Jacob Holm & Sønner Holding A/S

c/o Accura Advokatpartnerselskab
Tuborg Boulevard 1
DK-2900 Hellerup

Annual Report for 2018

CVR No 28 15 69 60

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24 April 2019.

Chairman

Contents

Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Jacob Holm & Sønner Holding A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as further requirements in the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the accounting estimates reasonable.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the issues addressed by the Review as well as a description of the most significant risks and elements of uncertainty facing the Group.

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

Jyderup 24 April 2019

Executive Board

Martin Mikkelsen

Supervisory Board

Nils Thomas Weincke (Chairman)	Christian Peter Søberg Jarnov	Martin Mikkelsen

Independent Auditor's Report

To the Shareholder of Jacob Holm & Sønner Holding A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Jacob Holm & Sønner Holding A/S for the financial year 1 January to 31 December 2018 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of the debt of Jacob Holm & Sønner Holding A/S for listing on Oslo Børs in December 2017 our engagement period for firm rotation purposes has started from that year. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 2 year including the financial year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2018. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	***How our audit addressed the Key Audit Matters***
PPE comprises a significant portion of Jacob Holm & Sønner Holding's total assets. A major part of PPE relates to the segment of Jacob Holm Industries' activities in the USA where indicators triggered an impairment test in 2018. We focused on the PPE impairment test because the process is complex and requires significant management estimates in determining various assumptions, such as cash-flow projections including remaining useful life and capex needed during the remaining useful life and the applied discount rate.	We considered the overall impairment assessment prepared by Management. Main assumptions in Management's PPE impairment test such as expected cash flow projections including remaining useful life and capex needed during the remaining useful life and the applied discount rate were considered. We analyzed the bridge between historical and future cash flows to understand the business dynamics and the impact from newly acquired equipment and to assess whether cash flows expectations were reasonable. We compared remaining useful lives to production lines elsewhere in the Group.

Refer to note 2 and note 15 to the Consolidated Financial Statements.	In respect of discount rates we used PwC valuation specialists to assess discount rates used by Management. Growth rates were compared to market data.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that

achieves fair presentation.

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 24 April 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jens Otto Damgaard
State Authorised Public Accountant
mne9231

Tue Stensgård Sørensen
State Authorised Public Accountant
mne32200

Management's Review

Company Information

The Company

Jacob Holm & Sønner Holding A/S
c/o Accura Advokatpartnerselskab
Tuborg Boulevard 1
DK-2900 Hellerup

CVR No.:	28 15 69 60
Financial year:	1. January – 31 December
Municipality of reg. office:	Gentofte

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the share capital or at least 5% of the votes:

Jacob Holm & Sons AG
Picassoplatz 8
CH-4052 Basel

Supervisory Board

Nils Thomas Weincke (Chairman)
Christian Peter Søberg Jarnov
Martin Mikkelsen

Executive Board

Martin Mikkelsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Consolidated Financial Statements

The Group is included in the Group Annual Report of the immediate Parent Company Jacob Holm & Sons AG and in the ultimate Parent Company Ammon Ammon AG.

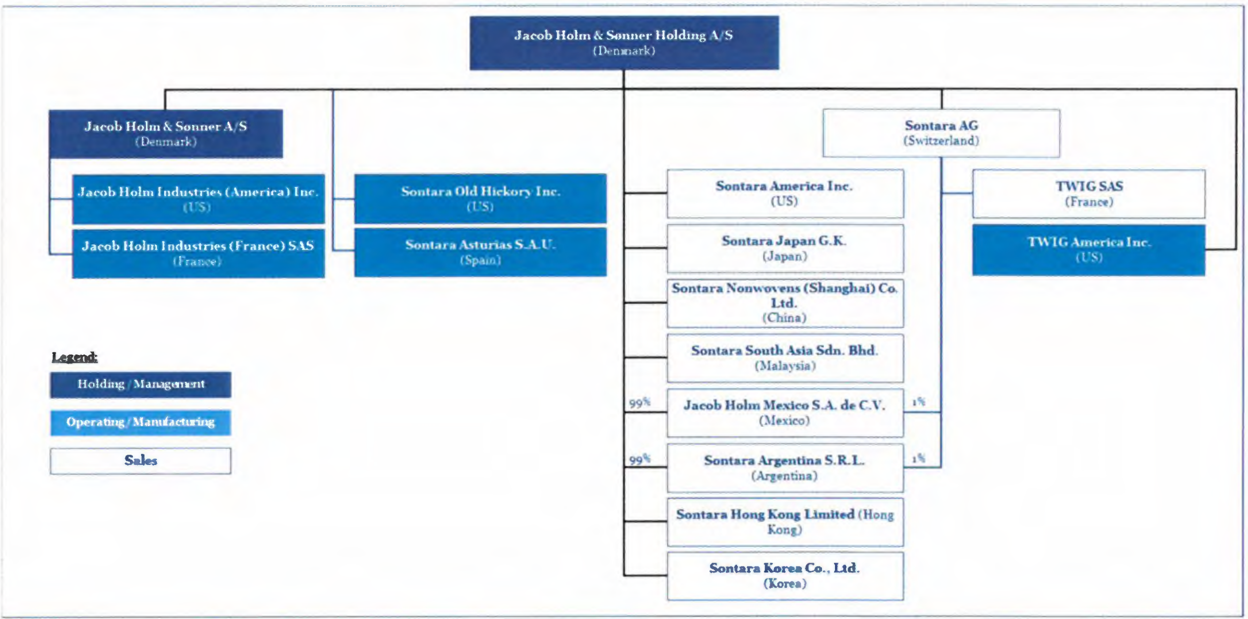
The Group Annual Report of Jacob Holm & Sons AG may be obtained at the following address:

Jacob Holm & Sons AG
Picassoplatz 8
CH-4052 Basel

Management's Review

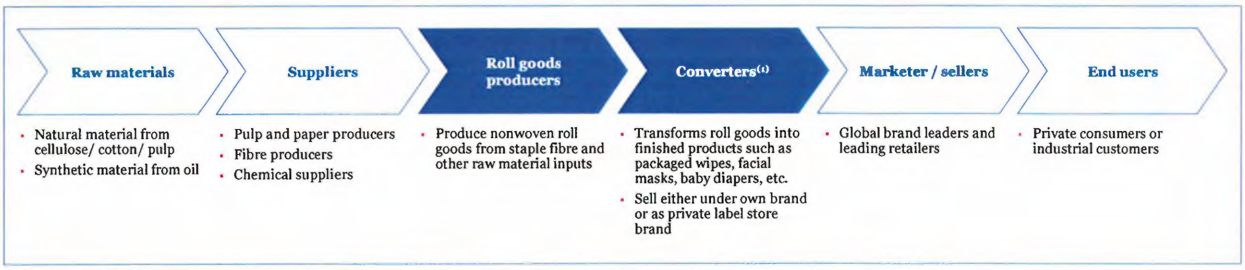
Group Chart[1]

Legal structure as of December 31, 2018



Business model

Value chain



(1) Jacob Holm Group only performs selected captive finishing for speciality applications.

[1] 100% ownership if not indicated otherwise

Management's Review

Review

Main activity of the Group
The Group manufactures nonwoven products for performance applications in hygiene, personal care, beauty care, health care and industrial end-use. As a manufacturer of nonwoven products the Group uses natural and synthetic raw materials and hydro-entangles them to a nonwoven fabric. The fabrics are sold as roll goods to converters who produce the finished product sold to end users. The Group performs selected captive finishing activities for specialty applications itself through its own converting assets at the production sites. A graphical overview of the business model is presented on the previous page.

Development in the financial year
2018 saw progress over 2017 in difficult market conditions in the first half of the year. The second half of 2018 was heavily impacted by an unprecedented rise in the cost for raw materials and the trade tensions between China and the US.

These factors impacted the group's results negatively through the lag in passing through raw material price increases and the overall slow-down in the Chinese economy reducing discretionary spending. Management has taken steps to address this adverse development through a defined array of initiatives including price increases, exchange of suppliers, and cost control measures.

Despite the adverse market conditions, the group managed to increase shipped volumes and successfully gain market share in selected markets. The innovation pipeline and production improvement activities continue to yield results in terms of new products commercialized and especially waste reduction.

In June 2018, the group completed a tap-issue of its corporate bond to further move the bond holders closer to the tangible assets through removing legacy term loans.

As expected for 2018, the 2018 revenue slightly increased to around DKK 2.286 million and EBITDA before special items totaled DKK 130 million in 2018, down from DKK 165 million in 2017 (-21.2%).

The net result of the Group amounted to negative DKK 57 million. The Parent Company net result totaled a profit of DKK 44 million. The net result includes a net tax charge of DKK 26 mio. from write off of deferred tax assets respectively unrecognized deferred tax assets.

Group Management considers the results satisfactory given the adverse development in 2018 in the macro-environment in which the group operates.

The Group's equity has decreased by DKK 52 million to DKK 298 million, whereas equity of the Parent Company amounted to DKK 211 million. A dividend of DKK 25 million was distributed during 2018.

Cash flows from operating activities in the year consumed DKK 3 million. Cash flows from investing activities consumed a total of DKK 95 million of which DKK 60 million relates to the purchase of Bonds. The group completed the regular annual capital upgrade programs with a combination of capability enhancing, de-bottle necking and asset sustaining investments. Cash flows from financing activities contributed with DKK 46 million.

The net effect on the Group's cash and cash equivalents in 2018 was negative with DKK 53 million.

Liquidity
Apart from cash and short term securities, the Group has access to un-utilised credit facilities necessary to absorb expected sales increases as well as any fluctuations in tied-up capital due to increasing raw material prices. Further, the Group expects a continued tight control of tied-up working capital.

Foreign exchange risks
The Group's currencies used for payment are mostly distributed between EUR and USD. A natural hedge of the USD exposure of the European sales is sought through purchases in the same currency. Apart from this, there is no systematic hedging of positions in foreign currency in connection with

other operating activities and for the time being the Group's policy aims not to hedge in excess of the natural hedging.

Exchange adjustment of investments in foreign subsidiaries is recognised directly in equity. As a main rule, related exchange risks are not hedged as it is the Group's opinion that current hedging of such long-term investments will not be optimal from an overall risk and cost point of view.

Bond
The bond issued on 31 March 2017 and with maturity date on 31 March 2022 has a floating interest rate and is among others subject to financial covenants, however, only in case the Company issues new debt, refinances existing debt or distributes an annual dividend above EUR 7 million. The bond has been tapped in June 2018 to now total EUR 127,5 million.

Credit facilities
The Group's existing agreements regarding credit lines run partly with and partly without any time limit. Credit lines with time limit are basically irrevocable on the part of the bank. Credit lines without time limit follow the bank's terms of business as regards termination both on the part of the bank and on the part of the Group. In general, there are no terms relating to annual renegotiation.

Expected development for 2019
The forecast for 2019 based among others on certain foreign exchange rates and raw material price assumptions reflect a turnover above 2018 with a relevant EBITDA number in relation to the turnover and an increase compared to 2018. The result is primarily dependent on the continued profitable utilization of the Group's existing production lines, for which the Group to some extents depends on external factors such as market developments and the competitive situation.

Statutory statement of social responsibility[2]

A description of the Group's business model is provided on page 6 above. With regard to the individual aspects of Corporate Social Responsibility ("CSR") the Group maintains the principles and policies detailed below. The Group's Code of Conduct, which is shared with all employees and business partners gives the general principles with regard to CSR. These general principles are:

Social performance
The Group's policies in the area of health & safety and in relation to the Group's employees have strong focus on establishing and ensuring a healthy and safe working environment to prevent accidents and injuries, and generally on creating positive relations to the place of work as this is critical for the well-being of the employees.

