
CinemaxX Danmark A/S

Kalvebod Brygge 57, DK-1560 København V

Annual Report for 1 December 2017 - 30 November 2018

CVR No 21 25 24 92

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/1 2019

Torben Schön
Chairman of the General
Meeting



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 December - 30 November	8
Balance Sheet 30 November	9
Statement of Changes in Equity	11
Cash Flow Statement 1 December - 30 November	12
Notes to the Financial Statements	13

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CinemaxX Danmark A/S for the financial year 1 December 2017 - 30 November 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 November 2018 of the Company and of the results of the Company operations and cash flows for 2017/18.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 29 January 2019

Executive Board

Kim Brochdorf

Board of Directors

Carsten Andreas Horn
Chairman

Hanna Verena Jesse

Torben Schøn

Independent Auditor's Report

To the Shareholder of CinemaxX Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 November 2018 and of the results of the Company's operations and cash flows for the financial year 1 December 2017 - 30 November 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CinemaxX Danmark A/S for the financial year 1 December 2017 - 30 November 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Independent Auditor's Report

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 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 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 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 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

Independent Auditor's Report

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.

Hellerup, 29 January 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff

statsautoriseret revisor

mne30221

Company Information

The Company

CinemaxX Danmark A/S
Kalvebod Brygge 57
DK-1560 København V

Telephone: + 45 70 26 01 99
E-mail: Cinemaxx@cinemaxx.dk
Website: www.Cinemaxx.dk

CVR No: 21 25 24 92
Financial period: 1 December - 30 November
Incorporated: 1 October 1998
Municipality of reg. office: Copenhagen

Board of Directors

Carsten Andreas Horn, Chairman
Hanna Verena Jesse
Torben Schön

Executive Board

Kim Brochdorf

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017/18 Mio. DKK	2016/17 Mio. DKK	2015/16 Mio. DKK	2014/15 Mio. DKK	2014 Mio. DKK 11 months
Key figures					
Profit/loss					
Gross profit/loss	65	66	72	71	71
Operating profit/loss	28	27	35	33	33
Profit/loss before financial income and expenses	28	27	35	33	19
Net financials	0	0	1	1	2
Net profit/loss for the year	21	21	29	26	17
Balance sheet					
Balance sheet total	79	78	84	81	66
Equity	36	35	36	30	17
Cash flows					
Cash flows from:					
- operating activities	31	24	30	39	39
- investing activities	(2)	(6)	(14)	(21)	(21)
including investment in property, plant and equipment	(2)	(6)	(16)	22	11
- financing activities	(22)	(21)	(22)	(14)	(14)
Change in cash and cash equivalents for the year	7	(4)	(6)	4	4
Number of employees	91	96	98	106	100
Ratios					
Return on assets	35,4 %	34,6 %	41,7 %	40,7 %	28,8 %
Solvency ratio	45,6 %	44,9 %	42,9 %	37,0 %	25,8 %
Return on equity	59,2 %	59,2 %	87,9 %	110,6 %	94,4 %

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Development in the year

The income statement of the Company for 2017/18 shows a profit of TDKK 21,364, and at 30 November 2018 the balance sheet of the Company shows equity of TDKK 35,787.

The past year and follow-up on development expectations from last year

The heatwave that dominated the Danish summer challenged the admissions, but a strong Q4 corrected the total market, and the Company experienced a stable result in line with last year.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 30 November 2018 of the Company and the results of the activities and cash flows of the Company for the financial year for 2017/18 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 December - 30 November

	Note	2017/18 TDKK	2016/17 TDKK
Gross profit/loss		65.485	66.023
Staff expenses	1	-29.533	-30.453
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-8.333	-8.224
Profit/loss before financial income and expenses		27.619	27.346
Financial income		62	62
Financial expenses		-286	-288
Profit/loss before tax		27.395	27.120
Tax on profit/loss for the year	2	-6.031	-5.964
Net profit/loss for the year		21.364	21.156

Balance Sheet 30 November

Assets

	Note	2018 TDKK	2017 TDKK
Other fixtures and fittings, tools and equipment		45.275	49.503
Property, plant and equipment in progress		0	2.118
Property, plant and equipment	3	45.275	51.621
Investments in associates	4	655	655
Fixed asset investments		655	655
Fixed assets		45.930	52.276
Finished goods and goods for resale		1.195	1.630
Inventories		1.195	1.630
Trade receivables		3.784	3.285
Receivables from group enterprises		0	164
Other receivables		2.067	2.146
Corporation tax		1.383	1.383
Prepayments	5	2.850	2.736
Receivables		10.084	9.714
Cash at bank and in hand		21.381	13.932
Currents assets		32.660	25.276
Assets		78.590	77.552

Balance Sheet 30 November

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		562	562
Retained earnings		17.470	13.861
Proposed dividend for the year		17.755	20.885
Equity	6	35.787	35.308
Provision for deferred tax	8	3.984	3.764
Provisions		3.984	3.764
Other payables		261	371
Long-term debt	9	261	371
Trade payables		9.541	10.812
Payables to group enterprises		581	1.235
Corporation tax		2.945	0
Other payables	9	8.000	6.217
Deferred income	10	17.491	19.845
Short-term debt		38.558	38.109
Debt		38.819	38.480
Liabilities and equity		78.590	77.552
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Accounting Policies	15		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 December	562	13.861	20.885	35.308
Ordinary dividend paid	0	0	-20.885	-20.885
Net profit/loss for the year	0	3.609	17.755	21.364
Equity at 30 November	562	17.470	17.755	35.787

