
HDR Denmark A/S

Jenagade 22, DK-2300 København S

Annual Report for 2017

CVR No 30 90 88 13

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
23/03 2018

Peter Seehausen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of HDR Denmark A/S for the financial year 1 January - 31 December 2017.

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 31 December 2017 of the Company and of the results of the Company operations for 2017.

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

Copenhagen, 23 March 2018

Executive Board

Peter Seehausen
Executive Officer

Board of Directors

Per Robert Elfstrand
Chairman

Mats Olov Dahlström

Peter Seehausen

Independent Auditor's Report

To the Shareholder of HDR Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of HDR Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity 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.

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

Independent Auditor's Report

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 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, 23 March 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen
statsautoriseret revisor
mne23327

James Liang
statsautoriseret revisor
mne34549

Company Information

The Company

HDR Denmark A/S
Jenagade 22
DK-2300 København S

Telephone: + 45 32646464
E-mail: info@hdrdenmark.dk
Website: www.hdrdenmark.dk

CVR No: 30 90 88 13
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Per Robert Elfstrand, Chairman
Mats Olov Dahlström
Peter Seehausen

Executive Board

Peter Seehausen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Danske Bank A/S

Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		21,356,502	19,943,488
Staff expenses	2	-18,570,475	-19,745,886
Depreciation property, plant and equipment	3	-5,311,036	-5,840,172
Profit/loss before financial income and expenses		-2,525,009	-5,642,570
Financial income	4	220,320	187,701
Financial expenses	5	-371,839	-274,951
Profit/loss before tax		-2,676,528	-5,729,820
Tax on profit/loss for the year	6	617,345	1,296,753
Net profit/loss for the year		-2,059,183	-4,433,067

Distribution of profit

Proposed distribution of profit

Retained earnings		-2,059,183	-4,433,067
		-2,059,183	-4,433,067

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Other fixtures and fittings, tools and equipment		8,408,234	8,093,558
Property, plant and equipment	7	8,408,234	8,093,558
Fixed assets		8,408,234	8,093,558
Trade receivables		8,830,531	7,301,683
Work in progress for third parties		593,978	1,940,908
Receivables from group enterprises		11,358,567	9,281,405
Other receivables		218,413	635,735
Deferred tax asset	8	3,631,800	3,970,784
Prepayments		65,127	254,540
Receivables		24,698,416	23,385,055
Cash at bank and in hand		4,607	6,559
Currents assets		24,703,023	23,391,614
Assets		33,111,257	31,485,172

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		600,000	600,000
Retained earnings		23,122,672	25,181,855
Equity	9	23,722,672	25,781,855
Prepayments received from customers		2,485,257	532,507
Trade payables		1,993,288	1,058,803
Payables to group enterprises		37,135	43,592
Other payables		4,872,905	4,068,415
Short-term debt		9,388,585	5,703,317
Debt		9,388,585	5,703,317
Liabilities and equity		33,111,257	31,485,172
Main activity	1		
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	600,000	25,181,855	25,781,855
Net profit/loss for the year	<u>0</u>	<u>-2,059,183</u>	<u>-2,059,183</u>
Equity at 31 December	<u>600,000</u>	<u>23,122,672</u>	<u>23,722,672</u>

Notes to the Financial Statements

1 Main activity

The company mainly leases out facilities and equipment for film, advertising and television production as well as technical production and installation.

	<u>2017</u> DKK	<u>2016</u> DKK
2 Staff expenses		
Wages and salaries	16,587,723	17,757,673
Pensions	1,442,811	1,381,696
Other social security expenses	80,206	83,232
Other staff expenses	<u>459,735</u>	<u>523,285</u>
	<u>18,570,475</u>	<u>19,745,886</u>
Average number of employees	<u>35</u>	<u>37</u>
3 Depreciation property, plant and equipment		
Depreciation of property, plant and equipment	<u>5,311,036</u>	<u>5,840,172</u>
	<u>5,311,036</u>	<u>5,840,172</u>
4 Financial income		
Exchange adjustments	<u>220,320</u>	<u>187,701</u>
	<u>220,320</u>	<u>187,701</u>
5 Financial expenses		
Other financial expenses	87,846	67,963
Exchange adjustments, expenses	<u>283,993</u>	<u>206,988</u>
	<u>371,839</u>	<u>274,951</u>

Notes to the Financial Statements

	2017 DKK	2016 DKK
6 Tax on profit/loss for the year		
Current tax for the year	0	0
Deferred tax for the year	-617,345	-1,296,753
	-617,345	-1,296,753
 7 Property, plant and equipment		
		Other fixtures and fittings, tools and equipment DKK
Cost at 1 January		65,540,436
Additions for the year		6,243,163
Disposals for the year		-2,510,771
Cost at 31 December		69,272,828
Impairment losses and depreciation at 1 January		57,446,878
Depreciation for the year		5,311,036
Depreciation of sold assets for the year		-1,893,320
Impairment losses and depreciation at 31 December		60,864,594
Carrying amount at 31 December		8,408,234
Depreciated over		2-8 years
 8 Deferred tax asset		
Deferred tax asset at 1 January	3,970,784	2,674,031
Utilized in joint taxation with Endemol Denmark A/S	-956,329	0
Deferred tax for the year	617,345	1,296,753
Deferred tax asset at 31 December	3,631,800	3,970,784

Notes to the Financial Statements

9 Equity

The share capital consists of 600,000 shares of a nominal value of DKK 1. No shares carry any special rights.

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

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has until 7th April 2017 been jointly taxed with Endemol Denmark A/S, which acts as management company. The company has limited and alternative liability together with other jointly taxed group entities for payment of income taxes for the income year 2014 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

The Company's lease at Jenagade 22 is interminable for a notice period of 6 month. Throughout the period of interminability, the lease liability amounts to tDKK 3,211.

As security for deposits in connection with the rental agreement, a bank guarantee of tDKK 1,396 has been provided.

The Company participates in the HDR Sweden AB group's cash pool arrangement and is jointly and severally liable together with the other group entities. The Company's receivable within the cashpool at the balance sheet date amounts to DKK 5.8 mio. (2016: 6.3 mio), which is carried under intra-group balances.

11 Related parties

The company is included in the consolidated statement of the parent company

<u>Name</u>	<u>Place of registered office</u>
HDR Sweden AB	Sweden

The Group Annual Report of HDR Sweden AB may be obtained at the following address:

Hangövägen 18
115 41 Stockholm
Sverige

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of HDR Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

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, including depreciation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been 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

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

12 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses comprise the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Notes to the Financial Statements

12 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

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.

The Company is jointly taxed with wholly owned Danish group entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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 and fittings, tools and equipment	2-8	years
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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 depreciation.

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

Notes to the Financial Statements

12 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.

Work in progress for third parties

Work in progress for third parties regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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.