Environment and climate
The Group's policies in the area of environment and climate aim at constantly improving our environmental efforts within the framework of what is technically and financially possible. Besides compliance with current rules and regulations, it means that we promote environmental consciousness and integrate environmental considerations in our activities. This implies, for example, the development and use of sustainable production processes and products as well as a reduction of the consumption of both raw materials and energy resources. Lower consumption of raw materials and energy mean less climate impact. This is done both internally in the Group and in the ongoing dialogue with our business partners.

[2] cf. the Danish Financial Statements Act section 99 (a)

Management's Review

Human rights
The Group respects human rights. The Group's Code of Conduct and policies have a strong focus on establishing and ensuring a professional, safe and secure working environment for its employees. Awareness of the Group's Code of Conduct and relevant policies is ensured by the distribution of these documents to all employees and recurring compliance trainings. The Group recognizes the risk that the reach of its supply chains may extend to one or more upstream vendors who have links to sources located in areas of political and military conflict or connected to persons engaged in human rights abuses. Therefore the Group is committed to developing greater transparency in its supply chain and to promoting high ethical standards among its suppliers. The Group is also committed to complying with laws and regulations aimed at promoting these goals.

Anticorruption
The Group does not accept corruption and bribery in any of its activities of the Group. Employees are made aware of this through the Code of Conduct and recurring compliance trainings. In addition, the Group has provided its employees with an app on their mobile devices that provides easy-to-understand behavioral guidelines in high-risk situations. The Group also operates a web-based whistleblowing hotline that allows employees and other stakeholders to report cases of corruption or other unethical behavior anonymously.

Perceived risks
The Group management has reviewed potential risks in the aforementioned areas of CSR, and has identified no risks other than the ones addressed by the initiated activities and results below. In particular no Human Rights abuses or corrupt practices have come to the attention of the Group management during the business year.

The Group has defined KPI for sustainable production processes and products, as well as a reduction of the consumption of both raw materials and energy resources, and will review them on a regular basis. The Group does currently not use a structured CSR due diligence approach in its supplier selection, but will continue to review potential risks and aims to implement due diligence processes.

Initiated activities and results
Social performance
The Group assumes social responsibility for its employees and the surrounding society. This is done by implementing safety measures in the production units i.e. via training and ensuring current dialogue with and on the health & safety of the employees.

The number of accidents in the production units resulting in absence has increased from 6 in 2017 to 10 in 2018. The number of accidents without absence increased from 11 in 2017 to 12 in 2018. This shows a similar level year over year on an increase in the average number of employees in 2017 of 635 to 682 in 2018. The accidents ratio per average employee has increased from 2.68% in 2017 to 3.23% in 2018.

The Group has increased its efforts to improve the working environment in order to reduce the number of working accidents and improve the wellbeing of its employees. In 2018 the Group's subsidiaries in Candler, North Carolina and Old Hickory, Tennessee initiated projects for technical upgrades in order to reduce dust in the manufacturing process. In addition, all production sites have intensified the safety related trainings of their employees.

Environment and climate
The Group's activities in the environmental area concentrate on preventing negative environmental impact. This is done through the use of sustainable production processes and a progressive use of raw materials that are environmentally neutral. In particular with regard to paper and wood based fibers, we endeavor to use suppliers that process wood from sustainable sources. The Group also performs continuous follow-ups to ensure that the actual consumption and environmental impact correspond to expectations and that current legislation is complied with.

Investments in production assets in 2018 and in previous years have contributed to a continued reduction of waste, emissions, and energy consumption. The Group expects continued improvement of the utilization of its raw materials and waste reduction.

Management's Review

Human rights
In line with the Group's Code of Conduct, the Group continues to enforce the protection of internationally proclaimed human rights and the commitment to not condone or allow human rights abuses. This is reflected in particular in the labor policies of the Group's subsidiaries.

The Group management is aware of the necessity to ensure Human Rights compliance upstream in the value chain, and the Group therefore continues to include provisions forbidding the use of child labor and/or forced labor, in contracts with suppliers and contract manufacturers.

Review of Human Rights related issues is part of the annual legal and compliance audits conducted in all entities of the Group. In face-to-face interviews in the course annual legal and compliance audits, human resources managers and other employees are also requested to report on individual cases of unlawful harassment and the measures taken to prevent them. In 2018 the Group Legal Department completed legal and compliance audits of all major Group companies. The findings made during these audits, as well as improvement actions were collected in audit reports, with follow-ups scheduled for subsequent audits in 2019.

Anticorruption
The identification and prevention of potential corrupt practices is also a part of the annual legal and compliance audits performed by the Group's legal department on all Group subsidiaries. These audits include face-to-face interviews with key employees and the review of internal processes. In 2018 the Group Legal Department completed legal and compliance audits of all major Group companies. The findings made during these audits, as well as improvement actions are collected in audit reports, with follow-ups scheduled for subsequent audits in 2019.

In countries with a heightened corruption risk all financial transactions follow the four-eye principle, whereby one of the authorizing employees will be based in the operational headquarter.

The Group also maintains an online whistleblower hotline that allows for anonymous reporting of misconduct. Employees also have the possibility to access the hotline through an app on their mobile devices and are strongly encouraged to report misconduct. No report of suspected corrupt practices was received in 2018. In 2018 the Group Legal department further conducted various on-site and online compliance trainings for employees of all major Group companies, in which they were informed about expected behavioral norms, how to avoid high-risk situations, and how to report corrupt practices.

Statutory statement regarding the underrepresented gender[3]

Target for the Board of Directors
Jacob Holm & Sønner Holding A/S intends to achieve a more balanced gender representation on the Board of Directors over time. Candidates will be assessed on basis of qualification needed in order to supplement the rest of the Board of Directors and the Group going forward. Currently, the target is set at having one woman on the Board of Directors within the end of 2020 latest.

The representation of women on the Board of Directors is 0% at the moment. A change in the Board of Directors depends on the development in the Group, and in 2018 there has been no opportunity to expand or change the composition of the Board that the target has not yet been met.

Neither the parent holding company nor any of the Danish subsidiaries are obligated to report on policies regarding the underrepresented gender in remaining levels of management. The exception is due to the parent holding company having less than 50 employees. As such no policies have been disclosed in these financial statements.

[3] cf. the Danish Financial Statements Act section 99 (b)

Management's Review

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	2018	2017	2016	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Income statement					
Revenue	2.286.337	2.254.386	2.350.781	2.369.955	1.337.435
Operating profit	3.199	37.190	77.742	101.795	56.382
Profit before financial income and expenses and special items	3.014	37.858	78.025	102.611	56.304
Special items, net	-2.117	-1.706	-1.281	-2.625	-37.439
Net financials	-44.069	-110.424	-19.255	-16.645	16.843
Profit before tax	-43.172	-74.272	57.489	83.341	35.708
Tax on profit for the year	-13.903	26.844	-7.776	-17.993	-13.282
Net profit for the year	-57.075	-47.428	49.713	65.348	22.426
Balance sheet					
Balance sheet total	1.666.157	1.652.985	1.799.316	1.833.989	1.731.325
Equity	298.444	350.933	493.527	453.318	374.771
Cash flows from:					
- operating activities	-3.452	36.627	256.701	136.032	57.904
- investing activities	-95.207	-59.345	-73.835	-216.691	-708.297
- including investment in property, plant and equipment	-34.789	-56.139	-75.691	-217.399	-266.594
- financing activities	45.514	47.696	-82.501	36.870	606.998
Change in cash and cash equivalents for the year	-53.145	24.978	100.365	-43.789	-43.395
Number of employees	658	635	637	556	324
Ratios in percent					
Profit margin	0,1	1,7	3,3	4,3	4,2
Return on assets	0,2	2,3	4,3	5,6	3,3
Solvency ratio	17,9	21,2	27,4	24,7	21,6
Liquidity ratio	178,2	141,0	121,3	46,6	133,1
Return on equity	-17,6	-11,2	10,5	15,8	6,4

The ratios have been prepared in accordance with the definitions, see next page.

Management's Review

Performance measures and financial ratios

Performance measures referred to in the annual report are defined as follows:

EBITDA: Operating profit + amortization of intangible assets, depreciation of property, plant and equipment and +/- losses and gains on disposal of intangible assets and property, plant and equipment.

Financial ratios are calculated as follows:

Profit margin = $\dfrac{\textit{Profit before financials x 100}}{\textit{Revenue}}$

Return on assets = $\dfrac{\textit{Profit before financials x 100}}{\textit{Total assets}}$

Solvency ratio = $\dfrac{\textit{Equity at year end x 100}}{\textit{Total assets}}$

Liquidity ratio = $\dfrac{\textit{Current assets x 100}}{\textit{Current liabilities}}$

Return on equity = $\dfrac{\textit{Net profit for the year x 100}}{\textit{Average equity}}$

Consolidated Income Statement 1 January - 31 December

	Note	2018	2017
		DKK '000	DKK '000
Revenue	4	**2.286.337**	**2.254.386**
Cost of goods sold	5	-2.113.918	-2.048.920
Gross profit		**172.419**	**205.466**
Sales and marketing expenses	5	-49.098	-44.481
Administrative expenses	5	-120.122	-123.795
Operating profit		**3.199**	**37.190**
Other operating income and expenses	10	-185	668
Profit before special items and financial income and expenses		**3.014**	**37.858**
Special items, net	6	-2.117	-1.706
Operating profit		**897**	**36.152**
Financial income	11	17.726	6.120
Financial expenses	12	-61.795	-116.544
Profit before tax		**-43.172**	**-74.272**
Tax on profit for the year	13	-13.903	26.844
Net profit for the year		**-57.075**	**-47.428**

Consolidated Statement of Comprehensive Income 1 January - 31 December

	2018	2017
	DKK '000	DKK '000
Statement of Comprehensive Income 1 January - 31 December		
Net profit for the year	-57.075	-47.428
Items that may be subsequently reclassified to profit or loss		
Exchange adjustment, foreign companies	29.586	-70.166
Comprehensive income	**-27.489**	**-117.594**

Consolidated Balance Sheet at 31 December

Assets

	Note	2018 DKK'000	2017 DKK'000
Goodwill		89.533	85.952
Customer lists, know-how, patents and licenses		7.140	8.096
Software		16.556	24.282
Intangible fixed assets under construction		960	497
Intangible fixed assets	14	**114.189**	**118.827**
Land and buildings		221.383	227.539
Plant and machinery		545.885	596.572
Other fixtures and fittings, tools and equipment		12.013	13.870
Property, plant and equipment under construction		36.023	25.367
Property, plant and equipment	15	**815.304**	**863.348**
Other receivables		1.157	3.443
Deferred tax asset	21	5.493	15.594
Financial fixed assets		**6.650**	**19.037**
Non-current assets		**936.143**	**1.001.212**
Inventories	16	**193.581**	**164.300**
Receivables from related companies	31	30	0
Corporation tax	17	2.027	1.384
Trade receivables	18	339.964	298.476
Bonds at fair value through profit and loss	30	68.963	8.479
Other receivables	18	44.400	45.880
Prepayments		3.425	2.798
Receivables		**458.809**	**357.017**
Cash and cash equivalents		**77.624**	**130.456**
Current assets		**730.014**	**651.773**
Assets		**1.666.157**	**1.652.985**

