Samba Feeder A/S

Malmøgade 3, 1., 2100 København Ø

CVR no. 31 27 80 07

Annual report 2018/19

Approved at the Company's annual general meeting on 27 February 2020

Chairman:

.....
Niels-Christian Worning

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Samba Feeder A/S for the financial year 1 October 2018 - 30 September 2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 30 September 2019 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 October 2018 - 30 September 2019.

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

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

Copenhagen, 27 February 2020
Executive Board:

.....
Niels-Christian Worning
CEO

Board of Directors:

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Jan Johan Kühl Chairman	Karl Tommy Wikström	Niels-Christian Worning

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Johan Gustaf Olof Bjurström

Independent auditor's report

To the shareholders of Samba Feeder A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Samba Feeder A/S for the financial year 1 October 2018 - 30 September 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 October 2018 - 30 September 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "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, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities 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 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 in preparing the financial statements 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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 the financial statements.

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

Independent auditor's report

- 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 February 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jens Thordahl Nøhr
State Authorised Public Accountant
mne32212

Kim Thomsen
State Authorised Public Accountant
mne26736

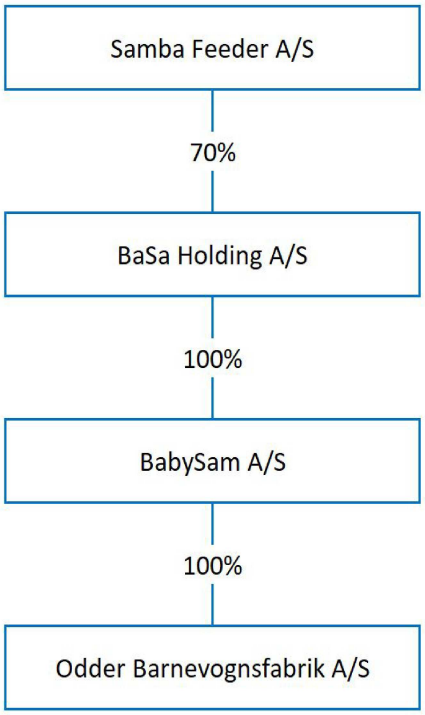
Management's review

Company details

Name	Samba Feeder A/S
Address, Postal code, City	Malmøgade 3, 1., 2100 København Ø
CVR no.	31 27 80 07
Established	28 February 2008
Registered office	Copenhagen
Financial year	1 October 2018 - 30 September 2019
Board of Directors	Jan Johan Kühl, Chairman Karl Tommy Wikström Niels-Christian Worning Johan Gustaf Olof Bjurström
Executive Board	Niels-Christian Worning, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Key figures					
Revenue	534,097	499,506	476,928	439,380	386,755
Gross profit	119,248	129,185	128,328	113,333	94,765
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5,842	25,291	26,681	16,743	4,498
Operating profit/loss	-5,604	16,021	19,556	10,295	-1,134
Normalised EBITDA*	14,035	32,701	30,453	22,064	6,199
Net financials	-817	-281	-473	-181	-371
Profit/loss for the year	**-10,866**	**12,204**	**32,244**	**17,552**	**2,243**
Fixed assets	75,690	63,949	49,879	43,406	34,665
Non-fixed assets	175,466	199,510	193,428	161,514	132,566
Total assets	**251,156**	**263,459**	**243,307**	**204,920**	**167,231**
Share capital	2,890	2,890	2,890	2,890	2,890
Equity	**141,045**	**151,911**	**139,707**	**75,373**	**59,057**
Provisions	90	90	113	175	175
Non-current liabilities other than provisions	1,839	1,867	2,214	2,559	2,900
Current liabilities other than provisions	108,182	109,591	101,273	94,651	81,958
Cash flows from operating activities	-7,746	25,290	24,533	28,677	14,776
Net cash flows from investing activities	-22,725	-22,967	-13,471	-15,122	-2,693
Investment in property, plant and equipment	-6,051	-11,924	-11,802	-9,503	-2,384
Cash flows from financing activities	-370	-323	-340	358	-310
Total cash flows	**-30,841**	**2,000**	**10,722**	**13,913**	**11,773**
Financial ratios					
Operating margin	-1.0%	3.3%	4.1%	2.3 %	-0.3 %
Gross margin	22.3%	25.9%	26.9%	25.8%	24.5%
Equity ratio	35.1%	35.9%	57.4%	36.8%	35.3%
Return on equity	-7.2%	6.5%	25.1%	26.1%	3.9%
Average number of employees	**284**	**275**	**270**	**259**	**257**

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

*Normalised for special items, cf. note 3.

Management's review

Business review

Operating review

This year, BabySam increased its revenue and market shares at a time when the number of newborns has decreased. Against this background, it is very satisfactory that we have increased revenue significantly in stores and not least online. Overall, our total growth rate was 7%.

