

Quadriga Danmark A/S

c/o Powernet, Frugtmarkedet 17
2500 Valby

CVR no. 20 89 69 73

Annual report for the period 1 January – 31 December 2017

The annual report was presented and approved at the
Company's annual general meeting on

21 June 2018

chairman



Quadriga Danmark A/S
Annual report 2017
CVR no. 20 89 69 73

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Financial statements 1 January – 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

Quadriga Danmark A/S
Annual report 2017
CVR no. 20 89 69 73

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Quadriga Danmark A/S for the financial year 1 January – 31 December 2017.

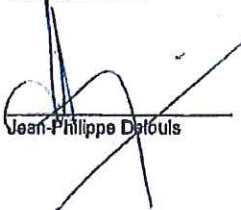
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements 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 – 31 December 2017.

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

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

Copenhagen, 21 June 2018
Executive Board:



Jean-Philippe Delouis

Board of Directors:



Jean-Philippe Delouis



James Gerard Naro



Paul Antony Wilson



Independent auditor's report

To the shareholder of Quadriga Danmark A/S

Opinion

We have audited the financial statements of Quadriga Danmark A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 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 – 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 (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 are independent of the Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

We draw attention to note 10 in the financial statements, which describes that there is uncertainty regarding the measurement of the Company's receivable from Quadriga Holdings Limited, a sister company in the Exceptional Innovation B.V. Group, amounting to DKK 14,424 thousand at 31 December 2017. Our opinion is not modified in respect of this matter.

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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 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 made 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



Independent auditor's report

- identify and assess the risks of material misstatement of the company 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 Company'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 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 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 Company to cease to continue as a going concern.
- 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.

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.

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 Statements Act. We did not identify any material misstatement of the Management's review.



Independent auditor's report

Copenhagen, 21 June 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'Kenn W. Hansen'.

Kenn W. Hansen

State Authorised

Public Accountant

MNE no. 30154

Quadriga Danmark A/S
Annual report 2017
CVR no. 20 89 69 73

Management's review

Company details

Quadriga Danmark A/S
c/o Powernet, Frugtmarkedet 17
2500 Valby

Telephone: 36142400
Fax: 36142400

CVR no.: 20 89 69 73
Established: 1 April 1998
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Jean-Philippe Delouis
James Gerard Naro
Paul Antony Wilson

Executive Board

Jean-Philippe Delouis

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 21 June 2018.

Quadriga Danmark A/S
Annual report 2017
CVR no. 20 89 69 73

Management's review

Operating review

Principal activities

The main activity of the Company is sale, rental and servicing of technical equipment for the hotel industry and other related businesses.

Uncertainty regarding recognition and measurement

Moreover, reference is made to note 10, in which the matter is described in further detail.

Development in activities and financial position

The activities in the Company have declined significantly compared to the prior year. A strategic decision was taken by the Group to maintain the Company's existing customer base but no investment is being made at this stage in obtaining new business. The Company no longer has any employees and the all of the operations are run from the Nordic Region offices based in Finland. It is expected that the turnover for 2018 will be similar to 2017.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the annual report.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	2016
Revenue		46	95
Cost of sales		-16	-120
Other external costs		-106	-466
Gross loss		-76	-491
Depreciation, amortisation and impairment		-11	-11
Operating loss		-87	-502
Financial income	2	0	2
Financial expenses	3	-54	-21
Loss before tax		-141	-521
Tax on profit/loss for the year	4	0	0
Loss for the year		-141	-521
Proposed distribution of loss			
Retained earnings		-141	-521

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Rental equipment		6	18
		6	18
Total fixed assets		6	18
Current assets			
Receivables	6		
Receivables from group entities		14,424	14,798
Other receivables		111	0
		14,535	14,798
Total current assets		14,535	14,798
TOTAL ASSETS		14,541	14,816

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity	7		
Contributed capital		6,500	6,500
Retained earnings		<u>7,040</u>	<u>7,181</u>
Total equity		<u>13,540</u>	<u>13,681</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Banks, current liabilities		656	636
Prepayments received from customers		4	4
Trade payables		249	354
Other payables		<u>92</u>	<u>141</u>
		<u>1,001</u>	<u>1,135</u>
Total liabilities other than provisions		<u>1,001</u>	<u>1,135</u>
TOTAL EQUITY AND LIABILITIES		<u>14,541</u>	<u>14,816</u>
Related party disclosures			
Staff costs	8		
Uncertainty regarding recognition and measurement	9		
	10		

Quadriga Danmark A/S
Annual report 2017
CVR no. 20 89 69 73

Financial statements 1 January – 31 December

Statement of changes in equity

	Contributed capital	Retained earnings	Total
Equity at 1 January 2017	6,500	7,181	13,681
Transferred over the profit appropriation/distribution of loss	0	-141	-141
Equity at 31 December 2017	6,500	7,040	13,540

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Quadriga Danmark A/S for 2017 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Revenue

Revenue comprises income from rental, sales and service of technical equipment for the hotel industry. Income from rental, sale and service is accrued at the balance sheet date.