Consolidated Balance Sheet at 31 December

Equity and liabilities

	Note	2018	2017
		DKK'000	DKK'000
Share capital	19	1.000	1.000
Reserve for currency translations		46.602	17.016
Retained earnings		250.842	332.917
Equity		**298.444**	**350.933**
Bond	20	944.252	734.502
Credit institutions	24	0	85.765
Provisions for deferred tax	21	33	6.693
Provisions for other staff obligations	22	7.255	6.734
Provisions for other liabilities and charges	23	6.520	6.210
Non-current liabilities		**958.060**	**839.904**
Current portion of non-current liabilities		374	37.281
Credit institutions	24	133.474	139.250
Trade payables		176.457	171.678
Payables, plant and machinery		1.714	2.069
Payables to related companies	31	0	3.088
Corporation tax	25	8.047	10.592
Other payables		89.587	98.190
Current liabilities		**409.653**	**462.148**
Liabilities		**1.367.713**	**1.302.052**
Equity and liabilities		**1.666.157**	**1.652.985**
Fee to auditors appointed at the annual general meeting	8		
Contingent liabilities and other financial obligations	29		
Financial risks	30		
Related parties	31		
Development costs	32		
Post balance sheet events	33		
Dividends per share	34		

Statement of Changes in Equity, Group 1 January - 31 December

	Share capital	Reserve for currency translations	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity				
Equity at 1 January 2018	1.000	17.016	332.917	350.933
Comprehensive income for the year	0	29.586	-57.075	-27.489
Dividends	0	0	-25.000	-25.000
Equity at 31 December 2018	**1.000**	**46.602**	**250.842**	**298.444**
Equity at 1 January 2017	1.000	87.182	405.345	493.527
Comprehensive income for the year	0	-70.166	-47.428	-117.594
Dividends	0	0	-25.000	-25.000
Equity at 31 December 2017	**1.000**	**17.016**	**332.917**	**350.933**

Paid dividends per share in 2018 amounts to DKK 25 (DKK 25 in 2017)

Only the share capital is restricted. Other reserves may be distributed.

Consolidated Cash Flow Statement

	Note	2018 DKK '000	2017 DKK '000
Net profit for the year		-57.075	-47.428
Adjustments of non-cash items	26	184.855	210.345
Change in working capital	27	-65.597	-37.726
Cash flows from operating activities before financial income and expenses and tax		62.183	125.191
Financial income received		5.933	36.180
Financial expenses paid		-57.622	-104.866
Corporation tax paid		-13.946	-19.878
Cash flows from operating activities		**-3.452**	**36.627**
Purchase of intangible fixed assets		-2.322	-3.339
Purchase of property, plant and equipment		-34.789	-56.139
Purchase of financial fixed assets		0	-1.434
Sale of property, plant and equipment		76	531
Sale of financial fixed assets		2.312	0
Purchase of bonds at fair value through profit and loss		-60.484	0
Sale of bonds at fair value through profit and loss		0	1.036
Cash flows from investing activities		**-95.207**	**-59.345**
Change in receivables from and payables to related parties		-3.118	-4.275
Raising of non-current loans		205.258	732.249
Repayment of non-current loans		-125.850	-655.278
Increase in credit institutions		0	24.309
Decrease in credit institutions		-5.776	0
Dividend paid		-25.000	-25.000
Cash flows from financing activities		**45.514**	**72.005**
Change in cash and cash equivalents		**-53.145**	**49.287**
Cash and cash equivalents at 1 January		130.456	83.397
Exchange adjustment of cash at bank and in hand at 1 January		313	-2.228
Cash and cash equivalents at 31 December		**77.624**	**130.456**

Notes to the Annual Report, Group

1 Accounting Policies

The Annual Report of Jacob Holm & Sønner Holding A/S for 2018 is prepared in accordance with International Financial Reporting Standards (IFRS) and further requirements in the Danish Financial Statements Act.

The Annual Report for 2018 is presented in DKK '000.

The group has applied the following IFRS standards for the first time, with effect from 1 January 2018:

• IFRS 9: Financial instruments
• IFRS 15: Revenue from contracts with customers

The group has changed its accounting policies following the adoption of IFRS 9 and IFRS 15. The effect of adoption of both IFRS 9 and IFRS 15 is not material.

IFRS 9, Financial Instruments, has been adopted retrospectively without restatement of comparative financial information for 2017. The adoption of IFRS 9 has resulted in the following significant change in the accounting policies:
• Impairment of receivables is measured based on expected credit losses rather than incurred credit losses. The group uses the simplified approach to measure expected credit losses from trade receivables.
• Impairment of receivables from group enterprises is measured based on the expected loss in the first 12 month of the lifetime of the receivable. The group supervises the credit risk and should it increase significantly the expected credit loss over the lifetime is measured.

IFRS 15 has been adopted using the modified retrospective method. By using this method the cumulative effect of initially applying the standard is recognized at the date of initial application 1 January 2018, and comparative financial information for 2017 is not restated.

The adoption of IFRS 15 Revenue from contracts with customers from 1 January 2018 resulted in the following changes in the accounting policies.
• Sale is recognised when control of the products or services has transferred being when the products or services are delivered, and the customer has the right to use it.

New standards, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing the consolidated financial statement.

IFRS 16, "Leases", which amends the rules for the lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and similar lease liabilities. The standard will become effective for financial years beginning on 1 January 2019. The Group has implemented the standard on the effective date and selected the modified retrospective transition method, under which comparative figures are not restated.

Under the new accounting standard, the right of use of a leased asset must be recognised as an asset in the balance sheet, while the corresponding lease liability must be recognised in the interest bearing debt. Obviously, the increase in total assets will affect the key ratios that the balance sheet items involved are a part of.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

In the income statement, the lease payment is broken down into a depreciation component and an interest component. As a result, the operating profit before depreciation (EBITDA) will improve by the amount of the lease payment, while depreciation charges will increase by the amount of the estimated depreciation component and financial expenses will increase by the estimated interest component.

For the Group, this will mainly have an effect from leased warehouses and offices as most other assets are owned by the Group. For 2019, this means the Group's net interest bearing debt at year start will increase by about DKK 24 million and EBITDA will increase by about DKK 15 million, while depreciation charges will increase by about DKK 5 million and financial expenses will increase by the estimated interest expense of about DKK 13 million.

The IASB has approved further new standards and interpretations that are not relevant to Jacob Holm & Sønner Holding A/S and will have no effect on the Financial Statements.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company Jacob Holm & Sønner Holding A/S and its subsidiaries. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent Company and the group companies by combining items of a uniform nature, and elimination is made of intercompany income and expenses, intercompany accounts as well as profits and losses on transactions between the consolidated companies. The results of foreign group companies are translated into Danish kroner at average exchange rates. The balance sheets are translated into Danish kroner at the exchange rates at the balance sheet date. Exchange adjustments in this connection are made over the statement of comprehensive income.

Business combinations

On acquisition of subsidiaries including acquisition of subsidiaries under common control, the acquisition method is applied.

Purchase price of acquired assets, liabilities and contingent liabilities are initially measured at fair value at the time of acquisition. Identifiable intangible fixed assets are recognised if they can be separated and the fair value can be measured reliably. Deferred tax is recognised on re-measurements made. Any remaining positive differences between the cost and the fair value of assets, liabilities and contingent liabilities acquired are recognised in intangible fixed assets in the balance sheet as goodwill. Goodwill is not amortised, but is tested for impairment on an annual basis.

Foreign currencies

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional cur-

Notes to the Annual Report, Group

1 Accounting Policies (continued)

rency'). The consolidated financial statements are presented in Danish Kroner which is the parent company's functional and presentation currency.

Transactions in foreign currencies are initially recognised at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the rates at the time of the establishment of the receivable or payable or recognition in the most recent Financial Statements are recognised in financial income and expenses in the income statement.

Balance sheet items including goodwill for consolidated companies that do not have DKK as their functional currency are translated into DKK at the exchange rates at the balance sheet date, whereas the income statements of these companies are translated at average exchange rates for each end of month during the financial year. Exchange adjustments arising on the translation of the opening equity at year-end rates and net profit for the year at year-end rates are recognised directly in equity under a separate reserve for exchange adjustments.

Income Statement

Revenue and recognition of income

Revenue from the sale of goods for resale and finished goods is recognised in the income statement if control has been transferred to the buyer before year-end and if the income can be reliably measured.

Although a sales agreement for the sale of finished goods and goods for resale often contains more than one performance obligation, such obligations are treated as one combined performance obligation because delivery typically takes place at one point in time.

The terms of payment set out in the Group's sales agreements with customers depend on the underlying performance obligation and on the underlying customer relationship. For the sale of goods for which control passes at a specific point in time, the terms of payment will typically be from one to three months. Hense, no element of financing is deemed present.

Revenue is measured excluding VAT and other taxes and duties charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of goods sold

Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc. as well as operation, administration and management of factories and distribution expenses including salaries to distribution staff.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Cost of goods sold also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Sales and marketing expenses

Sales and marketing expenses comprise costs in the form of salaries to sales staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the companies, including gains and losses on disposals of intangible fixed assets and property, plant and equipment as well as subsidies received which do not directly relate to the purchase of non-current assets.

Special items

Special items comprise income and expenses outside normal operations which are at the same time non-recurring income and expenses. Special items comprise income and expense arising from events and transactions such as due diligence regarding potential acquisitions, integration costs and larger restructuring or organisational changes.

Financial income and expenses

Financial income and expenses comprise interest income and expense including amortisation of transaction cost and premium/discounts (effective interest method), financial expenses in respect of finance leases, realised and unrealised exchange adjustments and fair value changes on securities.

Financial expenses directly attributable to the purchases or construction of a qualifying asset are included as part of the cost price of to the asset. All other financial expenses are recognised in the income statement.

A qualifying asset is an asset for which considerable time is required to make it ready for its intended use.

Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to items recognised in other comprehensive income is recognised in other comprehensive income and tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Balance Sheet

Intangible fixed assets

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of the acquired enterprise. Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's operating segments. The allocation is completed no later than at the end of the reporting period following the acquisition.

Goodwill is tested for impairment annually or on indication of impairment. In the event of impairment, the carrying amount is written down to the value in use. Impairment charges on goodwill are not reversed.

Customer lists, know-how, patents and licenses and software are measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the expected useful life, which are;

Customer lists, know-how, patents and licenses	3-10 years
Software	3-5 years

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the purchase price and costs which are directly attributable to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises directly attributable costs for labour, materials, components and sub-suppliers. The cost price of new product lines comprise costs related to the commissioning of the production line up until the point in time where the production line is ready for commercial production. Commissioning costs comprise costs such as test runs and repair and maintenance activities.

The initial estimate of the costs of dismantling assets for which there is a legal obligation to dismantle at the end of the useful life of the asset is included as part of the cost price of the asset.

Income from the sale of products during the commissioning period is set off against the cost of the asset.

Government grants received are set off against the cost of assets qualifying for the subsidy.

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

Buildings	30-50 years
Plant and machinery	10-15 years

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Other fixtures and fittings, tools and equipment	3-10 years

Spare parts included in plant and machinery are depreciated over 5 years.

Gains or losses from the sale of property, plant and equipment are calculated as the difference between the selling price net of selling expenses and the carrying amount at the time of the sale. Gains or losses from current replacement of property, plant and equipment are recognised in other operating income and expenses in the income statement.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The asset is written down to its recoverable amount if this is lower than the carrying amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Impairment losses are reversed to the extent that changes have taken place in the assumptions or estimates leading to the write-down for impairment. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount which the asset would have had, had it not been written down for impairment. Impairment on goodwill is not reversed.

