Stibo Graphic A/S

Saturnvej 65, 8700 Horsens

CVR no. 35 82 27 20

Annual report 2018/19

Approved at the Company's annual general meeting on 21 June 2019

Chairman:

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Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Stibo Graphic A/S for the financial year 1 May 2018 - 30 April 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2019 and of the results of the Company's operations for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

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

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

Horsens, 21 June 2019
Excutive Board:

Søren S. Henriksen
CEO

Board of Directors:

Carsten Christensen Chairman	Søren Hove	Søren S. Henriksen

Independent auditor's report

To the shareholders of Stibo Graphic A/S

Opinion

We have audited the financial statements of Stibo Graphic A/S for the financial year 1 May 2018 - 30 April 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2019 and of the results of the Company's operations for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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". We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

- 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 21 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jens Jakobsen

Jens Weiersøe Jakobsen
State Authorised
Public Accountant
mne30152

Søren Jensen
State Authorised
Public Accountant
mne34132

Management's review

Company details

Name	Stibo Graphic A/S
Address	Saturnvej 65, DK-8700 Horsens
CVR no.	35 82 27 20
Established	26 March 2014 (with accounting effect on 1 May 2013)
Registered office	Horsens
Financial year	1 May - 30 April
Website	www.stibocomplete.com
Telephone	+45 76 26 36 00
Board of Directors:	Carsten Christensen, Chairman Søren Hove Søren S. Henriksen
Executive Board	Søren S. Henriksen, CEO
Audit	Ernst & Young Godkendt Revisionspartnerselskab Vaerkmestergade 25, DK-8000 Aarhus C

Management's review

Financial highlights

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Key figures					
Revenue	470,932	477,118	495,740	601,110	651,257
Gross margin	131,839	127,954	138,953	168,339	171,866
EBITDA	23,289	21,145	21,897	43,782	36,260
Operating profit/loss	-3,700	-9,094	-14,183	-2,347	4,930
Profit/loss after tax in group entity	4,418	3,933	3,373	9,064	4,308
Profit/loss before net financials	163	-5,161	-10,810	5,312	7,915
Profit/loss from net financials	-1,010	-9,328	-2,300	-2,006	-2,173
Profit/loss before tax	-292	-14,489	-13,110	4,711	5,151
Profit/loss for the year	**1,369**	**-10,533**	**-9,554**	**5,599**	**8,301**
Fixed assets	151,003	151,701	146,818	169,428	197,645
Current assets	161,965	214,063	189,566	184,363	154,071
Total assets	**312,968**	**365,764**	**336,384**	**353,791**	**351,716**
Share capital	100,100	100,100	100,100	100,100	100,700
Equity	**187,745**	**187,029**	**197,748**	**217,588**	**211,790**
Provisions	3,213	5,080	6,818	8,650	11,265
Current liabilities other than provisions	122,010	173,655	131,818	127,553	128,661
Investments for the year in property, plant and equipment	950	9,026	10,508	15,810	19,027
Financial ratios %					
Profit margin	-0.8	-1.9	-2.9	-0.4	0.8
Return on capital employed	-1.4	-3.3	-4.6	-0.7	1.4
Gross margin	28.0	26.8	28.0	27.6	26.4
Equity ratio	60.0	51.1	58.8	61.5	60.2
Return on equity	0.4	-5.5	-5.3	2.6	4.0
Average number of employees	190	191	208	213	225

For terms and definitions, please see the accounting policies.

Management's review

Operating review

Stibo Graphic A/S forms part of the Stibo Complete A/S Group, which is owned by the foundation-owned Stibo Group.

Stibo Complete A/S is the Parent Company of Scandinavia's largest manufacturer of physical marketing materials and is the owner of the companies: Color Print A/S, Stibo Graphic A/S and Distribution Plus A/S (70%-ownership) in Denmark and Sörmlands Printing Solutions AB, Stibo Media AB and GigantPrint AB in Sweden.

