Cost end of year</b>			<b><u>21.515</u></b>
<b>Carrying amount end of year</b>			<b><u>21.515</u></b>

## Notes

	<u>Number</u>	<u>Nominal value DKK</u>
<b>9. Contributed capital</b>		
A shares	129.232	129.232
B shares	156.935	156.935
	<u>286.167</u>	<u>286.167</u>

	<u>2014 DKK</u>	<u>2013 DKK</u>	<u>2012 DKK</u>	<u>2011 DKK</u>
<b>Changes in contributed capital</b>				
Contributed capital beginning of year	194.899	194.899	154.565	80.000
Increase of capital	91.268	0	40.334	74.565
<b>Contributed capital end of year</b>	<u>286.167</u>	<u>194.899</u>	<u>194.899</u>	<u>154.565</u>

	<u>Instalments within 12 months 2013 DKK'000</u>	<u>Instalments within 12 months 2014 DKK</u>	<u>Instalments beyond 12 months 2014 DKK</u>	<u>Outstanding after 5 years 2014 DKK</u>
<b>10. Long-term liabilities other than provisions</b>				
Subordinate loan capital	0	2.608.476	11.698.087	421.583
	<u>0</u>	<u>2.608.476</u>	<u>11.698.087</u>	<u>421.583</u>

Repayment of loan amounting to DKK 5,731 thousand of the total subordinate loans starts on 01.04.2015 in accordance with the loan agreements. The lender has granted extension of the time for repayment indefinitely.

	<u>2014 DKK</u>	<u>2013 DKK'000</u>
<b>11. Other short-term payables</b>		
VAT and duties	0	31
Wages and salaries, personal income taxes, social security costs, etc. payable	131.260	114
Holiday pay obligation	656.357	316
Other costs payable	10.207	29
	<u>797.824</u>	<u>490</u>

## 12. Contingent liabilities

The Company has rent and lease commitments of DKK 232 thousand, of which DKK 194 thousand relates to rent.

## Notes

### 13. Related parties with control

Related parties with more than 5% ownership:

Metacompany Holding ApS	24.1%
Sunesti Holding B.V.	7.0%
SCSK 5696 ApS	9.5%
SCSK 5697 ApS	9.5%
SVHOLDING ApS	9.0%
Pre-Seed Innovation A/S	18.8%
Yunait Unidos Para Ahorrar S.L.	15.8%