



## Plast Team A/S

Skodsborgvej 315, 2850 Nærum  
CVR No. 19719685

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 19.05.2020

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**Torben Golsche Knappe**

Chairman of the General Meeting

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# Entity details

## Entity

Plast Team A/S

Skodsborgvej 315

2850 Nærum

CVR No.: 19719685

Registered office: Rudersdal

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Morten Pitzner, chairman

Jacob Andersen, vice chairman

Torben Golsche Knappe

Allan Carsten Bülow

## Executive Board

Jacob Eberhard, CEO

René Ringer Dethlefsen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Plast Team A/S for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Nærum, 20.03.2020

## Executive Board

**Jacob Eberhard**  
CEO

**René Ringer Dethlefsen**

## Board of Directors

**Morten Pitzner**  
chairman

**Jacob Andersen**  
vice chairman

**Torben Golsche Knappe**

**Allan Carsten Bülow**

# Independent auditor's report

## To the shareholders of Plast Team A/S

### Opinion

We have audited the financial statements of Plast Team A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 20.03.2020

### Deloitte

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Jacob Vilmann Wellejus**  
State Authorised Public Accountant  
Identification No (MNE) mne24807

**Hans Tauby**  
State Authorised Public Accountant  
Identification No (MNE) mne44339

# Management commentary

## Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
<b>Key figures</b>					
Gross profit/loss	17,707	15,502	14,481	14,994	22,672
Operating profit/loss	6,461	4,777	4,203	289	5,192
Net financials	(602)	(1,678)	(1,824)	(2,785)	(4,445)
Profit/loss for the year	11,519	6,061	9,557	7,067	1,219
Total assets	136,149	149,803	133,643	118,103	125,167
Investments in property, plant and equipment	0	2,608	380	826	7,547
Equity	68,152	56,257	67,703	59,165	53,690
<b>Ratios</b>					
Return on equity (%)	18.52	9.78	15.07	12.52	2.30
Equity ratio (%)	50.06	37.55	50.66	50.10	42.89

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by CFA Society Denmark.

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets



### Primary activities

The Company's activity is design, produce and distribute household plastic products. The Company's products are primarily sold in the Nordic Countries and the rest of Europe.

### Development in activities and finances

In the financial year 2019, the Company realised a gross profit of DKK 17,707k compared to DKK 15,502k prior year.

The result after tax is a profit of DKK 11,519k compared to DKK 6,061k prior year. The result is considered satisfactory.

### Profit/loss for the year in relation to expected developments

The expectation last year, was to have positive development in profit before tax. Profit before tax is almost doubled, why the expected development has been reached.

### Uncertainty relating to recognition and measurement

Due to its operations, the Company is exposed to changes in exchange rates in the currencies USD and PLN.

### Outlook

Management expects the Company to show positive development in profit before tax for 2020 based on continued focus on profitable business, launch of new products, customer gains and benefits captured from previously implemented initiatives and expect to be in the range of DKK 10M - 15M.

Possible negative effects of the COVID-19 pandemic has not been included in the outlook for 2020, as the economical effects cannot be measured at this time.

### Intellectual capital resources

The Company is characterized by a dynamic knowledge environment which places great demands on the Company when it comes to collecting and disseminating information. Moreover, the individual employee's personal knowledge plays an important part.

### Environmental performance

The Company is aware of the general societal focus on optimizing environmental conditions and the Company is working continuously to reduce the environmental impacts from the Company's operations.

The Company continuously verify that suppliers and factories are in compliance with environmental requirements.

