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HOLMRIS B8 A/S

Martin Bachs Vej 5
8850 Bjerringbro
Central Business Registration
No 21320080

Annual report 01.05.2018 - 30.04.2019

The Annual General Meeting adopted the annual report on 07.11.2019

Chairman of the General Meeting

Name: Jesper Wadum Nielsen

Contents

Entity details

Entity
HOLMRIS B8 A/S
Martin Bachs Vej 5
8850 Bjerringbro

Central Business Registration No (CVR): 21320080
Founded: 01.12.1998
Registered in: Viborg
Financial year: 01.05.2018 - 30.04.2019

Board of Directors
John Staunsbjerg Dueholm
Peter Lynghøj Johansen
Jesper Wadum Nielsen
Majken Gisselbæk Pape
Jens-Peter Poulsen

Executive Board
Henrik Holmris Hansen
Niels Henrik Lauritzen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of HOLMRIS B8 A/S for the financial year 01.05.2018 - 30.04.2019.

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 30.04.2019 and of the results of its operations and cash flows for the financial year 01.05.2018 - 30.04.2019.

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.

Bjerringbro, 07.11.2019

Executive Board

Henrik Holmris Hansen

Niels Henrik Lauritzen

Board of Directors

John Staunsbjerg Dueholm

Peter Lynghøj Johansen

Jesper Wadum Nielsen

Majken Gisselbæk Pape

Jens-Peter Poulsen

Independent auditor's report

To the shareholders of HOLMRIS B8 A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of HOLMRIS B8 A/S for the financial year 01.05.2018 - 30.04.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 30.04.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2018 - 30.04.2019 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 consolidated financial statements and the parent financial statements section of this auditor’s report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Parent’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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group’s and the Parent’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 consolidated financial statements and the parent 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 Group's and the Parent’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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Violation of the Danies Companies Act
Contrary to S 206 Danish Companies Act, the Company has indirectly contributed to the financing of Holmris Holding A/S' aqquisition of shares in the Company. The financing ceased in FY2019/20 by repayment from Holmris Holding A/S.

Aarhus, 07.11.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176

Kasper Vestergaard Jessen
State Authorised Public Accountant
Identification No (MNE) mne42784

Management commentary

	2018/19 DKK'000	2017/18 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Revenue	1.139.912	1.076.920	678.292	498.183	455.272
Gross profit/loss	257.706	247.568	166.445	133.049	112.505
EBITDA	24.008	35.948	40.441	37.905	25.133
Operating profit/loss	(8.169)	8.851	21.512	22.695	14.451
Net financials	(5.888)	(11.293)	(499)	(3.104)	(2.248)
Profit/loss for the year	(15.939)	(7.483)	13.920	13.877	7.718
Total assets	429.643	379.583	374.106	227.173	213.690
Investments in property, plant and equipment	10.537	20.107	8.178	9.858	2.187
Equity	76.901	93.094	76.104	60.066	48.174
Ratios					
Gross margin (%)	22,6	23,0	24,5	26,7	24,7
Net margin (%)	(1,4)	(0,7)	2,1	2,8	1,7
Return on equity (%)	(18,8)	(8,8)	20,4	25,6	16,9
Equity ratio (%)	17,9	24,5	20,3	26,4	22,5

For 2017/18, the above includes a period of change of 16 months, and the financial highlights for this period are thus not directly comparable with the previous year.

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Group's primary activities are the development, production, sale and service of furniture and interior design solutions for offices, learning environments and the hospitality segment as well as related consultancy services. Production takes place at factories in Bjerringbro, Silkeborg and Vemmelev (all in Denmark), and some components are supplied from foreign subcontractors. The Group's sales activities take place from both the parent company and subsidiaries. The products are sold partly in Denmark and partly in the rest of the world in selected markets.

Non-comparability

Referring to Section 15(3) of the Danish Financial Statements Act, the Company and the Group changed the financial year as a result of the establishment of a group structure. Due to the change of the financial year, the last financial year covered the period 01.01.2017 – 30.04.2018 (16 months) whereas this financial year covers 12 months. Therefore, there is no direct comparability with the comparative year.

In the financial year, the Company merged with B8 A/S, 3R Kontor ApS and Holmris.Designbrokers A/S with Holmris B8 A/S as the surviving company. As stated below, the merger is treated according to the uniting-of-interests method without restating comparative figures in the parent company, and these are therefore not comparable.

