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Dacapo Holding A/S

Neptunvej 1
8600 Silkeborg
Central Business Registration
No 27400396

Annual report 2017

The Annual General Meeting adopted the annual report on 29.05.2018

Chairman of the General Meeting

____
Name: Kristian Saxtrup Sylvest

Contents

Entity details

Entity
Dacapo Holding A/S
Neptunvej 1
8600 Silkeborg

Central Business Registration No (CVR): 27400396
Registered in: Silkeborg
Financial year: 01.01.2017 - 31.12.2017

Board of Directors
Kristian Saxtrup Sylvest
Henrik Saxtrup Sylvest
Jesper Klein-Petersen

Executive Board
Kristian Saxtrup Sylvest, CEO

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 Dacapo Holding A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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.

Silkeborg, 29.05.2018

Executive Board

Kristian Saxtrup Sylvest
CEO

Board of Directors

Kristian Saxtrup Sylvest	Henrik Saxtrup Sylvest	Jesper Klein-Petersen

Independent auditor's report

To the shareholders of Dacapo Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Dacapo Holding A/S for the financial year 01.01.2017 - 31.12.2017, 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 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 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 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 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 exits. 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 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 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 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 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 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.

Aarhus, 29.05.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Rosquist Andersen
State Authorised Public Accountant
Identification No (MNE) mne31482

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Revenue	738.614	587.992	590.067	573.093	462.795
Gross profit/loss	98.187	82.418	66.199	80.532	53.165
Operating profit/loss	40.812	27.892	12.747	34.891	9.407
Net financials	(11.728)	(11.511)	(8.607)	(12.926)	(12.363)
Profit/loss for the year	21.941	13.851	3.282	16.820	(2.108)
Total assets	396.067	326.697	287.325	272.430	260.298
Investments in property, plant and equipment	10.008	3.221	8.231	768	702
Equity incl minority interests	41.138	21.682	6.159	(2.679)	(10.349)
Average numbers of employees	99	94	97	85	80
Ratios					
Gross margin (%)	13,3	14,0	11,2	14,1	11,5
Net margin (%)	3,0	2,4	0,6	2,9	(0,5)

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" 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.

Management commentary

Primary activities

The Group's business activity is stockholding and trading of stainless steel primarily in Northern Europe, secondarily in the rest of the world.

Development in activities and finances

The company has with effect as of 1. January 2017 merged with the parent company HEJK ApS. The merger is completed using the merging of interest method and the comparative figures for 2016 are adjusted. The merger has no substantial effect on the result.

The Group's income statement for the fiscal year ended 31. December 2017 shows a net profit of DKK 21.941 thousand, and the balance sheet shows equity of DKK 41.138 thousand and a solvency of 10,68 %.
During the year the nickel price was quite erratic, with the net effect being a 10 % increase in the average sales price achieved relative to 2016 with a slightly lower gross margin. Invoiced volumes (tons) increased by 17 % driven by healthy demand in most market segments combined with an increase in the Group's share of business within the customers targeted.
In line with the Group's strategy digitalization continued to be a key theme. Web-based sales reached 33 % of total revenue, and several new functionalities in the digital sales channels were rolled out, making the daily business between our customers and Dacapo even easier, while adding value to both sides.
Digitalization combined with strong focus on optimization of all internal processes and active de-selection of non-profitable customers, ensured another significant improvement in overall cost efficiency. All-in-all the Group has become more competitive and more resilient within an industry where only few participants have seriously embraced digitalization, especially when gazing upwards in the supply chain.

Uncertainty relating to recognition and measurement

A deferred tax asset has been recognized in the Group, totaling DKK 7.606 thousand. The utilization of it will depend on positive results of operations in a 3-5-year period. Management firmly believes that the deferred tax asset can be utilized via continued positive operating income in the years to come.

