

Humac A/S

Sydvestvej, 21, 3. floor
2600 Glostrup

CVR no. 13 39 75 97

Annual report 2017/18

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

4 March 2019

Michael Bech
chairman

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 October – 30 September	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Cash flow statement	13
Notes	14

Humac A/S
Annual report 2017/18
CVR no. 13 39 75 97

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 Humac A/S for the financial year 1 October 2017 – 30 September 2018.

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 30 September 2018 and of the results of the Company's operations and cash flows for the financial year 1 October 2017 – 30 September 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

4 March 2019
Executive Board:

Michael Bech

Board of Directors:

Philipp Gens
Chairman

Denis Sitnikov

Tikhon Smykov

Michael Bech

Independent auditor's report

To the shareholders of Humac A/S

Opinion

We have audited the financial statements of Humac A/S for the financial year 1 October 2017 – 30 September 2018 comprising income statement, balance sheet, statement of changes in equity, cash flow statement 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 30 September 2018 and of the results of the Company's operations and cash flows for the financial year 1 October 2017 – 30 September 2018 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.

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

- 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.

Independent auditor's report

- 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.

Copenhagen, 4 March 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Joakim Juul Larsen
State Authorised
Public Accountant
mne32803

Humac A/S
Annual report 2017/18
CVR no. 13 39 75 97

Management's review

Company details

Humac A/S
Sydvestvej
21, 3. floor
2600 Glostrup

Telephone: +45 70 21 53 53
Fax: +45 70 21 53 55
Website: www.humac.dk

CVR no.: 13 39 75 97
Financial year: 1 October – 30 September

Board of Directors

Philipp Gens, Chairman
Denis Sitnikov
Tikhon Smykov
Michael Bech

Executive Board

Michael Bech

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Financial highlights

DKK'000	2017/18	2016/17	2015/16	2014/15	2013/14
Key figures					
Revenue	729,443	724,913	647,862	704,289	458,379
Gross profit/loss	65,922	71,620	69,671	78,225	48,207
Ordinary operating profit/loss	1,229	7,173	922	7,944	-1,250
Profit/loss from financial income and expenses	-2,994	-2,880	-2,412	-2,361	-1,824
Profit/loss for the year	-1,515	3,114	-1,165	3,663	-2,254
Total assets	129,540	127,482	92,222	106,334	88,074
Equity	12,468	13,984	12,035	12,035	8,372
Cash flows from operating activities	5,169	-5,020	10,507	-10,683	-2,967
Cash flows from investing activities	-4,890	-5,790	-8,005	-7,356	-4,727
Cash flows from financing activities	-676	11,037	-392	-8,231	7,450
Total cash flows	-397	227	2,110	-26,270	-243
Ratios					
Gross margin	9%	10%	11%	11%	11%
Operating margin	0%	1%	0%	1%	0%
Return on invested capital	1%	51%	2%	29%	-2%
Return on equity	-14%	22%	-10%	36%	-24%
Solvency ratio	10%	11%	12%	11%	10%
Average number of full-time employees	152	151	164	161	112

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios 2015". The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} * 100}{\text{Average invested capital}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

The Company's principal activity is sales of consumer electronics, IT equipment, system integration and other IT-related services. At the end of the financial year, the Company operated 23 monobrand stores, Apple and Bang & Olufsen, and two online shops focusing on sales directly to private and business customers, a direct sales function focusing on all segments in the B2B area, as well as local authorised service sites for Apple products.

Development in activities and financial position

This is the Company's eighth year of operation under the ownership of the Inventive Retail Group.

The Inventive Retail Group (IRG) was founded in Russia in 1995 and has collaborated with Apple since 1996. In recent years, the Group has invested heavily in retail chain set-up, following the same model as Humac, the re:Store Retail Group currently runs several monobrand concepts in Russia and Denmark. The Group's Management has extensive experience with retailing across markets and runs several monobrand retail concepts (a total of over 350 monobrand stores within several brands, including Apple, LEGO, Samsung, Nike, Sony, Street Beat, Bang & Olufsen, and UNOde50).

In 2017/18, Humac A/S continued the ongoing process of digitisation and cost efficiency improvement, relocation and expansion of the number of stores as well as optimisation of sales and service channels. As at 30 September, the chain includes 23 stores and four service sites as well as B2B and two online shops.

Since acquiring the Bang & Olufsen shop at Strøget in Copenhagen in March 2017, Humac has further developed its cooperation with Bang & Olufsen and strives to further develop the store network as a Bang & Olufsen monobrand distributor.

