

CataCap II K/S

c/o CataCap Management A/S
Øster Allé 42, 7.
2100 København Ø

CVR no. 38 71 47 08

Annual report 2019

The annual report was presented and approved at the
Limited Partnership's annual general meeting
on 31 March 2020

chairman of the annual general meeting

Contents

Statement by the General Partners	2
Independent auditor's report	3
Management's review	6
Operating review	6
Financial statements 1 January – 31 December	8
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Cash flow statement	11
Notes	12

CataCap II K/S
Annual report 2019
CVR no. 38 71 47 08

Statement by the General Partners

The General Partners have today discussed and approved the annual report of CataCap II K/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Limited Partnership's assets, liabilities and financial position at 31 December 2019 and of the results of the Limited Partnership's activities for the financial year 1 January – 31 December 2019.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 23 March 2020
CataCap General Partner II ApS



Jens Jørgen Hahn-Petersen



Rasmus Philip Buhl Lokvig



Vilhelm Eigil Hahn-Petersen



Peter Ryttergaard



Independent auditor's report

To the limited partners of CataCap II K/S

Opinion

In our opinion, the financial statements give a true and fair view of the Limited Partnership's assets, liabilities and financial position at 31 December 2019 and of the results of the Limited Partnership's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Audited financial statements

CataCap II K/S' financial statements for the financial year 1 January – 31 December 2019 comprise the statement of comprehensive income, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies. The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in 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 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 Limited Partnership 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.

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.



Independent auditor's report

Moreover, 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 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 Statement Act. We did not identify any material misstatement of the Management's review.

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 International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that 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 Limited Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Limited Partnership 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 may 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 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 Limited Partnership'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Limited Partnership'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 Limited Partnership to cease to continue as a going concern.



Independent auditor's report

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Copenhagen, 23 March 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, reading 'Henrik O. Larsen'.

Henrik O. Larsen
State Authorised
Public Accountant
MNE no. 15839

A handwritten signature in blue ink, reading 'Henrik Kyhnau'.

Henrik Kyhnau
State Authorised
Public Accountant
MNE no. 40028

Management's review

Operating review

Principal activities

CataCap II K/S is a private equity fund in SMEs in Denmark and adjacent markets characterised by a significant development potential and an innovative business model with long-term sustainability.

The Limited Partnership has an agreement with CataCap Management A/S in respect of investment advisory and administration services.

Uncertainty regarding recognition and measurement

CataCap II K/S' statement of financial position consists primarily of equity investments in the fund's portfolio companies recognised at estimated fair value. The valuation of the portfolio companies reflects the current and expected performance of the individual companies as well as multiples of a defined peer group. The value is not realised until the exit of the portfolio company. The current coronavirus situation impacts businesses globally and increases the short-term uncertainty of valuations.

Unusual circumstances

No unusual circumstances have affected the Limited Partnership's activities during the year.

Development in activities and financial matters

The Limited Partnership's financial position and the results for the year will be shown in the following statement of comprehensive income for the financial year 1 January – 31 December 2019 and the statement of financial position at 31 December 2019.

The past year

During 2019, CataCap II K/S has made two new platform investment – Aerfin Limited and the double deal Danaweb international A/S and Optimeo, to be merged into Danaweb/Optimeo. Two add-on acquisitions have been made to Rekom A/S.

CataCap II K/S holds the majority of votes in all portfolio companies.

The overall portfolio is valued at an equity value of DKK 490 million for the part that is owned by CataCap II K/S. The investments in AerFin and Danaweb/Optimeo have been 100% bridge financed until 12 months after completion, hence, the carrying values of these companies are not reflected.

CataCap II K/S has reached its third year of operation and is closed for new capital commitments. The Fund has DKK 1.7 billion available from investors and invests alongside CC II Management Invest I K/S and CC II Management Invest II K/S, combining the investment capacity to DKK 1.8 billion.

Languagewire A/S was acquired in June 2017. The company provides translation services via workflow systems to customers mainly in Northern Europe. The company has 318 employees. Frontlab was acquired in Q1 2018 and Xplanation in Q4 2018.

Integration of the acquisitions has been key in terms of both customer migration and systems implementation. The integration has progressed as planned.

The financial performance in 2019 was in line with expectations.

Operating review (continued)

Rekom Group A/S was acquired in May 2018. The company operates the largest nightlife group in the Nordics. Rekom aims to set the leading industry standard for how to behave in a professional, responsible and trustworthy manner. With more than 20 years of industry experience, Rekom has expanded its geographical footprint using a multi-brand strategy that is based on a standard operating model, which ensures the right atmosphere and unique experiences for their guests.

The company has approximately 2,500 employees across the Nordics, of which the majority is part time employees.