What we do

Stibo has run a printing house for more than 225 years, and today, we are one of the largest and strongest players in Scandinavia. There is still, and for many years to come will be a large market for graphic products in Scandinavia for players that are able to adjust to a changing market. And Stibo Complete is in the best possible position to take advantage of this market thanks to its market position, specialist expertise and solid, forward-looking ownership as a foundation-owned company.

Stibo Complete is undergoing a major restructuring process to keep in line with the market, which is also currently undergoing structural changes. There is a large market for printed matters in web offset, sheet fed offset and digital printing, but it is on the decrease. On the other hand, the market for productions for in-store, outdoor and event assignments is on the increase. We are therefore in the process of changing over from a large printing house with relatively few but very large order volumes to a graphic supermarket with a very wide and varied selection of products.

We offer design, development and production services and distribution of physical marketing materials as well as related storage and logistics services. We are working intensively to expand our position as the leading one-stop supplier of physical marketing materials for Scandinavian chain customers and retail outlets.

Stibo Graphic is the majority shareholder of Distribution Plus, which handles the business areas co-mailing, packing services and distribution solutions.

Stibo Graphic A/S forms part of the foundation-owned Stibo Group, and reference is made to the annual report of Stibo-Fonden.

The year's headlines:

1. Structural market changes with increasing digitalisation are affecting all businesses engaged in the printing industry. We are continually assessing the possibility to combine physical and digital marketing materials in order to provide effective solutions to our customers. We have strengthened our cooperation with our affiliated companies CCI Europe and Stibo Systems.
2. Stibo Complete is undergoing a restructuring process from a large printing house to a graphic supermarket. Through acquisition and integration of the large format printing company GigantPrint in Norrköping, we made a quantum leap in this transformation in 2018/19. GigantPrint is market leader in Sweden within the development and production of in-store, outdoor and event assignments for the largest Scandinavian retail chains and event organizers. Making customised marketing portals available for large customers has been a success. The marketing portal makes it easier for customers, reduces costs and provides more flexibility.
3. Several very large competitors within the heatset print industry in Europe have gone bankrupt because of the falling market and the heavy increase in the price of paper and distribution costs. We expect to see many bankruptcies in Europe in the coming period.
4. Our market share in Sweden grew again in 2018/19. Sweden is the largest and most interesting growth market for Stibo Complete, and we are still planning to expand our activities at the facilities in Katrineholm and Norrköping.
5. DistributionPlus purchased and installed three large packing lines in 2018 in order to provide customers with addressless distribution to 'Kontor & Butik' (Offices & Shops) under the name "Alt Til Erhverv" (a solution for mail distribution to the business sector) – a service that

Management's review

Operating review

PostNord had dropped. The relaunch of the service and investments in a competitive set-up at the facility in Vadum have been well received by existing as well as new customers. Together with PostNord, we have further developed the magazine mailing service "Storindlevering" (large delivery of mail), which means that part of the major price increase for many magazines which were previously in the addressless segment has now been reversed to addressed distribution.

In the coming years, it is still important to invest in transforming our printing house into a graphic supermarket and that we continue the positive trend in Sweden and gain more market shares.

Key figures 2018/19 Stibo Graphic A/S

Revenue	DKK 471 million (2017/18: DKK 477 million)
EBITDA	DKK 23 million (2017/18: DKK 21 million)
Profit before tax:	DKK 0 million (2017/18: DKK -14 million)
Equity	DKK 188 million (2017/18: DKK 187 million)
Number of employees	190 (2017/18: 191)

In the light of the many bankruptcies within the industry and structural changes in the market as well as a continued weakening of the Swedish and the Norwegian krone, the financial statements for 2018/19 are considered satisfactory and are up on last year's results of operation.

Stibo Graphic's financial statements show a relatively high depreciation/amortisation level, and the Company overall generates, as in previous years, a relatively high EBITDA level and a positive cash flow.

Events after the balance sheet date

Subsequent to the financial year end, Stibo Graphic decided to make the following investments:

Stibo invested a double-digit multi-million amount in new technology for the facilities in Horsens. The new sheet fed printing machine is expected to come into operation at the end of 2019. The circulation volume is decreasing and the number of orders is increasing. The new market conditions require fast turn-around between the different orders and a minimum consumption of resources (energy and paper), which is precisely one of the criteria for this investment.