Financial fixed assets

Other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Bonds at fair value through profit or loss

Bonds at fair value through profit or loss are financial assets held for trading. Bonds are classified in this category if acquired principally for the purpose of selling in the short term.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in sales price.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

The cost of goods for resale, raw materials and consumables equals cost including freight, duty etc.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour as well as directly attributable labour and production costs. These costs also comprise maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of production management.

Receivables

Receivables are measured at amortised cost. Provisions for bad debts are made in accordance with the simplified expected credit loss-model, under which total losses are recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet in the amount of the lifetime expected credit loss on the receivable. Impairment write-downs on receivables are recognised in the income statement under sales and marketing expenses.

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on taxable income for prior years and for taxes paid on account.

Deferred tax is measured according to the balance-sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

However, deferred tax is not recognised in respect of temporary differences arising on the initial recognition of an asset or a liability which is not acquired in a business combination and which does neither affect profit for the year or the taxable income. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement unless the deferred tax relates to equity entries.

The Company is jointly taxed with the Danish group company. Foreign group companies are not comprised by the joint taxation.

The tax effect of the joint taxation is allocated to both profits and losses in proportion to the taxable income. The jointly taxed companies have adopted the on-account taxation scheme.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Staff obligations

Wages and salaries, social security contributions, paid absence and sickness absence, bonuses and non-monetary contributions are recognised in the financial year in which the Group's employees have performed the related work. Expenses relating to the Group's long-term staff benefits are accrued so that they follow the performance of work by the employees concerned.

The Group's pension schemes comprise defined contribution plans.

Moreover, provisions are made for seniority based bonuses earned over the employment period under the projected unit credit method. The effect of re-measuring the liability due to changes in actuarial assumptions is recognised in the income statement.

Provisions

Provisions are recognised when – as a result of an event occurred before or on the balance sheet date – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions comprise mainly dismantling cost related to assets held on leased land.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. At the measurement of provisions, discounting is made of the expenses necessary to settle the liability if this has a material effect on the measurement of the liability.

Financial liabilities

Financial liabilities are recognised at the date of borrowing at fair value less related transaction costs paid. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognised in the income statement under Financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligations on finance leases, which are measured at amortised cost.

Cash Flow Statement

The cash flow statement presents cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit for the year adjusted for non-cash operating items, changes in working capital, financial income/expenses and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible fixed assets, property, plant and equipment as well as financial fixed asset investments.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise the item "Cash at bank and in hand" under current assets net of current credits with banks that constitute an integrated part of the Group's current cash management.

The cash flow statement cannot be immediately derived from the information provided in these financial statements.

Segment information

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors and Executive Management. The operating segments have been determined based on the financial reports reviewed by the Board of Directors and Executive Management.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above.

Net profit is the measurement reported to the Board of Directors and Executive Management for the purposes of resource allocation and assessment of segment performance.

In presenting information on the basis of geographical markets the information is based on the geographical location of the enterprises in each segment.

Accounting policies relevant only for the parent company

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the Parent Company Financial Statements.

Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Notes to the Annual Report, Group

2 Significant accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that Management believes are reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by nature, seldom equal the actual outcome. The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Impairment test - Goodwill

Goodwill is not amortised but is subject to an annual impairment test. In Management's view, the assumptions applied reflect the market conditions existing as of 31 December 2018. The impairment test is a complex process that requires significant Management judgement in determining various assumptions, such as general market development, cash-flow projections, discount rates and terminal growth rates. The assumptions for significant goodwill amounts are set out in note 14.

Impairment test - Property Plant and Equipment (PPE)

An impairment test has been performed on PPE related to the Jacob Holm Industries segment's PPE in the USA. In Management's view, the assumptions applied reflect the market conditions existing as of 31 December 2018. The impairment test is a complex process that requires significant Management judgement in determining various assumptions, such as cash-flow projections including remaining useful life and capex needed during the remaining useful life and the applied discount rate.

3 Segment information

The Jacob Holm Industries segment produces and sells non-woven roll-goods.

The Sontara segment produces and sells non-woven in converted and roll-goods form.

The TWIG segment provides internal converting and logistic services.

The Headquarter segment consists of the Danish holding and management companies Jacob Holm & Sønner Holding A/S and Jacob Holm & Sønner A/S.

No operating segments have been aggregated.

Notes to the Annual Report, Group

3 Segment information (continued)

2018 **Income statement**	**Jacob Holm Industries** DKK '000	**Sontara** DKK '000	**TWIG** DKK '000	**Headquarter** DKK '000	**Eliminations** DKK '000	**Group** DKK '000
Revenue						
Inter-segment revenue	33	0	49.130	2.237	-51.400	0
External revenue - sale of goods	1.018.870	1.267.279	0	0	0	2.286.149
External revenue - other	0	0	188	0	0	188
EBITDA	9.927	119.453	2.105	-1.697	0	129.788
Depreciation, amortization and impairment losses	77.547	47.734	292	366	0	125.939
Special items, net	0	-2.117	0	0	0	-2.117
Financial income	1.167	802	16	99.583	-83.842	17.726
Financial expenses	-22.709	-18.538	0	-59.402	38.854	-61.795
Income tax income/expense	11.869	8.063	443	-6.472	0	13.903
Profit or loss	-101.883	43.820	1.386	44.590	-44.988	-57.075
Balance sheet						
Non-current assets						
- including investment in property, plant and equipment	684.042	249.385	2.361	1.438.862	-1.438.507	936.143
Additions to non-current assets	18.919	16.791	1.309	0	0	37.019
Current assets	246.931	552.263	5.809	396.267	-471.256	730.014
Total assets	930.973	801.648	8.170	1.835.129	-1.909.763	1.666.157
Non-current liabilities	256.787	159.195	0	944.252	-402.174	958.060
Current liabilities	243.462	311.299	4.039	322.109	-471.256	409.653
Total Liabilities	500.249	470.494	4.039	1.266.361	-873.430	1.367.713

2017 **Income statement**	**Jacob Holm Industries** DKK '000	**Sontara** DKK '000	**TWIG** DKK '000	**Headquarter** DKK '000	**Eliminations** DKK '000	**Group** DKK '000
Revenue						
Inter-segment revenue	1.536	0	49.155	2.164	-52.855	0
External revenue - sale of goods	950.998	1.296.675	6.589	0	0	2.254.262
External revenue - other	0	0	124	0	0	124
EBITDA	17.708	143.563	5.183	-1.920	0	164.534
Depreciation, amortization and impairment losses	79.980	46.383	287	44	0	126.694
Special items, net	-349	-1.357	0	0	0	-1.706
Financial income	137	4.141	32	90.116	-88.306	6.120
Financial expenses	-27.482	-14.047	0	-104.926	29.911	-116.544
Income tax income/expense	-18.308	12.452	819	-21.807	0	-26.844
Profit or loss	-71.682	73.506	4.109	5.034	-58.395	-47.428
Balance sheet						
Non-current assets						
- including investment in property, plant and equipment	729.507	269.590	1.394	1.356.234	-1.355.513	1.001.212
Additions to non-current assets	19.658	35.654	761	0	0	56.073
Current assets	239.618	495.070	17.898	299.667	-400.480	651.773
Total assets	969.125	764.660	19.292	1.655.901	-1.755.993	1.652.985
Non-current liabilities	205.362	154.914	0	741.195	-261.567	839.904
Current liabilities	276.159	301.853	4.995	279.622	-400.481	462.148
Total Liabilities	481.521	456.767	4.995	1.020.817	-662.048	1.302.052

Performance of the operating segments and decisions about resources to be allocated are made on the basis of EBITDA.

		2018	2017
		DKK '000	DKK '000
3	**Segment information** (continued)		
	Geographic allocation		
	Revenue		
	Denmark	1.673	1.177
	EU	636.962	596.431
	USA/Canada	1.233.990	1.172.381
	APAC	334.094	399.599
	Other	79.618	84.798
	Total revenue	**2.286.337**	**2.254.386**
	Non-current assets other than deferred tax assets, by area		
	Denmark	55	421
	EU	174.319	182.059
	USA/Canada	642.685	685.744
	APAC	213	165
	Other	113.377	117.228
	Total non-current assets other than deferred tax assets	**930.649**	**985.617**

4 Revenue

	2018	2017
Sale of goods	2.286.149	2.254.262
Other	188	124
	2.286.337	**2.254.386**

5 Expenses classified by nature

	2018	2017
Production costs	2.012.236	1.950.219
Distribution costs	101.682	98.701
Cost of goods sold	2.113.918	2.048.920
Sales and marketing expenses	49.098	44.481
Administrative expenses	120.122	123.795
Other income and expenses	185	-668
Special items, net	2.117	1.706
	2.285.440	**2.218.234**
Classified by nature as follows:		
Expenses for raw materials and consumables	1.290.111	1.243.471
Other external expenses	535.558	518.240
Staff expenses	333.832	329.830
Depreciation, amortisation and impairment losses	125.939	126.693
	2.285.440	**2.218.234**

Notes to the Annual Report, Group

	2018	2017
	DKK '000	DKK '000

6 Special items, net

Special items, costs:		
Organizational right-sizing costs	0	553
Due dilligence	2.117	1.153
	2.117	**1.706**

Special items, are staff expenses and external third party costs.

7 Staff expenses

Staff expenses are included in the Group's cost of goods sold, sales and marketing and administrative expenses as follows:

Wages and salaries	255.486	253.541
Pensions defined contribution plans	12.043	11.774
Other social security expenses	66.303	64.515
	333.832	**329.830**

Key management compensation

Key management consist of the executive and supervisory board as well as the executive management team.

Salaries and other short-term employee benefits	8.103	7.553
	8.103	**7.553**
Thereof to the executive board	2.579	2.533
Thereof to the supervisory board	395	451
Average number of full-time employees	**658**	**635**

Staff expenses are included in the functions presented on the face of the income statement as follows:

Cost of goods sold	255.034	252.180
Sales and marketing expenses	31.627	27.322
Administrative expenses	47.171	50.328
	333.832	**329.830**

Notes to the Annual Report, Group

	2018	2017
	DKK '000	DKK '000

8 Fee to auditors appointed at the general meeting

Audit fee	2.015	1.763
Tax consultancy	2.241	2.643
Non-audit services	73	93
Total	**4.329**	**4.499**

Fees for services in addition to the statutory audit of the financial statements provided which were provided by the statutory auditor PricewaterhouseCoopers Statsautoriseret Revisions-partnerselskab amounted to TDKK 205. Other services in addition to the statutory audit of the financial statements comprise tax services relating to dividend distributions and other general tax advice, as well as other general accounting consultancy services.

9 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses for the year are specified as follows:		
Goodwill	323	0
Customer lists, know-how, patents and licences	1.290	2.015
Software	10.474	10.258
Buildings	14.825	15.202
Plant and machinery	94.070	93.826
Other fixtures and fittings, tools and equipment	4.957	5.392
	125.939	**126.693**
Depreciation, amortisation and impairment losses are distributed on the individual cost groups as follows:		
Cost of goods sold	111.969	112.631
Sales and marketing expenses	1.793	2.420
Administrative expenses	12.177	11.642
	125.939	**126.693**

Notes to the Annual Report, Group

10 Other operating income and expenses

	2018 DKK '000	2017 DKK '000
Other operating income:		
Subsidies	109	90
Gains on disposals of non-current assets	30	104
Management fee	650	650
	789	844
Other operating expenses:		
Loss on disposals of non-current assets	-974	-176
	-974	-176
	-185	**668**

11 Financial income

	2018 DKK '000	2017 DKK '000
Interest	1.773	589
Exchange adjustments	14.935	4.039
Other	1.018	1.492
	17.726	**6.120**

Interest and exchange adjustments relate to loans granted and receivables measured at amortised cost.