Development in activities and finances

In the 2018/19 financial year, the Group continued its rapid growth. In 2018/19, the Group achieved a revenue of DKK 1,140m against DKK 1,077m for the financial year 2017/18, which covered a period of 16 months. In 2018/19, the Group achieved an EBITDA of DKK 24m. The financial year 2018/19 was negatively affected by non-recurring costs of DKK 23m related to the integration of B8 A/S as the acquisition of this company was completed on the last day of the financial year 2017/18.

Throughout the accounting year, focus has been on combining the two main production facilities in Bjerringbro on one location and streamlining systems and processes. The positive effects from combining the two main production facilities are starting to show with improved performance in manufacturing and logistics for the benefit of the Group’s customers. Adjusted for the one-off costs related to the integration of B8 A/S, EBITDA for the group for the accounting year 2018/19 ended at DKK 47m. The result is below expectations.

The one-off costs realized in the account year are driven mainly by the harvesting of synergies on the back of the integration of B8 A/S. Primary elements relate to costs from close-down of excess locations, dismissal of employees in double functions and integration of IT systems.

The Group’s strong revenue growth during 2018/19 is a testament to the Group’s market position and innovative solutions. The Group’s focus on sustainability through the business segment, Circular, is well-received in the market including concepts such as the donation and take-back solutions. This is also the case for new innovative tech- and data driven concepts in the new business segment, Tech.

Profit/loss for the year in relation to expected developments

Revenue growth has been realized as expected. The result for the year ended below original expectations,

Management commentary

mainly due to the integration of B8 A/S and in particular the integration and optimization of IT systems. Performance improved towards the end of the accounting year which is evidence that the integration of B8 A/S has begun to show the expected positive effects.

Outlook

The Group expects growth in the result for the coming accounting year, driven by full year effects from the positive trend seen in the end of 2018/19. One-off costs related to the integration of B8 A/S is expected to continue in 2019/20, although at a lower level than in 2018/19.

Particular risks

The main operating risk of the Group relates to the ability of being strongly positioned in the markets where the products are sold and of ensuring an always competitive production price.

Price risks

We do not assess that some areas are subject to particular risks as to a relatively great extent price increases can be recognised in the price of the finished products.

Foreign exchange risks

As a consequence of activities abroad, results, cash flows and equity are affected by the exchange rate and interest rate movements of a number of currencies, especially in Norway and the US. It is the Company's policy to hedge the commercial foreign exchange risks for up to 12 months. Such hedging is primarily effected through foreign exchange contracts on anticipated sales and purchases over the next 12 months in the relevant currencies. Exchange adjustments of investments in subsidiaries and associates which are independent entities are recognised directly in equity. As a principal rule, related currency risks are not hedged, as the Company believes that current hedging of such long-term investments will not be optimal from an overall risk and cost point of view.

Interest rate risks

Significant changes in the interest rate level will have a minor impact on earnings, which, however, is not considered material.

Intellectual capital resources

In addition to the Group's primary activity of developing, producing, selling and servicing products, the Group's business foundation includes advisory services to customers on the design of the workplace. This part places particularly high demands on the knowledge resources regarding employees and business processes.

Moreover, there are special requirements for the knowledge resources in the development and production of the Group's main products. In order to continuously deliver these solutions, it is crucial for the Company to be able to recruit and retain employees, both employees with a high educational level and employees with technical experience.

Management commentary

The critical business processes relating to the Company's main products are design, construction, service, quality and, to a less extent, individual solutions. In order to ensure that the customer receives the agreed service, the individual methods and procedures are required to be documented. As a measure of whether the Company meets this requirement, observance of delivery time and the number of customer complaints are important indicators of how the business processes are working.

In the coming year, emphasis will be on a further reduction of delivery and development times without compromising on quality and the technological level.

Environmental performance

On behalf of the Group, Holmris B8 A/S has prepared an overall strategy for its environmental efforts.

An environmental policy and related objectives have been developed in this respect to manage the environmental efforts. The environmental policy is based on environmentally sound operations and is integrated as a natural element of the Group's objectives for product quality and production facilities.

Research and development activities

The development activities are managed in the parent company where they are primarily carried out. There were no major development activities during the financial year.

Statutory report on corporate social responsibility

The Group has prepared a CSR report. The CSR report includes Holmris B8's report on the gender composition of management, see S. 99b of the Danish Financial Statements Act, and Holmris B8's report on corporate social responsibility, see S. 99a of the Danish Financial Statements Act. The CSR report can be found on Holmris B8’s website at the following link:
https://www.holmrisb8.com/wp-content/uploads/2019/10/CSR-rapport_2019.pdf

Statutory report on the underrepresented gender

The report on the underrepresented gender is incorporated in the above CSR report.

