

**FLEXA®**

**Flexa4Dreams Holding A/S**

Hornsyld Industrivej 4  
8783 Hornsyld

Annual report 2017

Reg. No.: 32 77 56 83

These financial statements are presented and approved at  
the Annual General Meeting

on 26 April 2018



(chairman)

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# Statements

## **Statement by the Executive Board and the Board of Directors**

The Executive and the Board of Directors have today considered and adopted the Annual Report of Flexa4Dreams Holding A/S for the financial year 1 January – 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2017.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

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

Hornslyd, 12 April 2018

## **Executive Board**

Carsten Dan Madsen  
CEO

## **Board of Directors**

Mikael Hee  
Chairman

Adrian Vanderspuy

Carsten Madsen

# Statements

## Independent Auditor's Report

To the Shareholders of Flexa4Dreams Holding A/S

### Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Flexa4Dreams Holding A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

### Basis for Opinion

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

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

### Management's Responsibilities for the Financial Statements

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

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

# Statements

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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.

Trekantomraadet, 12 April 2018

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No. 33 77 12 31



Arne Kristensen

State Authorised

Public Accountant

mne18619



John Lindholm Bode

State Authorised

Public Accountant

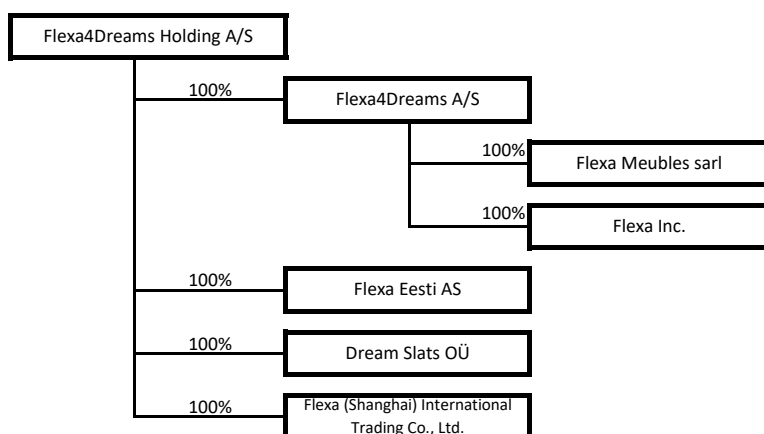
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## Management's review

### Company details

The Company	Flexa4Dreams Holding A/S Hornslyd Industrivej 4 8783 Hornslyd
Telephone	+45 76 68 80 55
Fax	+45 76 68 80 68
E-mail	<a href="mailto:flexa@flexa.dk">flexa@flexa.dk</a>
Registration No.	32 77 56 83
Established	23 February 2010
Registered office	Hedensted Kommune
Financial year	1 January - 31 December
<b>Board of Directors</b>	Mikael Hee, chairman Adrian Vanderspuy Carsten Dan Madsen
<b>Executive Board</b>	Carsten Dan Madsen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 7100 Vejle
<b>Annual general meeting</b>	Annual general meeting is held on 26 April 2018.

### Group overview



## Management's review

### Financial highlights for the group

Key figures	2017 DKK '000	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000
Revenue	356.482	355.843	346.579	293.032	272.719
Gross profit	122.998	125.226	113.971	92.078	88.520
EBITDA	17.098	27.848	-3.255	-9.561	28
Adjusted EBITDA *)	14.098	22.678	-3.255	-5.542	28
Ordinary operating profit	7.076	14.279	-6.250	-15.850	-11.143
Profit/loss from financial income and expenses	-6.869	-10.991	-9.081	-7.302	-5.989
<b>Profit/loss for the year</b>	<b>3.205</b>	<b>8.036</b>	<b>-23.999</b>	<b>-27.364</b>	<b>-25.266</b>
Non-current assets	25.174	25.734	40.805	48.379	52.857
Investment in property, plant and equipment	7.706	6.961	2.555	4.271	5.654
Current assets	129.169	159.107	117.806	122.662	104.876
Total assets	154.343	184.840	158.611	171.042	157.733
Total equity	16.609	13.208	-59.982	-38.404	-13.711
Total equity incl. subordinated loan capital	46.609	43.208	-19.982	1.596	26.289
Cash flows from operating activities	14.520	17.674	-14.198	-17.032	-20.345
Cash flows from investing activities	-7.706	-6.961	-2.859	-4.223	-5.236
Cash flows from financing activities	1.099	65.816	-289	-819	-1.761
<b>Financial ratios</b>					
Operating margin	2,0%	4,0%	-1,8%	-5,4%	-4,1%
Return on invested capital	7,2%	13,9%	-5,7%	-14,3%	-10,2%
Gross margin	34,5%	35,2%	32,9%	31,4%	32,5%
EBITDA ratio	4,8%	7,8%	-0,9%	-3,3%	0,0%
Solvency ratio	10,8%	7,1%	-37,8%	-22,5%	-8,7%
Solvency ratio incl. subordinated loan capital	30,2%	23,4%	-12,6%	0,9%	16,7%
Average number of employees	387	425	470	444	380