Outlook

The start of 2018 has been strong with healthy demand from all market segments, and the growth trajectory of the Group is expected to continue at least for the first 2-3 quarters.
The raw material market is best described as indecisive and the volatility in nickel prices is expected to continue, bringing no certainty about which direction steel prices will follow.
European stainless steel makers offer long, in some cases very long, lead times being evidence of the generally good economic climate currently prevailing in Europe.
The Group expects that these early signs of froth seen in the market will subside during 2nd half of 2018 and the relevant adjustments to stock levels and risk level in general are in place.
Overall, we do expect a turnover/tonnage growth of 5-15% with a result before tax around 15-30 mDKK.

Management commentary

Particular risks

The Group uses currency hedges to hedge purchases of goods. The Group is dependent on the development in the prices of raw materials, especially nickel and molybdenum.

Statutory report on corporate social responsibility

The Group has not drawn up any CSR policy nor any policy regarding climate and environment.

Statutory report on the underrepresented gender

The Group has not drawn up any policy for the underrepresented gender.

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 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue	2	738.614	587.992
Cost of sales		(617.137)	(485.048)
Other external expenses		(23.290)	(20.526)
Gross profit/loss		**98.187**	**82.418**
Staff costs	3	(52.545)	(48.657)
Depreciation, amortisation and impairment losses		(4.830)	(5.869)
Operating profit/loss		**40.812**	**27.892**
Income from investments in associates		(83)	48
Other financial income	4	0	170
Other financial expenses	5	(11.645)	(11.729)
Profit/loss before tax		**29.084**	**16.381**
Tax on profit/loss for the year	6	(7.143)	(2.530)
Profit/loss for the year	7	**21.941**	**13.851**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Completed development projects		2.325	2.756
Intangible assets	8	**2.325**	**2.756**
Land and buildings		33.549	29.944
Other fixtures and fittings, tools and equipment		5.665	4.335
Property, plant and equipment	9	**39.214**	**34.279**
Investments in associates		0	0
Other investments		3	3
Other receivables		10.622	63
Fixed asset investments	10	**10.625**	**66**
Fixed assets		**52.164**	**37.101**
Raw materials and consumables		181.925	158.667
Prepayments for goods		6.319	3.396
Inventories		**188.244**	**162.063**
Trade receivables		121.658	93.320
Receivables from associates		7.392	7.392
Deferred tax	12	7.606	12.369
Other receivables		14.380	5.392
Income tax receivable		160	765
Joint taxation contribution receivable		58	0
Prepayments	13	997	976
Receivables		**152.251**	**120.214**
Cash		**3.408**	**7.319**
Current assets		**343.903**	**289.596**
Assets		**396.067**	**326.697**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		900	900
Retained earnings		34.059	16.545
Equity attributable to the Parent's owners		**34.959**	**17.445**
Share of equity attributable to minority interests		**6.179**	**4.237**
Equity		**41.138**	**21.682**
Subordinate loan capital	14	10.600	16.019
Mortgage debt		16.345	18.078
Finance lease liabilities		0	1.876
Non-current liabilities other than provisions	15	**26.945**	**35.973**
Current portion of long-term liabilities other than provisions	15	1.825	2.340
Bank loans		174.223	136.153
Finance lease liabilities		1.114	0
Trade payables		128.041	111.835
Payables to associates		0	2.398
Income tax payable		714	217
Other payables		22.067	16.099
Current liabilities other than provisions		**327.984**	**269.042**
Liabilities other than provisions		**354.929**	**305.015**
Equity and liabilities		**396.067**	**326.697**
Events after the balance sheet date	1		
Associates	11		
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Assets charged and collateral	19		
Transactions with related parties	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	900	16.545	4.237	21.682
Exchange rate adjustments	0	(51)	0	(51)
Fair value adjustments of hedging instruments	0	(2.693)	(427)	(3.120)
Tax of entries on equity	0	592	94	686
Profit/loss for the year	0	19.666	2.275	21.941
Equity end of year	**900**	**34.059**	**6.179**	**41.138**