Events after the balance sheet date

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

Consolidated income statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Revenue	1	1.139.911.928	1.076.920.340
Cost of sales		(750.153.732)	(712.670.336)
Other external expenses		(132.052.209)	(116.682.421)
Gross profit/loss		**257.705.987**	**247.567.583**
Staff costs	2	(233.698.084)	(211.619.484)
Depreciation, amortisation and impairment losses	3	(32.177.248)	(27.097.564)
Operating profit/loss		**(8.169.345)**	**8.850.535**
Other financial income	4	1.541.545	284.733
Other financial expenses	5	(7.429.819)	(11.577.409)
Profit/loss before tax		**(14.057.619)**	**(2.442.141)**
Tax on profit/loss for the year	6	(1.881.057)	(5.040.470)
Profit/loss for the year	7	**(15.938.676)**	**(7.482.611)**

Consolidated balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Completed development projects		4.298.190	2.795.402
Acquired intangible assets		11.724.646	16.441.207
Goodwill		102.494.406	112.920.367
Development projects in progress		8.682.645	2.667.117
Intangible assets	8	**127.199.887**	**134.824.093**
Plant and machinery		17.211.562	18.603.150
Other fixtures and fittings, tools and equipment		9.835.028	8.293.167
Leasehold improvements		1.816.250	1.895.820
Property, plant and equipment in progress		769.925	892.000
Property, plant and equipment	9	**29.632.765**	**29.684.137**
Deposits		3.937.125	3.248.218
Fixed asset investments	10	**3.937.125**	**3.248.218**
Fixed assets		**160.769.777**	**167.756.448**
Raw materials and consumables		45.412.005	26.364.153
Work in progress		4.618.846	11.829.493
Manufactured goods and goods for resale		97.933.709	80.731.612
Prepayments for goods		936.123	5.720.702
Inventories		**148.900.683**	**124.645.960**
Trade receivables		73.179.891	59.248.846
Receivables from group enterprises		18.139.318	0
Deferred tax	11	7.263.300	7.094.000
Other receivables		4.356.653	4.042.642
Income tax receivable		0	168.663
Prepayments		6.859.596	8.872.460
Receivables		**109.798.758**	**79.426.611**
Other investments		0	6.734
Other investments		**0**	**6.734**
Cash		**10.174.028**	**7.747.252**
Current assets		**268.873.469**	**211.826.557**
Assets		**429.643.246**	**379.583.005**

Consolidated balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Contributed capital		545.000	545.000
Retained earnings		76.356.295	92.549.022
Equity		**76.901.295**	**93.094.022**
Deferred tax	11	0	1.962.000
Other provisions		250.000	1.926.324
Provisions		**250.000**	**3.888.324**
Subordinate loan capital		0	5.293.000
Finance lease liabilities		11.645.742	14.042.494
Other payables		1.333.333	3.066.667
Non-current liabilities other than provisions	12	**12.979.075**	**22.402.161**
Current portion of long-term liabilities other than provisions	12	6.012.362	5.873.798
Bank loans		102.296.209	62.431.532
Prepayments received from customers		7.916.171	6.542.919
Trade payables		145.592.032	102.108.030
Payables to group enterprises		0	1.688.217
Payables to shareholders and management		295.832	14.006.881
Joint taxation contribution payable		3.871.785	3.601.011
Other payables		66.866.581	57.010.808
Deferred income		6.661.904	6.935.302
Current liabilities other than provisions		**339.512.876**	**260.198.498**
Liabilities other than provisions		**352.491.951**	**282.600.659**
Equity and liabilities		**429.643.246**	**379.583.005**

Unrecognised rental and lease commitments	14
Assets charged and collateral	15
Transactions with related parties	16
Subsidiaries	17

Consolidated statement of changes in equity for 2018/19

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	545.000	92.549.022	93.094.022
Exchange rate adjustments	0	(254.051)	(254.051)
Profit/loss for the year	0	(15.938.676)	(15.938.676)
Equity end of year	**545.000**	**76.356.295**	**76.901.295**

