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NORDIC HOUSEWARE GROUP A/S

Skodsborgvej 315
2850 Nærum
Central Business Registration No 31479363

Annual report 2018

The Annual General Meeting adopted the annual report on 21.05.2019

Chairman of the General Meeting

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Name: Theis Bruun

Contents

Entity details

Entity
NORDIC HOUSEWARE GROUP A/S
Skodsborgvej 315
2850 Nærum

Central Business Registration No (CVR): 31479363
Registered in: Rudersdal
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Morten Pitzner, chairman
Torben Golsche Knappe
Jacob Andersen

Executive Board
Jacob Andersen, CEO
Theis Bruun

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of NORDIC HOUSEWARE GROUP A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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

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

Nærum, 21.05.2019

Executive Board

Jacob Andersen CEO	Theis Bruun

Board of Directors

Morten Pitzner chairman	Torben Golsche Knappe	Jacob Andersen

Independent auditor's report

To the shareholders of NORDIC HOUSEWARE GROUP A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of NORDIC HOUSEWARE GROUP A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

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

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

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

Independent auditor's report

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

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Copenhagen, 21.05.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

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

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights				
Key figures				
Revenue	413.300	382.832	336.468	340.273
Gross profit/loss	94.628	98.972	87.564	74.870
Operating profit/loss	18.237	26.788	19.701	2.424
Net financials	(5.816)	(8.512)	(9.526)	(571)
Profit/loss for the year	9.569	14.155	7.680	1.606
Profit/loss for the year excl minority interests	9.569	14.155	7.680	1.606
Total assets	312.453	260.386	256.790	243.469
Investments in property, plant and equipment	13.870	12.858	14.027	16.917
Equity	70.150	70.355	57.633	51.975
Equity excl minority interests	70.150	70.355	57.633	51.975
Ratios				
Return on equity (%)	13,6	22,1	14,0	3,1
Equity ratio (%)	22,5	27,0	22,4	21,3

The Group was established in 2015.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests x 100}}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company’s primarily activity is to provide management services and to function as shared service center for the two subsidiaries, Plast Team A/S and ROOM Copenhagen A/S.

Plast Team:

The company’s activity is production and marketing of household plastic products. The company’s products are primarily sold in the Nordic Countries and the rest of Europe.

ROOM Copenhagen:

The company’s activity is to design, produce and distribute high quality designer products under licensed and/or own brands. The company’s range of products are sold in Europe, North America, Latin America, Middle East, Australia, New Zeeland and certain countries in Asia.

Development in activities and finances

In the financial year 2018, the Group realized revenues of DKK 413,300k compared to DKK 382,832k prior year.

The Group realized a gross profit DKK 94,628k and realized an EBITDA of DKK 33,076k. The result after tax of DKK 9,569k is considered satisfactory.

During the Due Dilligence process for preparing the Company for sale, it has come to Management’ attention that some of the Company’s property plant and equipment, other receivables and inventories have not been written down to the correct amounts. As a consequence, Management of the Company has made an accounting write-down of the assets. The accounting write-down has been recognized directly in equity in 2018.

Comparative figures of the Company have been restated accordingly, which have affected property, plant and equipment negatively by DKK 6,645K other receivables negatively by DKK 1,705k, inventories negatively by DKK 800k, the tax asset positively by DKK 2,012k and equity negatively by DKK 7,136k.

Capital resources

The capital resources are adequate to support the activity plan for the Group for the forthcoming years.

Particular risks

Business risks

The Group’s primary operating risk relates to the market prices of granular plastics which have great impact on the Group’s earnings capacity. The Group monitors this development closely in order to act to significant changes in cost.

Financial exposure

Due to its operations, investments and financing, the Group is exposed to changes in exchange rates and interest level. The parent company controls the financial risks of the Group centrally and coordinates the Group’s cash management, including placement of funds. The Group pursues a financial policy operating with a low risk profile. Exchange rate, interest rate and credit risks arise only based on commercial circumstances.