12 Financial expenses

	2018 DKK '000	2017 DKK '000
Interest	42.158	39.670
Amortized financing costs	3.820	11.679
Call premium	0	20.280
Exchange adjustments	6.634	41.632
Other	9.183	3.283
	61.795	**116.544**

Interest income and expense relate to loans received and payables measured at amortised cost.

Notes to the Annual Report, Group

13 Tax on profit for the year

	2018 DKK '000	2017 DKK '000
Current tax on profit for the year	11.339	17.153
Change in deferred tax	3.486	-41.267
Change in tax previous years	-922	-2.730
	13.903	**-26.844**
Tax on profit for the year is specified as follows:		
Calculated 22% tax on profit for the year before tax	-9.498	-16.340
Tax effect of:		
Higher/lower tax rate in foreign companies	-753	-12.258
Tax on non-deductible expenses and non-taxable income	-758	10.719
Adjustment of valuation deferred tax	25.834	-6.235
Adjustment of tax previous years	-922	-2.730
	13.903	**-26.844**
Effective tax rate for the year	**-32,20%**	**36,14%**

14 Intangible fixed assets

	Goodwill	Customer lists, know-how, patents and licences	Software	Intangible fixed assets under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2018				
Cost at 1 January	85.952	15.137	66.146	497
Exchange adjustment at year-end rate	3.904	689	2.782	23
Additions for the year	0	0	1.425	960
Transfer between items	0	0	520	-520
Disposals for the year	0	0	-648	0
Cost at 31 December	89.856	15.826	70.225	960
Amortisation at 1 January	0	7.041	41.864	0
Exchange adjustment at year-end rate	0	355	1.979	0
Amortisation for the year	0	1.290	10.474	0
Impairment for the year	323	0	0	0
Disposals for the year	0	0	-648	0
Amortisation at 31 December	323	8.686	53.669	0
Carrying amount at 31 December	**89.533**	**7.140**	**16.556**	**960**
Amortised over		**10 years**	**3-5 years**	

Goodwill can be broken out on the activities Sontara AG and TWIG with DKK 88,5 mio. and DKK 1,1 mio. respectively.

The Group has performed impairment test of Goodwill per 31 December 2018.

The conclusion was that, apart from an impairment related to Sontara Argentina, there was no need for impairment.

The impairment loss was due to the significant deterioration of the Argentinian economy in 2018.

The valuation of Sontara AG was prepared on basis of the approved budget for 2019 and calculated as a value in use with a terminal growth of 0% and a pre-tax WACC of 6.5%. The budget for 2019 assumes an increase in sales and profit compared against 2018 actuals.

At year-end Management has assessed that the key assumption used to determine value in use of Sontara AG is the demand for non-woven including available by-products.

It is assumed that reasonable possible changes in key assumptions are not expected to cause a change in the need for impairment.

14 Intangible fixed assets (continued)

	Goodwill	Customer lists, know-how, patents and licences	Software	Intangible fixed assets under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2017				
Cost at 1 January	93.491	16.488	69.144	0
Exchange adjustment at year-end rate	-7.539	-1.351	-5.598	0
Additions for the year				
Transfer between items	0	0	2.703	497
Disposals for the year	0	0	0	0
Cost at 31 December	85.952	15.137	66.146	497
Amortisation at 1 January	0	5.575	35.016	0
Exchange adjustment at year-end rate	0	-549	-3.307	0
Amortisation for the year	0	2.015	10.258	0
Disposals for the year	0	0	-103	0
Amortisation at 31 December	0	7.041	41.864	0
Carrying amount at 31 December	**85.952**	**8.096**	**24.282**	**497**
Amortised over		**10 years**	**3-5 years**	

Goodwill can be broken out on the activities Sontara and TWIG with DKK 84,9 mio. and DKK 1,1 mio. respectively.

The Group has performed impairment test of Goodwill per 31 December 2017.

The majority of the TWIG Group was merged into Sontara AG effective January 1, 2017. In consequence, there is no separate management reporting available for this part anymore, that the Group has performed the impairment test on the basis of an overall valuation of Sontara AG. The conclusion was that there was no need for impairment.

The valuation of Sontara was prepared on basis of the approved budget for 2018 and calculated as a value in use with a terminal growth of 0% and a pre-tax WACC of 6.5%.

At year-end Management has assessed that the key assumption used to determine value in use of Sontara is the demand for non-woven including available by-products.

It is assumed that reasonable possible changes in key assumptions are not expected to cause a change in the need for impairment.

15 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2018				
Cost at 1 January	364.913	1.295.193	54.895	25.367
Exchange adjustment at year-end rate	12.104	44.565	1.401	1.123
Additions for the year	0	3.828	473	30.679
Transfer between items	678	18.066	2.402	-21.146
Disposals for the year	-359	-3.595	-207	0
Cost at 31 December	377.336	1.358.057	58.964	36.023
Depreciation at 1 January	137.374	698.621	41.025	0
Exchange adjustment at year-end rate	3.902	22.280	1.129	0
Depreciation for the year	14.825	94.070	4.957	0
Disposals for the year	-148	-2.799	-160	0
Depreciation at 31 December	155.953	812.172	46.951	0
Carrying amount at 31 December	**221.383**	**545.885**	**12.013**	**36.023**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2018 includes interest of DKK 6.621k.

The carrying amount of plant and machinery at 31 December 2018 includes interest of DKK 13.377k.

As per 31 December 2018 the Group has performed an impairment test of property, plant and equipment in the US related to the segment Jacob Holm Industries's US- activities. The conclusion was that there was no need for impairment.

The impairment test was performed as a value in use calculation discounting the expected cash-flows in the assets expected remaining technical life, taking into account upgrades of the assets. The cash flow projections are based on the budget for 2019 adjusted for full year effect of the expected improvements in 2019 and slightly increasing quantities in 2020.

15 Property, plant and equipment (continued)

	Land and buildings DKK '000	Plant and machinery DKK '000	Other fixtures and fittings, tools and equipment DKK '000	Property, plant and equipment under construction DKK '000
2017				
Cost at 1 January	395.506	1.370.920	53.828	20.805
Exchange adjustment at year-end rate	-31.095	-113.265	-3.473	-1.648
Additions for the year	0	4.517	1.632	43.937
Transfer between items	635	33.474	3.618	-37.727
Disposals for the year	-133	-453	-710	0
Cost at 31 December	364.913	1.295.193	54.895	25.367
Depreciation at 1 January	130.328	648.876	38.486	0
Exchange adjustment at year-end rate	-8.119	-43.893	-2.357	0
Depreciation for the year	15.202	93.826	5.392	0
Disposals for the year	-37	-188	-496	0
Depreciation at 31 December	137.374	698.621	41.025	0
Carrying amount at 31 December	**227.539**	**596.572**	**13.870**	**25.367**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2017 includes interest of DKK 6.587k.

The carrying amount of plant and machinery at 31 December 2017 includes interest of DKK 14.030k.

As per 31 December 2017 the Group has performed an impairment test of property, plant and equipment in the US related to the segment Jacob Holm Industries's US- activities. The conclusion was that there was no need for impairment.

The impairment test was performed as a value in use calculation discounting the expected cash-flows in the assets expected remaining technical life, taking into account upgrades of the assets. The cash flow projections are based on the budget for 2019 adjusted for full year effect of the expected improvements in 2019 and slightly increasing quantities in 2020.

Notes to the Annual Report, Group

		2018	2017
		DKK '000	DKK '000

16 Inventories

	2018	2017
Raw materials and consumables	58.683	50.128
Finished goods	134.898	114.172
	193.581	**164.300**
Raw materials and consumables expensed for the year	1.290.112	1.243.471
Inventories expected to be sold after more than 1 year amount to	0	0
Write-down on inventories for the year amounts to	5.877	6.099
Reversed write-down on inventories for the year amounts to	2.028	5.971

Subsequent sales have shown that there was no need for the write-down.

17 Corporation tax

	2018	2017
Corporation tax receivable at 1 January	1.384	267
Exchange adjustment at year-end rate	33	-30
Tax on operating profit, see note 13	-398	-480
Tax refunded/paid	1.008	1.627
Corporation tax receivable at 31 December	**2.027**	**1.384**

18 Receivables

	2018	2017
Trade receivables	342.539	300.190
Bad debt provision	-2.575	-1.714
Trade receivables, net	339.964	298.476
Other receivables	44.400	45.880
	384.364	**344.356**

Bad debt provision

	2018	2017
Bad debt provision at 1 January	1.714	1.852
Exchange adjustment at year-end rate	83	-138
Additions for the year	1.083	0
Disposals for the year:		
- Applied	-41	0
- Reversed	-264	0
Bad debt provision at 31 December	**2.575**	**1.714**

Please refer to note 30 for credit quality information.

Notes to the Annual Report, Group

	2018	2017
	DKK '000	DKK '000

19 Share capital

The share capital consists of the following classes of shares:

	2018	2017
A-shares (358,688 shares of DKK 1)	359	359
B-shares (431 shares of DKK 1)	0	0
C-shares (640,881 shares of DKK 1)	641	641
	1.000	**1.000**

A-shares give the right to 10 votes for each share amount of DKK 100, and B-shares give the right to one vote for each share amount of DKK 100, and C-shares give the right to one vote for each share amount of DKK 100.

In the case of a dividend distribution, B-shares are entitled to 6% upfront and A- and C-shares are entitled to the remaining dividend distributed.

Otherwise no shares carry any special rights.

20 Bond

On March 31, 2017, the Company issued a series of new bonds in the amount of EUR 100 million. The net proceeds of the new bonds were used to refinance the bonds issued in 2014 and for general corporate purposes. On June 29, 2018, the Company tapped an amount of EUR 27.5 million on the bonds. The net proceeds of the tap issue were used to repay term loans granted by credit institution and for general corporate purposes.

The interest coupon on the par value of the new bonds payable and including, the issue date is three months EURIBOR plus a margin of 3.75% (subject to adjustment in case of Incurrence Events). The tap issue triggered an incurrence test which resulted in a margin of 4.625% until the Company can demonstrate a leverage ratio of maximum 3.0x for net debt / EBITDA.

The Bond matures in full on March 31, 2022. The Company may redeem the bond issue in whole or in part at any time. The redemption price is:

Today to September 2019	102% of par value plus remaining interest payments until September 2019 discounted at 50 basis point over the comparable government bonds of the Federal Republic of Germany.
September 2019 to March 2020	102% of par value
March 2020 to September 2020	101.50% of par value
September 2020 to March 2021	101.25% of par value
March 2021 to September 2021	100.75% of par value
From September 2021	100% of par value

The bonds are subject to a minimum liquidity requirement and a net debt / EBITDA ratio covenant testing in case of an Incurrence Event. An Event can be either a dividend distribution above the EUR 7 mio. permitted minimum distribution and/or the incurrence of financial indebtedness.

