

NORDIC HOUSEWARE GROUP A/S

Skodsborgvej 315

2850 Nærum

Central Business Registration

No 31479363

Annual report 2017

The Annual General Meeting adopted the annual report on 03.05.2018

Chairman of the General Meeting



Name: Bente Kjær Jensen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2017	9
Consolidated balance sheet at 31.12.2017	10
Consolidated statement of changes in equity for 2017	12
Consolidated cash flow statement for 2017	13
Notes to consolidated financial statements	14
Parent income statement for 2017	20
Parent balance sheet at 31.12.2017	21
Parent statement of changes in equity for 2017	23
Notes to parent financial statements	24
Accounting policies	30

Entity details

Entity

NORDIC HOUSEWARE GROUP A/S

Skodsborgvej 315

2850 Nærum

Central Business Registration No (CVR): 31479363

Registered in: Rudersdal

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Thomas Kræmer, chairman

Frank Leiberg Nissen

Torben Hartvigsen

Executive Board

Jacob Andersen, CEO

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 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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

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

Nærum, 03.05.2018

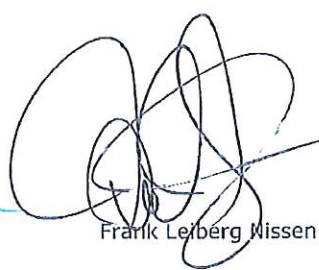
Executive Board



Jacob Andersen

CEO

Board of Directors


Thomas Kræmer
chairman


Frank Leberg Nissen


Torben Hartvigsen

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 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 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.

Other matter 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, 03.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556



Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Management commentary

	2017	2016	2015
	DKK'000	DKK'000	DKK'000
Financial highlights			
Key figures			
Revenue	382.832	336.468	340.273
Gross profit/loss	98.972	87.564	74.870
Operating profit/loss	26.788	19.701	2.424
Net financials	(8.512)	(9.526)	(571)
Profit/loss for the year	14.155	7.680	1.606
Profit/loss for the year excl minority interests	14.155	7.680	1.606
Total assets	260.391	256.790	243.469
Investments in property, plant and equipment	12.858	14.027	16.917
Equity	70.351	57.633	51.975
Equity excl minority interests	70.351	57.633	51.975
Ratios			
Return on equity (%)	22,1	14,0	3,1
Equity ratio (%)	27,0	22,4	21,3

The Group was established in 2016.

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

Management commentary

Primary activities

The Company's primary 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 Zealand and certain countries in Asia.

Development in activities and finances

In the financial year 2017, the Group realized revenues of DKK 382,832k compared to DKK 336,468k prior year.

The Group realized a gross profit DKK 98,972k and realized an EBITDA of DKK 41,436k. The result after tax of DKK 14,155k is considered very satisfactory.

Capital resources

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

In 2018 it is expected to terminate a factoring agreement in Germany and increase the credit facilities with the Group's banker in order to minimize the finance costs.

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.

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.

Management commentary

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

Statutory report on corporate social responsibility

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

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

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.

Suppliers

Nordic Houseware Group cooperates with its suppliers on compliance with safety measures and focus on optimizing environmental conditions, including reduction of CO2 emissions. All factories are subject to agreements which allow Nordic Houseware Group to perform audits at any time.

Food safety

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

Statutory report on the underrepresented gender

At the end of December 2017, the gender balance of the Group showed 60% women and 40% men. The management team consisted of 20% women. There are no women on the Board of Directors.

It is the long-term objective of the Group to maintain an equal balance between the genders, and continue to develop women to senior management positions.