Humac has continued the digitisation process and runs webshops with both cash sales and credit sales under Humac.dk and Rentefri.dk. Rentefri.dk is based on fully interest-free financing of consumer electronics in cooperation with Santander Consumer Bank.

In the financial year 2017/18, the Company invested significantly in further digital initiatives to strengthen online sales and ensure the Company's share of online sale. The platform for Humac.dk and Rentefri.dk has been replaced, and additional payment solutions have been added. Massive investments have been made in customer clubs and loyalty programs as well as in online marketing systems and BI data warehouse.

The Company and all its activities were prepared for the new GDPR regulations effective from 25 May 2018, and is thereby fully compliant with GDPR.

Consumers are reluctant to invest in electronics, and market development is therefore flat/slightly negative, and consequently, still characterized by fierce price competition.

Humac has maintained its market share in the retail area, but revenue was slightly reduced in 2017/18 due to strategic choices in the B2B area, where some major customers with excessive credit risk or too low contribution to earnings, have been turned down.

Management's review

Operating review

Expectations for the result

During the financial year 2017/18, the Company realised a loss of DKK 1.5 million. Equity at 30 September 2018 made up DKK 12.5 million.

Management considers the results unsatisfactory.

The combination of a continued flat consumer electronics market as well as necessary costs for business digitisation, renewals and reconstruction of stores as well as strategic deselection of customers with excessive credit risk or too low contribution to earnings are factors that have significantly influenced results for the year.

Accordingly, equity declined from DKK 13,983 thousand at the beginning of the financial year to DKK 12,470 thousand at the end of the financial year as a result of results for the year. The Board of Directors has decided that for now the Company is not to pay any dividends to its investors and at the same time has assessed that at present, the Company is not to receive any additional capital. The current credit facilities are retained as they are considered sufficient to ensure the continued operations and growth potential for the Company. The main credit facilities are secured by bank guarantee and is to be renewed in June 2019.

Management expects to enjoy improved profit development for the financial year 2018/19.

The Management and the Board of Directors are aware of the balance between investments and results to ensure the Company's strength and competitiveness in a challenged retail market.

Expectations for the coming year

Humac will continue to reduce costs and optimise processes and systems, thus focusing on delivering the best customer experience, including additional use of IT systems to optimise operations and generate additional sales.

The Company's Management expects the Company's current cash situation to be maintained and improved in 2018/19.

However, a continued flat market for electronics, further price competition from new/existing chains or lack of deliveries and/or delayed launch of new Apple products may adversely affect the Company's results in the coming year.

It is Management's opinion that the implemented strategic and cost-effective initiatives will ensure growth in earnings for the coming year (2018/19).

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 October – 30 September

Income statement

DKK'000	Note	2017/18	2016/17
Revenue		729,443	724,913
Other external costs		<u>-663,521</u>	<u>-653,293</u>
Gross profit		65,922	71,620
Staff costs	2	-59,999	-59,650
Depreciation, amortisation and impairment	3	<u>-4,694</u>	<u>-4,797</u>
Operating profit		1,229	7,173
Financial income		448	294
Financial expenses	4	<u>-3,442</u>	<u>-3,175</u>
Profit/Loss before tax		-1,765	4,292
Tax on profit/loss for the year	5	<u>250</u>	<u>-1,178</u>
Loss for the year	6	<u><u>-1,515</u></u>	<u><u>3,114</u></u>

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	1/10-30/9 2018	1/10-30/9 2017
ASSETS			
Fixed assets			
Intangible assets	7		
Rights		595	1,027
Software		<u>5,943</u>	<u>4,846</u>
		<u>6,538</u>	<u>5,873</u>
Property, plant and equipment	8		
Fixtures and fittings, tools and equipment		2,395	2,824
Leasehold improvements		<u>4,508</u>	<u>4,964</u>
		<u>6,903</u>	<u>7,788</u>
Investments	9		
Deposits		<u>9,988</u>	<u>9,573</u>
Total fixed assets		<u>23,429</u>	<u>23,234</u>
Current assets			
Inventories			
Finished goods		<u>58,448</u>	<u>61,611</u>
Receivables			
Trade receivables		34,816	28,376
Other receivables		8,074	9,207
Deferred tax asset	10	3,054	2,804
Prepayments	11	<u>1,315</u>	<u>1,449</u>
		<u>47,259</u>	<u>41,836</u>
Cash at bank and in hand		<u>404</u>	<u>801</u>
Total current assets		<u>106,111</u>	<u>104,248</u>
TOTAL ASSETS		<u><u>129,540</u></u>	<u><u>127,482</u></u>