### Events after the balance sheet date

The outbreak of coronavirus/COVID-19 has escalated in the beginning of 2020, and WHO has on March 11th 2020 declared the outbreak to be a worldwide pandemic. The outbreak has resulted in a series of precautions, that affects the daily operations, both for the Company, suppliers, customers and other business partners. The economical effect cannot be measured at this time.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
<b>Gross profit/loss</b>		<b>17,707</b>	<b>15,502</b>
Staff costs	2	(5,864)	(5,527)
Depreciation, amortisation and impairment losses	3	(649)	(630)
Other operating expenses		(4,733)	(4,568)
<b>Operating profit/loss</b>		<b>6,461</b>	<b>4,777</b>
Income from investments in group enterprises		6,973	3,658
Other financial income	4	383	405
Other financial expenses	5	(985)	(2,083)
<b>Profit/loss before tax</b>		<b>12,832</b>	<b>6,757</b>
Tax on profit/loss for the year	6	(1,313)	(696)
<b>Profit/loss for the year</b>	7	<b>11,519</b>	<b>6,061</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK'000	2018 DKK'000
Acquired licences		1,654	1,899
<b>Intangible assets</b>	8	<b>1,654</b>	<b>1,899</b>
Plant and machinery		2,096	2,437
<b>Property, plant and equipment</b>	9	<b>2,096</b>	<b>2,437</b>
Investments in group enterprises		42,325	35,530
Receivables from group enterprises		31,200	31,200
Deferred tax	11	2,490	3,482
<b>Other financial assets</b>	10	<b>76,015</b>	<b>70,212</b>
<b>Fixed assets</b>		<b>79,765</b>	<b>74,548</b>
Manufactured goods and goods for resale		6,677	5,989
<b>Inventories</b>		<b>6,677</b>	<b>5,989</b>
Trade receivables		24,926	25,031
Receivables from group enterprises		19,811	39,860
Other receivables		4,272	3,519
Prepayments	12	192	101
<b>Receivables</b>		<b>49,201</b>	<b>68,511</b>
<b>Cash</b>		<b>506</b>	<b>755</b>
<b>Current assets</b>		<b>56,384</b>	<b>75,255</b>
<b>Assets</b>		<b>136,149</b>	<b>149,803</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
Contributed capital	13	2,500	2,500
Reserve for net revaluation according to the equity method		28,388	21,593
Retained earnings		37,264	32,164
<b>Equity</b>		<b>68,152</b>	<b>56,257</b>
Bank loans		8,575	10,900
<b>Non-current liabilities other than provisions</b>	<b>14</b>	<b>8,575</b>	<b>10,900</b>
Current portion of non-current liabilities other than provisions	14	2,325	2,275
Bank loans		31	36,736
Trade payables		2,106	3,968
Payables to group enterprises	15	50,493	35,532
Joint taxation contribution payable		321	0
Other payables		4,146	4,135
<b>Current liabilities other than provisions</b>		<b>59,422</b>	<b>82,646</b>
<b>Liabilities other than provisions</b>		<b>67,997</b>	<b>93,546</b>
<b>Equity and liabilities</b>		<b>136,149</b>	<b>149,803</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
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# Statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2,500	21,593	32,164	56,257
Exchange rate adjustments	0	376	0	376
Transfer for coverage of losses	0	(553)	553	0
Profit/loss for the year	0	6,972	4,547	11,519
<b>Equity end of year</b>	<b>2,500</b>	<b>28,388</b>	<b>37,264</b>	<b>68,152</b>

# Notes

## 1 Events after the balance sheet date

The outbreak of coronavirus/COVID-19 has escalated in the beginning of 2020, and WHO has on March 11th 2020 declared the outbreak to be a worldwide pandemic. The outbreak has resulted in a series of precautions, that affects the daily operations, both for the Company, suppliers, customers and other business partners. The economical effect cannot be measured at this time.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## 2 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	5,741	5,412
Pension costs	91	82
Other social security costs	32	33
	<b>5,864</b>	<b>5,527</b>
Average number of full-time employees	<b>5</b>	<b>5</b>

	<b>Remuneration of management 2019 DKK'000</b>	<b>Remuneration of management 2018 DKK'000</b>
Executive Board	1,375	0
Board of Directors	371	0
Total amount for management categories	0	1,428
	<b>1,746</b>	<b>1,428</b>

## 3 Depreciation, amortisation and impairment losses

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Amortisation of intangible assets	287	71
Depreciation of property, plant and equipment	341	399
Profit/loss from sale of intangible assets and property, plant and equipment	21	160
	<b>649</b>	<b>630</b>

**4 Other financial income**

	2019 DKK'000	2018 DKK'000
Financial income from group enterprises	383	392
Other financial income	0	13
	<b>383</b>	<b>405</b>

**5 Other financial expenses**

	2019 DKK'000	2018 DKK'000
Other interest expenses	844	1,180
Exchange rate adjustments	94	519
Other financial expenses	47	384
	<b>985</b>	<b>2,083</b>

**6 Tax on profit/loss for the year**

	2019 DKK'000	2018 DKK'000
Current tax	321	696
Change in deferred tax	992	0
	<b>1,313</b>	<b>696</b>

**7 Proposed distribution of profit and loss**

	2019 DKK'000	2018 DKK'000
Retained earnings	11,519	6,061
	<b>11,519</b>	<b>6,061</b>

**8 Intangible assets**

	Acquired licences DKK'000
Cost beginning of year	1,970
Additions	42
<b>Cost end of year</b>	<b>2,012</b>
Amortisation and impairment losses beginning of year	(71)
Amortisation for the year	(287)
<b>Amortisation and impairment losses end of year</b>	<b>(358)</b>
<b>Carrying amount end of year</b>	<b>1,654</b>

## 9 Property, plant and equipment

	<b>Plant and machinery DKK'000</b>
Cost beginning of year	3,999
<b>Cost end of year</b>	<b>3,999</b>
Depreciation and impairment losses beginning of year	(1,562)
Depreciation for the year	(341)
<b>Depreciation and impairment losses end of year</b>	<b>(1,903)</b>
<b>Carrying amount end of year</b>	<b>2,096</b>