	2018	2017
	DKK '000	DKK '000

21 Deferred tax

	2018	2017
Deferred tax at 1 January	-8.901	32.375
Exchange adjustment at year-end rate	-45	-654
Change in deferred tax, see note 13	3.486	-40.622
Deferred tax at 31 December	**-5.460**	**-8.901**
Deferred tax relates to:		
Inventories	-705	-1.080
Other current assets	1.893	1.758
Other liabilities	-6.253	-2.418
Current part	**-5.065**	**-1.740**
Intangible assets	-4.359	-4.541
Property, plant and equipment	53.257	78.920
Other liabilities	-682	-2.535
Tax loss carry-forward	-48.611	-88.314
Retaxation relating to utilised losses in foreign subsidiary	0	9.309
Non-current part	**-395**	**-7.161**
Deferred tax, net	**-5.460**	**-8.901**
which breaks down as follows:		
Deferred tax asset	-5.493	-15.594
Provisions for deferred tax liability	33	6.693
	-5.460	**-8.901**
Unrecognized deferred tax asset	**62.870**	**26.782**

The Group's recognised tax loss is subject to varying conditions and is expected fully utilised for set-off against positive taxable income within a 5 year period.

Three of the entities to which the tax loss carry-forward relates to were not profitable in 2018. Management has assessed that there is some uncertainty as to the timing of utilizing the tax loss carry-forward, that it has written down the part of the tax loss carry-forward which relates to the period after 5 years. The assessment is based on budgets for 2019 and the expected development over the next years.

Notes to the Annual Report, Group

22 Other staff obligations

The Group offers part of the employees to participate in pension schemes in the form of defined contribution plans.

The provision for other staff obligations primarily includes seniority based bonuses for employees calculated by an actuary taking into account the expected turnover among employees, wage increases etc. A discount factor of 1,68% has been used against 1,30% in 2017.

As the obligation is uncertain as regards the time of settlement, no breakdown of time of maturity can be made. The entire obligation has therefore been classified as a non-current liability.

	2018	2017
	DKK '000	DKK '000
Balance at 1 January	6.734	6.512
Exchange adjustment at year-end rate	32	-1
Additions for the year	1.382	430
Disposals for the year	-675	-214
Discount effect	-218	7
Balance at 31 December	**7.255**	**6.734**

23 Provisions for other liabilities and charges

The liability relates to an estimated liability regarding dismantling of assets held on leased land.

	2018	2017
	DKK '000	DKK '000
Balance at 1 January	6.210	7.050
Exchange adjustment at year-end rate	310	-840
Additions for the year	0	0
Balance at 31 December	**6.520**	**6.210**

24 Credit institutions

	2018 DKK '000	2017 DKK '000
Payment due later than 5 years	0	0
Payment due 1-5 years	0	85.765
Non-current credit institutions	**0**	**85.765**
Payment due within 1 year	133.848	176.531
	133.848	**262.296**

Credit institutions primarily includes revolving credits granted to the Plants in Soultz, France and Asheville, NC, USA with a total of DKK 133m. These revolving credits are EUR and USD denominated and with variable interest.

The covenants comprise measurements on specific financial ratios, including solvency, EBITDA in relation to fixed charges (interest, instalments, income tax, dividend and capital expenditure) and the cover of revolving credits by working capital.

25 Corporation tax

	2018 DKK '000	2017 DKK '000
Accrued corporation tax at 1 January	10.592	18.921
Exchange adjustment at year-end rate	374	-1.185
Tax on operating profit, see note 13	10.019	11.107
Adjustment of tax previous years		0
Tax paid	-12.938	-18.251
Accrued corporation tax at 31 December	**8.047**	**10.592**

26 Cash flow statement - adjustments non-cash items

	2018 DKK '000	2017 DKK '000
Financial income	-17.726	-6.120
Financial expenses	61.795	116.544
Depreciation, amortisation and impairment losses, including losses and gains on disposals of intangible fixed assets and property, plant and equipment	126.883	126.765
Tax on profit for the year	13.903	-26.844
	184.855	**210.345**

	2018	2017
	DKK '000	DKK '000

27 Cash flow statement - change in working capital

	2018 DKK '000	2017 DKK '000
Change in inventories	-24.033	-329
Change in receivables	-28.658	-27.424
Change in other provisions	489	224
Change in payables	-13.395	-10.197
	-65.597	**-37.726**

28 Changes in liabilities arising from financing activities

	January 1	Cash flows	Non-cash changes	December 31
	DKK '000	DKK '000	DKK '000	DKK '000
2018				
Bond	734.502	205.258	4.492	944.252
Credit institutions	262.296	-131.626	3.178	133.848
Payables to related companies	3.088	-3.088	0	0
	999.886	**70.544**	**7.670**	**1.078.100**
2017				
Bond	496.993	226.430	11.079	734.502
Credit institutions	412.738	-125.149	-25.293	262.296
Payables to related companies	7.362	-4.275	1	3.088
	917.093	**97.006**	**-14.213**	**999.886**

29 Contingent liabilities and other financial obligations

Mortgages

	2018 DKK '000	2017 DKK '000
As security for credit institution, mortgage deeds registered to the mortgagor have been issued totalling	65.200	541.742

The mortgage deeds registered to the mortgagor are secured on land and buildings as well as the related plant and machinery at a carrying amount of DKK 566.902k (at 31 December 2017: DKK 592.806k).

	2018 DKK '000	2017 DKK '000
As security for credit institution, a mortgage on movable property has been issued totalling	0	4.464

Notes to the Annual Report, Group

29 Contingent liabilities and other financial obligations (continued)

The mortgage deed on movable property is secured on intangible fixed assets and property plant and machinery at a carrying amount of DKK 0k (at 31 December 2017: DKK 77.343k).

As security for credit institutions, security has moreover been provided in current assets at a carrying amount of DKK 188.331k (at 31 December 2017 DKK 156.366k).

Obligations under operating leases

Obligations under operating leases primarily comprise agreements entered into concerning the lease of operational equipment. The leases run until January 2022 at the latest.

Obligations under operating leases break down as follows according to due date:

Minimum payments	2018	2017
	DKK '000	DKK '000
0-1 year	1.377	932
1-5 years	2.842	111
>5 years	0	0
	4.219	**1.043**

Lease expenses recognised amount to TDKK 1.404 (2017: TDKK 888)

Obligations under rental agreements

Obligations under rental agreements primarily comprise agreements entered into concerning the renting of warehouse and office space. The rentals run until February 2028 at the latest.

Obligations under rental agreements break down as follows according to due date:

Minimum payments	2018	2017
	DKK '000	DKK '000
0-1 year	14.674	15.152
1-5 years	48.463	50.442
>5 years	16.894	21.231
	80.031	**86.825**

Rental expenses recognised amount to TDKK 16.713 (2017: TDKK 16.553)

Contractual obligations

The Group has entered into agreements on delivery of property, plant and equipment with a remaining obligation of	4.661	7.295

Notes to the Annual Report, Group

30 Financial risks

Credit risk

Credit risk arises from cash and cash equivalents, bond investments as well as credit exposure to customers and other outstanding receivables.

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Management. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Current follow-up is made on outstanding accounts in accordance with the Group's trade receivables procedures. Where uncertainty arises as to a customer's ability or willingness to pay, and it is estimated that the trade receivable is subject to risk, a bad debt provision is made.

Credit quality

The Group has a factoring agreement in place for one of the plants, which does not qualify for derecognition. The total amount included under the factoring agreement amounts to DKK 74 m (2017: DKK 59m), of which an amount of approx. DKK 61m (2017: DKK 54m) is covered by credit insurance. The associated liability amounts to DKK 65m (2017: DKK 59m).

Other trade receivables are not covered by credit insurance

Generally the Group's trade receivables is concentrated on a smaller number of customers of which several are highly rated large multinational customers which supports the low bad debt provision as expected future losses are low. Management believes that adequate provisions for losses have been made.

The overdue balance on trade receivables is specified as follows at 31 December 2018:

DKK '000	Not due yet	0-15 days	16-30 days	31-45 days	> 45 days	Total
Expected loss rate	0,07%	0,59%	3,35%	21,47%	100,00%	0,75%
Gross carrying amount	298.424	34.966	6.293	1.169	1.687	342.539
Bad debt provision	219	207	211	251	1.687	2.575

Notes to the Annual Report, Group

30 Financial risks (continued)

The overdue balance on trade receivables is specified as follows at 31 December 2017:

DKK '000	Not due yet	0-15 days	16-30 days	31-45 days	> 45 days	Total
Expected loss rate	0,03%	0,28%	2,20%	6,27%	62,61%	0,57%
Gross carrying amount	267.921	26.136	2.502	1.339	2.292	300.190
Bad debt provision	67	73	55	84	1.435	1.714

Liquidity risk

The Group ensures sufficient cash resources by entering into framework agreements for current overdraft facilities. Existing agreements with agreed upon repayment terms cannot be terminated by the banks unless there is a breach of the covenants stated in the loan agreements.

In the event of breach of a covenant the Group has the right to remedy without undue delay, respectively the bank is entitled to terminate part or all of the outstanding loan facilities, should the Group not be able to do so.

There were no covenant breaches during 2018.

Some of the Group's credit facilities are variable due to the fact that some of the Group's credit lines are based on the amount of the Group's trade receivables and inventory.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculation of interest payments on floating-rate obligations is based on the interest rate on the balance sheet date.

The cash need is expected covered by the current liquidity surplus from operations, bonds at fair value, unutilised credits as well as via refinancing or new non-current loans.

Notes to the Annual Report, Group

30 Financial risks (continued)

2018

DKK '000

	< 1 year	1-5 years	>5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:							
Bond	44.050	1.043.333	0	1.087.383	0	944.252	923.852
Credit institutions	133.849	0	0	133.849	0	133.848	133.848
Trade payables	176.457	0	0	176.457	0	176.457	176.457
Other short-term liabilities	98.989	0	0	98.989	0	98.989	98.989
Financial liabilities	**453.345**	**1.043.333**	**0**	**1.496.678**	**0**	**1.353.546**	**1.333.146**
Receivables from related companies	30	0	0	30	0	30	30
Trade receivables	342.539	0	0	342.539	0	342.539	339.964
Other receivables	46.427	1.157	0	47.584	0	47.584	47.584
Cash at bank and in hand	77.624	0	0	77.624	0	77.624	77.624
Financial assets	**466.620**	**1.157**	**0**	**467.777**	**0**	**467.777**	**465.202**
Net cash outflow	**13.275**	**-1.042.176**	**0**	**-1.028.901**	**0**	**-885.769**	**-867.944**
Bonds at fair value through profit and loss	**68.963**	**0**	**0**	**68.963**	**0**	**68.963**	**68.963**
Unutilised credits						56.135	56.135

Fair value of bond investments is based on quoted prices (level 1). Fair value of the issued bond is based on the latest market price published by Oslo Børs. Fair value of floating rate loans from credit institutions is based on an assessment of the current margin on such loan arrangements (level 2). Fair value of cash and cash equivalents and short term receivables and payables is determined to equal the nominal amount.