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	1/10-30/9 2018	1/10-30/9 2017
EQUITY AND LIABILITIES			
Equity			
	12		
Contributed capital		3,102	3,102
Retained earnings		9,366	10,882
Total equity		<u>12,468</u>	<u>13,984</u>
Liabilities			
Current liabilities			
Other credit institutions, current liabilities		35,466	36,514
Trade payables		49,152	47,385
Payables to group entities		3,963	3,584
Other payables		26,601	24,076
Deferred income	13	1,890	1,939
		<u>117,072</u>	<u>113,498</u>
Total liabilities		<u>117,072</u>	<u>113,498</u>
TOTAL EQUITY AND LIABILITIES		<u>129,540</u>	<u>127,482</u>
Contractual obligations, contingencies, etc.	14		
Mortgages and collateral	15		
Related party disclosures	16		

Financial statements 1 October – 30 September

Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 October 2017	3,102	10,881	13,983
Transferred over the distribution of loss	<u>0</u>	<u>-1,515</u>	<u>-1,515</u>
Equity at 30 September 2018	<u><u>3,102</u></u>	<u><u>9,366</u></u>	<u><u>12,468</u></u>

Financial statements 1 October – 30 September

Cash flow statement

DKK'000	Note	2017/18	2016/17
Loss for the year		-1,519	3,114
Other adjustments of non-cash operating items		-250	0
Depreciation, amortisation and impairment losses		4,694	4,796
Cash flows from operations before changes in working capital		2,925	7,910
Change in inventories		3,163	-17,112
Change in receivables		-2,341	-17,291
Change in current liabilities		1,422	21,473
Cash flows from ordinary activities		5,169	-5,020
Cash flows from operating activities		5,169	-5,020
Acquisition of intangible assets		-2,483	-1,273
Acquisition of property, plant and equipment		-1,991	-3,577
Rent deposits		-416	-940
Cash flows from investing activities		-4,890	-5,790
Increase in payables to group		372	576
Repayment of debt to credit institutions		-31,291	-26,276
Increase in payables to credit institutions		30,243	36,514
Repayment of receivables from group		0	223
Cash flows from financing activities		-676	11,037
Cash flows for the year		-397	227
Cash and cash equivalents at the beginning of the year		801	574
Cash and cash equivalents at year end		404	801

Financial statements 1 October – 30 September

Notes

1 Accounting policies

The annual report of Humac A/S for 2017/18 has been prepared in accordance with the provisions applying to reporting class C medium 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 from the sale of goods for resale is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured excl. VAT, taxes and discounts.

Variable costs

Variable costs comprises the company's external costs including costs for resale goods, costs of sales, sales campaigns, advertising, administrative costs for office premises and office expenses.

Staff costs

Staff costs comprise expenses incurred during the year for management and administration, including expenses for administrative staff.

Financial income and expenses

Financial income and expenses comprise interest income and expense, cash discounts, gains and losses on receivables, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on account tax scheme, etc.

Tax on profit/loss for the year

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

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets comprise rights and software. Rights and software are measured at cost less accumulated amortisation. Amortisation is provided on a straight-line basis over the expected useful lives of the assets.

Property, plant and equipment

Leasehold improvements and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Equipment	3 years
Leasehold improvements	4 years
Fixtures and fittings	4 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as depreciation.

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

Gains and losses on the disposal of property, plant and equipment are stated 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 operating income or other operating costs, respectively.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost. Write-down is made to net realisable value for anticipated bad debt losses.

Equity

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

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 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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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 in the same legal tax entity. Any deferred net 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 or equity, respectively.

Liabilities

Financial liabilities are measured at amortised cost. Other financial liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent year.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Cash flow statement

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

The cash flow statement cannot be directly derived from the other components of the financial statements.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Company's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term borrowings.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

2 Staff costs

DKK'000	2017/18	2016/17
Wages and salaries	56,270	55,852
Pensions	2,948	2,903
Other social security costs	781	895
	<u>59,999</u>	<u>59,650</u>
Average number of full-time employees	<u>152</u>	<u>151</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

No remuneration has been paid to the Board of Directors.