Outlook

Together with the other Stibo Complete group entities, Stibo Graphic is market leader in Scandinavia. We are still investing heavily in business development and in the consolidation of the industry. We offer a wide range of graphic services, and therefore our long-term expectations are positive.

Management expects that the described market trend will continue in the coming years. Measures already taken and investments made are expected to foster further growth of our market shares in Sweden and in particular growth in the sale of new graphic services. Thus, Management expects that Stibo Graphic's results of operations in 2019/20 will be affected by the ongoing transformation, but its business will be strengthened. The Company expects to report results of operations in line with 2018/19, but with a positive effect if the Swedish and the Norwegian kroner increase vis-a-vis the Danish kroner.

Risks

Future market risks are currently related to high distribution prices for publishers, mainly due to changes in PostNord, and naturally, this may imply that they select other marketing solutions, resulting in a further decrease in market demand.

Management's review

Operating review

Corporate social responsibility

Corporate social responsibility is an integral part of Stibo Complete's business strategy. The Group's goal is to act responsibly vis-a-vis its customers, employees, business partners and the community. Stibo Graphic A/S is included in Stibo Complete's CSR report, which is published in the annual report of Stibo Complete A/S.

Section 99b of the Danish Financial Statements Act - Gender composition of Management

Stibo Graphic A/S has also published its Report on gender composition in the annual report of Stibo Complete A/S.

Financial statements 1 May - 30 April

Income statement

Note	DKK'000	2018/19	2017/18
	Revenue	470,932	477,118
	Changes in inventories of work in progress	-81	543
2	Other operating income	18,701	16,250
		489,552	493,911
	Raw materials and consumables	-304,950	-311,450
	Other external expenses	-52,763	-54,507
	Gross margin	131,839	127,954
3	Staff costs	-108,122	-106,304
4	Depreciation, amortisation and impairment losses	-27,417	-30,744
	Operating profit/loss	-3,700	-9,094
9	Profit/loss after tax in group entities	4,418	3,933
5	Financial income	1,286	726
6	Financial expenses	-2,296	-10,054
	Profit/loss before tax	-292	-14,489
7	Tax for the year	1,661	3,956
	Profit/loss for the year	1,369	-10,533

Proposed distribution of profit/loss		
Proposed dividend	0	0
Transfer to reserve for net revaluation according to the equity method	4,418	3,933
Retained earnings	-3,049	-14,466
	1,369	-10,533

Financial statements 1 May – 30 April

Balance sheet

Note	DKK'000	30 April 2019	30 April 2018
	ASSETS		
	Fixed assets		
8	**Property, plant and equipment**		
	Plant and machinery	55,394	80,951
	Fixtures and fittings, tools and equipment	3,108	4,250
		58,502	85,201
	Investments		
9	Investments in group entities	18,168	14,345
	Deposits	7,942	7,786
	Receivables from group entities	66,391	44,369
		92,501	66,500
	Total fixed assets	151,003	151,701
	Current assets		
	Inventories		
	Raw materials and consumables	21,463	21,577
	Work in progress	5,790	5,871
		27,253	27,448
	Receivables		
	Trade receivables	53,745	70,257
	Receivables from group entities	24,512	22,137
	Joint taxation contributions receivable	0	2,235
	Other receivables	5,512	1,030
	Prepayments	4,011	3,715
		87,780	99,374
	Cash	46,932	87,241
	Total current assets	161,965	214,063
	TOTAL ASSETS	312,968	365,764

Financial statements 1 May – 30 April

Balance sheet

Note	DKK'000	30 April 2019	30 April 2018
	EQUITY AND LIABILITIES		
10	**Equity**		
	Share capital	100,100	100,100
	Reserve for net revaluation according to the equity method	14,122	10,299
	Retained earnings	73,523	76,630
	Proposed dividend	0	0
	Total equity	187,745	187,029
	Provisions		
11	Deferred tax	3,213	5,080
	Total provisions	3,213	5,080
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments from customers	190	613
	Trade payables	5,400	15,527
	Joint taxation contribution payable	1,088	0
	Payables to group entities	98,269	135,885
	Other payables	17,063	21,630
	Total liabilities other than provisions	122,010	173,655
	TOTAL EQUITY AND LIABILITIES	312,968	365,764