Outlook

Management expects the Group to show a profit before tax for 2018 in the range DKK 25 – 30 million 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 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue	1	382.832	336.468
Cost of sales		<u>(283.860)</u>	<u>(248.904)</u>
Gross profit/loss		98.972	87.564
Staff costs	2	(38.054)	(35.220)
Depreciation, amortisation and impairment losses	3	(14.648)	(14.801)
Other operating expenses		<u>(19.482)</u>	<u>(17.842)</u>
Operating profit/loss		26.788	19.701
Other financial income	4	171	536
Other financial expenses	5	<u>(8.683)</u>	<u>(10.062)</u>
Profit/loss before tax		18.276	10.175
Tax on profit/loss for the year	6	<u>(4.121)</u>	<u>(2.495)</u>
Profit/loss for the year	7	<u>14.155</u>	<u>7.680</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Acquired licences		964	1.151
Goodwill		23.280	27.600
Intangible assets	8	24.244	28.751
Plant and machinery		72.094	67.125
Other fixtures and fittings, tools and equipment		1.461	1.386
Leasehold improvements		179	50
Property, plant and equipment in progress		4.001	4.005
Property, plant and equipment	9	77.735	72.566
Receivables from group enterprises		8.399	0
Deposits		1.624	1.584
Other receivables		3.641	12.040
Deferred tax	11	5.433	6.493
Fixed asset investments	10	19.097	20.117
Fixed assets		121.076	121.434
Raw materials and consumables		3.328	3.181
Manufactured goods and goods for resale		29.975	35.888
Inventories		33.303	39.069
Trade receivables		79.188	73.114
Receivables from group enterprises		10.989	3.433
Other receivables		12.073	16.987
Prepayments	12	1.089	2.565
Receivables		103.339	96.099
Cash		2.673	188
Current assets		139.315	135.356
Assets		260.391	256.790

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		500	500
Revaluation reserve		6.012	7.330
Retained earnings		63.839	49.803
Equity		<u>70.351</u>	<u>57.633</u>
Deferred tax	11	1.660	1.970
Provisions		<u>1.660</u>	<u>1.970</u>
Subordinate loan capital		5.501	12.179
Bank loans		8.589	13.359
Debt to other credit institutions		2.916	4.166
Non-current liabilities other than provisions	13	<u>17.006</u>	<u>29.704</u>
Current portion of long-term liabilities other than provisions	13	11.519	9.786
Bank loans		65.036	67.151
Trade payables		76.578	70.579
Income tax payable		1.961	1.765
Other payables		16.280	18.202
Current liabilities other than provisions		<u>171.374</u>	<u>167.483</u>
Liabilities other than provisions		<u>188.380</u>	<u>197.187</u>
Equity and liabilities		<u>260.391</u>	<u>256.790</u>
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 balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Acquired licences		964	1.151
Goodwill		23.280	27.600
Intangible assets	8	24.244	28.751
Plant and machinery		72.094	67.125
Other fixtures and fittings, tools and equipment		1.461	1.386
Leasehold improvements		179	50
Property, plant and equipment in progress		4.001	4.005
Property, plant and equipment	9	77.735	72.566
Receivables from group enterprises		8.399	0
Deposits		1.624	1.584
Other receivables		3.641	12.040
Deferred tax	11	5.433	6.493
Fixed asset investments	10	19.097	20.117
Fixed assets		121.076	121.434
Raw materials and consumables		3.328	3.181
Manufactured goods and goods for resale		29.975	35.888
Inventories		33.303	39.069
Trade receivables		79.188	73.114
Receivables from group enterprises		10.989	3.433
Other receivables		12.073	16.987
Prepayments	12	1.089	2.565
Receivables		103.339	96.099
Cash		2.673	188
Current assets		139.315	135.356
Assets		260.391	256.790

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		500	500
Revaluation reserve		6.012	7.330
Retained earnings		63.839	49.803
Equity		<u>70.351</u>	<u>57.633</u>
Deferred tax	11	1.660	1.970
Provisions		<u>1.660</u>	<u>1.970</u>
Subordinate loan capital		5.501	12.179
Bank loans		8.589	13.359
Debt to other credit institutions		2.916	4.166
Non-current liabilities other than provisions	13	<u>17.006</u>	<u>29.704</u>
Current portion of long-term liabilities other than provisions	13	11.519	9.786
Bank loans		65.036	67.151
Trade payables		76.578	70.579
Income tax payable		1.961	1.765
Other payables		16.280	18.202
Current liabilities other than provisions		<u>171.374</u>	<u>167.483</u>
Liabilities other than provisions		<u>188.380</u>	<u>197.187</u>
Equity and liabilities		<u>260.391</u>	<u>256.790</u>
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 2017

	Contributed capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	7.330	49.803	57.633
Exchange rate adjustments	0	0	316	316
Dissolution of revaluations	0	(1.318)	1.318	0
Other entries on equity	0	0	(1.753)	(1.753)
Profit/loss for the year	0	0	14.155	14.155
Equity end of year	500	6.012	63.839	70.351