3 Depreciation and amortisation

Amortisation on intangible assets	1,818	1,585
Depreciation on property, plant and equipment	<u>2,876</u>	<u>3,212</u>
	<u>4,694</u>	<u>4,797</u>

4 Financial expenses

Interest expense to group entities	399	529
Other financial costs	<u>3,043</u>	<u>2,646</u>
	<u>3,442</u>	<u>3,175</u>

5 Tax on profit/loss for the year

Adjustments of deferred tax	-250	521
Adjustment prior years	0	138
tax on profit/loss for the year	<u>0</u>	<u>519</u>
	<u>-250</u>	<u>1,178</u>

6 Proposed profit appropriation/distribution of loss

Retained earnings	<u>-1,515</u>	<u>3,114</u>
-------------------	---------------	--------------

Financial statements 1 October – 30 September

Notes

7 Intangible assets

DKK'000	<u>Rights</u>	<u>Software</u>	<u>Total</u>
Cost at 1 October 2017	3,422	12,842	16,264
Additions for the year	<u>0</u>	<u>2,483</u>	<u>2,483</u>
Cost at 30 September 2018	3,422	15,325	18,747
Amortisation and impairment losses at 1 October 2017	-2,395	-7,996	-10,391
Amortisation for the year	<u>-432</u>	<u>-1,386</u>	<u>-1,818</u>
Amortisation and impairment losses at 30 September 2018	-2,827	-9,382	-12,209
Carrying amount at 30 September 2018	<u>595</u>	<u>5,943</u>	<u>6,538</u>

8 Property, plant and equipment

DKK'000	<u>Fixtures and fittings, tools and equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
Cost at 1 October 2017	18,141	26,097	44,238
Additions for the year	<u>813</u>	<u>1,178</u>	<u>1,991</u>
Cost at 30 September 2018	18,954	27,275	46,229
Depreciation and impairment losses at 1 October 2017	-15,317	-21,133	-36,450
Depreciation for the year	<u>-1,242</u>	<u>-1,634</u>	<u>-2,876</u>
Depreciation and impairment losses at 30 September 2018	-16,559	-22,767	-39,326
Carrying amount at 30 September 2018	<u>2,395</u>	<u>4,508</u>	<u>6,903</u>

9 Investments

DKK'000	<u>Deposits</u>
Cost at 1 October 2017	9,573
Additions of the year	<u>415</u>
Cost at 30 September 2018	9,988
Carrying amount at 30 September 2018	<u>9,988</u>

10 Deferred tax asset

DKK'000	<u>2017/18</u>	<u>2016/17</u>
Deferred tax at the beginning of the year	2,804	3,399
Deferred tax adjustment for the year in the income statement	<u>250</u>	<u>-595</u>
	<u>3,054</u>	<u>2,804</u>

Financial statements 1 October – 30 September

Notes

Management has assessed that the deferred tax asset can be utilised against positive earnings within the coming 3 to 5 years.

11 Prepayments

Prepayments comprise prepaid expenses regarding rent and insurance.

12 Equity

The share capital consists of 3,102 shares of a nominal value 1,000 each. All shares rank equally

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

13 Deferred income

Deferred income consists of deposit and payment related to gift card.

14 Contractual obligations, contingencies, etc.

Contingent liabilities

The company has rental obligations of DKK 33,921 thousand during the notice period until 2023.

The company has other operating liabilities at a total amount of DKK 1,150 thousand, DKK 640 thousand are due within 1 year and DKK 510 thousand are due after 5 years

15 Mortgages and collateral

Credit facility of DKK 10 million is secured by company pledge in intangible assets, property, plant and equipment, inventories and trade receivables for one supplier.

Credit facility of DKK 10 million is secured by company pledge in intangible assets, property, plant and equipment and inventories for bank facility

Through external bank there has been issued a letter of credit to one supplier with total credit facility of DKK 26 million.

Financial statements 1 October – 30 September

Notes

16 Related party disclosures

Humac A/S' related parties comprise the following:

Control

ReStore Retail Group Limited, Drake Chambers, P.O Box 3321, Road Town, Tortola, British Virgin Islands, which is the principal shareholder.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act. The company has not disclosed any related party transaction as they were conducted on an arm's length basis.

Ownership

The following shareholders are registered 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:

ReStore Retail Group Limited, Drake Chambers, P.O Box 3321, Road Town, Tortola, British Virgin Islands

Consolidated financial statements

The financial statements of the Company are included in the consolidated financial statements of ReStore Retail Group Limited, Drake Chambers, P.O Box 3321, Road Town, Tortola, British Virgin Islands