2017

DKK '000

	< 1 year	1-5 years	>5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:							
Bond	27.918	825.218	0	853.136	0	734.502	753.424
Credit institutions	180.552	87.476	0	268.028	0	262.296	262.296
Payables to related companies	3.088	0	0	3.088	0	3.088	3.088
Trade payables	171.678	0	0	171.678	0	171.678	171.678
Other short-term liabilities	110.403	0	0	110.403	0	110.403	110.403
Financial liabilities	**493.639**	**912.694**	**0**	**1.406.333**	**0**	**1.281.967**	**1.300.889**
Trade receivables	300.190	0	0	300.190	0	300.190	298.476
Other receivables	47.264	3.443	0	50.707	0	50.707	50.707
Cash at bank and in hand	130.456	0	0	130.456	0	130.456	130.456
Financial assets	**477.910**	**3.443**	**0**	**481.353**	**0**	**481.353**	**479.639**
Net cash outflow	**-15.729**	**-909.251**	**0**	**-924.980**	**0**	**-800.614**	**-821.250**
Bonds at fair value through profit and loss	**8.479**	**0**	**0**	**8.479**	**0**	**8.479**	**8.479**
Unutilised credits						46.297	46.297

Notes to the Annual Report, Group

30 Financial risks (continued)

Market risk

The Group's credits and bonds are floating-rate credits and bonds, which exposes the Group to fluctuations in interest rates. It is Group policy that all financing of working capital and investments in non-current assets take place at floating interest rate.

No derivative financial instruments are used to hedge interest rate risk.

Based on interest-bearing debt at the balance sheet date, an increase in the EUR market rate by 1% would decrease the profit for the year before tax of DKK 10.253k (2017: DKK 8.440k) and a similar effect on equity and an increase in all other market rates by 1% would decrease the profit for the year before tax of DKK 609k (2017: DKK 1.628k) and a similar effect on equity.

The Group's currencies used for payment are mostly distributed between EUR and USD. No financial instruments are used to hedge positions in foreign currency.

Exposure at 31 December 2018

The below balances represents the net Group exposure for each individual currency. Accordingly, where an entity reports in the stated currency, it has been excluded in the balance shown.

	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	479.092	-151.994	47.928	375.026
USD	> 1 year	0	-30.430	0	-30.430
EUR	< 1 year	44.071	-27.272	13.518	30.317
EUR	> 1 year	0	0	-952.425	-952.425
CHF	< 1 year	83.308	0	26	83.334
JPY	< 1 year	5.349	-290	1.012	6.071
Other	< 1 year	0	-614	524	-90
		611.820	-210.600	-889.417	-488.197

Notes to the Annual Report, Group

30 Financial risks (continued)

Exposure at 31 December 2017

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	339.928	-120.595	83.696	303.029
USD	> 1 year	0	-26.316	0	-26.316
EUR	< 1 year	46.968	-42.958	16.495	20.505
EUR	> 1 year	0	0	-744.490	-744.490
CHF	< 1 year	85.331	-71	9	85.269
JPY	< 1 year	5.731	0	4.805	10.536
Other	< 1 year	0	-529	2.662	2.133
		477.958	-190.469	-636.823	-349.334

Due to the fixed rate policy conducted by the Danish National Bank in respect of the EUR, it is assessed that foreign currency positions in EUR do not entail a risk of material impact due to changes in the EUR rate.

As the individual group companies primarily operate in their individual functional currencies, the Group's profit is primarily sensitive to changes in exchange rates related to intercompany accounts and receivables/ payables denominated in other currencies than the functional currency.

The two currencies to which profit/loss of the Group is most sensitive is USD and CHF.

A 10% increase in USD compared to the exchange rate at 31 December 2018 towards all other currencies will entail a positive change of profit for the year before tax of DKK 34.460k (2017: positive change of DKK 27.671k) and a similar effect on equity.

A 10% increase in CHF compared to the exchange rate at 31 December 2018 towards all other currencies will entail a positive change of profit for the year before tax of DKK 8.333k (2017: positive change of DKK 8.527k) and a similar effect on equity.

Capital management

The objective of the Group's capital management is to ensure the Group's ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

The Group's capital management is also partly governed by loan agreements which include requirements to financial ratios. These financial ratios are affected by the size of the capital, that a reduction will reduce the ratios.

Total capital makes up the equity shown in the consolidated balance sheet.

Notes to the Annual Report, Group

31 Related parties

	Basis
Controlling interest	
Poul M. Mikkelsen, Büelweg 9, CH-6442 Gersau	Controlling shareholder
Martin Mikkelsen, Malmøgade 9, DK-2100 København	Shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Ultimate parent company
PMM Holding (Luxembourg) AG, 15, Boulevard F.W. Raiffeisen L-2411 Luxembourg	Parent company
Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel	Parent company
Other related parties	
PMM Holding AG, Büelweg 9, CH-6442 Gersau	Sister company
Dønnerup A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup	Sister company

Transactions

	2018 DKK '000	2017 DKK '000
Parent:		
The Group has during the year received a management fee of	0	5.538
The Group has during the year paid a management fee of	27.219	30.272
The Group has during the year paid a royalty fee of	24.891	37.555
The Group has during the year paid a guarantee fee of	3.395	3.014
The Group has during the year paid dividends of	25.000	25.000

The guarantee fee relates to the Parent company's guarantee regarding the issued Bond. The Parent company is guaranteeing an amount of up to EUR 127,5m (2017: EUR 100m).

	2018	2017
Other related parties:		
The company has during the year received a management fee of	650	650
The company has during the year paid rental charges of	685	677

Compensation to key management is disclosed in note 7.

Notes to the Annual Report, Group

31 Related parties (continued)

	2018 DKK '000	2017 DKK '000
Receivables from related parties		
Jacob Holm & Sons AG	30	0
	30	**0**
Payables to related parties		
Jacob Holm & Sons AG	0	3.088
	0	**3.088**

32 Development costs

Development costs for the year recognised in the income statement under production costs amount to DKK 10.950k in 2018 against DKK 10.959k in 2017.

33 Post balance sheet events

There have been no material events after the balance sheet date.

34 Dividends per share

A dividend in respect of the year ended 31 December 2018 of DKK 0 per share, amounting to a total dividend of DKK 0 million, is to be proposed at the annual general meeting on 24 April 2019.

Parent Company Income Statement 1 January - 31 December

	Note	2018	2017
		DKK '000	DKK '000
Revenue	1	**2.887**	**2.814**
Administrative expenses		-4.501	-4.336
Profit before financial income and expenses and special items		**-1.614**	**-1.522**
Financial income	4	93.515	85.190
Financial expenses	5	-47.181	-88.549
Profit before tax		**44.720**	**-4.881**
Tax on profit for the year	6	-221	2.218
Net profit for the year		**44.499**	**-2.663**

Parent company Statement of Comprehensive Income 1 January - 31 December

Net profit for the year	44.499	-2.663
Comprehensive income	**44.499**	**-2.663**

Parent Company Balance Sheet at 31 December

Assets

	Note	2018 DKK '000	2017 DKK '000
Other fixtures and fittings, tools and equipment	7	55	98
Property, plant and equipment		**55**	**98**
Investments in subsidiaries	8	416.811	416.574
Receivables from group companies		664.311	489.425
Deferred tax asset	9	300	300
Financial fixed assets		**1.081.422**	**906.299**
Non-current assets		**1.081.477**	**906.397**
Receivables from group companies		628	0
Corporation tax	10	0	790
Bonds at fair value through profit and loss		68.963	8.479
Other receivables		1.158	445
Prepayments		36	37
Receivables		**70.785**	**9.751**
Cash and cash equivalents		**4.320**	**11.079**
Current assets		**75.105**	**20.830**
Assets		**1.156.582**	**927.227**

Parent Company Balance Sheet at 31 December

Equity and liabilities

	Note	2018	2017
		DKK '000	DKK '000
Share capital	11	1.000	1.000
Retained earnings		210.444	190.945
Equity		**211.444**	**191.945**
Bond	12	944.252	734.502
Provisions for deferred tax	13	0	0
Non-current liabilities		**944.252**	**734.502**
Payables to related companies		0	70
Corporation tax	14	0	0
Other payables		886	710
Current liabilities		**886**	**780**
Liabilities		**945.138**	**735.282**
Equity and liabilities		**1.156.582**	**927.227**

Contingent liabilities	17
Financial risks	18
Related parties	19
Fee to auditors appointed at the annual general meeting	20
Dividends per share	21

Statement of Changes in Equity, Parent Company
1 January - 31 December

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
Equity			
Equity at 1 January 2018	1.000	190.945	191.945
Comprehensive income for the year	0	44.499	44.499
Dividends	0	-25.000	-25.000
Equity at 31 December 2018	**1.000**	**210.444**	**211.444**
Equity at 1 January 2017	1.000	218.608	219.608
Comprehensive income for the year	0	-2.663	-2.663
Dividends	0	-25.000	-25.000
Equity at 31 December 2017	**1.000**	**190.945**	**191.945**

Paid dividends per share in 2017 amounts to DKK 25 (DKK 20 in 2016).

Only the share capital is restricted. Other reserves may be distributed.

Parent Company Cash Flow Statement

	Note	2018	2017
		DKK '000	DKK '000
Net profit for the year		44.499	-2.663
Adjustments of non-cash items	15	-45.746	1.185
Change in working capital	16	-537	-5.920
Cash flows from operating activities before financial income and expenses and special items		-1.784	-7.398
Financial income received		50.587	26.795
Financial expenses paid		-44.749	-77.470
Corporation tax paid		569	-3.762
Cash flows from operating activities		**4.623**	**-61.835**
Purchase of financial fixed assets		-560	0
Purchase of bonds at fair value through profit and loss		-60.484	0
Sale of bonds at fair value through profit and loss		0	1.036
Dividend received		44.988	58.395
Cash flows from investing activities		**-16.056**	**59.431**
Change in accounts with group companies		-175.513	-196.154
Change in accounts with related companies		-71	-7.919
Raising of non-current loans		205.258	732.249
Repayment of non-current loans		0	-505.819
Dividend paid		-25.000	-25.000
Cash flows from financing activities		**4.674**	**-2.643**
Change in cash and cash equivalents		**-6.759**	**-5.047**
Cash and cash equivalents at 1 January		11.079	16.126
Cash and cash equivalents at 31 December		**4.320**	**11.079**

Notes to the Annual Report, Parent Company

		2018 DKK '000	2017 DKK '000
1	**Revenue**		
	Management fee	2.887	2.814
		2.887	**2.814**
2	**Expenses classified by type**		
	Administrative expenses	4.501	4.336
		4.501	**4.336**
	Classified by type as follows:		
	Other external expenses	2.221	1.703
	Staff expenses	2.280	2.633
		4.501	**4.336**
3	**Staff expenses**		
	Wages and salaries	2.247	2.606
	Pensions	6	5
	Other social security expenses	27	22
		2.280	**2.633**

Key management compensation

Key management consist of the executive and supervisory board as well as the executive management team.

	2018	2017
Salaries and other short-term employee benefits	507	539
	507	**539**
Thereof to the executive board	36	30
Thereof to the supervisory board	395	451
Average number of full-time employees	**3**	**3**
Staff expenses are distributed on the individual cost groups as follows:		
Administrative expenses	2.280	2.633
	2.280	**2.633**

Notes to the Annual Report, Parent Company

		2018	2017
		DKK '000	DKK '000

4 Financial income

	2018	2017
Interest	1.308	343
Exchange adjustments	10.889	0
Interest intercompany accounts	36.384	24.970
Dividend from subsidiaries	44.348	58.395
Other financial income	586	1.482
	93.515	**85.190**

5 Financial expenses

	2018	2017
Commission on guarantees	3.395	3.014
Interest	36.732	29.669
Amortized financing costs	2.432	10.589
Call premium	0	20.280
Exchange adjustments	0	24.896
Other financial expenses	4.622	101
	47.181	**88.549**

Interest relates to loans received and payables measured at amortised cost.