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Operating profit/loss		26.788	19.701
Amortisation, depreciation and impairment losses		14.648	14.801
Working capital changes	14	2.221	(11.745)
Other adjustments		(1.437)	(1.500)
Cash flow from ordinary operating activities		42.220	21.257
Financial income received		171	432
Financial expenses paid		(8.850)	(10.062)
Income taxes refunded/(paid)		(2.800)	(666)
Cash flows from operating activities		30.741	10.961
Acquisition etc of intangible assets		(72)	(1.191)
Acquisition etc of property, plant and equipment		(12.858)	(14.027)
Acquisition of fixed asset investments		(40)	(710)
Cash flows from investing activities		(12.970)	(15.928)
Repayments of loans etc		(10.965)	(7.678)
Cash flows from financing activities		(10.965)	(7.678)
Increase/decrease in cash and cash equivalents		6.806	(12.645)
Cash and cash equivalents beginning of year		(66.963)	(54.821)
Currency translation adjustments of cash and cash equivalents		(2.206)	503
Cash and cash equivalents end of year		(62.363)	(66.963)
Cash and cash equivalents at year-end are composed of:			
Cash		2.673	188
Short-term debt to banks		(65.036)	(67.151)
Cash and cash equivalents end of year		(62.363)	(66.963)

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
1. Revenue		
EU-countries	331.223	302.274
Other countries	51.609	34.194
	382.832	336.468
	2017 DKK'000	2016 DKK'000
2. Staff costs		
Wages and salaries	35.665	32.660
Pension costs	1.628	1.651
Other social security costs	2.779	3.189
Staff costs classified as assets	(2.018)	(2.280)
	38.054	35.220
Average number of employees	109	108
	2017 DKK'000	2016 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	4.579	5.041
Depreciation of property, plant and equipment	10.061	9.760
Profit/loss from sale of intangible assets and property, plant and equipment	8	0
	14.648	14.801
	2017 DKK'000	2016 DKK'000
4. Other financial income		
Other interest income	171	416
Exchange rate adjustments	0	104
Other financial income	0	16
	171	536
	2017 DKK'000	2016 DKK'000
5. Other financial expenses		
Other interest expenses	5.266	6.612
Exchange rate adjustments	143	0
Other financial expenses	3.274	3.450
	8.683	10.062

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
6. Tax on profit/loss for the year		
Current tax	3.605	3.104
Change in deferred tax	670	(609)
Adjustment concerning previous years	(154)	0
	4.121	2.495
	2017 DKK'000	2016 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	14.155	7.680
	14.155	7.680
	Acquired licences DKK'000	Goodwill DKK'000
8. Intangible assets		
Cost beginning of year	6.423	43.200
Additions	72	0
Cost end of year	6.495	43.200
Amortisation and impairment losses beginning of year	(5.272)	(15.600)
Amortisation for the year	(259)	(4.320)
Amortisation and impairment losses end of year	(5.531)	(19.920)
Carrying amount end of year	964	23.280

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	153.435	10.031	50	4.005
Exchange rate adjustments	6.739	265	0	32
Transfers	11.666	0	0	(11.666)
Additions	402	686	140	11.630
Disposals	0	(85)	0	0
Cost end of year	172.242	10.897	190	4.001
Revaluations beginning of year	22.685	0	0	0
Exchange rate adjustments	1.301	0	0	0
Revaluations end of year	23.986	0	0	0
Depreciation and impairment losses beginning of year	(108.995)	(8.645)	0	0
Exchange rate adjustments	(5.721)	(239)	0	0
Depreciation for the year	(9.418)	(632)	(11)	0
Reversal regarding disposals	0	80	0	0
Depreciation and impairment losses end of year	(124.134)	(9.436)	(11)	0
Carrying amount end of year	72.094	1.461	179	4.001
Carrying amount if asset had not been revalued	64.672	-	-	-
10. Fixed asset investments				
Cost beginning of year	0	1.584	12.040	6.493
Additions	8.399	40	0	0
Disposals	0	0	(8.399)	(1.060)
Cost end of year	8.399	1.624	3.641	5.433
Carrying amount end of year	8.399	1.624	3.641	5.433

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
11. Deferred tax		
Intangible assets	(2.405)	(2.423)
Property, plant and equipment	(4.155)	(4.462)
Inventories	87	(366)
Receivables	253	203
Liabilities other than provisions	228	0
Tax losses carried forward	9.765	11.571
	3.773	4.523
Changes during the year		
Beginning of year	4.523	
Øvrige bevægelser	(750)	
End of year	3.773	
Deferred tax assets	5.433	6.493
Deferred tax liabilities	(1.660)	(1.970)
	3.773	4.523

12. Prepayments

Prepayments comprise prepaid expenses and royalties.