Management commentary

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

Environmental performance
Nordic Houseware Group is aware of the general societal focus on optimizing environmental conditions and the Company is working continuously to reduce the environmental impacts from the Group's operations.

Nordic Houseware Group continuously verify that suppliers and factories are in compliance with environmental requirements.

Statutory report on corporate social responsibility
Our focus on corporate social responsibility is connected to our business model. For a description of our business model, please refer to the section on primary activities on page 7.

Nordic Houseware Group focuses on performing and enhancing its efforts relating to the Group's corporate ethical, social and environmental responsibility.

Nordic Houseware Group is compliant to all legal requirements in relation to social and environmental considerations, human rights and the fight against corruption and in the process of finalizing the group CSR policy.

It is management's assessment that the efforts within employees and working conditions, environmental issues and food security have been successful.

Employees and working environment
The primary risk in this area is if employees are not motivated and if we do not have a pleasant work environment. The consequence may be that we are not able to attract or retain employees.

By way of their knowhow, network and competences, the Nordic Houseware Group employees are a significant competitive factor to the Group. Job satisfaction is therefore of great importance to the Group.

The Group has an open and clear staff policy accommodating diversity and development. Moreover, employees are offered benefits in order to improve their mental, physical and social welfare.

The Group also focuses continuously on improving working conditions and environment in the Group with a view to retain motivated employees and create a positive work environment. It is our conclusion that our efforts have contributed positively to our working environment in 2018.

Human rights
Our primary risk in relation to human rights could be if employees feel discriminated against and not treated fairly. The consequence may be that we are not able to attract or retain employees as well as im-

Management commentary

pact our reputation. We do not have a separate policy regarding human rights, as we have decided to follow the Danish state law and rules in this area. Furthermore, we are not aware of any breaches of human rights in the current year in Nordic Houseware Group.

Environment and climate
The primary risk regarding environment and climate is that our suppliers may not seek to lower their CO_2 emissions. This may impact our reputation, as clients and other stakeholders may perceive that we are not doing enough to minimize our impact on the environment.

Nordic Houseware Group cooperates with its suppliers on compliance with safety measures and focus on optimizing environmental conditions, including reduction of CO_2 emissions. All factories are subject to agreements which allow Nordic Houseware Group to perform audits at any time. It is our conclusion that our work has contributed positively to environment and climate in 2018.

Food safety
The primary risk regarding food safety is if our products could cause harm to consumers. This could have an impact on our reputation and the perceived safety of our products.

To ensure that the Group's products meet EU requirements for food safety, Nordic Houseware Group maintain a continuous test program for its products.

It is our conclusion that our work has contributed positively to food safety in the current year.

Anti-corruption and bribery
The primary risk is that employees may use gifts, payments or other means to illegally influence a clients or other stakeholders decision or vice versa. We have decided to follow the Danish state's rules and laws in this area. Therefore, we do not have a separate policy. We do, however, have a number of financial controls in place to mitigate the risk of illegal transactions. Furthermore, we are not aware of any breaches concerning bribery and corruption in Nordic Houseware Group in 2018

Statutory report on the underrepresented gender
At the end of December 2018, the gender balance of the Group showed 65% women and 35% men. The recent resignation of the previous Group CFO who was a woman, and a replacement recruited based on most qualified candidate that led to employment of a man, leads to a situation where there are now no women in the management team and no women on the Board of Directors.

In the Board of Directors, there are currently three male members. Nordic Houseware Group has set a target of 1 female member on the board by 2022. The target was not achieved in 2018. There was an election for the board. Male candidates were appointed for the board

At Nordic Houseware Group we believe that diversity in relation to age, sex and international experience strengthens the organization, lead to better decisions and creates better results. It is the long-term objective of the Group to develop and secure diversity on the Board of Directors and in the management team and therefore also to maintain a good balance between the genders, and continue to develop women to senior management positions.

Management commentary

Outlook

Management expects the Group to show positive development in profit before tax for 2019 based on continued focus on profitable business, launch of new products, customer gains and benefits captured from previously implemented initiatives.