In 2019, two add-ons were completed in addition to a number of single venue acquisitions and openings, and a new ERP platform was rolled out.

Rekom experienced high topline growth and the financial performance in 2019 was satisfactory.

AerFin limited was acquired in October 2019. The company operates the preferred solutions for extension of life for aircraft parts, as aircraft go out of service. The company has established a platform of strong technical capability and advanced processes for sourcing end of life aircraft and recycling parts after overhaul.

The company has 112 employees in the UK.

The financial performance in 2019 was satisfactory.

Danaweb / Optimeo was acquired in December 2019. The business model is based on three key activities, with adjacent services, website development, upgrade and maintenance with attached marketing services.

The company has 158 employees.

The financial performance in 2019 was satisfactory.

Capital resources

CataCap II K/S is financially backed by investors with a total committed capital amounting to DKK 1.7 billion.

The profit for the year amounts to DKK 137 million (in 2018 DKK -23.5 million). The results are in accordance with management's expectations.

Employees

The Limited Partnership has not had any employees during the period.

Subsequent events

Early in 2020, the outbreak of the new coronavirus disease (COVID-19) has impacted major parts of the world. The precautions taken in Denmark to slow the spread of the virus have affected the Limited Partnership's portfolio companies and resulted in short-term uncertainties related to the value of the Limited Partnership's investments. The initiated precautions took place during 2020 and did not exist at the statement of financial position date 31 December 2019. Consequently, the event does not affect the financial reporting for the financial year 1 January – 31 December 2019.

Outlook

We expect the portfolio to develop positively for 2020. We are, however, cautious about the impact of the coronavirus situation on our businesses and take necessary precautions across the portfolio.

Financial statements 1 January – 31 December

Statement of comprehensive income

DKK'000	Note	2019	2018
Value adjustment of investments in subsidiaries	2	192,173	22,330
Administrative expenses		-54,699	-45,803
Operating profit/loss		137,474	-23,473
Financial expenses		-120	-74
Profit/loss for the year/total comprehensive income		137,354	-23,547

Financial statements 1 January – 31 December

Statement of financial position

DKK'000	Note	2019	2018
ASSETS			
Fixed assets			
Investments			
Investments in subsidiaries	2	475,726	100,312
		<u>475,726</u>	<u>100,312</u>
Total fixed assets		<u>475,726</u>	<u>100,312</u>
Current assets			
Receivables			
Receivables from subsidiaries		2,350	100
Other receivables		2,543	190
		<u>4,893</u>	<u>290</u>
Cash at bank and in hand		12,421	0
Total current assets		<u>17,314</u>	<u>290</u>
TOTAL ASSETS		<u>493,040</u>	<u>100,602</u>
EQUITY AND LIABILITIES			
Equity	3		
Contributed capital		392,986	122,983
Retained earnings		97,425	-39,929
Total equity		<u>490,411</u>	<u>83,054</u>
Liabilities			
Current liabilities other than provisions			
Banks		0	3,674
Payables to subsidiaries		579	12,283
Other payables		161	145
Trade payables		1,889	1,446
		<u>2,629</u>	<u>17,548</u>
Total liabilities other than provisions		<u>2,629</u>	<u>17,548</u>
TOTAL EQUITY AND LIABILITIES		<u>493,040</u>	<u>100,602</u>
Financial instruments	4		
Related parties and ownership	5		
Significant accounting estimates and judgements	6		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Balance at 1 January 2018	0	-16,382	-16,382
Contributed capital	122,983	0	122,983
Profit for the year	0	-23,547	-23,547
Equity at 1 January 2019	122,983	-39,929	83,054
Contributed capital	270,003	0	270,003
Profit for the year	0	137,354	137,354
Balance at 31 December 2019	392,986	97,425	490,411

Financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2019	2018
Profit for the year		137,354	-23,547
Adjustments of non-cash operating items	2	-282,044	-23,473
Cash flows from operations before changes in working capital		-144,690	-47,020
Changes in working capital		-1,791	-9,865
Cash flow from operations		-146,481	-56,885
Interest expense paid	2	-120	-74
Cash flow from operating activities		-146,601	-56,959
Investments – total consideration paid		-93,250	-76,265
Cash flows from investing activities		-93,250	-76,265
Proceeds from capital increase		270,003	122,983
Change in receivables		-2,353	-190
Loans to subsidiaries		0	12,222
Repayment of loans to subsidiaries		-11,704	0
Cash flows from financing activities		255,946	135,015
Cash flows for the year		16,095	1,791
Cash and cash equivalents at the beginning of the year		-3,674	-5,465
Cash and cash equivalents at year end		12,421	-3,674

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The financial statements of CataCap II K/S for 2019 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements applying to reporting class B entities under the Danish Financial Statements Act.