Consolidated cash flow statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Operating profit/loss		(8.169.345)	8.850.535
Amortisation, depreciation and impairment losses		32.177.248	27.097.564
Other provisions		(1.676.324)	(59.676)
Working capital changes	13	16.863.311	82.959.824
Cash flow from ordinary operating activities		**39.194.890**	**118.848.247**
Financial income received		1.541.545	284.733
Financial expenses paid		(7.429.819)	(11.577.409)
Income taxes refunded/(paid)		(3.448.920)	(7.788.207)
Cash flows from operating activities		**29.857.696**	**99.767.364**
Acquisition etc of intangible assets		(17.723.089)	(15.006.449)
Acquisition etc of property, plant and equipment		(7.795.139)	(7.175.468)
Sale of property, plant and equipment		1.039.003	680.979
Acquisition of enterprises		0	(40.638.625)
Cash / (bank debt) from acquired subsidiaries		0	(28.074.242)
Other investments		6.734	0
Cash flows from investing activities		**(24.472.491)**	**(90.213.805)**
Loans raised		0	25.438.921
Repayments of loans etc		(9.284.522)	(78.132.935)
Sale of treasury shares		0	20.816.000
Aqquisition of minority interests		0	(47.723.882)
Capital injections etc.		0	51.250.000
Repayment of payables to payables to group enterprises		(19.827.535)	1.688.217
Repayment of payables to shareholder and management		(13.711.049)	0
Cash flows from financing activities		**(42.823.106)**	**(26.663.679)**
Increase/decrease in cash and cash equivalents		**(37.437.901)**	**(17.110.120)**
Cash and cash equivalents beginning of year		(54.684.280)	(37.574.160)
Cash and cash equivalents end of year		**(92.122.181)**	**(54.684.280)**

Consolidated cash flow statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Cash and cash equivalents at year-end are composed of:			
Cash		10.174.028	7.747.252
Short-term debt to banks		(102.296.209)	(62.431.532)
Cash and cash equivalents end of year		**(92.122.181)**	**(54.684.280)**

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
1. Revenue		
Denmark	867.444.388	846.707.762
Other countries	272.467.540	230.212.578
	1.139.911.928	**1.076.920.340**

	2018/19 DKK	2017/18 DKK
2. Staff costs		
Wages and salaries	196.322.212	187.983.238
Pension costs	23.010.153	15.801.833
Other social security costs	2.204.090	2.106.658
Other staff costs	12.161.629	5.727.755
	233.698.084	**211.619.484**
Average number of employees	**437**	**288**

	Remunera-tion of manage-ment 2018/19 DKK	Remunera-tion of manage-ment 2017/18 DKK
Executive Board	3.773.830	6.773.000
Board of Directors	550.000	658.000
	4.323.830	**7.431.000**

	2018/19 DKK	2017/18 DKK
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	25.347.295	20.157.963
Depreciation of property, plant and equipment	7.018.084	6.941.729
Profit/loss from sale of intangible assets and property, plant and equipment	(188.131)	(2.128)
	32.177.248	**27.097.564**

	2018/19 DKK	2017/18 DKK
4. Other financial income		
Other interest income	46.742	86.358
Other financial income	1.494.803	198.375
	1.541.545	**284.733**

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
5. Other financial expenses		
Financial expenses from group enterprises	238.663	1.244.160
Financial expenses from associates	0	24.962
Other interest expenses	4.784.977	5.750.751
Other financial expenses	2.406.179	4.557.536
	7.429.819	**11.577.409**

	2018/19 DKK	2017/18 DKK
6. Tax on profit/loss for the year		
Current tax	1.864.706	3.548.020
Change in deferred tax	34.000	1.254.530
Adjustment concerning previous years	(17.649)	237.920
	1.881.057	**5.040.470**

	2018/19 DKK	2017/18 DKK
7. Proposed distribution of profit/loss		
Retained earnings	(15.938.676)	(11.581.864)
Minority interests' share of profit/loss	0	4.099.253
	(15.938.676)	**(7.482.611)**

Notes to consolidated financial statements

8. Intangible assets	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	5.127.885	23.572.062	164.740.086	2.667.117
Transfers	514.982	840.368	0	(514.982)
Additions	2.073.167	2.853.158	6.352.830	8.819.808
Disposals	(180.240)	0	0	(2.289.298)
Cost end of year	**7.535.794**	**27.265.588**	**171.092.916**	**8.682.645**
Amortisation and impairment losses beginning of year	(2.332.483)	(7.130.855)	(51.819.719)	0
Transfers	0	(926.944)	0	0
Amortisation for the year	(1.085.361)	(7.483.143)	(16.778.791)	0
Reversal regarding disposals	180.240	0	0	0
Amortisation and impairment losses end of year	**(3.237.604)**	**(15.540.942)**	**(68.598.510)**	**0**
Carrying amount end of year	**4.298.190**	**11.724.646**	**102.494.406**	**8.682.645**

Development projects

The Group's development projects relate to development of new office furniture and business areas as well as optimisation of internal processes, primarily in production, supply chain and sales.

The development is proceeding as planned and is expected to be completed within 1-3 years.

Both completed development projects and development projects in progress contribute or are expected to contribute significantly to the Group's earnings going forward.