Consolidated cash flow statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Operating profit/loss		40.812	27.409
Amortisation, depreciation and impairment losses		4.830	5.814
Working capital changes	16	(46.227)	(32.637)
Cash flow from ordinary operating activities		**(585)**	**586**
Financial income received		0	391
Financial income paid		(11.645)	(9.778)
Income taxes refunded/(paid)		(1.336)	0
Cash flows from operating activities		**(13.566)**	**(8.801)**
Acquisition etc of intangible assets		(1.357)	0
Acquisition etc of property, plant and equipment		(10.010)	(4.106)
Sale of property, plant and equipment		2.033	1.723
Cash flows from investing activities		**(9.334)**	**(2.383)**
Loans raised		39.132	15.829
Repayments of loans etc		(20.143)	(1.157)
Cash flows from financing activities		**18.989**	**14.672**
Increase/decrease in cash and cash equivalents		**(3.911)**	**3.488**
Cash and cash equivalents beginning of year		7.319	3.831
Cash and cash equivalents end of year		**3.408**	**7.319**

Notes to consolidated financial statements

1. Events after the balance sheet date

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

2. Revenue

The Dacapo Group has not performed a segmentation of revenue as it considers its activities as one segment.

	2017 DKK'000	2016 DKK'000
3. Staff costs		
Wages and salaries	48.361	44.799
Pension costs	3.546	3.336
Other social security costs	493	472
Other staff costs	145	50
	52.545	**48.657**
Average number of employees	**99**	**94**

	Remuneration of management 2017 DKK'000	Remuneration of management 2016 DKK'000
Total amount for management categories	3.619	3.700
	3.619	**3.700**

	2017 DKK'000	2016 DKK'000
4. Other financial income		
Exchange rate adjustments	0	79
Other financial income	0	91
	0	**170**

	2017 DKK'000	2016 DKK'000
5. Other financial expenses		
Financial expenses from associates	64	0
Other interest expenses	6.085	8.436
Exchange rate adjustments	96	3
Other financial expenses	5.400	3.290
	11.645	**11.729**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
6. Tax on profit/loss for the year		
Current tax	1.786	217
Change in deferred tax	5.357	2.313
	7.143	**2.530**

	2017 DKK'000	2016 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	19.666	12.448
Minority interests' share of profit/loss	2.275	1.403
	21.941	**13.851**

	Completed development projects DKK'000
8. Intangible assets	
Cost beginning of year	17.614
Additions	1.357
Cost end of year	**18.971**
Amortisation and impairment losses beginning of year	(14.858)
Amortisation for the year	(1.788)
Amortisation and impairment losses end of year	**(16.646)**
Carrying amount end of year	**2.325**

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
9. Property, plant and equipment		
Cost beginning of year	34.370	34.342
Additions	4.303	5.705
Disposals	0	(3.701)
Cost end of year	**38.673**	**36.346**
Revaluations beginning of year	1.786	0
Revaluations end of year	**1.786**	**0**
Depreciation and impairment losses beginning of year	(6.212)	(30.007)
Depreciation for the year	(698)	(2.644)
Reversal regarding disposals	0	1.970
Depreciation and impairment losses end of year	**(6.910)**	**(30.681)**
Carrying amount end of year	**33.549**	**5.665**

	Investments in associates DKK'000	Other investments DKK'000	Other receivables DKK'000
10. Fixed asset investments			
Cost beginning of year	7.104	3	63
Additions	0	0	10.600
Disposals	0	0	(41)
Cost end of year	**7.104**	**3**	**10.622**
Impairment losses beginning of year	(7.104)	0	0
Exchange rate adjustments	(52)	0	0
Share of profit/loss for the year	(83)	0	0
Investments with negative equity value depreciated over receivables	135	0	0
Impairment losses end of year	**(7.104)**	**0**	**0**
Carrying amount end of year	**0**	**3**	**10.622**

	Registered in	Equity interest %
11. Associates		
Dacapo S.A.	Geneva, Switzerland	25,0

Notes to consolidated financial statements

	2017 DKK'000
12. Deferred tax	
Changes during the year	
Beginning of year	12.369
Recognised in the income statement	(5.357)
Recognised directly in equity	686
Exchange rate adjustments	(92)
End of year	**7.606**

The tax assets arise primarily from tax losses carried forward. Management expects that the Group and its jointly taxed enterprises will obtain positive earnings and thus, the deferred tax assets can be used in the future.