The growth in the stores is attributable to continuous focus on ensuring the right products at the right price across sales channels combined with our continued focus on offering the best service and guidance in the market. In relation to our services in particular, our customers have welcomed our new concept "Book An Advisor", which had more than 7,000 bookings in the financial year representing an increase of more than 100%. The acquisition of 3 Ønskebørn stores in Jutland will add to BabySam's strong position in the market.

BabySam will continue its digital journey, and the first step was the launch of a new technological platform (Navision 2018 ERP and LS Retail POS) in the autumn of 2019. This platform allows us to put our customers first so that the customer's online and in store purchases are displayed together and thereby be used to strengthen our advisory services to the customer. We expect that the implementation will be finalised in Q3 2020.

The year under review is significantly affected by several large projects relating to the implementation of a new POS and a new ERP as well as the relocation of our own online storage facility to a 3PL solution, which allows us to support the considerable increase in online trading going forward. The year is also affected by increased expenses and investments in the completion of the new ODDER VIDA baby pram and change of managing director in Odder Barnevognsfabrik A/S.

BabySam's employees are our most important assets. Every day, they do their utmost to ensure that our stores – both physical and online – have the newest products and the best product range in the market all the while delivering service at the highly professional level that BabySam is known for. This ensures that our customers continuously feel advised, safe and satisfied – and that it feels a little easier to be a new parent, grandparent or friend.
Earnings in the year are negatively affected by a decline in sales to the institution market, an aggressive price strategy to continue to win market shares, investments in new technological platforms, which facilitate a seamless customer journey (omnichannel) as well as an optimisation of the supply chain for E-commerce, which supports our ambitious growth target.

In the coming years, we expect that further digitalisation will take our customer service, conversion and efficiency to a new level leading to markedly improved earnings.

We expect an increase in both revenue and profit in the financial year 2019/20.

BabySam in brief

Ownership

The shares in Samba Feeder A/S are owned by P-BS 2008 A/S (50%) and Golden Eye A/S (50%).

Samba Feeder A/S is owned by Polaris Private Equity and AAC Capital Partners.

Polaris is a member of Danish Venture Capital and Private Equity Association (DVCA) and thus endorses the directions stated in DVCA's guidelines. See also www.DVCA.dk for further information.

Management's review

The Company's principal activities

The Company's principal activity is to operate stores selling and renting out baby equipment and selling products for mothers and children. In addition, BabySam operates a webshop, www.babysam.dk, selling baby equipment to meet the customers' need to shop at all hours of the day.

BabySam imports a significant part of its product range of baby articles and also owns Odder Barnevognsfabrik, which manufactures baby prams for the Danish market.

Part of BabySam's revenue stems from sales to municipal and private day-care institutions in Denmark.

History

Before BabySam was grouped in a capital chain, the chain consisted of a number of independent stores. They were typically family-owned and operated based on the owner's passion for baby equipment. In 2008, the stores were grouped under the common name BabySam and through acquisition were gathered under the ownership of Polaris and AAC. This ownership structure is still in place.

Today, BabySam has 33 stores across Denmark. The stores are operated collectively as a chain from the head office in Rødovre. Moreover, BabySam has its own webshop, BabySam.dk. In addition to providing customers with easy shopping, the website contains information on BabySam, stories as well as tips and tricks, and where customers can find the nearest BabySam store.

Moreover, BabySam owns Odder Barnevognsfabrik A/S. For more than 90 years, the company has manufactured quality baby prams and provides some of the most popular baby prams in Denmark. BabySam is exclusive distributor of products from Odder Barnevognsfabrik A/S.

Finally, BabySam engages in business-to-business sales (B2B) and is among the largest suppliers to public institutions and the day-care sector.

BabySam's products

BabySam carries a market-leading product range with top-of-the-line international and Danish brands as well as a strong portfolio of own brands, including Odder, Holly's, BeKids and Scandia.

BabySam's employees

One of the keys to our success is the honest and professional guidance we provide, and we are honoured by the confidence our customers show us. This is only possible thanks to our dedicated employees' work, their interest in our customers and their highly professional skill set. Consequently, continuing training, development and regular customer satisfaction surveys are important parts of our DNA. In the financial year, BabySam A/S had more than 165,000 service reviews across the 33 stores and obtained an average score of 4.6 of 5. The positive reviews account for 91%.

At BabySam, we make a point of rewarding our employees for their skills and dedication. Thus, the majority of our store managers have been recruited via internal development and promotions. This ensures continuity, stability and professional expertise and guidance at a consistently high level. We appreciate that our employees develop throughout their career with us, and we prefer to recruit from internal ranks when filling management positions. Again in 2018/19, we filled many of our vacant management positions via internal recruitment. We are proud of this continuity, and we expect it to continue.

BabySam's Management and central functions are located in Rødovre. At the end of the financial year in September 2019, we had 284 employees. It is 9 employees more than at the same time in the previous year.

Management's review

Financial review

Development in activities and financial matters

BabySam has seen a decline in the number of newborns in the year under review. In spite of this fact, BabySam's growth has been considerable.

The Company's revenue totalled DKK 534 million in the financial year. (2017/18: DKK 500 million).