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Financial statements 1 May – 30 April

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividend	Total
	Equity at 1 May 2018	100,100	10,299	76,630	0	187,029
	Distributed dividend	0	0	0	0	0
	Exchange rate adjustments resulting from translation of foreign entities	0	-40	0	0	-40
	Value adjustment, hedging of future cash flows	0	0	-58	0	-58
	Other adjustments	0	-555	0	0	-555
	Transferred; see distribution of profit/loss	0	4,418	-3,049	0	1,369
	Equity at 30 April 2019	-100,100	14,122	73,523	0	187,745

Financial statements 1 May - 30 April

Notes

1 **Accounting policies**

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

In accordance with section 86, 96 and 112 of the Danish Financial Statements Act, the Company does not prepare any cash flow statement, information of fees to the auditors appointed at the annual general meeting and independent consolidated financial statements of Stibo Graphic A/S as the Company is included in Stibo-Fonden's cash flow statement, audit note and consolidated financial statements.

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

Income statement

Revenue

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be measured reliably and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress include the changes in the year of inventories of finished goods and work in progress.

Other operating income

Other operating income comprises items secondary to the primary activities of the company.

Raw materials and consumables

Raw materials and consumables include the year's purchase of goods and services and the changes in the year of inventories of raw materials and consumables.

Other external expenses

Other external expenses comprise cost for the year primary to the principal activities of the Company,

Staff costs

Staff costs comprise wages and salaries, remuneration, pension and other staff costs regarding the Company's employees, including members of the Executive Board and the Board of Directors.

Amortisation and depreciation

Depreciation for the year comprises depreciation for the year on property plant and equipment.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Profit/loss after tax from investments in group entities

The proportionate share of the results after tax of the individual group entities is recognised in the Company's income statement after full elimination of intra-group profits/losses and amortisation of goodwill.

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

Financial income and expenses

Financial income and expenses comprise interest income and expenses, 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. Interest expenses are not capitalised.

Tax for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Stibo Group's Danish companies. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company Stibo Holding A/S is the administration company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

The current Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income upon settlement of joint taxation contributions. Loss-making entities receive joint taxation contributions from entities which have been able to apply the losses to reduce their own taxable income.

Tax for the year comprises the year's joint taxation contribution charge and changes in deferred tax. The tax expense is recognised in profit or loss. The portion attributable to changes in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

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

Plant and machinery	3-15 years
Fixtures and fittings, tools and equipment	3-10 years

Financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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

Investments in group entities and associates

Investments in group entities and associates are measured according to the equity method.

Investments in group entities and associates are measured in the balance sheet at the proportionate share of the entities' net asset value according to the Parent Company's accounting policies minus or plus unrealised intra-group gains and losses plus goodwill on consolidation.

Group entities and associates with a negative net asset value are measured at DKK 0, and any receivable is written down by the Parent Company's share of the negative net asset value insofar as it is considered irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the Parent Company has a legal or a constructive obligation to cover the subsidiary's deficit.

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

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.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of work in progress includes the cost of raw materials, consumables, manufactoring costs and production overheads.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected losses.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Joint taxation contribution and deferred tax

Joint taxation contribution payable and receivable are recognised in the balance sheet as a separate line item.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Liabilities other than provisions

Debt to mortgage credit institutions and banks are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Segment information

The Company only has publishing activities and the Company therefore only operates within one segment.

Financial ratios

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

Profit margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Return on capital employed	$\frac{\text{Operating profit x 100}}{\text{Average operating assets}}$
Operating assets	Operating assets comprise total assets less cash, investments in group entities and securities.
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Financial statements 1 May – 30 April

Notes

2 **Other operating income**

The item mainly includes income on the sale of paper shredder, administrative fee as well as gains on the sale of property, plant and equipment.