Events after the balance sheet date

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

Consolidated income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Revenue	1	413.300	382.832
Cost of sales		(318.672)	(283.860)
Gross profit/loss		**94.628**	**98.972**
Staff costs	2	(38.149)	(38.054)
Depreciation, amortisation and impairment losses	3	(14.839)	(14.648)
Other operating expenses		(23.403)	(19.482)
Operating profit/loss		**18.237**	**26.788**
Other financial income	4	111	171
Other financial expenses	5	(5.927)	(8.683)
Profit/loss before tax		**12.421**	**18.276**
Tax on profit/loss for the year	6	(2.852)	(4.121)
Profit/loss for the year	7	**9.569**	**14.155**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Acquired licences		3.645	1.268
Goodwill		18.959	23.279
Intangible assets	8	**22.604**	**24.547**
Plant and machinery		68.724	72.074
Other fixtures and fittings, tools and equipment		885	1.157
Leasehold improvements		370	179
Property, plant and equipment in progress		5.698	4.017
Property, plant and equipment	9	**75.677**	**77.427**
Receivables from group enterprises		0	8.399
Deposits		500	1.624
Other receivables		0	3.641
Deferred tax	11	6.225	5.433
Fixed asset investments	10	**6.725**	**19.097**
Fixed assets		**105.006**	**121.071**
Raw materials and consumables		23.457	3.328
Manufactured goods and goods for resale		29.893	29.975
Inventories		**53.350**	**33.303**
Trade receivables		89.609	79.188
Receivables from group enterprises		20.778	10.989
Other receivables		24.949	12.073
Income tax receivable		1.659	0
Prepayments	12	2.591	1.089
Receivables		**139.586**	**103.339**
Cash		**14.511**	**2.673**
Current assets		**207.447**	**139.315**
Assets		**312.453**	**260.386**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital		500	500
Revaluation reserve		5.379	6.012
Retained earnings		64.271	63.843
Equity		**70.150**	**70.355**
Deferred tax	11	1.414	1.660
Provisions		**1.414**	**1.660**
Subordinate loan capital		0	5.501
Bank loans		21.800	8.589
Debt to other credit institutions		0	2.916
Non-current liabilities other than provisions	13	**21.800**	**17.006**
Current portion of long-term liabilities other than provisions	13	4.550	11.519
Bank loans		81.758	65.036
Trade payables		100.018	76.578
Payables to group enterprises		12.782	0
Income tax payable		911	1.961
Other payables		19.070	16.271
Current liabilities other than provisions		**219.089**	**171.365**
Liabilities other than provisions		**240.889**	**188.371**
Equity and liabilities		**312.453**	**260.386**
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	6.012	63.843	70.355
Corrections of material errors	0	0	(7.136)	(7.136)
Adjusted equity, beginning of year	**500**	**6.012**	**56.707**	**63.219**
Exchange rate adjustments	0	0	(2.517)	(2.517)
Other entries on equity	0	0	(121)	(121)
Transfer to reserves	0	(633)	633	0
Profit/loss for the year	0	0	9.569	9.569
Equity end of year	**500**	**5.379**	**64.271**	**70.150**

Consolidated cash flow statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Operating profit/loss		18.238	26.788
Amortisation, depreciation and impairment losses		14.838	14.648
Working capital changes	14	(22.368)	2.221
Other adjustments		0	(1.437)
Cash flow from ordinary operating activities		**10.708**	**42.220**
Financial income received		111	171
Financial expenses paid		(5.927)	(8.850)
Income taxes refunded/(paid)		(2.497)	(2.800)
Cash flows from operating activities		**2.395**	**30.741**
Acquisition etc of intangible assets		(3.307)	(72)
Acquisition etc of property, plant and equipment		(13.870)	(12.858)
Acquisition of fixed asset investments		0	(40)
Sale of fixed asset investments		13.439	0
Other cash flows from investing activities		1.299	0
Cash flows from investing activities		**(2.439)**	**(12.970)**
Loans raised		28.625	0
Repayments of loans etc		(30.800)	(10.965)
Cash flows from financing activities		**(2.175)**	**(10.965)**
Increase/decrease in cash and cash equivalents		**(2.219)**	**6.806**
Cash and cash equivalents beginning of year		(62.363)	(66.963)
Currency translation adjustments of cash and cash equivalents		(2.665)	(2.206)
Cash and cash equivalents end of year		**(67.247)**	**(62.363)**
Cash and cash equivalents at year-end are composed of:			
Cash		14.511	2.673
Short-term debt to banks		(81.758)	(65.036)
Cash and cash equivalents end of year		**(67.247)**	**(62.363)**