\*) In 2016 & 2017 profit from divestment of production company in China has been adjusted, and in 2016 costs in connection with change of owners and reestablishment of the the equity has been adjusted.

### Financial ratios

The Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios":

#### Operating margin:

$$\frac{\text{Ordinary operating profit} \times 100}{\text{Revenue}}$$

#### Return on invested capital:

$$\frac{\text{Ordinary operating profit} \times 100}{\text{Average capital invested}}$$

#### Invested capital:

Goodwill, property, plant and equipment and net working capital.

#### Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

#### EBITDA ratio:

$$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$$

#### Solvency ratio:

$$\frac{\text{Total Equity, at the end of year} \times 100}{\text{Total equity and liabilities, at the end of year}}$$

# Management's review

## Operating review

### Principal activities of the Group

The Flexa4Dreams-Group's main activities are production, marketing and sale of furniture, interior and related products for children's rooms. The group is one of the largest focused manufacturers and suppliers of furniture and interior for children's rooms in Europe.

FLEXA Group has more than 150 specialist stores located in Europe, Asia, North Africa and Americas. Everyday our dedicated and knowledgeable partners around the world guide and advice parents to design the best possible room solutions for their kids.

### Development in activities and financial position

The revenue in 2017 was 356.5 mill. DKK compared to 355.8 mill. DKK the year before. Ordinary result before depreciations and financial expenses (EBITDA) was 14.1 mill. DKK compared to 22.7 mill. DKK in 2015. The ordinary operating profit was 7.1 mill. DKK compared to 14.3 mill. DKK. Cash generated from operations was 14.5 mill. DKK.

Despite a continuing weak business climate, especially in the European markets and negative currency impact from GBP and RMB, FLEXA managed to maintain revenue at the same level as last year. Sales of components out of the factory in Estonia was phased out during 2017, reducing revenue by app. 12m DKK. Adjusting for this reduction in non-strategic sales and the impact from FOREX, the growth was 5.3%. Gaining new business, especially in the B2B segment and launching new products, among others the new furniture collection: "Popsicle by FLEXA", contributed positively to the revenue.

Distribution costs increased by 5.2 mill. DKK to 73.4 mill. DKK, mainly due to increased costs for product development and marketing in order to further strengthening our product portfolio and improving our positioning as expert provider of product solutions within the Sleep, Study and Play categories. In January 2018, at the annual International Interior Show in Cologne, this effort resulted in launching the largest number of new products in the company's history.

Result from ordinary activities after taxes is 3.2 mill. DKK compared to 8.0 mill. DKK last year.

The result in 2017 is impacted by profit from the divestment of the Chinese production entity: Flexa (Suzhou) Furniture Products Ltd. A profit of 3,0 mill DKK has been recognized as Other operating income in the profit and loss.

In the annual report for 2016 we stated an expectation for increase in turnover and earnings in 2017. Net profit decreased by 4.8 mill. DKK, which however should be seen in the light of above mentioned investments in strengthening our product portfolio and improving our positioning in the market, as well as the negative impact from development in currencies.

### Capital resources

End of December 2017 equity amounts to 16.6 mill. DKK. The company has sufficient capital resources to execute its business plan.



# Management's review

## **Outlook**

It is expected that the macro-economic situation remains unchanged in 2018. Consumption of furniture and decor items will continue to be flat. Based on the current sales strategy, improvement of product portfolio and store concepts and optimization of the supply chain, the Group expects to gain further market share, with which continued increased turnover is expected. Due to continued increase of investment in product development, marketing and other initiatives for the strategic development of the Group ordinary earnings are expected on same level as in 2017.

The Group expects no single major investment in 2018, but only minor investments in connection with the ongoing maintenance of the production units.

## **Risks**

### **General risks**

The management of Flexa4Dreams assesses regularly the Group's risk exposure. Operational and strategic risks that may affect the Group's earnings and financial position are monitored and assessed regularly. The Group's risks in relation to the supply of commodities are continuously attempted to be minimized by entering contracts for the supply of timber, which is the Group's main raw material.