## 10 Financial assets

	<b>Investments in group enterprises DKK'000</b>	<b>Receivables from group enterprises DKK'000</b>	<b>Deferred tax DKK'000</b>
Cost beginning of year	13,937	31,200	3,482
Disposals	0	0	(992)
<b>Cost end of year</b>	<b>13,937</b>	<b>31,200</b>	<b>2,490</b>
Revaluations beginning of year	21,593	0	0
Exchange rate adjustments	376	0	0
Share of profit/loss for the year	6,972	0	0
Investments with negative equity value depreciated over receivables	(553)	0	0
<b>Revaluations end of year</b>	<b>28,388</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>42,325</b>	<b>31,200</b>	<b>2,490</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Plast Team Poland Sp. Z.o.o.	Poland	Sp. Z.o.o.	100
Plast Team Vertriebs GmbH	Germany	GmbH	100



## 11 Deferred tax

	2019 DKK'000	2018 DKK'000
Intangible assets	(46)	0
Property, plant and equipment	(136)	(149)
Tax losses carried forward	2,672	3,631
<b>Deferred tax</b>	<b>2,490</b>	<b>3,482</b>

<b>Changes during the year</b>	<b>2019 DKK'000</b>
Beginning of year	3,482
Recognised in the income statement	(992)
<b>End of year</b>	<b>2,490</b>

The tax asset is recognized, as it is expected that the Company will have use of the tax losses carried forward in the following financial years.

## 12 Prepayments

Prepayments consists of prepaid expenses.

## 13 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	1,000	2,5	2,500
	<b>1,000</b>		<b>2,500</b>

## 14 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000
Bank loans	2,325	2,275	8,575
	<b>2,325</b>	<b>2,275</b>	<b>8,575</b>

## 15 Payables to group enterprises

Payables to group enterprises include a Cash Pool of DKK 28.948k with Nordic Houseware Group A/S as holder of the top account. Nordic Houseware Group A/S guarantees for the bank debt.

## 16 Unrecognised rental and lease commitments

	2019 DKK'000	2018 DKK'000
Liabilities under rental or lease agreements until maturity in total	327	289

## 17 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Pitzner Gruppen Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 18 Assets charged and collateral

In connection with the conclusion of a Group Multi-Option Facility Agreement, the company is jointly liable for all debts under the agreement together with all other companies in the Group.

Bank debt is secured by way of a general mortgage deed of DKK 66,000k (2018: DKK 60,000k).

Trade receivables of DKK 24,926k (2018: DKK 25,031k), inventories of DKK 6,677k (2018: DKK 5,989k) and Property plant and equipment for DKK 2.096k (2018: DKK 2.437k) pledged as security for bank debt.

ROOM Copenhagen A/S guarantees for bank debt in the related company Plast Team A/S and for Plast Team A/S guarantees for bank debt in the subsidiary Plast Team Vertriebs GmbH and Plast Team Poland Sp. Z.o.o., for the related company ROOM Copenhagen A/S and for parent company Nordic Houeware Group A/S.

## 19 Related parties with controlling interest

Nordic Houseware Group A/S, Nærum, owns all shares in the Company and therefore has controlling interest.

Chest Bidco ApS, Nærum, owns all shares in Nordic Houseware Group A/S and therefore has indirect controlling interest.

Chest Topco ApS, Nærum, owns all shares in Chest Bidco and therefore has indirect controlling interest.

Pitzner Gruppen Holding A/S, Copenhagen, owns the majority of the shares in Chest Topco ApS and therefore has indirect controlling interest.

Axel Pitzner Fonden, Copenhagen, owns all shares in Pitzner Gruppen Holding A/S and therefore has indirect controlling interest.

## 20 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

## **21 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Axel Pitzner Fonden, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Nordic Houseware Group A/S, Nærum

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, own work capitalised, cost of raw materials and consumables and external expenses.

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Other operating expenses**

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Other financial income**

Other financial income are recognized in the income statement at the amounts relating to the financial year. Other financial income comprise interest income and exchange gains.

**Other financial expenses**

Other financial expenses are recognized in the income statement at the amounts relating to the financial year. Other financial expenses comprise exchange losses, interest and other financial expenses.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Intellectual property rights etc**

Intellectual property rights acquired are measured at cost less accumulated amortisation and impairment losses. Acquired licences are amortised over the term of the agreement, though never over more than 7 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

**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. For self-constructed assets, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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

Plant and machinery	3-12 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Investments in group enterprises**

Investments in subsidiaries are recognised and measured under the equity method.

Investments in subsidiaries include the proportionate ownership share of the equity of each subsidiary.

The total net revaluation of investments in subsidiaries is shown separately in equity in "Reserve for net revaluation under the equity method". The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net value are recognised and presented at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the subsidiary is presented as provisions.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**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 in the process of normal operations with deduction of selling expenses and costs of completion.

The cost of goods for resale, raw materials and consumables comprises purchase price plus delivery costs.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Other financial liabilities**

Fixed-interest loans are recognized initially at the proceeds received, net of loan costs incurred. Subsequently, the loans are measured at amortised cost where the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Cash flow statement**

A cash flow statement is presented for the entire Group, wherefore we refer to the annual report of Nordic Houseware Group A/S.