BabySam realised growth in revenue of 7%. Based on price trends in the retail market in general and the development in the number of newborns specifically, BabySam has won significant market shares again this year. Growth mainly relates to organic growth in the physical stores as well as in the web shop.

Profit before depreciation and amortisation, net financials and tax (EBITDA) amounted to DKK 5.8 million. This year, several initiatives were launched, including scaling of inventories for our web shop and development of the technological platform. This entailed non-recurring costs totalling DKK 8.2 million. Normalised EBITDA thereby total DKK 14 million.

Development in earnings did not fully live up to expectations for the financial year, which primarily relates to a decline in B2B sales. Consequently, an impairment write-down was made of the booked tax assets totalling DKK 5.9 million.

At year end, the Company's assets amounted to DKK 251 million, and equity amounted to DKK 141 million.

Central events in the year

BabySam increased revenue to DKK 534 million in 2018/19. The increase amounts to 7% compared to the previous financial year and is attributable to the sales increase in the B2C market, i.e. stores and the web shop. The positive development entailed a normalised EBITDA of DKK 14 million. Investments were made in the year in an aggressive price strategy to consolidate BabySam's market position.

BabySam increased its market share further in the financial year. The growth is attributable to an increased level of activity in the stores and a strengthened effort online, where growth increased considerably. The increased online growth implied an increase in the click & collect online orders, and thereby increased the number of customers who visit the stores. This emphasises the importance of BabySam's omnichannel strategy.

The acquisition of 3 Ønskebørn stores will have a positive impact on our market share in 2019/2020. BabySam's webshop continued its progress in the financial year and, together with the stores, created a more integrated shopping experience for our customer. The development of the webshop is a big help for parents of small children as well as grandparents, who either find it difficult to find time for both childcare and shopping or who just prefer to shop online independent of opening hours.

BabySam reported a stagnation in the sale to professional customers (B2B), in particular the municipalities and the day-care sector. BabySam offers this market special Odder models, bicycles, furniture and a range of baby textiles and toys. The B2B market developed negatively following a historical positive 2017/18 with large one-off orders to a few municipalities. The Company expects to report revenue and earnings for 2019/2020 in line with 2018/19.

In this financial year, BabySam's Management continued its focus on executing our future strategy, the positive commercial development and investment in technology and infrastructure, including:

- Scaling of our inventory for the web shop to continued future growth.
- Development of an exclusive agreement with the strong French toy brand Oxybull.
- Launch of the Odder Vida baby pram, which based on a strong Danish historical brand, represents outstanding design and functionality for the modern baby pram.
- Preparation of a new technological platform, which was put into operation in the autumn of 2019.

Management's review

Non-financial matters

Corporate Governance

The principal owners, Polaris Private Equity and AAC Capital, are both represented on the Board of Directors.

The Board of Directors held seven board meetings during the financial year, including two telephone conferences. A number of meetings were also held on other topics.

The Group Management prepares monthly financial reports and regularly follows up on identified deviations from either expected or budgeted levels. Inventory counts are carried out once or twice annually in all stores to ensure that the inventory value has been determined correctly. Moreover, local counts are carried out if deemed necessary. For the purpose of managing and following up on liquidity, periodic cash budgets are prepared based on current expectations for sales and estimated movements in inventories and creditors. The development in sales and gross profit is monitored on a daily and weekly basis.

Audit Committee

There is no Audit Committee due to BabySam's modest size and complexity.

Whistle-blower

The Board of Directors has discussed the need for a whistle-blower arrangement and assessed that this is not necessary at the moment.

Financial risks

At 30 September 2019, the Company's cash totalled DKK 35 million.

The Company therefore has no direct major risks in the event that the lending rate increases. However, the Company is affected by the impact of any interest rate changes on the purchasing behaviour of its customers.

The cash resources are therefore in place for the continued operation and development of the individual business areas. In 2019/20, investments will still be made in the development of BabySam's digital and technological ambitions and upgrading of existing stores. Any additional investments must be financed through working capital optimisation.

BabySam will carry out the relocations and new establishments deemed necessary to improve earnings in our stores and in the web shop.

Statutory CSR report

CSR

BabySam are working continuously to ensure The Good Childhood through responsible practices. It is BabySam's policy that products that are sold in all business areas must be manufactured under sustainable conditions – from an environmental, climate, human rights, social, employee and anti-corruption perspective.

Management's review

Human rights

As BabySam purchases a range of products from suppliers across the globe, there is a risk that some suppliers in certain countries cannot live up to accepted international human rights conventions. BabySam has incorporated a requirement in its new supplier agreements entered into in 2018 and 2019 for compliance with human rights in their cooperation agreements. This ensures that products that are sold in BabySam are manufactured under sustainable conditions – from an environmental, climate and human rights perspective. Suppliers and partners must guarantee that they live up to the law within their product areas and at a minimum live up to Danish and EU legislation. This is to ensure that national legislation and legislation within the specific product area is met. Moreover, the suppliers are also encouraged to comply with The 10 Global Compact Principles by the United Nations. This requirement is included in BabySam's Code of Conduct.