In 2018/19, Management conducted an impairment test of the carrying amount of the development projects, and no indication of impairment was identified for the assets.

Notes to consolidated financial statements

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK	Property, plant and equipment in progress DKK
9. Property, plant and equipment				
Cost beginning of year	40.472.930	20.235.968	4.554.071	892.000
Exchange rate adjustments	0	22.759	0	0
Transfers	0	(895.114)	0	0
Additions	3.282.454	3.319.512	1.283.121	2.651.508
Disposals	(6.641.406)	(10.421.190)	(765.044)	(2.773.583)
Cost end of year	**37.113.978**	**12.261.935**	**5.072.148**	**769.925**
Depreciation and impairment losses beginning of year	(21.869.780)	(11.942.801)	(2.658.251)	0
Exchange rate adjustments	0	(17)	0	0
Transfers	0	926.944	0	0
Depreciation for the year	(4.322.084)	(1.370.695)	(1.325.305)	0
Reversal regarding disposals	6.289.448	9.959.662	727.658	0
Depreciation and impairment losses end of year	**(19.902.416)**	**(2.426.907)**	**(3.255.898)**	**0**
Carrying amount end of year	**17.211.562**	**9.835.028**	**1.816.250**	**769.925**
Recognised assets not owned by entity	**12.046.702**	**2.770.410**	**-**	**-**

	Deposits DKK
10. Fixed asset investments	
Cost beginning of year	3.248.218
Additions	688.907
Cost end of year	**3.937.125**
Carrying amount end of year	**3.937.125**

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
11. Deferred tax		
Intangible assets	2.296.000	(4.607.000)
Property, plant and equipment	(186.000)	562.000
Fixed asset investments	0	(7.000)
Inventories	(814.000)	1.328.000
Receivables	(97.000)	1.000
Provisions	0	424.000
Liabilities other than provisions	0	1.445.000
Tax losses carried forward	6.064.300	5.969.000
Other deductible temporary differences	0	17.000
	7.263.300	**5.132.000**

Changes during the year	
Beginning of year	5.132.000
Recognised in the income statement	(34.000)
Adjustments related to changes to the taxable income in previous years	2.046.202
Other adjustments	119.098
End of year	**7.263.300**

Management has evaluated on the measurement of deffered tax assets on the basis of budget and forecast and expected future income for the period 2019/20-2023/24. Deffered tax asset is expected to be actualized in future positive income over the next 3-5 years. Since the calculation of expected future taxable income for the coming years is subject to a significant extent of estimates and judgments, the valuation of the recognised deferred tax asset is naturally subject to uncertainty.

	Due within 12 months 2018/19 DKK	Due within 12 months 2017/18 DKK	Due after more than 12 months 2018/19 DKK
12. Liabilities other than provisions			
Finance lease liabilities	4.335.473	4.007.132	11.645.742
Other payables	1.676.889	1.866.666	1.333.333
	6.012.362	**5.873.798**	**12.979.075**

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
13. Change in working capital		
Increase/decrease in inventories	(24.254.723)	(16.151.957)
Increase/decrease in receivables	(12.921.099)	128.053.001
Increase/decrease in trade payables etc	54.039.133	(28.941.220)
	16.863.311	**82.959.824**

	2018/19 DKK	2017/18 DKK
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**43.255.287**	**48.954.000**

15. Assets charged and collateral

Bank debt has been secured on a floating charge on trade receivables, inventories and tools and equipment of a carrying amount of DKK 188,543k.

Debt to the factoring company is secured on a receivables charge on unsecured claims relating to the sale of goods and services. Debt to the factoring company has been set off against the value of trade receivables.

As security for commitments with clients and lessors, performance and payments guarantees of DKK 8,256k have been provided through the bank.

16. Transactions with related parties

The Group did not carry out any substantial transactions with related parties that were not concluded on market conditions. According to Section 98c (7) of the Danish Financial Statements Act, information is provided only about transactions that have not been concluded on commen market conditions.