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
1. Revenue		
EU-countries	370.982	331.223
Other countries	42.318	51.609
	413.300	**382.832**

	2018 DKK'000	2017 DKK'000
2. Staff costs		
Wages and salaries	36.204	35.665
Pension costs	1.694	1.628
Other social security costs	2.976	2.779
Staff costs classified as assets	(2.725)	(2.018)
	38.149	**38.054**
Average number of employees	**109**	**109**

	2018 DKK'000	2017 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	4.806	4.579
Depreciation of property, plant and equipment	9.815	10.061
Profit/loss from sale of intangible assets and property, plant and equipment	218	8
	14.839	**14.648**

	2018 DKK'000	2017 DKK'000
4. Other financial income		
Other interest income	0	171
Exchange rate adjustments	111	0
	111	**171**

	2018 DKK'000	2017 DKK'000
5. Other financial expenses		
Other interest expenses	4.213	5.266
Exchange rate adjustments	0	143
Other financial expenses	1.714	3.274
	5.927	**8.683**

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
6. Tax on profit/loss for the year		
Current tax	612	3.605
Change in deferred tax	1.640	670
Adjustment concerning previous years	600	(154)
	2.852	**4.121**

	2018 DKK'000	2017 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	9.569	14.155
	9.569	**14.155**

	Acquired licences DKK'000	Goodwill DKK'000
8. Intangible assets		
Cost beginning of year	6.963	43.200
Transfers	1.856	0
Additions	1.448	0
Disposals	(600)	0
Cost end of year	**9.667**	**43.200**
Amortisation and impairment losses beginning of year	(5.695)	(19.921)
Amortisation for the year	(486)	(4.320)
Reversal regarding disposals	159	0
Amortisation and impairment losses end of year	**(6.022)**	**(24.241)**
Carrying amount end of year	**3.645**	**18.959**

Notes to consolidated financial statements

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	172.204	9.559	190	4.017
Exchange rate adjustments	(3.515)	(135)	0	(16)
Transfers	10.605	0	0	(12.461)
Additions	1.127	211	220	14.168
Disposals	(11.510)	(358)	0	(10)
Cost end of year	**168.911**	**9.277**	**410**	**5.698**
Revaluations beginning of year	23.986	0	0	0
Exchange rate adjustments	(631)	0	0	0
Revaluations end of year	**23.355**	**0**	**0**	**0**
Depreciation and impairment losses beginning of year	(124.116)	(8.402)	(11)	0
Exchange rate adjustments	2.939	124	0	0
Depreciation for the year	(9.320)	(466)	(29)	0
Reversal regarding disposals	6.955	352	0	0
Depreciation and impairment losses end of year	**(123.542)**	**(8.392)**	**(40)**	**0**
Carrying amount end of year	**68.724**	**885**	**370**	**5.698**
Carrying amount if asset had not been revalued	**63.345**	**-**	**-**	**-**

	Receivables from group enterprises DKK'000	Deposits DKK'000	Other receivables DKK'000	Deferred tax DKK'000
10. Fixed asset investments				
Cost beginning of year	8.399	1.624	3.641	5.433
Additions	0	0	0	792
Disposals	(8.399)	(1.124)	(3.641)	0
Cost end of year	**0**	**500**	**0**	**6.225**
Carrying amount end of year	**0**	**500**	**0**	**6.225**