Environment and climate

The most significant risks of a negative climate impact relate to the energy consumed for the operation of our stores and that the life cycles of the products sold are as long as possible. Waste treatment in relation to the products sold, in particular the cardboard and plastic used for transportation purposes from our suppliers to the stores has a negative impact on the environment.

Therefore, BabySam introduced a new procedure for waste treatment on 1 June 2019. This means that we now sort our plastic in order to reuse it instead of burning is and that our waste containers, to the extent possible, are only collected by waste carriers when they are full. We asses that we thereby have reduced our CO2 emission level by 10-15%. As of 1 February 2019, free plastic bags are no longer offered in our stores, which has reduced the use of plastic bags by approx 80%.

We have expanded our cooperation with Mødrehjælpen to contribute to increased reuse of the products sold in BabySam's stores and have thereby reduced our climate impact relating to unnecessary production. Clothes, toys and other articles collected in our stores are donated to the local Mødrehjælpen shop. This ensures that Mødrehjælpen has specific places where they can collect donations for their shops. We also ensure that these articles are reused and their life cycle is extended so they can bring more joy instead of being throw away.

BabySam continuously strives at reducing the energy consumed for operating the stores. In 2018/19, the common lighting in the stores was replaced by LED as part of the continuing exchange of light sources.

Social and staff matters

The most significant risk of a negative impact on social and staff matters relate to the employees' welfare both physically and psychologically.

To ensure that the employees know when they are successful, and thereby how to avoid stress, it is extremely important to develop our employees' skills. In 2018/19, BabySam launched a digital platform, which includes training, description of procedures, coming work tasks, etc. All employees are granted access to this platform. Precise and targeted communication is thereby ensured to the individual employees of expectations and requirements, which contributes to less stress and thereby increased welfare.

To contribute to a positive development of the employees' physical welfare, a section on healthiness has been incorporated in the digital communication platform. Here the employees may read about health-promoting initiatives and get help e.g. to smoking cessation, stress handling, etc.

Management's review

Anti corruption

BabySam does not tolerate any kind of corruption and bribery; however, as we work and make purchases across borders and cultures, there is a risk that our employees will experience situations involving corruption, bribery or questions surrounding so-called facilitating payments, etc.

All new employees were informed of our guidelines in 2018/19.

The Company has not reported any breaches of business ethics behaviour or corruption in 2018/19.

Ambitions for 2019/20

It is BabySam's ambition to continue and expand our work with social responsibility in 2019/20. The specific initiatives will among other include:

Environment and climate

BabySam expects to continue and strengthen the cooperation surrounding a reduction of our carbon footprint and the use of plastic. We expect thereby to increase the reduction even further in 2019/20.

Social and staff matters

In 2019/20, we will perform job satisfaction surveys to identify areas for further improvement of our employees' welfare. We expect this to result in targeted training courses for all managers where focus on good leadership should lead to less absence due to illness and poor leadership.

Anti corruption

In 2019/20, the Group will introduce a practice according to which the Group's business ethics, including policies in relation to gifts and entertainment are presented to all new employees in connection with their employment.Moreover, it is ensured by means of standardised requirements for all new suppliers that the individual employee cannot single-handedly approve a business relation which does not live up to those requirements.

Report on the gender composition of Management

Candidates for the Board of Directors of Samba Feeder A/S are assessed based on identical criteria – regardless of their gender. Candidates are first and foremost selected based on their qualifications, and the Board of Directors aims to make sure that both women and men have equal opportunities to come forward as board candidates. The Board of Directors currently consists of 4 men and no women. The target is a 50/50 gender distribution no later than in 2022. The stability of the Board of Directors entails that there is no desire to change the composition in the short term. Therefore, the target was not met in 2019.

As a holding company, Samba Feeder A/S does not have any management levels other than the Executive Board and the Board of Directors.

BabySam's management consists of the Executive Board, key management personnel and store managers. It is BabySam's policy that all management positions should be filled by the best qualified candidates. At the same time, efforts are made to promote equal gender distribution in management positions. Efforts are made to ensure, where possible, that there is at least one male and one female candidate among the top three candidates for new management positions.

In the financial year, the ratio of women in management positions remained unchanged, corresponding to approx. 55% of all management positions. The gender composition of the Executive Board also remained unchanged as all the members were men.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the Group's financial position.

Management's review

Outlook

Based on the latest prognoses from Statistics Denmark, the number of newborns is expected to increase in the coming year.

The ongoing changes in BabySam's store structure, implementation of new technology, the employees' hard work and continuing professionalisation of the commercial processes at head office are expected to increase the numbers of customers, sales and earnings even further.

Changes to the technological infrastructure will create an actual omnichannel for BabySam. This will give the customers a better overall experience in the stores as well as online while the suppliers will be able to present an even better range of products.