### **Financial risks**

The Group is due to its operating, investing and financing exposed to fluctuations in exchange and interest rates. The Group's policy is not actively to speculate in financial risks. Group's financial management is only aimed at management of already assumed financial risks.

### **Currency risks**

Currency risks relating to investments in foreign subsidiaries are not hedged, as it is the Group's opinion that an ongoing hedging of such long-term investments will not be optimal from an overall risk and cost consideration.

### **Interest rate risks**

The Group's interest bearing net debt, calculated as bank debt less cash, amounted 31. December 2017 to 79.9 mill. DKK.

The Group's total bank debt is based on floating interest rates. There is no hedging of the operational impact of a rate increase.

### **Credit risks**

The Group has no material risks relating to a single customer or partner. The Group's policy for inclusion of credit risks leads to that all major customers and partners are credit rated, and credit insurance has been established.

### **Intellectual capital**

The employees are a significant asset in the group, which operates from a united set of values. Based on the shared values the Flexa4Dreams Group can realise its vision to be the preferred supplier of furniture and interior for the children's room.

## Management's review

### **Environmental issues**

Flexa4Dreams continuously tries to minimize the environmental impact of its activities. Flexa4Dreams continuously strives to produce products using materials and technologies giving the least possible impact on the environment.

The Group will constantly strive to meet customers' and society's demand for the least environmentally harmful products.

### **Research and development activities**

Expenses for development and testing of both new and existing products are recognized as expenses in the income statement, as future earnings of this is uncertain.

### **Corporate social responsibility**

Flexa4Dreams Group strives to continuously meet the laws and regulations of the countries and communities, where the Group operates.

No policy is adopted on social responsibility. Therefore no separate statement on social responsibility is prepared.

### **Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act**

The Group's policy for recruitment is to attract and hire the most competent leadership. The goal for female representation in the Board and in the Management team is a minimum of 25% in 2021. In the current financial year, the Board has consisted of the 3 persons who are the main owners of the company. The owners have not found it relevant to extend or change the seat of the Board. The 3 persons are all males. The stated objective has therefore not yet been met. The Board of Directors will, as far as possible, appoint a suitable female candidate to the Board. In the current financial year, the management team has consisted of 20% females. In order to meet the above objective of more female leaders, FLEXA has launched a number of initiatives that can promote the development and support of female leaders, a.o. in connection with recruitment to management posts, where the objective is to have male as well as female candidates.

## Financial statements

### Income statement

	Note	Consolidated 2017 DKK '000	Parent company 2017 DKK '000	Consolidated 2016 DKK '000	Parent company 2016 DKK '000
Revenue	2	356.482	0	355.843	0
Production costs	3	<u>-233.484</u>	<u>0</u>	<u>-230.617</u>	<u>0</u>
<b>Gross profit</b>		122.998	0	125.226	0
Distribution costs	3	-73.396	0	-68.225	0
Administrative expenses	3	<u>-42.526</u>	<u>-244</u>	<u>-42.722</u>	<u>-222</u>
<b>Ordinary operating profit/loss</b>		7.076	-244	14.279	-222
Other operating income	4	3.000	3.000	12.316	12.316
Other operating expenses	5	<u>0</u>	<u>0</u>	<u>-7.146</u>	<u>-1.803</u>
<b>Operating profit/loss</b>		10.076	2.756	19.449	10.290
Profit/loss from investments	11	0	4.952	0	911
Financial income	6	192	124	0	147
Financial expenses	7	<u>-7.060</u>	<u>-4.627</u>	<u>-10.991</u>	<u>-3.312</u>
<b>Profit/loss from ordinary activities before income taxes</b>		3.208	3.205	8.458	8.036
Tax on profit/loss from ordinary activities	8	<u>-3</u>	<u>0</u>	<u>-421</u>	<u>0</u>
<b>Profit/loss for the year</b>		<u><u>3.205</u></u>	<u><u>3.205</u></u>	<u><u>8.036</u></u>	<u><u>8.036</u></u>