	Due within 12 months 2017 DKK'000	Due within 12 months 2016 DKK'000	Due after more than 12 months 2017 DKK'000
13. Liabilities other than provisions			
Subordinate loan capital	4.452	4.719	5.501
Bank loans	5.400	3.400	8.589
Debt to other credit institutions	1.667	1.667	2.916
	11.519	9.786	17.006

In addition, the Group has short-term bank debt of DKK 65,036k consisting of factoring and overdraft facilities.

	2017 DKK'000	2016 DKK'000
14. Change in working capital		
Increase/decrease in inventories	5.767	(2.079)
Increase/decrease in receivables	(6.490)	(10.690)
Increase/decrease in trade payables etc	4.070	1.586
Other changes	(1.126)	(562)
	2.221	(11.745)

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	13.705	16.071

16. Contingent liabilities

The Group's Danish enterprises participate in a Danish joint taxation arrangement in which Jacob Andersen Holding ApS serves as the administration company. 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.

Vækstfonden is entitled to an exit bonus if the Group is sold or the Group sells ROOM Copenhagen A/S before 31.12.2019 and loan of DKK 10,017k has not been fully repaid (included in subordinate loan capital in note 13).

17. Assets charged and collateral

Floating charges of totally DKK 187,700k have been established as a security for loan agreements covering assets with a book value of DKK 143,600k.

Trade receivables of DKK 42,500k (2016: DKK 38,288k) pledged as security for bank debt.

Long-term receivables of DKK 3,641k (2016: DKK 3,641k) pledged as security for bank debt.

18. Transactions with related parties

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

Name	Registered office	Basis of influence
Jacob Andersen Holding ApS	2680 Solrød Strand	Parent company
Jacob Andersen	2680 Solrød Strand	Ultimate majority shareholder

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 smallest group: Jacob Andersen Holding ApS, 2680 Solrød Strand.

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
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

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Other operating income		22.892	24.660
Gross profit/loss		22.892	24.660
Staff costs	1	(13.566)	(14.311)
Depreciation, amortisation and impairment losses	2	(610)	(1.067)
Other operating expenses		(6.125)	(6.642)
Operating profit/loss		2.591	2.640
Income from investments in group enterprises		12.891	6.505
Other financial income	3	344	95
Other financial expenses	4	(1.436)	(1.211)
Profit/loss before tax		14.390	8.029
Tax on profit/loss for the year	5	(235)	(349)
Profit/loss for the year	6	14.155	7.680

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Acquired licences		927	1.151
Intangible assets	7	<u>927</u>	<u>1.151</u>
Other fixtures and fittings, tools and equipment		623	811
Leasehold improvements		179	50
Property, plant and equipment in progress		3.264	3.446
Property, plant and equipment	8	<u>4.066</u>	<u>4.307</u>
Investments in group enterprises		101.608	90.150
Receivables from group enterprises		10.000	10.000
Deposits		1.587	1.542
Other receivables		3.641	3.641
Fixed asset investments	9	<u>116.836</u>	<u>105.333</u>
Fixed assets		<u>121.829</u>	<u>110.791</u>
Receivables from group enterprises		5.176	10.343
Other receivables		295	169
Prepayments	10	1.117	904
Receivables		<u>6.588</u>	<u>11.416</u>
Cash		<u>9</u>	<u>10</u>
Current assets		<u>6.597</u>	<u>11.426</u>
Assets		<u>128.426</u>	<u>122.217</u>

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital	11	500	500
Reserve for net revaluation according to the equity method		70.152	57.198
Retained earnings		(301)	(65)
Equity		70.351	57.633
Deferred tax	12	180	250
Provisions		180	250
Bank loans		2.217	0
Payables to group enterprises		31.200	31.200
Non-current liabilities other than provisions	13	33.417	31.200
Current portion of long-term liabilities other than provisions	13	3.000	0
Bank loans		4.177	19.340
Trade payables		767	1.678
Payables to group enterprises		13.786	6.307
Joint taxation contribution payable		404	99
Other payables		2.344	5.710
Current liabilities other than provisions		24.478	33.134
Liabilities other than provisions		57.895	64.334
Equity and liabilities		128.426	122.217
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	57.198	(65)	57.633
Exchange rate adjustments	0	316	0	316
Other entries on equity	0	(1.753)	0	(1.753)
Profit/loss for the year	0	14.391	(236)	14.155
Equity end of year	500	70.152	(301)	70.351