In the coming year, the cooperation with BabySam's suppliers will be focused on creating even closer relationships, on introducing more new and unique products, on streamlining trading and on improving trading terms in general.

All in all, the Company expects that revenue and earnings will improve in the coming year compared to 2018/19.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Income statement

Note	DKK'000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
4	**Revenue**	534,097	499,506	0	0
	Cost of sales	-327,963	-289,081	0	0
5	Other operating income	462	398	0	0
	Other external expenses	-87,348	-81,638	-98	-61
	Gross profit	119,248	129,185	-98	-61
6	Staff costs	-113,406	-103,894	0	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-10,984	-8,872	0	0
	Profit/loss before net financials	-5,142	16,419	-98	-61
	Income from investments in group enterprises	0	0	-6,498	7,033
7	Financial income	27	298	0	0
8	Financial expenses	-844	-579	-7	-7
	Profit/loss before tax	-5,959	16,138	-6,603	6,965
9	Tax for the year	-4,907	-3,934	23	600
	Profit/loss for the year	-10,866	12,204	-6,580	7,565
	Specification of the Group's profit/loss for the year:				
	Shareholders in Samba Feeder A/S	-6,580	7,565		
	Non-controlling interests	-4,286	4,639		
		-10,866	12,204		

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Balance sheet

		Group		Parent company	
Note	DKK'000	2018/19	2017/18	2018/19	2017/18
	ASSETS				
	Fixed assets				
10	**Intangible assets**				
	Completed development projects	5,219	914	0	0
	Rights and software	24,178	13,350	0	0
	Goodwill	156	408	0	0
	Development projects in progress	0	1,547	0	0
		29,553	16,219	0	0
11	**Property, plant and equipment**				
	Land and buildings	8,835	9,069	0	0
	Plant and machinery	2,605	318	0	0
	Fixtures and fittings, other plant and equipment	19,813	22,678	0	0
	Leasehold improvements	7,755	8,576	0	0
		39,008	40,641	0	0
12	**Investments**				
	Investments in group enterprises	0	0	85,868	92,366
	Other receivables	7,129	7,089	0	0
		7,129	7,089	85,868	92,366
	Total fixed assets	75,690	63,949	85,868	92,366
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	962	1,037	0	0
	Work in progress	1,107	855	0	0
	Finished goods and goods for resale	98,639	86,585	0	0
	Prepayments for goods	490	1,042	0	0
		101,198	89,519	0	0
	Receivables				
	Trade receivables	8,758	9,387	0	0
	Receivables from group enterprises	0	0	533	404
	Receivables from associates	25	25	0	0
15	Deferred tax assets	23,863	28,768	95	471
	Corporation tax receivable	0	0	399	129
	Other receivables	3,300	3,890	0	0
13	Prepayments	3,121	1,935	0	0
		39,067	44,005	1,027	1,004
	Cash	35,201	65,986	1,307	1,391
	Total non-fixed assets	175,466	199,510	2,334	2,395
	TOTAL ASSETS	251,156	263,459	88,202	94,761

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Balance sheet

		Group		Parent company	
Note	DKK'000	2018/19	2017/18	2018/19	2017/18
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	2,890	2,890	2,890	2,890
	Net revaluation reserve according to the equity method	0	0	67,668	74,166
	Retained earnings	85,241	91,821	17,573	17,655
	Shareholders in Samba Feeder A/S' share of equity	88,131	94,711	88,131	94,711
	Non-controlling interests	52,914	57,200	0	0
	Total equity	141,045	151,911	88,131	94,711
	Provisions				
	Other provisions	90	90	0	0
17	**Total provisions**	90	90	0	0
	Liabilities other than provisions				
16	**Non-current liabilities other than provisions**				
	Mortgage debt	1,519	1,867	0	0
	Other payables	320	0	0	0
		1,839	1,867	0	0
	Current liabilities other than provisions				
16	Short-term part of long-term liabilities other than provisions	350	371	0	0
	Bank debt	56	0	0	0
	Prepayments received from customers	6,406	6,958	0	0
	Trade payables	80,091	78,210	71	50
	Payables to associates	0	231	0	0
	Other payables	21,279	23,821	0	0
		108,182	109,591	71	50
	Total liabilities other than provisions	110,021	111,458	71	50
	TOTAL EQUITY AND LIABILITIES	251,156	263,459	88,202	94,761

1 Accounting policies
2 Uncertainty related to recognition and measurement
3 Special items
18 Contractual obligations and contingencies, etc.
19 Collateral
20 Related parties
21 Fee to the auditors appointed by the Company in general meeting

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Statement of changes in equity

Note	DKK'000	Group				
		Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	Equity at 1 October 2017	2,890	84,256	87,146	52,561	139,707
	Transfer through appropriation of profit	0	7,565	7,565	4,639	12,204
	Equity at 1 October 2018	2,890	91,821	94,711	57,200	151,911
	Transfer through appropriation of loss	0	-6,580	-6,580	-4,286	-10,866
	Equity at 30 September 2019	2,890	85,241	88,131	52,914	141,045