	Registered in	Equity interest %
17. Subsidiaries		
Holmris Customized A/S	Silkeborg	100,0
Labofa A/S	Slagelse	100,0
Designbrokers Hospitality DK ApS	København	100,0
Designbrokers Ltd.	Storbritanien	100,0
Designbrokers Benelux B.V.	Holland	100,0
Designbrokers Sweden AB	Sverige	100,0
Designbrokers Norge AS	Norge	100,0
Holmris US, Inc.	USA	100,0
Holmris B8 AS	Norge	100,0

Parent income statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Revenue		919.651.485	264.364.553
Cost of sales		(603.804.242)	(166.740.730)
Other external expenses		(110.993.876)	(36.715.323)
Gross profit/loss		**204.853.367**	**60.908.500**
Staff costs	1	(192.593.434)	(58.437.518)
Depreciation, amortisation and impairment losses	2	(29.666.653)	(5.078.692)
Operating profit/loss		**(17.406.720)**	**(2.607.710)**
Income from investments in group enterprises		3.905.925	(3.176.038)
Other financial income	3	2.099.509	1.272.298
Other financial expenses	4	(7.347.273)	(10.051.004)
Profit/loss before tax		**(18.748.559)**	**(14.562.454)**
Tax on profit/loss for the year	5	987.473	1.461.915
Profit/loss for the year	6	**(17.761.086)**	**(13.100.539)**

Parent balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Completed development projects		3.242.321	1.916.448
Acquired intangible assets		11.724.645	1.229.999
Goodwill		102.385.119	0
Development projects in progress		6.670.919	1.421.208
Intangible assets	7	**124.023.004**	**4.567.655**
Plant and machinery		13.520.217	10.612.211
Other fixtures and fittings, tools and equipment		7.491.494	1.133.220
Leasehold improvements		2.858.951	930.837
Property, plant and equipment in progress		769.925	0
Property, plant and equipment	8	**24.640.587**	**12.676.268**
Investments in group enterprises		41.231.149	211.626.879
Deposits		3.623.231	2.237.807
Fixed asset investments	9	**44.854.380**	**213.864.686**
Fixed assets		**193.517.971**	**231.108.609**
Raw materials and consumables		38.159.519	14.107.536
Work in progress		258.698	8.794.385
Manufactured goods and goods for resale		68.947.296	3.087.385
Inventories		**107.365.513**	**25.989.306**
Trade receivables		31.451.242	1.983.654
Receivables from group enterprises		35.529.890	25.707.204
Deferred tax	10	7.125.000	0
Other receivables		3.500.230	655.627
Joint taxation contribution receivable		1.611.033	2.283.934
Prepayments	11	6.044.509	3.601.268
Receivables		**85.261.904**	**34.231.687**
Cash		**6.225.185**	**467.432**
Current assets		**198.852.602**	**60.688.425**
Assets		**392.370.573**	**291.797.034**

Parent balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Contributed capital		545.000	545.000
Reserve for development expenditure		7.732.327	2.590.018
Retained earnings		83.506.982	106.664.428
Equity		**91.784.309**	**109.799.446**
Deferred tax	10	0	1.156.000
Other provisions	12	250.000	0
Provisions		**250.000**	**1.156.000**
Subordinate loan capital		0	5.293.000
Finance lease liabilities		9.859.481	7.725.636
Other payables		1.333.333	3.066.667
Non-current liabilities other than provisions	13	**11.192.814**	**16.085.303**
Current portion of long-term liabilities other than provisions	13	5.350.740	4.057.349
Bank loans		67.671.216	1.732.848
Trade payables		116.152.741	16.637.832
Payables to group enterprises		42.389.151	106.023.091
Payables to shareholders and management		295.832	14.006.881
Joint taxation contribution payable		2.008.209	48.010
Other payables		48.613.657	22.250.274
Deferred income	14	6.661.904	0
Current liabilities other than provisions		**289.143.450**	**164.756.285**
Liabilities other than provisions		**300.336.264**	**180.841.588**
Equity and liabilities		**392.370.573**	**291.797.034**

Unrecognised rental and lease commitments	15
Contingent liabilities	16
Assets charged and collateral	17
Transactions with related parties	18

Parent statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK
Equity beginning of year	545.000	0	2.590.018
Exchange rate adjustments	0	(254.051)	0
Transfer to reserves	0	254.051	5.142.309
Profit/loss for the year	0	0	0
Equity end of year	**545.000**	**0**	**7.732.327**

	Retained earnings DKK	Total DKK
Equity beginning of year	106.664.428	109.799.446
Exchange rate adjustments	0	(254.051)
Transfer to reserves	(5.396.360)	0
Profit/loss for the year	(17.761.086)	(17.761.086)
Equity end of year	**83.506.982**	**91.784.309**

Notes to parent financial statements

	2018/19 DKK	2017/18 DKK
1. Staff costs		
Wages and salaries	159.210.252	49.147.420
Pension costs	20.891.376	7.292.925
Other social security costs	516.857	0
Other staff costs	11.974.949	1.997.173
	192.593.434	**58.437.518**
Average number of employees	**369**	**90**

	Remuneration of management 2018/19 DKK	Remuneration of management 2017/18 DKK
Executive Board	3.773.830	6.773.000
Board of Directors	550.000	658.000
	4.323.830	**7.431.000**