Basis of preparation

The annual report for 2019 is presented in DKK rounded to '000. DKK is the functional currency.

The financial statements were authorised for issue by the General Partners on 23 March 2020.

Investment entity

The Limited Partnership has multiple unrelated investors and holds multiple investments. Ownership interests in the Limited Partnership are in the form of limited partnership interests. The Limited Partnership meets the definition of an investment entity in accordance with IFRS 10 as the following conditions exist:

- The Limited Partnership has obtained funds for the purpose of providing investors with professional investment management services;
- The Limited Partnership's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income; and
- The investments are measured and evaluated on a fair value basis.

In accordance with IFRS 10, the Limited Partnership does not consolidate its subsidiaries and does not apply IFRS 3 when obtaining control over a new investment.

Foreign currency translation

The Limited Partnership's functional currency is DKK. Transactions denominated in foreign currencies are translated at the exchange rates at the date of the transaction.

Receivables, liabilities and other items in foreign currencies, which have not been settled at the statement of financial position date are translated at the exchange rates at the statement of the financial position date.

Realised and unrealised exchange rate adjustments are included in the statement of comprehensive income as financial income or financial expenses.

Statement of comprehensive income

Administrative expenses

Administrative expenses comprise payments to CataCap Management ApS for investment advisory and administrative services.

Financial income and expenses

Financial income and expenses are recognised in the statement of comprehensive income at the amounts relating to the reporting period. Financial income and expenses include interest income and expense and realised and unrealised exchange rate gains and losses on foreign currency transactions.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income tax

The Limited Partnership is transparent for tax purposes and thus not independently liable to income tax. Consequently, income tax has not been recognised.

Statement of financial position

Investments in subsidiaries

Investments in subsidiaries are measured at fair value at the statement of the financial position date. Value adjustments are recognised in the statement of comprehensive income.

Receivables

Receivables are measured at amortised cost. Write-down for bad debt is based on an individual assessment of receivables.

Liabilities

Liabilities are measured at amortised cost.

2 Investments in subsidiaries

All investments in subsidiaries are classified within level 3, as observable valuation inputs are not available for these investments.

The movements within level 3 during the year were as follows:

DKK'000	2019	2018
Opening balance at 1 January	100,312	500
Investments during the year	93,250	76,265
Gains recognised in profit and loss	282,164	23,547
Closing balance at 31 December	475,726	100,312

Financial statements 1 January – 31 December

Notes

2 Investments in subsidiaries (continued)

All value adjustments are included in "value adjustment of subsidiaries" in the statement of comprehensive income.

Investments in subsidiaries are specified as follows:

DKK'000	Registered office	Share capital	Votes and ownership	Equity	Profit/loss for the year
31 December 2019					
CC Lingo Invest ApS	Frederiksberg, Denmark, Copenhagen,	90	100%	91,912	24,619
CC Fly Invest ApS	Denmark	60	100%	144,168	-568
CC Atlantic Invest K/S**	Copenhagen, Denmark	n/a	100%	n/a	n/a
CC Globe Invest ApS*	Herlev, Denmark	40	100%	n/a	n/a

*Annual report not yet signed

**First financial year ends at 31 December 2020

DKK'000	Registered office	Share capital	Votes and ownership	Equity	Profit/loss for the year
31 December 2018					
CC Lingo Invest ApS	Frederiksberg, Denmark, Copenhagen,	60	100%	67,657	-12,716
CC Fly Invest ApS	Denmark	50	100%	1,736	-1,814

CataCap II K/S carries out valuations of investments quarterly with the objective to provide investors with a Fair Market Value (FMV) estimate of their equity investments. CataCap II K/S follows the valuation guidelines published by International Private Equity and Venture Capital Board (IPEV) or Private Equity Industry Guidelines Group (PEIGG) as recommended by Danish Venture Capital and Private Equity Association (DVCA).

Valuation principles and methods

In estimating the FMV of an investment, CataCap II K/S strives to apply techniques that take into account the nature, facts and circumstances of the investments using current market data and inputs.

When valuing the portfolio companies, CataCap II K/S seeks to select the valuation technique that is most appropriate for the specific investment in question. The techniques that CataCap II K/S considers to include are:

- Price of recent investment
- Multiples.

Although each valuation technique may have its merits under different circumstances, CataCap II K/S will generally consider price of recent investment or multiples as the most appropriate method for assessing the FMV of an investment that is making adequate returns. More specifically, price of recent investment will typically be the best indicator of FMV short-term, while multiples typically will be applied medium to long-term.

Financial statements 1 January – 31 December

Notes

2 Investments in subsidiaries (continued)

When applying a multiples-based approach, CataCap II K/S will seek to use companies that are comparable in terms of risk attributes and with prospective growth in earnings. This is often more likely when the companies are comparable in terms of business activities, markets served, size, geography and applicable tax rate.