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
11. Deferred tax		
Intangible assets	(2.200)	(2.405)
Property, plant and equipment	(4.160)	(2.694)
Inventories	87	263
Receivables	269	628
Provisions	162	0
Liabilities other than provisions	(421)	228
Tax losses carried forward	11.074	7.753
	4.811	**3.773**
Changes during the year		
Beginning of year	5.785	
Recognised in the income statement	2.852	
Recognised directly in equity	(3.826)	
End of year	**4.811**	
Deferred tax assets	6.225	5.433
Deferred tax liabilities	(1.414)	(1.660)
	4.811	**3.773**

12. Prepayments

Prepayments comprise prepaid expenses and royalties.

	Due within 12 months 2018 DKK'000	Due within 12 months 2017 DKK'000	Due after more than 12 months 2018 DKK'000
13. Liabilities other than provisions			
Subordinate loan capital	0	4.452	0
Bank loans	4.550	5.400	21.800
Debt to other credit institutions	0	1.667	0
	4.550	**11.519**	**21.800**

In addition, the Group has short-term bank debt of DKK 81,758k consisting of overdraft facilities.

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
14. Change in working capital		
Increase/decrease in inventories	(20.847)	5.767
Increase/decrease in receivables	(38.467)	(6.490)
Increase/decrease in trade payables etc	39.005	4.070
Other changes	(2.059)	(1.126)
	(22.368)	**2.221**

	2018 DKK'000	2017 DKK'000
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**5.419**	**16.071**

16. Contingent liabilities

The Group's Danish enterprises participate in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group's Danish enterprises are liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

17. Assets charged and collateral

Bank debt is secured by way of a general mortgage deed of DKK 180,815k.

Trade receivables of DKK 89,609k (2017: DKK 42,500k), long-term receivables of DKK 0k (2017: DKK 3,641k), inventories of DKK 53,350k (2017: DKK 33,303k) and property, plant and equipment of DKK 77,576 (2017: DKK 77,731k) pledged as security for bank debt.

18. Transactions with related parties

The following related parties have a controlling interest in the group:

Name	Registred office	Basis of influence
Axel Pitzner Fonden	Copenhagen	Parent company

Transactions with related parties are based on arm's length terms.

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Axel Pitzner Fonden, Copenhagen

Notes to consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Axel Pitzner Fonden, Copenhagen.

	Registered in	Corporate form	Equity interest %
20. Subsidiaries			
Plast Team A/S	Denmark	A/S	100,0
Plast Team Poland Sp. Z.o.o.	Poland	Sp. Z.o.o.	100,0
Plast Team Vertriebs GmbH	Germany	GmbH	100,0
Room Copenhagen A/S	Denmark	A/S	100,0
Room Copenhagen Inc.	USA	Inc.	100,0
Room Copenhagen GmbH	Germany	GmbH	100,0
Room Copenhagen Sp. Z.o.o.	Poland	Sp. Z.o.o.	100,0