	2018/19 DKK	2017/18 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	24.541.289	1.967.348
Depreciation of property, plant and equipment	5.313.495	3.136.344
Profit/loss from sale of intangible assets and property, plant and equipment	(188.131)	(25.000)
	29.666.653	**5.078.692**

	2018/19 DKK	2017/18 DKK
3. Other financial income		
Financial income arising from group enterprises	934.800	1.272.123
Other interest income	3.770	175
Exchange rate adjustments	1.035.939	0
Other financial income	125.000	0
	2.099.509	**1.272.298**

Notes to parent financial statements

	2018/19 DKK	2017/18 DKK
4. Other financial expenses		
Financial expenses from group enterprises	1.257.122	4.356.536
Other interest expenses	3.697.803	2.999.200
Exchange rate adjustments	0	2.137.432
Other financial expenses	2.392.348	557.836
	7.347.273	**10.051.004**

	2018/19 DKK	2017/18 DKK
5. Tax on profit/loss for the year		
Current tax	(856.272)	(2.288.915)
Change in deferred tax	(113.552)	827.000
Adjustment concerning previous years	(17.649)	0
	(987.473)	**(1.461.915)**

	2018/19 DKK	2017/18 DKK
6. Proposed distribution of profit/loss		
Retained earnings	(17.761.086)	(13.100.539)
	(17.761.086)	**(13.100.539)**

Notes to parent financial statements

	Completed develop-ment projects DKK	Acquired intangible assets DKK	Goodwill DKK	Develop-ment projects in progress DKK
7. Intangible assets				
Cost beginning of year	3.372.705	7.150.000	0	1.421.208
Addition through business combinations etc	0	39.273.606	179.605.499	0
Transfers	0	1.040.828	0	0
Additions	2.073.167	2.853.158	6.352.830	7.539.009
Disposals	(180.240)	0	0	(2.289.298)
Cost end of year	**5.265.632**	**50.317.592**	**185.958.329**	**6.670.919**
Amortisation and impairment losses beginning of year	(1.456.257)	(5.920.001)	0	0
Addition through business combinations etc	0	(24.358.633)	(67.166.584)	0
Transfers	0	(926.944)	0	0
Amortisation for the year	(747.294)	(7.387.369)	(16.406.626)	0
Reversal regarding disposals	180.240	0	0	0
Amortisation and impairment losses end of year	**(2.023.311)**	**(38.592.947)**	**(83.573.210)**	**0**
Carrying amount end of year	**3.242.321**	**11.724.645**	**102.385.119**	**6.670.919**

Development projects

The Company's development projects relate to development of new office furniture and business areas as well as optimisation of internal processes, primarily in production, supply chain and sales.

The development is proceeding as planned and is expected to be completed within 1-3 years.

Both completed development projects and development projects in progress contribute or are expected to contribute significantly to the Group's earnings going forward.

In 2018/19, Management conducted an impairment test of the carrying amount of the development projects, and no indication of impairment was identified for the assets.

Additions through business combinations etc. comprise the additions relating to the year's merger with three former wholly-owned subsidiaries.

Notes to parent financial statements

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK	Property, plant and equipment in progress DKK
8. Property, plant and equipment				
Cost beginning of year	27.587.948	6.775.516	1.837.718	0
Addition through business combinations etc	21.739.884	25.828.762	3.949.057	891.651
Transfers	0	(1.040.828)	0	0
Additions	1.289.433	2.804.216	1.283.121	2.651.857
Disposals	(6.641.406)	(9.724.376)	(765.044)	(2.773.583)
Cost end of year	**43.975.859**	**24.643.290**	**6.304.852**	**769.925**
Depreciation and impairment losses beginning of year	(16.975.737)	(5.642.296)	(906.881)	0
Addition through business combinations etc	(16.625.015)	(21.140.689)	(1.941.373)	0
Transfers	0	926.944	0	0
Depreciation for the year	(3.144.338)	(843.852)	(1.325.305)	0
Reversal regarding disposals	6.289.448	9.548.097	727.658	0
Depreciation and impairment losses end of year	**(30.455.642)**	**(17.151.796)**	**(3.445.901)**	**0**
Carrying amount end of year	**13.520.217**	**7.491.494**	**2.858.951**	**769.925**
Recognised assets not owned by entity	**12.046.702**	**2.770.410**	**-**	**-**

Additions through business combinations etc. comprise the additions relating to the year's merger with three former wholly-owned subsidiaries.