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	14.240	14.985
Pension costs	253	257
Other social security costs	119	181
Other staff costs	972	1.168
Staff costs classified as assets	(2.018)	(2.280)
	13.566	14.311
Average number of employees	22	27

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

	2017 DKK'000	2016 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	259	721
Depreciation of property, plant and equipment	351	346
	610	1.067

	2017 DKK'000	2016 DKK'000
3. Other financial income		
Financial income arising from group enterprises	100	95
Other interest income	63	0
Exchange rate adjustments	181	0
	344	95

	2017 DKK'000	2016 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	586	585
Other interest expenses	814	548
Exchange rate adjustments	0	51
Other financial expenses	36	27
	1.436	1.211

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
5. Tax on profit/loss for the year		
Current tax	404	349
Change in deferred tax	(70)	0
Adjustment concerning previous years	(99)	0
	235	349
	2017 DKK'000	2016 DKK'000
6. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	14.391	8.005
Retained earnings	(236)	(325)
	14.155	7.680
		Acquired licences DKK'000
7. Intangible assets		
Cost beginning of year		6.511
Additions		35
Cost end of year		6.546
Amortisation and impairment losses beginning of year		(5.360)
Amortisation for the year		(259)
Amortisation and impairment losses end of year		(5.619)
Carrying amount end of year		927

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	2.721	50	3.446	
Transfers	0	0	(11.666)	
Additions	167	140	11.484	
Disposals	(15)	0	0	
Cost end of year	2.873	190	3.264	
Depreciation and impairment losses beginning of year	(1.910)	0	0	
Depreciation for the year	(340)	(11)	0	
Depreciation and impairment losses end of year	(2.250)	(11)	0	
Carrying amount end of year	623	179	3.264	
	Invest- ments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000	Other receivables DKK'000
9. Fixed asset investments				
Cost beginning of year	34.452	10.000	1.542	3.641
Additions	0	0	45	0
Cost end of year	34.452	10.000	1.587	3.641
Revaluations beginning of year	57.198	0	0	0
Exchange rate adjustments	320	0	0	0
Adjustments on equity	(1.753)	0	0	0
Share of profit/loss for the year	14.391	0	0	0
Revaluations end of year	70.156	0	0	0
Impairment losses beginning of year	(1.500)	0	0	0
Amortisation of goodwill	(1.500)	0	0	0
Impairment losses end of year	(3.000)	0	0	0
Carrying amount end of year	101.608	10.000	1.587	3.641

Notes to parent financial statements

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

10. Prepayments

Prepayments solely comprise prepaid expenses.

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
11. Contributed capital			
Shares	500	1	500
	<u>500</u>		<u>500</u>

	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
12. Deferred tax		
Intangible assets	180	250
	<u>180</u>	<u>250</u>
Changes during the year		
Beginning of year	250	
Recognised in the income statement	(70)	
End of year	<u>180</u>	

	<u>Due within 12 months 2017 DKK'000</u>	<u>Due after more than 12 months 2017 DKK'000</u>
13. Liabilities other than provisions		
Bank loans	3.000	2.217
Payables to group enterprises	0	31.200
	<u>3.000</u>	<u>33.417</u>
	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>12.233</u>	<u>14.050</u>

15. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Jacob Andersen Holding ApS 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

Notes to parent financial statements

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.

16. 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 13,641k (2016: DKK 13,641k) pledged as security for bank debt.

Shares in subsidiaries of DKK 102,093k (2016: DKK 90,150k) pledged as security for bank debt.

17. Related parties with controlling interest

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

Name	Registered office	Basis of influence
Jacob Andersen Holding ApS	2680 Solrød Strand	Parent company
Jacob Andersen	2680 Solrød Strand	Ultimate majority shareholder

18. 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).

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.

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

Accounting policies

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.

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

Accounting policies

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.

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.

Accounting policies

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 straight-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 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.

Accounting policies

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.

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.

Income tax receivable or payable

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

Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with 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.

Accounting policies

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