## Financial statements

### Balance sheet

	Note	Consolidated 2017 DKK '000	Parent company 2017 DKK '000	Consolidated 2016 DKK '000	Parent company 2016 DKK '000
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
	9				
Goodwill		<u>2.167</u>	<u>0</u>	<u>3.167</u>	<u>0</u>
<b>Property, plant and equipment</b>					
	10				
Leasehold improvements		519	0	263	0
Land and buildings		7.928	0	10.929	0
Plant and machinery		12.483	0	9.300	0
Fixtures and fitting, tools and equipment		<u>2.077</u>	<u>0</u>	<u>2.075</u>	<u>0</u>
		<u>23.007</u>	<u>0</u>	<u>22.567</u>	<u>0</u>
<b>Investments</b>					
Investments in subsidiaries	11	<u>0</u>	<u>30.542</u>	<u>0</u>	<u>17.118</u>
<b>Total non-current assets</b>		<u>25.174</u>	<u>30.542</u>	<u>25.734</u>	<u>17.118</u>

## Financial statements

### Balance sheet

	Note	Consolidated 2017 DKK '000	Parent company 2017 DKK '000	Consolidated 2016 DKK '000	Parent company 2016 DKK '000
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		8.987	0	9.634	0
Work in progress		10.865	0	9.921	0
Finished goods and goods for resale		<u>46.162</u>	<u>0</u>	<u>40.264</u>	<u>0</u>
		<u>66.014</u>	<u>0</u>	<u>59.819</u>	<u>0</u>
<b>Receivables</b>					
Trade receivables		48.967	0	42.845	0
Amounts owed by affiliated companies		0	17.371	0	31.065
Deferred tax asset	12	0	0	0	0
Other receivables		4.932	0	29.857	11.393
Prepayments		<u>1.677</u>	<u>249</u>	<u>2.383</u>	<u>67</u>
		<u>55.576</u>	<u>17.619</u>	<u>75.085</u>	<u>42.524</u>
<b>Cash at bank and in hand</b>		<u>7.579</u>	<u>7</u>	<u>24.202</u>	<u>1.014</u>
<b>Total current assets</b>		<u>129.169</u>	<u>17.626</u>	<u>159.106</u>	<u>43.539</u>
<b>TOTAL ASSETS</b>		<u><u>154.343</u></u>	<u><u>48.168</u></u>	<u><u>184.840</u></u>	<u><u>60.657</u></u>

## Financial statements

### Balance sheet

	Note	Consolidated 2017 DKK '000	Parent company 2017 DKK '000	Consolidated 2016 DKK '000	Parent company 2016 DKK '000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	13	1.045	1.045	1.000	1.000
Retained earnings		<u>15.564</u>	<u>15.564</u>	<u>12.208</u>	<u>12.208</u>
<b>Total equity</b>	14	<u>16.609</u>	<u>16.609</u>	<u>13.208</u>	<u>13.208</u>
<b>Provisions</b>					
Provisions, subsidiary	11	0	324	0	15.948
Other provisions	15	<u>2.245</u>	<u>0</u>	<u>1.735</u>	<u>0</u>
		<u>2.245</u>	<u>324</u>	<u>1.735</u>	<u>15.948</u>
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities other than provisions</b>					
Subordinated loan capital	14	30.000	30.000	30.000	30.000
Bank loans	16	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>30.000</u>	<u>30.000</u>	<u>30.000</u>	<u>30.000</u>

## Financial statements

### Balance sheet

	Note	Consolidated 2017 DKK '000	Parent company 2017 DKK '000	Consolidated 2016 DKK '000	Parent company 2016 DKK '000
<b>Current liabilities other than provisions</b>					
Current portion of non-current liabilities other than provisions	16	0	0	2	0
Bank loans and overdraft		57.527	0	82.063	0
Trade payables		25.578	0	16.978	0
Amounts owed to affiliated companies		0	1.189	0	1.266
Corporation tax		0	0	76	0
Other payables	17	<u>22.384</u>	<u>46</u>	<u>40.779</u>	<u>235</u>
		<u>105.489</u>	<u>1.235</u>	<u>139.897</u>	<u>1.501</u>
<b>Total liabilities other than provisions</b>		<u>135.489</u>	<u>31.235</u>	<u>169.897</u>	<u>31.501</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>154.343</u></u>	<u><u>48.168</u></u>	<u><u>184.840</u></u>	<u><u>60.657</u></u>
<b>Contingent liabilities and collateral</b>	18				
<b>Related parties</b>	19				
<b>Subsequent events</b>	20				
<b>Notes without reference</b>	21-22				

## Financial statements

### Statement of changes in equity

#### Parent company

DKK '000

	Share capital 2017	Retained earnings 2017	Total 2017
	DKK '000	DKK '000	DKK '000
Equity at 1 January	1.000	12.208	13.208
Capital increase	45	855	900
Sale of own shares	0	200	200
Foreign exchange adjustments of foreign subsidiaries etc.	0	-904	-904
Disposal for the year	0	3.205	3.205
Equity at 31 December	1.045	15.564	16.609

Subordinated loan capital of 30 mill. DKK has been established in supplement to equity, see note 14.