Parent income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Other operating income		25.029	22.892
Gross profit/loss		**25.029**	**22.892**
Staff costs	1	(14.282)	(13.566)
Depreciation, amortisation and impairment losses	2	(600)	(610)
Other operating expenses		(7.431)	(6.125)
Operating profit/loss		**2.716**	**2.591**
Income from investments in group enterprises		8.427	12.891
Other financial income	3	305	344
Other financial expenses	4	(1.520)	(1.436)
Profit/loss before tax		**9.928**	**14.390**
Tax on profit/loss for the year	5	(359)	(235)
Profit/loss for the year	6	**9.569**	**14.155**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Acquired licences		1.699	927
Intangible assets	7	**1.699**	**927**
Other fixtures and fittings, tools and equipment		437	623
Leasehold improvements		370	179
Property, plant and equipment in progress		4.685	3.264
Property, plant and equipment	8	**5.492**	**4.066**
Investments in group enterprises		85.261	94.471
Receivables from group enterprises		10.000	10.000
Deposits		453	1.587
Other receivables		0	3.641
Fixed asset investments	9	**95.714**	**109.699**
Fixed assets		**102.905**	**114.692**
Trade receivables		293	56
Receivables from group enterprises		32.158	5.176
Other receivables		190	239
Prepayments	10	1.744	1.118
Receivables		**34.385**	**6.589**
Cash		**225**	**9**
Current assets		**34.610**	**6.598**
Assets		**137.515**	**121.290**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital	11	500	500
Reserve for net revaluation according to the equity method		53.757	63.019
Retained earnings		15.893	(300)
Equity		**70.150**	**63.219**
Deferred tax	12	180	180
Provisions		**180**	**180**
Bank loans		0	2.217
Payables to group enterprises		31.200	31.200
Non-current liabilities other than provisions		**31.200**	**33.417**
Current portion of long-term liabilities other than provisions		0	3.000
Bank loans		28.349	4.177
Trade payables		2.340	767
Payables to group enterprises		3	13.786
Joint taxation contribution payable		762	404
Other payables		4.531	2.340
Current liabilities other than provisions		**35.985**	**24.474**
Liabilities other than provisions		**67.185**	**57.891**
Equity and liabilities		**137.515**	**121.290**
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Transactions with related parties	16		

Parent statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	70.156	(301)	70.355
Corrections of material errors	0	(1.696)	(5.440)	(7.136)
Adjusted equity, beginning of year	**500**	**68.460**	**(5.741)**	**63.219**
Exchange rate adjustments	0	(2.507)	(10)	(2.517)
Other entries on equity	0	0	(121)	(121)
Dividends from group enterprises	0	(15.000)	15.000	0
Transfer to reserves	0	2.804	(2.804)	0
Profit/loss for the year	0	0	9.569	9.569
Equity end of year	**500**	**53.757**	**15.893**	**70.150**

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
1. Staff costs		
Wages and salaries	15.692	14.240
Pension costs	282	253
Other social security costs	143	119
Other staff costs	890	972
Staff costs classified as assets	(2.725)	(2.018)
	14.282	**13.566**
Average number of employees	**23**	**22**

Remuneration of management is not disclosed as there is only one person in management.

	2018 DKK'000	2017 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	312	259
Depreciation of property, plant and equipment	288	351
	600	**610**

	2018 DKK'000	2017 DKK'000
3. Other financial income		
Financial income arising from group enterprises	252	0
Other interest income	53	163
Exchange rate adjustments	0	181
	305	**344**

	2018 DKK'000	2017 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	510	586
Other interest expenses	836	814
Exchange rate adjustments	56	0
Other financial expenses	118	36
	1.520	**1.436**

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
5. Tax on profit/loss for the year		
Current tax	359	404
Change in deferred tax	0	(70)
Adjustment concerning previous years	0	(99)
	359	**235**

	2018 DKK'000	2017 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	9.569	14.155
	9.569	**14.155**

	Acquired licences DKK'000
7. Intangible assets	
Cost beginning of year	6.546
Additions	1.084
Cost end of year	**7.630**
Amortisation and impairment losses beginning of year	(5.619)
Amortisation for the year	(312)
Amortisation and impairment losses end of year	**(5.931)**
Carrying amount end of year	**1.699**

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Property, plant and equipment in progress DKK'000
8. Property, plant and equipment			
Cost beginning of year	2.873	190	3.264
Additions	79	220	13.892
Disposals	(6)	0	(12.471)
Cost end of year	**2.946**	**410**	**4.685**
Depreciation and impairment losses beginning of year	(2.250)	(11)	0
Depreciation for the year	(259)	(29)	0
Depreciation and impairment losses end of year	**(2.509)**	**(40)**	**0**
Carrying amount end of year	**437**	**370**	**4.685**