Cash Flow Statement 1 December - 30 November

	Note	2017/18 TDKK	2016/17 TDKK
Net profit/loss for the year		21.364	21.156
Adjustments	11	14.587	14.414
Change in working capital	12	<u>(1.799)</u>	<u>(2.671)</u>
Cash flows from operating activities before financial income and expenses		34.152	32.899
Financial income		62	62
Financial expenses		<u>(285)</u>	<u>(288)</u>
Cash flows from ordinary activities		33.929	32.673
Corporation tax paid		<u>(2.954)</u>	<u>(9.078)</u>
Cash flows from operating activities		30.975	23.595
Purchase of property, plant and equipment		(2.113)	(6.266)
Sale of property, plant and equipment		<u>126</u>	<u>0</u>
Cash flows from investing activities		(1.987)	(6.266)
Repayment of payables to group enterprises		(654)	1.235
Dividend paid		<u>(20.885)</u>	<u>(22.171)</u>
Cash flows from financing activities		(21.539)	(20.936)
Change in cash and cash equivalents		7.449	(3.607)
Cash and cash equivalents at 1 December		<u>13.932</u>	<u>17.539</u>
Cash and cash equivalents at 30 November		21.381	13.932
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>21.381</u>	<u>13.932</u>
Cash and cash equivalents at 30 November		21.381	13.932

Notes to the Financial Statements

	<u>2017/18</u>	<u>2016/17</u>
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	28.526	29.414
Pensions	328	303
Other staff expenses	679	736
	<u>29.533</u>	<u>30.453</u>
Average number of employees	<u>91</u>	<u>96</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

2 Tax on profit/loss for the year

Current tax for the year	5.811	5.327
Deferred tax for the year	220	637
	<u>6.031</u>	<u>5.964</u>

Notes to the Financial Statements

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Property, plant and equipment in progress TDKK
Cost at 1 December	89.968	2.118
Additions for the year	2.112	0
Disposals for the year	(468)	0
Transfers for the year	2.118	(2.118)
Cost at 30 November	<u>93.730</u>	<u>0</u>
Impairment losses and depreciation at 1 December	40.562	0
Depreciation for the year	8.359	0
Reversal of impairment and depreciation of sold assets	(466)	0
Impairment losses and depreciation at 30 November	<u>48.455</u>	<u>0</u>
Carrying amount at 30 November	<u>45.275</u>	<u>0</u>
Including assets under finance leases amounting to	<u>1.357</u>	<u>1.900</u>
	2018 TDKK	2017 TDKK

4 Investments in associates

Cost at 1 December	<u>655</u>	<u>655</u>
Carrying amount at 30 November	<u>655</u>	<u>655</u>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Kino.dk A/S	Copenhagen	540,000	26 %	7.361	1.429

5 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums etc.

Notes to the Financial Statements

6 Equity

The share capital consists of 561,797 shares of a nominal value of TDKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	2017/18 TDKK	2016/17 TDKK
7 Distribution of profit		
Proposed dividend for the year	17.755	20.885
Retained earnings	3.609	271
	21.364	21.156

8 Provision for deferred tax

Provision for deferred tax at 1 December	3.764	3.127
Amounts recognised in the income statement for the year	220	637
Provision for deferred tax at 30 November	3.984	3.764

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	261	371
Long-term part	261	371
Within 1 year	114	112
Other short-term payables	7.886	6.105
Short-term part	8.000	6.217
	8.261	6.588

Notes to the Financial Statements

10 Deferred income

Deferred income consists of payments relating to vouchers received in respect of income in subsequent years.

	2017/18 TDKK	2016/17 TDKK
11 Cash flow statement - adjustments		
Financial income	(62)	(62)
Financial expenses	286	288
Depreciation, amortisation and impairment losses, including losses and gains on sales	8.332	8.224
Tax on profit/loss for the year	6.031	5.964
	14.587	14.414

12 Cash flow statement - change in working capital

Change in inventories	436	(39)
Change in receivables	(370)	2.147
Change in trade payables, etc	(1.865)	(4.779)
	(1.799)	(2.671)

13 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	36.609	36.639
Between 1 and 5 years	135.793	160.789
After 5 years	0	15.630
	172.402	213.058

Notes to the Financial Statements

14 Related parties

	Basis
Controlling interest	
CinemaxX Entertainment GmbH & Co.KG	Principle Shareholder
Consolidated Financial Statements	
The Company is included in the consolidated	
Name	Place of registered office
Annual Report for CinemaxX Holdings GmbH	

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of CinemaxX Danmark A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017/18 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from sales of tickets and concession is recognised in the income statement if the sales to this years movie performances.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of

Notes to the Financial Statements

15 Accounting Policies (continued)

discounts relating to sales.

Movierental, charges and consumables

Movierental, charges and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise rental of cinema equipment, commercials, rent and other related expenses.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, movierental, charges and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of plant and equipment.

Income from investments in associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

15 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures, tools and equipment 3- 20 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Notes to the Financial Statements

15 Accounting Policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, etc.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

15 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$