#### Consolidated

DKK '000

	Share capital 2017	Retained earnings 2017	Total 2017
	DKK '000	DKK '000	DKK '000
Equity at 1 January	1.000	12.208	13.208
Capital increase	45	855	900
Sale of own shares	0	200	200
Foreign exchange adjustments of foreign subsidiaries etc.	0	-904	-904
Disposal for the year	0	3.205	3.205
Equity at 31 December	1.045	15.564	16.609

Subordinated loan capital of 30 mill. DKK has been established in supplement to equity, see note 14.



## Financial statements

### Cash flow statement

	Note	<b>Consolidated</b> 2017 DKK '000	<b>Consolidated</b> 2016 DKK '000
Revenue		356.482	355.843
Expenses		<u>-339.384</u>	<u>-327.995</u>
Cash from operations before changes in working capital		17.098	27.848
Change in working capital	23	<u>4.366</u>	<u>1.163</u>
Cash generated from operations (ordinary activities)		21.464	29.011
Financial income and expenses, net		-6.869	-10.991
Taxes paid		<u>-75</u>	<u>-346</u>
<b>Cash flows from operating activities</b>		<u>14.520</u>	<u>17.674</u>
Purchase of intangible assets and property, plant and equipment		<u>-7.706</u>	<u>-6.961</u>
<b>Cash flows from investing activities</b>		<u>-7.706</u>	<u>-6.961</u>
Repayment of long-term debt		-1	-155
Debt relief, bank loans		0	45.187
Capital increase, net		<u>1.100</u>	<u>20.784</u>
<b>Cash flows from financing activities</b>		<u>1.099</u>	<u>65.816</u>
<b>Net cash flows form operating, investing and financing activities</b>		<u>7.913</u>	<u>76.529</u>

## Financial statements

### Cash flow statement (continued)

	Note	<b>Consolidated</b> 2017 DKK '000	<b>Consolidated</b> 2016 DKK '000
Net cash flows form operating, investing and financing activities		7.913	76.529
Cash and cash equivalents at 1 January		<u>-87.861</u>	<u>-164.390</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>-79.948</u></b>	<b><u>-87.861</u></b>
Cash and cash equivalents at 31 December			
Cash and cash equivalents		7.579	24.202
Bank loans and overdraft		-57.527	-82.063
Subordinated loan capital		<u>-30.000</u>	<u>-30.000</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>-79.948</u></b>	<b><u>-87.861</u></b>

The cash flow statement cannot be derived directly from the accounting records.

# Financial statements

## Notes

### 1. Accounting policies

The annual report of Flexa4Dreams Holding A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

There has been no changes to the Danish Financial Statements Act, consequently no influence to the Company's financial position at 31 December 2017.

The accounting policies applied remain unchanged from last year, and financial statements for 2017 are presented in DKK.

#### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

#### Consolidated financial statements

The consolidated financial statements comprise the parent company, Flexa4Dreams Holding A/S, and subsidiaries in which Flexa4Dreams Holding A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

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

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

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

# Financial statements

## Notes

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.

## Foreign currency translation

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

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

Non-current assets acquired in foreign currencies are translated at the rate at the transaction date.

## Income statement

### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place and that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

### Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

### Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

### Administrative expenses

Administrative expenses comprise expenses incurred during the year for group management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

## Financial statements

### Notes

#### Other operating income and expenses

Other operating income comprises items secondary to the principal activities of the enterprise.

#### Profits/losses from investments in subsidiaries

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

#### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme etc.

#### Tax on profit/loss for the year

The company is covered by the Danish rules on compulsory joint taxation.

Flexa4Dreams Holding A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

#### Balance sheet

##### Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience. Goodwill is amortised on a straight-line basis over the amortisation period.

The amortisation period is 10 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

The carrying amount of goodwill is assessed regularly and written down to the recoverable amount over the income statement if the carrying amount exceeds forecast future net income from the activities to which goodwill relates.

# Financial statements

## Notes

### Property, plant and equipment

Leasehold improvements represent the renovation of storage facilities for continuous use and leasehold improvements of concept shops.

Leasehold improvements recognised in the balance sheet are measured at cost less accumulated depreciation or recoverable amount if this is lower.

Recognised costs of renovation are depreciated on a straight-line basis over the residual term of leases.