13. Prepayments

Prepayments are prepaid costs for the next year.

14. Subordinate loan capital

	2017 DKK'000
Claims of creditor subordinated to other creditors	
Henrik Saxtrup Sylvest, due 31.12.2020	10.600
	10.600

	Due within 12 months 2017 DKK'000	Due within 12 months 2016 DKK'000	Due after more than 12 months 2017 DKK'000	Outstanding after 5 years DKK'000
15. Liabilities other than provisions				
Subordinate loan capital	0	0	10.600	0
Mortgage debt	1.825	1.785	16.345	9.166
Finance lease liabilities	0	555	0	0
	1.825	**2.340**	**26.945**	**9.166**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
16. Change in working capital		
Increase/decrease in inventories	(26.181)	(24.327)
Increase/decrease in receivables	(37.389)	(20.396)
Increase/decrease in trade payables etc	17.343	12.086
	(46.227)	**(32.637)**

17. Financial instruments

Other payables include a negative fair value of DKK 6,495k from currency hedges. The contracts hedge currency risk from future goods purchases in USD totalling USD 13,704k (DKK 85,101k) and mortgage debt in EUR totalling EUR 2,458k. The fair value adjustment is registered on equity and is expected to be realized in profit and loss after the balance date. The currency hedges on purchases runs 0 to 6 months and 10 years on mortgage debt.

	2017 DKK'000	2016 DKK'000
18. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**7.755**	**4.411**

19. Assets charged and collateral

The following assets have been put up as security for the Dacapo Groups debt:

Unsecured claims and inventory owned by Dacapo Stainless B.V. have been put up as security for credit facilities in ABN Amro Bank, The Netherlands. Bank loans amounts to DKK 23,8780k. Unsecured claims amounts to DKK 21,066K. Inventory amounts to DKK 39,345K.

Unsecured claims owned by Dacapo Stainless AB have been put up as security for credit facilities in Coface Finans A/S. Unsecured claims amounts to DKK 28,925K.

Unsecured claims owned by Dacapo Stainless AS have been put up as security for credit facilities in Coface Finans A/S. Unsecured claims amounts to DKK 5,721K.

Unsecured claims owned by Dacapo Stainless GmbH have been put up as security for credit facilities in Jyske Bank, Germany. Bank loans amount to DKK 2,743k. Unsecured claims amounts to DKK 4,968K.

Company charge of DKK 130,000k consisting of unsecured claims, inventory, operating equipment owned by Dacapo Stainless A/S have been put up as security for credit facilities in Jyske Bank as well as pledges in shares in group enterprises. Bank loans amount to DKK 119,640K.

Unsecured claims amounts to DKK 60,978K.

Inventory amounts to DKK 142,580K.

Operating equipment amounts to DKK 4,726K.

Notes to consolidated financial statements

Shares in group enterprises amounts to DKK 31,408K.

Mortgage debt in Dacapo Holding A/S is secured by way of shares in subsidiaries. Mortage debt amounts to DKK 18,170k. Investments in group subsidiaries amounts to DKK 55,690k.

20. Transactions with related parties

Sylvest K-Invest A/S (CBR: 27763774), Silkeborg owns 30% of the Group

Vandango Invest ApS (CBR: 36432012), Silkeborg owns 30% of the Group

Dacapo Invest A/S (CBR: 14412980), Copenhagen owns 30% of the Group

Referring to section 98 (C) of the Danish Financial Statements act the Group does not disclose transactions with related parties as the transactions have been performed at arm's length.