6 Tax on profit for the year

	2018	2017
Current tax on profit for the year	0	0
Change in deferred tax	0	-2.218
Adjustment tax previous years	221	0
	221	**-2.218**
Tax on profit for the year is specified as follows:		
Calculated 22,0% tax on profit for the year before tax	9.838	-1.074
Tax effect of:		
Non-taxable income and expenses	-9.838	-1.144
Adjustment tax previous years	221	0
	221	**-2.218**
Effective tax rate for the year	**0,49%**	**45,44%**

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK '000
2018	
Cost at 1 January	175
Additions for the year	0
Disposals for the year	0
Cost at 31 December	175
Depreciation at 1 January	77
Depreciation for the year	43
Disposals for the year	0
Depreciation at 31 December	120
Carrying amount at 31 December	**55**
Depreciated over	**3-10 years**

Depreciation for the year is charged to Administrative expenses in the Income Statement.

2017	
Cost at 1 January	175
Additions for the year	0
Disposals for the year	0
Cost at 31 December	175
Depreciation at 1 January	33
Depreciation for the year	44
Disposals for the year	0
Depreciation at 31 December	77
Carrying amount at 31 December	**98**
Depreciated over	**3-10 years**

Depreciation for the year is charged to Administrative expenses in the Income Statement.

8 Investments in subsidiaries

	Share capital	Currency	Ownership %	Carrying amount	Equity	Result
	'000			DKK '000	DKK '000	DKK '000
Jacob Holm & Sønner A/S, Denmark	32.512	DKK	100%	193.330	357.324	-85.815
Sontara AG, Switzerland	100	CHF	100%	155.925	216.225	26.753
Sontara Asturias S.A.U, Spain	1.000	EUR	100%	26.052	32.414	1.157
Jacob Holm Mexico SA De CV, Mexico	1.500	MXN	99%	619	3.335	421
Sontara Japan GK, Japan	10.000	JPY	100%	1.119	4.591	-318
Sontara South Asia Sdn Bhd, Malaysia	0	MYR	100%	0	183	36
Sontara Old Hickory Inc, USA	0	USD	100%	29.160	51.131	3.577
Sontara America Inc, USA	0	USD	100%	2.898	21.364	8.501
Sontara Argentina S.R.L., Argentina	8.393	ARS	100%	6.097	1.602	1.061
Sontara Nonwovens (Shanghai) Co., Ltd., China	1.000	CNY	100%	1.050	5.168	1.200
TWIG America Inc., USA	0	USD	100%	1	2.751	1.304
Sontara Hong Kong Limited	0	HKD	100%	0	84	47
Sontara Korea Co. Ltd.	100.000	KRW	100%	560	604	20
				416.811	**696.776**	**-42.056**

	2018	2017
	DKK '000	DKK '000
Cost at 1 January	416.574	416.574
Additions for the year	560	0
Cost at 31 December	417.134	416.574
Impairment at 1 January	0	0
Impairment for the year	323	0
Impairment at 31 December	323	0
Carrying amount at 31 December	**416.811**	**416.574**

		2018	2017
		DKK '000	DKK '000

9 Deferred tax asset

	2018	2017
Deferred tax at 1 January	300	0
Change in deferred tax, see note 6	0	300
Deferred tax at 31 December	300	300
Deferred tax relates to:		
Other current assets	-1.798	-2.197
Non-current portion	**-1.798**	**-2.197**
Property, plant and equipment	17	7
Tax loss carry-forward	2.081	2.490
Non-current part	**2.098**	**2.497**
Deferred tax, net	**300**	**300**

10 Corporation tax

	2018	2017
Corporation tax receivable at 1 January	790	0
Tax on operating profit, see note 6	0	0
Tax refunded/paid	-790	790
Corporation tax receivable at 31 December	**0**	**790**

11 Share capital

The share capital consists of the following share classes:

	2018	2017
A-shares (358.688 shares of DKK 1)	359	359
B-shares (431 shares of DKK 1)	0	0
C-shares (640.881 shares of DKK 1)	641	641
	1.000	**1.000**

A-shares give the right to 10 votes for each share amount of DKK 100, and B-shares give the right to one vote for each share amount of DKK 100, and C-shares give the right to one vote for each share amount of DKK 100.

In the case of a dividend distribution, B-shares are entitled to 6% upfront and A- and C-shares are entitled to the remaining dividend distributed.

Otherwise no shares carry any special rights.

Notes to the Annual Report, Parent Company

	2018	2017
	DKK '000	DKK '000

12 Bond

For a description of the Bond, please see note 20 to the Annual Report of the Group.

13 Provisions for deferred tax

	2018	2017
Deferred tax at 1 January	0	1.918
Change in deferred tax, see note 6	0	-1.918
Deferred tax at 31 December	0	0

14 Corporation tax

	2018	2017
Accrued corporation tax at 1 January	0	2.972
Tax on operating profit, see note 6	221	0
Tax paid	-221	-2.972
Accrued corporation tax at 31 December	**0**	**0**

15 Cash flow statement - adjustments of non-cash items

	2018	2017
Financial income	-93.515	-85.190
Financial expenses	47.181	88.549
Depreciation and impairment losses	367	44
Tax on profit for the year	221	-2.218
	-45.746	**1.185**

16 Cash flow statement - change in working capital

	2018	2017
Change in receivables	-713	956
Change in payables	176	-6.876
	-537	**-5.920**

Notes to the Annual Report, Parent Company

	2018	2017
	DKK '000	DKK '000

17 Contingent liabilities

As security for the Bond issued by the Company, intercompany loan agreements have been assigned to the Bondholders of	343.150	210.646
As security for the Bond issued by the Company, all shares in direct and indirect subsidiaries have been pledged.		
As security for credit institution, the Company has provided surety with a maximum amount of	52.160	49.680

18 Financial risks

Credit risk

For a description of the credit risk, please see note 30 to the Annual Report of the Group. The Parent company credit risk relates primarily to receivables from Group companies and secondarily to Bonds and cash deposits.

Receivables from Group companies has been determined to be of low credit risk and any expected credit losses within the next 12 months immaterial.

Liquidity risk

For a description of the liquidity risk, please see note 30 to the Annual Report of the Group.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculation of interest payments on floating-rate obligations is based on the interest rate on the balance sheet date.

2018

DKK '000

	< 1 year	1-5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:						
Bond	44.050	1.043.333	1.087.383	0	944.252	923.852
Other short-term liabilities	886	0	886	0	886	886
Financial liabilities	**44.936**	**1.043.333**	**1.088.269**	**0**	**945.138**	**924.738**
Receivables from group companies	664.939	0	664.939	0	664.939	664.939
Other receivables	1.158	0	1.158	0	1.158	1.158
Cash at bank and in hand	4.320	0	4.320	0	4.320	4.320
Financial assets	**670.417**	**0**	**670.417**	**0**	**670.417**	**670.417**
Net cash outflow	**625.481**	**-1.043.333**	**-417.852**	**0**	**-274.721**	**-254.321**
Bonds at fair value through profit and loss	**68.963**	**0**	**68.963**		**68.963**	**68.963**

Fair value of the issued bond is based on the latest market price published by Oslo Børs.

18 Financial risks (continued)

2017

DKK '000

	< 1 year	1-5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost						
Bond	27.918	825.218	853.136	0	734.502	753.424
Payables to related companie	70	0	70	0	70	70
Other short-term liabilities	710	0	710	0	710	710
Financial liabilities	**28.698**	**825.218**	**853.916**	**0**	**735.282**	**754.204**
Receivables from group companies	489.425	0	489.425	0	489.425	489.425
Other receivables	1.235	0	1.235	0	1.235	1.235
Cash at bank and in hand	11.079	0	11.079	0	11.079	11.079
Financial assets	**501.739**	**0**	**501.739**	**0**	**501.739**	**501.739**
Net cash outflow	**473.041**	**-825.218**	**-352.177**	**0**	**-233.543**	**-252.465**
Bonds at fair value through profit and loss	**8.479**	**0**	**8.479**		**8.479**	**8.479**

*Information on fair value hierarchy is not relevant as the debt is subject to variable interest and no transaction expenses have been paid.

Market risk

Interest on accounts with related companies are interest bearing.

The Company's currency used for payment is primarily EUR, USD and CHF. No financial instruments are used to hedge positions in foreign currency.

Exposure at 31 December 2018:

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	259.842	0	381	260.223
EUR	< 1 year	1.694	0	3.109	4.803
EUR	> 1 year	0	0	-952.425	-952.425
CHF	< 1 year	83.308	0	20	83.328
Other	< 1 year	0	0	170	170
		344.844	0	-948.745	-603.901

18 Financial risks (continued)

Exposure at 31 December 2017:

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	125.315	0	5086	130.401
EUR	< 1 year	129	-18	3.699	3.810
EUR	> 1 year	0	0	-744.490	-744.490
CHF	< 1 year	85.331	-71	4	85.264
SEK	< 1 year	0	0	1.043	1.043
Other	< 1 year	0	0	1.030	1.030
		210.775	-89	-733.628	-522.942

A 10% increase in USD compared to the exchange rate at 31 December 2018 towards all other currencies will entail a positive change of profit for the year before tax of DKK 26.022k (2017: DKK 13.040k) and a similar effect on equity.

A 10% increase in CHF compared to the exchange rate at 31 December 2018 towards all other currencies will entail a positive change of profit for the year before tax of DKK 8.333k (2017: DKK 8.526k) and a similar effect on equity.

Capital management

The objective of the Company's capital management is to ensure the Company's ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

Total capital makes up the equity shown in the balance sheet.

Notes to the Annual Report, Parent Company

19 Related parties

	Basis
Controlling interest	
Poul M. Mikkelsen, Büelweg 9, CH-6442 Gersau	Controlling shareholder
Martin Mikkelsen, Malmøgade 9, DK-2100 København	Shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Ultimate parent company
PMM Holding (Luxembourg) AG, 15, Boulevard F.W. Raiffeisen L-2411 Luxembourg	Parent company
Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel	Parent company
Other related parties	
PMM Holding AG, Büelweg 9, CH-6442 Gersau	Sister company
Dønnerup A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup	Sister company

Transactions

	2018 DKK '000	2017 DKK '000
Parent:		
The company has during the year paid a management fee of	372	372
The company has during the year paid a guarantee fee of	3.395	3.014
The company has during the year paid dividends of	25.000	25.000

The guarantee fee relates to the Parent company's guarantee regarding the issued Bond. The Parent company is guaranteeing an amount of up to EUR 127,5m (2017: EUR 100m).

	2018 DKK '000	2017 DKK '000
Subsidiaries:		
The company has during the year received a management fee of	2.237	2.164
The company has during the year received interests of	36.384	24.970
The company has during the year received dividends of	44.348	58.395
Other related parties:		
The company has during the year received a management fee of	650	650
The company has during the year paid rental charges of	685	677
Recceivables from related companies		
Jacob Holm Industries (France) SAS	628	0
	628	**0**
Payables to related companies		
Jacob Holm & Sons AG	0	70
	0	**70**

Notes to the Annual Report, Parent Company

20 Fee to auditors appointed at the general meeting

	2018 DKK '000	2017 DKK '000
Audit fee	75	75
Tax consultancy	143	10
Non-audit services	50	45
Total	**268**	**130**

21 Dividends per share

A dividend in respect of the year ended 31 December 2018 of DKK 0 per share, amounting to a total dividend of DKK 0 million, is to be proposed at the annual general meeting on 24 April 2019.