Further, CataCap II K/S will generally favour multiples that are based on forward-looking financial earnings to the extent that data is available and reliable. In order to ensure that the financial earnings applied are maintainable, CataCap II K/S will also seek to adjust for non-recurring items.

To ensure consistency, CataCap II K/S seeks to limit changes to the peer group (i.e. same peers and weight) since entry in order to ensure that

- the FMV of the investment mirrors the relative change in the peer group, and
- to ensure traceability/comparability across valuation dates.

Below are listed the main assumptions used in the valuation models, including unobservable inputs:

	Interval for EBITDA multiples used	Weighted average between the actual audited EBITDA and budget for 2020
Used multiples 2019	5.5-10.9	9.1
Used multiples 2018	7.1-9.8	7.8

Sensitivity analysis

CataCap II K/S' statement of financial position consists primarily of equity investments in the Fund's portfolio companies recognised at estimated fair value. The valuation of the portfolio companies reflects the current and expected performance of the individual companies as well as multiples of a defined peer group. The value is not realised until the exit of the portfolio company.

The below table shows the change in valuation when changing EBITDA or the valuation multiple for each equity value in the portfolio. The sensitivity analysis is prepared for all level 3 investment groups together:

	2019
Change in EBITDA or multiples:	Value:
5.0%	499
2.5%	488
0%	476
-2.5%	464
-5.0%	452

Financial statements 1 January – 31 December

Notes

2 Investments in subsidiaries (continued)

	<u>2018</u>
	Value:
Change in EBITDA or multiples:	
5.0%	115
2.5%	105
0%	100
-2.5%	100
-5.0%	100

3 Equity

The stated contributed capital represents the limited partners' total equity contribution. The capital is divided into limited partnership shares of DKK 1. CataCap II K/S has a total committed capital of DKK 392,986 thousand, of which DKK 270 million was paid at 31 December 2019.

DKK'000	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contributed capital at 1 January	0	0	122,983
Contributed capital	0	122,983	270,003
Contributed capital at 31 December	0	122,983	392,986

The objective of the Partnership is to achieve medium to long-term capital growth through investments in a selection of unlisted private companies operating mainly in Denmark.

The Limited Partnership's objective is a return on the invested capital, as the portfolio companies have exited. Dividends are then paid out to the limited partners in line with receipt of proceeds.

4 Financial instruments

Due to the Limited Partnership's activities, it is only exposed to a limited variety of financial risks.

The Limited Partnership has no significant transactions in foreign currencies.

The Limited Partnership has no debt other than normal credit facilities (DKK 0 thousand at 31 December 2019 (2018: 3,674 thousand)) and accordingly, the Limited Partnership is not subject to significant liquidity risk or interest rate risk.

Furthermore, the Limited Partnership has no significant concentration of credit risk. The Limited Partnership assesses all counterparties, including its partners, for credit risk before contracting with them. The Limited Partnership does not obtain any collateral or other credit risk enhancers, which may reduce the Partnership's exposure.

The Limited Partnership does not use derivative financial instruments to moderate certain risk exposures.

Financial statements 1 January – 31 December

Notes

5 Related parties and ownership

The Limited Partnership's related parties consists of:

CataCap Management A/S provides investment advisory and administration services to CataCap II K/S.

Other related parties

The Limited Partnership's other related parties consist of:

- CataCap General Partner II ApS, who has entered into investment advisory and administration agreements with CataCap Management A/S and CataCap Dm II ApS
- Subsidiaries with whom transactions are presented in the statement of financial position on page 9.

Financial guarantees

CataCap II K/S is a guarantor of a loan in nominal value of DKK 133,000 thousand issued to CC Globe Invest ApS and 239,000 thousand issued to CC Atlantic Invest K/S.

Transactions

Transactions with related parties are carried out on an arm's length basis.

DKK'000	2019	2018
General Partner		
Investment and administration fees	31,640	35,860
	<u>31,640</u>	<u>35,860</u>

6 Significant accounting estimates and judgements

In connection with the preparation of the financial statements, Management makes accounting estimates and judgements that affect the assets and liabilities reported at the reporting date as well as the income and expenses reported for the financial period. In accordance with the requirements of IFRS, Management reassesses these estimates and judgements based on a number of factors and criteria relevant to the given circumstances.

The valuation of investments in subsidiaries at fair value includes assumptions made about the future and other sources of estimation uncertainty at the end of the reporting period. Information about the valuation techniques, key inputs and sensitivity information are disclosed in note 2.

No significant judgements, apart from those involving estimations, have been made in the process of applying the Limited Partnership's accounting policies.