	Registered in	Corpo-rate form	Equity inte-rest %
21. Subsidiaries			
Dacapo Stainless AS	Bryne, Norway	AS	100,0
Dacapo Stainless AB	Malmø, Sweden	AB	100,0
Dacapo Stainless B.V.	Hlemond, Netherlands	B.V.	100,0
Dacapo Stainless GmbH	Münchengladbach, Germany	GmbH	100,0
Saxtrup A/S	Silkeborg, Denmark	A/S	100,0
Dacapo Stainless A/S	Silkeborg, Denmark	A/S	90,0

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue	2	3.120	3.120
Other external expenses		(153)	(215)
Gross profit/loss		**2.967**	**2.905**
Depreciation, amortisation and impairment losses		(698)	(723)
Operating profit/loss		**2.269**	**2.182**
Income from investments in group enterprises		20.476	12.627
Income from investments in associates		(83)	48
Other financial income		92	189
Other financial expenses	4	(2.971)	(2.662)
Profit/loss before tax		**19.783**	**12.384**
Tax on profit/loss for the year	5	(117)	64
Profit/loss for the year	6	**19.666**	**12.448**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Land and buildings		33.550	29.944
Property, plant and equipment	7	**33.550**	**29.944**
Investments in group enterprises		55.690	38.211
Investments in associates		0	0
Other investments		3	3
Other receivables		10.600	0
Fixed asset investments	8	**66.293**	**38.214**
Fixed assets		**99.843**	**68.158**
Receivables from group enterprises		59	56
Receivables from associates		7.257	7.392
Deferred tax	9	2.488	2.858
Other receivables		12.518	64
Income tax receivable		159	159
Joint taxation contribution receivable		58	0
Receivables		**22.539**	**10.529**
Cash		**2.973**	**3.903**
Current assets		**25.512**	**14.432**
Assets		**125.355**	**82.590**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		900	900
Reserve for net revaluation according to the equity method		18.821	1.340
Retained earnings		15.238	15.205
Equity		**34.959**	**17.445**
Subordinate loan capital		0	1.000
Mortgage debt		16.345	18.078
Non-current liabilities other than provisions		**16.345**	**19.078**
Current portion of long-term liabilities other than provisions		1.825	1.785
Bank loans		0	7.459
Trade payables		1.566	0
Payables to group enterprises		66.408	28.025
Payables to associates		0	2.398
Other payables		4.252	6.400
Current liabilities other than provisions		**74.051**	**46.067**
Liabilities other than provisions		**90.396**	**65.145**
Equity and liabilities		**125.355**	**82.590**
Events after the balance sheet date	1		
Staff costs	3		
Financial instruments	10		
Contingent liabilities	11		
Assets charged and collateral	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2017

	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	900	1.340	15.205	17.445
Exchange rate adjustments	0	1	(52)	(51)
Fair value adjustments of hedging instruments	0	0	1.150	1.150
Value adjustments	0	(3.843)	0	(3.843)
Tax of entries on equity	0	845	(253)	592
Profit/loss for the year	0	20.478	(812)	19.666
Equity end of year	**900**	**18.821**	**15.238**	**34.959**

Notes to parent financial statements

1. Events after the balance sheet date

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

2. Revenue

The company has not performed a segmentation of revenue as it considers its activities as one segment.