Other property, plant and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Leasehold improvements	3-5 years
Buildings	15-20 years
Plant and machinery	4-7 years
Fixtures and fittings, tools and equipment	3-10 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

### Impairment of assets

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

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

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

# Financial statements

## Notes

### Leases

Leases in terms of which the group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the fixed assets of the group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Investments in subsidiaries

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

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

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the income statement until the date of disposal.

### Inventories

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

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

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

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

### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

## Financial statements

### Notes

#### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

#### Equity - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

#### Corporation tax and deferred tax

According to the joint taxation rules, the subsidiaries' liability for their own corporation tax payments to the tax authorities is settled concurrently with payment of the joint taxation contribution to the administrative company, Flexa4Dreams Holding

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

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

#### Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, etc. Provisions are recognised when, as a result of past events, the group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

#### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.

#### Deferred income

Deferred income comprises payments received concerning income in subsequent years.



# Financial statements

## Notes

### Segment information

Segment information is based on the group's accounting policies, risks and internal financial management. Information is provided on geographical markets, because the group only has one business segment.

### Cash flow statement

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

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

#### Cash flows from operating activities

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

#### Cash flows from investing activities

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

#### Cash flows from financing activities

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

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term operating credits.

## Financial statements

### Notes

	<b>Consolidated</b> 2017 DKK '000	<b>Consolidated</b> 2016 DKK '000
<b>2 Revenue</b>		
Geographical markets		
Europe	301.559	299.285
America	2.692	2.902
Asia	<u>52.231</u>	<u>53.656</u>
<b>Total</b>	<b><u><u>356.482</u></u></b>	<b><u><u>355.843</u></u></b>

### 3 Staff costs

Wages and salaries	71.529	79.502
Pensions	3.420,0	3.255
Other social security costs	9.320,0	10.097
Other staff costs	<u>2.129</u>	<u>1.705</u>
	<b><u><u>86.398</u></u></b>	<b><u><u>94.559</u></u></b>

In parent company, no remuneration has been paid to the Executive Board and the Board of Directors.

Staff costs are recognised in the financial statements as follows:

Production costs	43.585	47.412
Distribution costs	22.158	22.597
Administrative expenses	<u>20.655</u>	<u>24.550</u>
	<b><u><u>86.398</u></u></b>	<b><u><u>94.559</u></u></b>
Average number of employees	<u>387</u>	<u>425</u>

### 4 Other operating income

Other operating income includes profit from the divestment of the subsidiary Flexa (Suzhou) Furniture Products Ltd.

### 5 Other operating expenses

Other operating expenses include costs in connection with change of owners and the reestablishment of the equity.

## Financial statements

Notes	Consolidated	Parent	Consolidated	Parent
	2017	company	2016	company
	DKK '000	2017	DKK '000	2016
		DKK '000		DKK '000
<b>6 Financial income</b>				
Interest from affiliated companies	0	0	0	95
Other interest income	<u>192</u>	<u>124</u>	<u>0</u>	<u>52</u>
	<u>192</u>	<u>124</u>	<u>0</u>	<u>147</u>
<b>7 Financial expenses</b>				
Interest from affiliated companies	0	0	0	0
Other interest expenses	<u>7.060</u>	<u>4.627</u>	<u>10.991</u>	<u>3.312</u>
	<u>7.060</u>	<u>4.627</u>	<u>10.991</u>	<u>3.312</u>
<b>8 Tax on profit/loss from ordinary activities</b>				
Current tax for the year	<u>3</u>	<u>0</u>	<u>421</u>	<u>0</u>
	<u>3</u>	<u>0</u>	<u>421</u>	<u>0</u>
<b>9 Intangible assets</b>				
<b>Goodwill</b>				
Cost at 1 January	10.000		10.000	
Disposal	<u>0</u>		<u>0</u>	
Cost at 31 December	<u>10.000</u>		<u>10.000</u>	
Amortisation and impairment losses at 1 January	6.833		5.833	
Amortisation	1.000		1.000	
Reversed depreciation on disposal	<u>0</u>		<u>0</u>	
Amortisation and impairment losses at 31 December	<u>7.833</u>		<u>6.833</u>	
<b>Carrying amount at 31 December</b>	<u>2.167</u>		<u>3.167</u>	