Cost of sales

Cost raw materials and consumables primarily includes system licenses, film rights, purchase of spare parts and technical equipment.

Other external costs

Other external costs comprise expenses related to distribution, sales, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest, realised and unrealised gains and losses and liabilities as well as surcharges and refunds under the danish tax prepayment scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to profit/loss for the year is recognised in the income statement at the amount attributable to profit/loss for the year and directly in equity at the amount attributable to entities directly in equity.

Balance sheet

Property, plant and equipment

Rental equipment are measured at cost less accumulated depreciation and impairment writedown.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The depreciable amount, which is calculated as cost less any residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Rental equipment	5-7 years
------------------	-----------

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying value.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other external costs.

Receivables

Receivables are measured at amortised cost, which corresponds to the nominal value. The value is reduced by write-down for bad debts.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for corrections of tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Deferred net tax assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement and in equity, respectively.

Liabilities other than provisions

Liabilities are measured at amortised cost corresponding to nominal value.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

Notes

2 Financial income

DKK'000

Interest income from group entities

2017	2016
0	2
0	2

3 Financial expenses

DKK'000

Other financial costs

2017	2016
54	21
54	21

4 Tax on profit/loss for the year

No current or deferred tax rests with the Company. The Company has deferred tax asset of 2,218 (2016: DKK 2,185 thousand), which is not recognised in the financial statements as it is uncertain whether it is possible for the Company to use the tax asset.

5 Property, plant and equipment

DKK'000

Cost at 1 January 2017

Cost at 31 December 2017

Depreciation and impairment losses at 1 January 2017

Depreciation for the year

Depreciation and impairment losses at 31 December 2017

Carrying amount at 31 December 2017

Net balance end of year

Rental equipment
34
34
-16
-11
-27
7
1

6 Receivables from group entities

Receivables from group entities relate to a loan where repayment can be demanded within three days.

Management has recognised the loan at nominal value without any write down for potential losses. However the valuation is connected with uncertainties. We refer to the description in note 10.

7 Equity

There have been no changes in the share capital during the last five years.

The share capital consists of 6,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

Financial statements 1 January – 31 December

Notes

8 Related party disclosures

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Quadriga Holdings B.V, Rivierstaate Building, Amsteldijk 166, 1079 LH Amsterdam Holland

Quadriga Danmark A/S is included in the consolidated financial statements of Exceptional Innovation Cooperatief U.A., Amsterdam. The financial statements can be obtained by contacting Quadriga Danmark A/S.

9 Staff costs

The Company has no employees. The Company's sales and administration are handled by employees in other group companies.

10 Uncertainty regarding recognition and measurement

The Company has a receivable from Quadriga Holdings Limited, a fellow Group company, amounting to DKK 14,424 thousand at 31 December 2017. The ability of Quadriga Holdings Limited to repay this amount is dependent on the liquidity of the Group headed by Exceptional Innovation B.V. ("the Group").

The directors of Exceptional Innovation B.V. ("the parent company directors") have considered the Group's liquidity, capital resources, principal risks and uncertainties and the Group's cash flow forecasts, in particular with reference to the period to the end of June 2019. Those forecasts take into account a EUR 50.0 million Term Facilities Agreement entered into by the Group in July 2015 and an amendment and restatement agreement which is expected to increase the amount of the facility to \$85.0 million. The Board has been informed by the parent company directors that they are satisfied that each of those cash flow forecasts, taking into account reasonably possible judgements and sensitivities associated with those forecasts and the Group's current funding and facilities, alongside the Group's funding strategy, show that the Group will continue to operate for the foreseeable future.

Further the Company has received a letter of support from Exceptional Innovation B.V. to confirm that it will ensure that the Company has sufficient cash to meet its obligations for a period of at least one year from the date of signing these financial statements.

Consequently these financial statements are prepared on a going concern basis and no provision has been made against the receivable from Quadriga Holdings Limited.