Note	DKK'000	Parent company			
		Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 October 2017	2,890	67,133	17,123	87,146
22	Transfer, see "Appropriation of profit/loss"	0	7,033	532	7,565
	Equity at 1 October 2018	2,890	74,166	17,655	94,711
22	Transfer, see "Appropriation of profit/loss"	0	-6,498	-82	-6,580
	Equity at 30 September 2019	2,890	67,668	17,573	88,131

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Cash flow statement

Note	DKK'000	Group 2018/19	Group 2017/18
	Profit/loss for the year	-10,866	12,204
23	Adjustments	16,708	13,090
	Cash generated from operations (operating activities)	5,842	25,294
24	Changes in working capital	-12,771	278
	Cash generated from operations (operating activities)	-6,929	25,572
	Interest received, etc.	27	298
	Interest paid, etc.	-844	-580
	Cash flows from operating activities	-7,746	25,290
	Additions of intangible assets	-17,059	-12,112
	Disposals of intangible assets	425	0
	Additions of property, plant and equipment	-6,051	-11,924
	Change in other long-term receivables (deposits)	-40	1,069
	Cash flows to investing activities	-22,725	-22,967
	Repayments, debt to credit institutions	-370	-323
	Cash flows from financing activities	-370	-323
	Net cash flow	-30,841	2,000
	Cash and cash equivalents at 1 October	65,986	63,986
25	**Cash and cash equivalents at 30 September**	35,145	65,986

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies

The annual report of Samba Feeder A/S for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the parent company, Samba Feeder A/S, and subsidiaries in which Samba Feeder A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates; see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Non-controlling interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

External business combinations

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains and losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of entities are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired entity in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 **Accounting policies (continued)**

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired entities, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired entities can be adjusted until the end of the year following the year of acquisition.

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc. involving entities controlled by the Parent Company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in equity. Moreover, comparative figures for previous financial years are restated.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Rental income is recognised in revenue when the income can be measured reliably and payment is expected to be received.

Other operating income

Other operating income comprises items of a secondary nature relative to the Company's core activities, including gains on the disposal of intangible assets and property, plant and equipment.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Rights and software	7 years
Goodwill	5 years

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 **Accounting policies (continued)**

The amortisation period for acquired IP rights is 7 years. The investment horizon of the Group's IT system, including software, is 7 years, and an amortisation period of 5 years is therefore not considered fair.

Land and buildings	50 years
Plant and machinery	5 years
Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries and associates is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

The item includes dividend received from subsidiaries.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses as well as surcharges and refunds under the on-account tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets include goodwill, rights and software as well as development projects.

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Group intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and machinery and fixtures and fittings, tools and equipment as well as leasehold improvements.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is calculated based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Gains and losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

Investments in subsidiaries and associates are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be adopted before the approval of the annual report of Samba Feeder A/S are not recognised in the net revaluation reserve.

On acquisition of subsidiaries, the acquisition method is applied; see External business combination above.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Cash

Cash at bank and in hand comprise cash balances and deposits with banks.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated costs related to warranties.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience.

The provision is recognised in costs of goods sold.

Income taxes

Samba Feeder A/S is the administrative company for the joint taxation with group entities.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Joint taxation contribution receivable and payable is recognised in the balance sheet as corporation tax receivable or corporation tax payable, respectively.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Leases in respect of which the entity does not bear all significant risks and enjoy all significant benefits associated with the title to the assets are considered operating leases. Payments under operating leases are recognised in the income statement over the term of the lease.

Prepayments received from customers

Prepayments received from customers comprise deposits, prepayments and payable gift vouchers. Prepayments received from customers are recognised at cost. Commitments relating to gift vouchers are recognised in revenue as they are used or expire.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$

Normalised EBITDA

Normalised EBITDA, as disclosed in the Management's review, comprise operating profit before amortisation, depreciation and impairment losses and adjusted for special items.

Special items

Special items comprise significant income and expenses of a special nature relative to the Group's revenue generating operating activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating thereto and which over time are of significant importance. Special items also comprise significant one-off items that, in the opinion of Management, do not form part of the Group's operating activities.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

2 Uncertainty related to recognition and measurement

The Group has recognised a deferred tax assets of DKK 23,863 thousand. The deferred tax asset is based on previous years' tax loss carryforwards in Denmark. The measurement of the tax asset is based on Management's expectations of future results and thereby the possibility of utilising the tax loss. The measurement of the tax assets is subject to uncertainty as the utilisation of the tax losses is highly dependent on the Company's future earnings on the existing product groups.

3 Special items

Group

As disclosed in the Management's review, the profit for the year is affected by several matters that, in the opinion of the Board of Directors, do not form part of the operating activities.