## Financial statements

### Notes

#### 10 Property, plant and equipment Consolidated

DKK '000	<u>Leasehold improvements</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Fixtures and fittings, tools, etc.</u>
Cost at 1 January	1.450	29.612	24.762	5.428
Foreign exchange adjustments	0	43	2	2
Addition	381	169	6.205	951
Disposal, devisted entities	0	0	0	0
Disposal	<u>0</u>	<u>-1.767</u>	<u>-814</u>	<u>-80</u>
Cost at 31 December	<u>1.831</u>	<u>28.057</u>	<u>30.155</u>	<u>6.301</u>
Amortisation and impairment losses at 1 January	1.187	18.683	15.462	3.353
Foreign exchange adjustments	0	27	1	0
Depreciation	125	2.009	2.973	918
Depreciations, devisted entities	0	0	0	0
Depreciation of assets sold	<u>0</u>	<u>-590</u>	<u>-764</u>	<u>-47</u>
Depreciation and impairment losses at 31 December	<u>1.312</u>	<u>20.129</u>	<u>17.672</u>	<u>4.224</u>
<b>Carrying amount at 31 December</b>	<b><u>519</u></b>	<b><u>7.928</u></b>	<b><u>12.483</u></b>	<b><u>2.077</u></b>
Finance lease included in above figures	<u>0</u>	<u>0</u>	<u>0</u>	<u>272</u>

## Financial statements

### Notes

	Parent Company 2017 DKK '000	Parent Company 2016 DKK '000
<b>11 Investments in subsidiaries</b>		
Cost at 1 January	118.886	144.765
Increase	25.000	0
Disposal	<u>0</u>	<u>-25.879</u>
Cost at 31 December	<u>143.886</u>	<u>118.886</u>
Value adjustments at 1 January	-117.716	-143.496
Foreign exchange adjustments etc.	-904	-817
Disposal	0	23.961
Other adjustments, debt relief	0	1.724
Share of profit/loss for the year	<u>4.952</u>	<u>911</u>
Value adjustments at 31 December	<u>-113.668</u>	<u>-117.716</u>
Negative equity value included in receivable at associated entities		
Provision, subsidiary	<u>324</u>	<u>15.948</u>
<b>Carrying amount at 31 December</b>	<u><u>30.542</u></u>	<u><u>17.118</u></u>

<u>Name</u>	<u>Domicile</u>	<u>Stake</u>	<u>Share capital</u>	<u>Equity share</u> DKK '000	<u>Profit/loss</u> <u>after tax</u> DKK '000
Flexa4Dreams A/S	Hornsyld, DK	100%	1.000 thDKK	11.479	2.352
Flexa Eesti AS	EE	100%	51,1 thEUR	14.818	5.010
Dream Slats OÜ	EE	100%	2,5 thEUR	-324	-200
Flexa (Shanghai) Int. Trading Ltd.	CN	100%	1.655 thRMB	<u>10.675</u>	<u>-850</u>
				36.648	6.312
Intra-group profit on inventories				-6.430	-1.360
Negative net asset value transferred to provisions				<u>324</u>	<u>0</u>
Carrying amount at 31 December				<u><u>30.542</u></u>	<u><u>4.952</u></u>

## Financial statements

Notes	Consolidated 2017 DKK '000	Parent company 2017 DKK '000	Consolidated 2016 DKK '000	Parent company 2016 DKK '000
<b>12 Deferred tax asset</b>				
Deferred taxes at 1 January	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred taxes include:				
Non-current assets	-4.230		-3.859	
Current assets	-403		-526	
Provisions	-494		-382	
Tax loss carryforwards	<u>-15.076</u>	<u>-1.011</u>	<u>-14.505</u>	<u>0</u>
	-20.203	-1.011	-19.272	0
Write-down of calculated deferred taxes	<u>20.203</u>	<u>1.011</u>	<u>19.272</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>13 Share capital and proposed distribution of profit</b>				
<b>Development in share capital</b>				
Share capital at 1 January		1.000		1.000
Capital increase		<u>45</u>		<u>0</u>
Share capital at 31 December		<u>1.045</u>		<u>1.000</u>
Share capital is in 2017 increased by 45,000 shares to nominal 1.045.105 shares				
<b>Development in treasure shares</b>				
Treasure shares at 1 January		15		0
Additions/disposals		<u>-10</u>		<u>15</u>
Treasure shares at 31 December		<u>5</u>		<u>15</u>
The portfolio of treasure shares comprises 5,000 shares to a nominal value of 5,000 DKK or 0.5% of the share capital. During the year the Company has sold 10,000 shares at a total nominal value of 10.000 DKK or 1.0% of the share capital to an amount of 200,000 DKK. Treasure shares are primarily acquired for the Group's share programmes.				
<b>Proposed distribution of profit</b>				
Retained earnings		<u>3.205</u>		<u>8.036</u>

## Financial statements

Notes	Consolidated	Parent	Consolidated	Parent
	2017	company	2016	company
	DKK '000	2017	DKK '000	2016
		DKK '000		DKK '000
<b>14 Capital</b>				
Equity	16.609	16.609	13.208	13.208
Subordinated loan capital	<u>30.000</u>	<u>30.000</u>	<u>30.000</u>	<u>30.000</u>
<b>Total capital</b>	<u><u>46.609</u></u>	<u><u>46.609</u></u>	<u><u>43.208</u></u>	<u><u>43.208</u></u>

### Special terms related to the subordinated loan capital:

Subordinated loan capital is subordinated to bank debt and falls due in 3 portions of 10 million DKK begin of 2019, 2020 and 2021.