Notes to parent financial statements

	Invest-ments in group enterprises DKK	Deposits DKK
9. Fixed asset investments		
Cost beginning of year	218.207.455	2.237.807
Addition through business combinations etc	3.253.963	774.195
Disposals on divestments etc	(184.670.419)	0
Additions	0	611.229
Cost end of year	**36.790.999**	**3.623.231**
Revaluations beginning of year	(6.580.575)	0
Addition through business combinations etc	419.930	0
Disposals on divestments etc	8.496.964	0
Exchange rate adjustments	(254.050)	0
Amortisation of goodwill	(2.194.575)	0
Share of profit/loss for the year	4.698.377	0
Adjustment of intra-group profits	1.402.123	0
Dividend	(4.500.000)	0
Investments with negative equity value depreciated over receivables	2.951.956	0
Revaluations end of year	**4.440.150**	**0**
Carrying amount end of year	**41.231.149**	**3.623.231**
Goodwill or negative goodwill recognized during the financial year	**14.992.298**	**-**

Additions through business combinations etc. and disposals on divestments etc. comprise the additions and disposals relating to the year's merger with three former wholly-owned subsidiaries.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

	2018/19 DKK	2017/18 DKK
10. Deferred tax		
Intangible assets	2.745.000	(794.000)
Property, plant and equipment	(289.000)	(244.000)
Inventories	(814.000)	(167.000)
Receivables	0	1.000
Liabilities other than provisions	0	50.000
Tax losses carried forward	5.483.000	0
Other deductible temporary differences	0	(2.000)
	7.125.000	**(1.156.000)**

Changes during the year	
Beginning of year	(1.156.000)
Recognised in the income statement	113.552
Adjustments related to merger	8.167.448
End of year	**7.125.000**

Management has evaluated on the measurement of deffered tax assets on the basis of budget and forecast and expected future income for the period 2019/20-2023/24. Deffered tax asset is expected to be actualized in future positive income over the next 3-5 years. Since the calculation of expected future taxable income for the coming years is subject to a significant extent of estimates and judgments, the valuation of the recognised deferred tax asset is naturally subject to uncertainty.

11. Prepayments

Prepayments recognised under current assets relate to costs incurred for subsequent financial years.

12. Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns etc.

	Due within 12 months 2018/19 DKK	Due within 12 months 2017/18 DKK	Due after more than 12 months 2018/19 DKK
13. Liabilities other than provisions			
Finance lease liabilities	3.673.851	2.190.683	9.859.481
Other payables	1.676.889	1.866.666	1.333.333
	5.350.740	**4.057.349**	**11.192.814**

14. Deferred income

Prepayments recognised under liabilities relate to costs incurred for subsequent financial years..

Notes to parent financial statements

	2018/19 DKK	2017/18 DKK
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**36.993.496**	**5.393.616**

16. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Holmris 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.

17. Assets charged and collateral

Bank debt has been secured on a floating charge on trade receivables, inventories and tools and equipment of a carrying amount of DKK 163,457k.

Debt to the factoring company is secured on a receivables charge on unsecured claims relating to the sale of goods and services. Debt to the factoring company has been set off against the value of trade receivables.

As security for commitments with clients and lessors, performance and payments guarantees of DKK 8,256k have been provided through the bank.

Collateral provided for group enterprises

The Entity has guaranteed group enterprises’ debt to Sydbank. The maximum limit of the guarantee is DKK 90,000k.

Bank loans of group enterprises amount to DKK 28,659k.

18. Transactions with related parties

The Company did not carry out any substantial transactions with related parties that were not concluded on market conditions. According to Section 98c (7) of the Danish Financial Statements Act, information is provided only about transactions that have not been concluded on commen market conditions.

Accounting policies

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

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

Non-comparability
Referring to Section 15(3) of the Danish Financial Statements Act, the Company and the Group changed the financial year as a result of the establishment of a group structure. Due to the change of the financial year, the last financial year covered the period 01.01.2017 – 30.04.2018 (16 months) whereas this financial year covers 12 months. Therefore, there is no direct comparability with the comparative year.

In the financial year, the Company merged with B8 A/S, 3R Kontor ApS and Holmris.Designbrokers A/S with Holmris B8 A/S as the surviving company. As stated below, the merger is treated according to the uniting-of-interests method without restating comparative figures in the parent company, and these are therefore not comparable.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and

Accounting policies

liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Income statement

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.

Other external expenses

Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as 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, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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 internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

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

Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	3-10 years

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
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises 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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to

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estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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 or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

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

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Other investments
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, wæhich usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions receivable or payable
Current joint taxation contributions receivable or joint taxation payable is 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.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash

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at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.