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

	Group		Parent company	
DKK'000	2018/19	2017/18	2018/19	2017/18
Expenses				
Technological improvements	-2,332	-1,439	0	0
Structural changes	0	-1,173	0	0
Ongoing sales process	-1,406	-4,798	0	0
Inventory transfer	-2,553	0	0	0
Outsourcing of payroll administration	-141	0	0	0
Severance pay for terminated employees	-1,761	0	0	0
Impairment of deferred tax	-5,895	0	0	0
	-14,088	-7,410	0	0
Special items are recognised in the below items of the financial statements				
External costs	-4,922	-7,410	0	0
Staff costs	-3,271	0	0	0
Tax for the year	-5,895	0	0	0
Net profit/loss on special items	-14,088	-7,410	0	0

4 Segment information

The Company has not disclosed the breakdown of revenue by geographical and business segments, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that such disclosure could be highly detrimental to the Company. The reason is that the Group's revenue is generated in full in Denmark and within the same segment (sale and rent of baby equipment and sale of products for mother and child).

	Group		Parent company	
DKK'000	2018/19	2017/18	2018/19	2017/18
5 Other operating income				
Accommodation contributions	395	398	0	0
Other operating income	67	0	0	0
	462	398	0	0

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

		Group		Parent company	
	DKK'000	2018/19	2017/18	2018/19	2017/18
6	**Staff costs**				
	Wages/salaries	101,744	92,845	0	0
	Pensions	7,400	7,421	0	0
	Other social security costs	3,933	3,586	0	0
	Other staff costs	329	42	0	0
		113,406	103,894	0	0
	Average number of full-time employees	284	275	0	0
	Remuneration to members of Management:				
	Executive Board	3,402	4,839	0	0
	Board of Directors	550	350	0	0
		3,952	5,189	0	0

Parent company

Total remuneration to Management: DKK 0 (2017/18: DKK 0)

7	**Financial income**				
	Exchange gain	27	298	0	0
		27	298	0	0
8	**Financial expenses**				
	Mortgage interest	39	46	0	0
	Exchange losses	341	238	0	0
	Other financial expenses	464	295	7	7
		844	579	7	7
9	**Tax for the year**				
	Estimated tax charge for the year	0	0	-399	-129
	Deferred tax adjustments in the year	4,907	3,934	376	-471
		4,907	3,934	-23	-600

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

10 Intangible assets

	Group				
DKK'000	Completed development projects	Rights and software	Goodwill	Development projects in progress	Total
Cost at 1 October 2018	3,627	33,531	531,099	1,547	569,804
Additions	3,346	13,713	0	0	17,059
Disposals	0	-16,691	0	0	-16,691
Transferred	1,547	0	0	-1,547	0
Cost at 30 September 2019	8,520	30,553	531,099	0	570,172
Impairment losses and amortisation at 1 October 2018	2,713	20,181	530,691	0	553,585
Amortisation for the year	588	2,885	252	0	3,725
Reversal of accumulated amortisation and impairment of assets disposed	0	-16,691	0	0	-16,691
Impairment losses and amortisation at 30 September 2019	3,301	6,375	530,943	0	540,619
Carrying amount at 30 September 2019	5,219	24,178	156	0	29,553

Completed development projects include development and test of new baby pram models within the Odder assortment. In August 2019, the Company completed a new product range, which is amortised over five years.

Management has high expectations of the market potential of the newly developed ranges, which are expected to increase sales and contribution margin in the coming year. The capitalised costs primarily consist of internal expenses in the form of payroll costs, which are recorded as development progresses.

Management has not identified any indication of impairment in relation to the carrying amount.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

11 Property, plant and equipment

	Group				
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 October 2018	16,457	7,150	82,985	22,800	129,392
Additions	51	2,456	2,982	562	6,051
Disposals	0	0	-48,550	-10,732	-59,282
Cost at 30 September 2019	16,508	9,606	37,417	12,630	76,161
Impairment losses and depreciation at 1 October 2018	7,388	6,832	60,307	14,224	88,751
Depreciation	285	169	5,422	1,383	7,259
Reversal of accumulated depreciation and impairment of assets disposed	0	0	-48,125	-10,732	-58,857
Impairment losses and depreciation at 30 September 2019	7,673	7,001	17,604	4,875	37,153
Carrying amount at 30 September 2019	8,835	2,605	19,813	7,755	39,008

Note 19 provides more details on security for loans, etc. as regards property, plant and equipment.

12 Investments

	Group
DKK'000	Other receivables
Cost at 1 October 2018	7,089
Additions	40
Cost at 30 September 2019	7,129
Carrying amount at 30 September 2019	7,129

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

12 Investments (continued)

DKK'000	Parent company Investments in group enterprises
Cost at 1 October 2018	18,200
Cost at 30 September 2019	18,200
Value adjustments at 1 October 2018	74,166
Profit/loss for the year	-6,498
Value adjustments at 30 September 2019	67,668
Carrying amount at 30 September 2019	85,868

In the carrying amount, internal profit on the sale of BabySam A/S to BaSa Holding A/S has been adjusted by DKK 2,239 thousand. Furthermore, elimination of unrealised internal profit on inventory has been adjusted.