Notes to parent financial statements

9. Fixed asset investments	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	34.452	10.000	1.587	3.641
Additions	0	0	46	0
Disposals	0	0	(1.180)	(3.641)
Cost end of year	**34.452**	**10.000**	**453**	**0**
Revaluations beginning of year	70.156	0	0	0
Exchange rate adjustments	(2.507)	0	0	0
Transfers	(3.257)	0	0	0
Adjustments on equity	(1.696)	0	0	0
Share of profit/loss for the year	6.061	0	0	0
Dividend	(15.000)	0	0	0
Revaluations end of year	**53.757**	**0**	**0**	**0**
Impairment losses beginning of year	(3.000)	0	0	0
Exchange rate adjustments	(10)	0	0	0
Transfers	3.257	0	0	0
Adjustments on equity	(5.440)	0	0	0
Amortisation of goodwill	(1.500)	0	0	0
Share of profit/loss for the year	3.866	0	0	0
Fair value adjustments	(121)	0	0	0
Impairment losses end of year	**(2.948)**	**0**	**0**	**0**
Carrying amount end of year	**85.261**	**10.000**	**453**	**0**

In investments in group enterprises goodwill is included with DKK 10,499k.

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

10. Prepayments
Prepayments solely comprise prepaid expenses.

Notes to parent financial statements

	Number	Par value DKK'000	Nominal value DKK'000
11. Contributed capital			
Shares	500	1	500
	500		**500**

	2018 DKK'000	2017 DKK'000
12. Deferred tax		
Intangible assets	180	180
	180	**180**
Changes during the year		
Beginning of year	180	
End of year	**180**	

	2018 DKK'000	2017 DKK'000
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**8.177**	**12.233**

14. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Axel Pitzner Fonden serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

15. Assets charged and collateral

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

Long-term receivables of DKK 10,000k (2017: DKK 13,641k) pledged as security for bank debt.

Shares in subsidiaries of DKK 85,261k (2017: DKK 101,608k) pledged as security for bank debt.

16. Transactions with related parties

Transactions with related parties are based on arm's length terms.

Accounting policies

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

Material errors in previous years
During the financial year 2018, it has come to Management' attention that some of the Company's property plant and equipment, other receivables and inventories have not been written down to the correct amounts. As a consequence, Management of the Company has made an accounting write-down of the assets. The accounting write-down has been recognized directly in equity in 2018. Comparative figures of the Company have been restated accordingly, which have affected property, plant and equipment negatively by DKK 6,645K other receivables negatively by DKK 1,705k, inventories negatively by DKK 800k, the tax asset positively by DKK 2,012k and equity negatively by DKK 7,136k.

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

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

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

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

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

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

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

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

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

When recognising foreign subsidiaries, the income statements are translated at average exchange rates and balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments
The Group uses derivative financial instruments to hedge risks such as changes in currencies.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Changes in fair value of derivatives that are classified as effective cash flow hedges, including hedges of highly probable forecasted transactions, are recognized in equity. The ineffective portion of fair value and cash flow hedges is recognized immediately in the statement of income.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit and loss for the Group as they arise.

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

Other operating income
Other operating income consists of sale of management and facility services.

Accounting policies

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

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

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

Other operating expenses
Other operating expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

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

Other financial income
Other financial income comprises interest income, net capital gains on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses and currency losses.

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

The Company is part of a joint taxation. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet
Goodwill
Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation periods is usually 10 years based on an assessment of the long-term earnings profile.

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

Accounting policies

Intellectual property rights etc
Intellectual property rights etc comprise intellectual property rights, acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement, but over no more than 20 years.

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

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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

Plant and machinery	3-12 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

Revaluation reserve for Plant and machinery measured at fair value will be reduced with future depreciation. Depreciation from prior years of the revalued amount has been deducted from the revaluation reserve.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources

Accounting policies

of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

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

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

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

Inventories
Inventories are measured at the lower of cost using 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 of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

Prepayments
Prepayments comprise prepaid expenses and prepaid royalty.

Cash
Cash comprises cash in hand and bank deposits.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Accounting policies

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

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

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

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