<b>15 Provisions</b>		
Provisions at 1 January	1.735	3.429
Change in the year	<u>510</u>	<u>-1.694</u>
Provisions at 31 December	<u><u>2.245</u></u>	<u><u>1.735</u></u>

Provision for agent commission obligation, based on average of last 5 year commissions.

### 16 Non-current liabilities

#### Credit institutions

Total liabilities at 31 December	<u>0</u>	<u>2</u>
Instalments first year	<u>0</u>	<u>2</u>

### 17 Other payables

Staff-related liabilities	6.411	8.193
Other payables	<u>15.973</u>	<u>32.586</u>
	<u><u>22.384</u></u>	<u><u>40.779</u></u>

## Financial statements

Notes	Consolidated		Parent company	
	2017	2017	2016	2016
18 Contingent liabilities and collateral	DKK '000	DKK '000	DKK '000	DKK '000
Rent commitments	12.338	0	3.135	0
Operating lease liabilities	1.917	0	1.298	0

### Collateral (Consolidated)

The following assets have been provided as collateral for Flexa4Dreams A/S and Flexa Eesti AS' agreements with banks and subordinated loan capital in Flexa4Dreams Holding A/S:

	Registered collateral	Carrying amount at 31.12.2017
	DKK '000	DKK '000
Company charge in operating equipment, goodwill, inventories and unsecured claims	70.000	111.142

### Collateral (Parent company)

Suretyship provided to the following companies' bank engagements

	Midt Factoring	Nordea	Danske Bank
	DKK '000	DKK '000	DKK '000
Flexa4Dreams A/S	29.397	12.922	15.444

The shares in Flexa4Dreams A/S and Flexa Eesti AS are provided as collateral for commitments against credit institutions. The carrying amount of the shares was resp. DKK 11.480 thousand and DKK 14.818 thousand at 31 December.

## 19 Related parties

Transactions with related parties are made on market terms.

### Control

The parent company's related parties exercising control include the majority owner Adrian Vanderspuy.

## 20 Subsequent events

No events have occurred subsequent to the end of the reporting year, which could significantly affect the financial statements at 31 December 2017.



## Financial statements

### Notes

#### Notes without reference:

	<b>Consolidated</b>	<b>Parent</b>	<b>Consolidated</b>	<b>Parent</b>
	<b>2017</b>	<b>company</b>	<b>2016</b>	<b>company</b>
	DKK '000	2017	DKK '000	2016
		DKK '000		DKK '000
<b>21 Depreciation, amortisation and impairment losses</b>				
Intangible assets	1.000		1.000	
Property, plant and equipment	<u>6.022</u>		<u>7.399</u>	
	<u><u>7.022</u></u>		<u><u>8.399</u></u>	
Depreciation, amortisation and impairment losses are recognised as follows:				
Production costs	4.981		6.355	
Distribution costs	25		62	
Administrative expenses	<u>2.016</u>		<u>1.982</u>	
	<u><u>7.022</u></u>		<u><u>8.399</u></u>	
<b>22 Auditors' fees</b>				
<b>Fees to the auditors appointed at the annual general meeting</b>				
Statutory audit	472	65	646	137
Other assurance engagements, PricewaterhouseCoopers	3	27	32	27
Other assurance engagements, Suzhou Fangben CPAs	0	0	43	0
Other assistance	<u>33</u>	<u>0</u>	<u>36</u>	<u>0</u>
	<u><u>508</u></u>	<u><u>92</u></u>	<u><u>757</u></u>	<u><u>164</u></u>
<b>23 Change in working capital</b>				
Other provisions	510		-1.694	
Exchange adjustments booked on equity	-904		-817	
Of which related to fixed assets	-19		533	
Inventories	-6.195		-2.660	
Receivables	20.769		-8.368	
Trade payables and other payables	<u>-9.795</u>		<u>14.169</u>	
	<u><u>4.366</u></u>		<u><u>1.163</u></u>	