Liquidation and distribution preference

In case of liquidation of BaSa Holding A/S, capital reduction or another type of distribution, the holders of A shares in BaSa Holding A/S are entitled to a priority dividend distribution up to a predetermined amount. In addition to the priority distribution, all distributions must be proportionate between the holders of A and B shares in BaSa Holding A/S based on a mutual agreement.

Parent company

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
BaSa Holding A/S, Co. BabySam A/S	Rødovre	70.20%	141,022	-10,785

13 Prepayments

Group

Prepayments include expenses primarily rent, relating to subsequent financial years.

14 Share capital

The parent's share capital has remained DKK 2,890 thousand over the past 5 years.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

DKK'000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
15 Deferred tax				
Deferred tax at 1 October	-28,768	-32,702	-471	0
Adjustment of deferred tax	-990	3,934	376	-471
Write-down of deferred tax assets	5,895	0	0	0
Deferred tax at 30 September	-23,863	-28,768	-95	-471
Deferred tax relates to:				
Intangible assets	-7,432	-6,249	0	0
Property, plant and equipment	-7,919	-6,323	0	0
Receivables	-806	-952	0	0
Tax loss	-13,601	-15,244	-95	-471
Write-down to net realisable value	5,895	0	0	0
	-23,863	-28,768	-95	-471

At 30 September 2019, the Group has recognised tax assets of DKK 23,863 thousand (2017/18: 28,768 thousand) after write-down of DKK 5,895 thousand in the year. Based on budgets and forecasts, Management has assessed that the recognised deferred tax assets can be offset against tax on future earnings within 5 years.

16 Non-current liabilities other than provisions

DKK'000	Group Total debt at 30/9 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	1,869	350	1,519	288
Other payables	320	0	320	0
	2,189	350	1,839	288

17 Provisions

Group

Other provisions comprise provisions for warranty commitments, totalling DKK 90 thousands. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is two years.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

18 Contractual obligations and contingencies, etc.

Other contingent liabilities

	Group		Parent company	
DKK'000	2018/19	2017/18	2018/19	2017/18
Rent and lease obligations	73,655	89,855	0	0
	73,655	89,855	0	0

Parent company

The Parent Company is jointly taxed with the Danish subsidiaries. As the administration company, together with the subsidiaries, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes in the joint taxation unit as of and for the income year 2013.

Rent and lease obligations include rent obligations totalling DKK 70,785 thousand in non-cancellable tenancy agreements with remaining contract periods of up to 7 years. Furthermore, obligations relating to operating lease commitments for cars total DKK 2,870 thousand with remaining contract periods of up to 5 years.

19 Collateral

Group

Land and buildings with a carrying amount of DKK 8,835 thousand at 30 September 2019 (2017/18: DKK 9,069 thousand) have been provided as collateral for mortgages and bank loans of DKK 1,869 thousand (2017/18: DKK 2,239 thousand).

Bank guarantees totalling DKK 10,745 thousand (2017/18: DKK 8,101 thousand) have been provided as collateral for rent liabilities, etc.

At 30 September 2019, receivables, inventories and property, plant and equipment of DKK 8,500 thousand (2017/18: 8,500 thousand) were provided as collateral for bank guarantees.

20 Related parties

Group

Samba Feeder A/S' related parties comprise the following:

Significant influence

Related party	Domicile	Basis for significant influence
P-BS 2008 A/S	Copenhagen	50% of the share capital
Golden Eye A/S	Copenhagen	50% of the share capital

Related party transactions

Samba Feeder A/S has not had transactions with related parties in 2018/19.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

DKK'000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
21 Fee to the auditors appointed by the Company in general meeting				
Total fees to EY	364	353	77	75
Statutory audit	283	274	29	29
Tax assistance	29	27	8	7
Other assistance	52	52	40	39
	364	353	77	75

DKK'000	Parent company 2018/19	Parent company 2017/18
22 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Net revaluation reserve according to the equity method	-6,498	7,033
Retained earnings/accumulated loss	-82	532
	-6,580	7,565

DKK'000	Group 2018/19	Group 2017/18
23 Adjustments		
Amortisation/depreciation and impairment losses	10,984	8,872
Gain/loss on the sale of non-current assets	0	26
Financial income	-27	-298
Financial expenses	844	579
Tax for the year	4,907	3,934
Change in provisions	0	-23
	16,708	13,090
24 Changes in working capital		
Change in inventories	-11,679	-6,142
Change in receivables	32	-1,873
Change in prepayments and trade and other payables	-1,124	8,293
	-12,771	278
25 Cash and cash equivalents at year-end		
Cash according to the balance sheet	35,201	65,986
Short-term debt to banks	-56	0
	35,145	65,986

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"By my signature I confirm all dates and content in this document."

Niels-Christian Worning
CEO
On behalf of: Samba Feeder A/S
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2020-02-27 07:18:18Z
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Niels-Christian Worning
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Serial number: PID:9208-2002-2-714648032139
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JOHAN BJURSTRÖM
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