	2017	2016
3. Staff costs		
Average number of employees	**0**	-

	2017 DKK'000	2016 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	1.033	906
Financial expenses from associates	64	0
Other interest expenses	1.776	1.682
Exchange rate adjustments	96	3
Other financial expenses	2	71
	2.971	**2.662**

	2017 DKK'000	2016 DKK'000
5. Tax on profit/loss for the year		
Current tax	0	(43)
Change in deferred tax	117	(21)
	117	**(64)**

	2017 DKK'000	2016 DKK'000
6. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	20.478	0
Retained earnings	(812)	12.448
	19.666	**12.448**

Notes to parent financial statements

	Land and buildings DKK'000
7. Property, plant and equipment	
Cost beginning of year	34.370
Additions	4.304
Cost end of year	**38.674**
Revaluations beginning of year	1.786
Revaluations end of year	**1.786**
Depreciation and impairment losses beginning of year	(6.212)
Depreciation for the year	(698)
Depreciation and impairment losses end of year	**(6.910)**
Carrying amount end of year	**33.550**

	Invest-ments in group enterprises DKK'000	Investments in associates DKK'000	Other investments DKK'000	Other receivables DKK'000
8. Fixed asset investments				
Cost beginning of year	39.946	7.104	3	0
Additions	0	0	0	10.600
Cost end of year	**39.946**	**7.104**	**3**	**10.600**
Exchange rate adjustments	1	0	0	0
Share of profit/loss for the year	18.741	0	0	0
Fair value adjustments	(2.998)	0	0	0
Revaluations end of year	**15.744**	**0**	**0**	**0**
Impairment losses beginning of year	(1.735)	(7.104)	0	0
Exchange rate adjustments	0	(52)	0	0
Share of profit/loss for the year	1.735	(83)	0	0
Investments with negative equity value depreciated over receivables	0	135	0	0
Impairment losses end of year	**0**	**(7.104)**	**0**	**0**
Carrying amount end of year	**55.690**	**0**	**3**	**10.600**

Notes to parent financial statements

	2017 DKK'000
9. Deferred tax	
Changes during the year	
Beginning of year	2.858
Recognised in the income statement	(117)
Recognised directly in equity	(253)
End of year	**2.488**

The tax assets arise primarily from tax losses carried forward. Management expects that the company and its jointly taxed enterprises will obtain positive earnings and thus, the deferred tax assets can be used in the future.

10. Financial instruments

Other payables include a negative fair value of DKK 4,857k from currency hedges. The contracts hedge currency risk on mortgage debt in EUR totaling EUR 2,458k. The fair value adjustment is registered on equity and is expected to be realized in profit and loss after the balance date. The currency hedges runs 10 years.

	2017 DKK'000	2016 DKK'000
11. Contingent liabilities		
Recourse and non-recourse guarantee commitments	125.406	91.434
Contingent liabilities to group enterprises	**125.406**	**91.434**

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

12. Assets charged and collateral

Mortgage debt is secured by way of shares in subsidiaries. Mortage debt amounts to DKK 18,170k. Investments in group subsidiaries amounts to DKK 55,690k.

13. Transactions with related parties

Sylvest K-Invest A/S (CBR: 27763774), Silkeborg owns 33% of the Company

Vandango Invest ApS (CBR: 36432012), Silkeborg owns 33% of the Company

Dacapo Invest A/S (CBR: 14412980), Copenhagen owns 33% of the Company

Notes to parent financial statements

Referring to section 98 (C) of the Danish Financial Statements act The Company does not disclose transactions with related parties as the transactions have been performed at arm's length.

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 company has with effect as of 1. January 2017 merged with parent company HEJK ApS. The merger is completed using the merging of interest method and the comparative figures for 2016 are adjusted

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

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.

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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of 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.

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover 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 liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. 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, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Cost of sales
Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

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 write-downs 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
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital 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.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital 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
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.

Accounting policies

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.

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

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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.

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:

Buildings	50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years

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

Investments in group enterprises
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 plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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.

Accounting policies

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

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

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

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

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

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

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.

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

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

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for

Accounting policies

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.

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

Cash
Cash comprises cash in hand and bank deposits.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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, which usually corresponds to nominal value.

Income tax receivable or payable
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.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents 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, activities and fixed asset investments as well as purchase, development, improvement and sale,

Accounting policies

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.