	DKK'000	2018/19	2017/18
3	**Staff costs**		
	Wages and salaries	97,892	96,074
	Pensions	7,522	7,528
	Other social security costs	2,708	2,702
		108,122	106,304
	Average number of employees	190	191

In accordance with section 98b(3) of the Danish Financial Statements Act, no disclosures are made on Management's remuneration.

4	**Depreciation, amortisation and impairment losses**		
	Plant and machinery	25,388	28,507
	Fixtures and fittings, tools and equipment	1,601	1,732
		26,989	30,239
	Minor acquisitions	428	505
		27,417	30,744

5	**Financial income**		
	Interest income from group entities	895	603
	Other financial income	391	123
		1,286	726

6	**Financial expenses**		
	Interest expenses to group entities	1,727	1,569
	Other financial expenses	569	8,485
		2,296	10,054

7	**Tax for the year**		
	Current tax	1,088	-2,235
	Deferred tax	-2,050	-1,721
	Changes re. previous years	-699	0
		-1,661	-3,956

Financial statements 1 May - 30 April

Notes

8 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 May 2018	432,417	80,463	512,880
Additions	464	486	950
Disposals	-13,149	-1,741	-14,890
Cost at 30 April 2019	419,732	79,208	498,940
Depreciation at 1 May 2018	-351,466	-76,213	-427,679
Disposals	12,516	1,714	14,230
Depreciation	-25,388	-1,601	-26,989
Depreciation at 30 April 2019	-364,338	-76,100	-440,438
Carrying amount at 30 April 2019	55,394	3,108	58,502
Depreciated over	3-15 years	3-10 years	

9 Investments in group entities

DKK'000	30 April 2019	30 April 2018
Cost at 1 May	4,046	4,046
Additions	0	0
Cost at 30 April	4,046	4,046
Adjustments at 1 May	10,299	6,525
Exchange rate adjustments resulting from translation of foreign group entities	-40	-159
Other adjustments	-555	0
Profit/loss for the year after tax	3,863	3,933
Adjustments at 30 April	14,122	10,299
Carrying amount at 30 April	18,168	14,345
Hereof goodwill	0	0

Name	Registered office	Ownership interest
Distribution Plus A/S	Denmark	70%
Stibo Media AB	Sweden	100%

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10 Equity

DKK'000	30 April 2019	30 April 2018
Proposed distribution of profit/loss		
Proposed dividend	0	0
Transfer to reserve for net revaluation according to the equity method	4,418	3,933
Retained earnings	-3,049	-14,466
	1,369	-10,533

At 1 May 2016, the share capital was changed by merger from DKK 100,000 thousand to DKK 100,100 thousand. The share capital has remained unchanged since the establishment.

The share capital is DKK 100,100,000 consisting of shares of nominally DKK 1,000 each and multiples hereof.

11 Deferred tax

DKK'000	30 April 2019	30 April 2018
Deferred tax at 1 May	5,080	6,818
Transferred to current tax	200	0
Changes in the year, see note 7	-2,050	-1,721
Changes in the year re. changes in equity	-17	-17
Deferred tax at 30 April	3,213	5,080

12 Charges, collateral and contingent liabilities

The Company is jointly taxed with the other Danish consolidated entities. As a consolidated entity, the Company has joint and several unlimited liability, together with other consolidated entities, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the joint taxation group.

The jointly taxed entities' total known net liabilities to the Danish Customs and Tax Administration are stated in the financial statements of the administration company Stibo Holding A/S. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc. could entail an increase in the entity's tax liability.

13 Rental and lease commitments

The Company has entered into leases totalling DKK 109.5 million (30 April 2018: DKK 122.8 million) which expire on 31 March 2026.

Other lease commitments (operating leases) fall due within 5 years at an amount of DKK 6.1 million (30 April 2018: DKK 4.1 million).

14 Currency risks and use of derivative financial instruments

At 30 April 2019, the Company has not entered into any forward exchange contracts.

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15 Related parties

Control

Stibo-Fonden, Axel Kiers Vej 11, DK-8270 Højbjerg.

Stibo Graphic A/S is wholly-owned by Stibo Complete A/S, Horsens, whose ultimate parent company is Stibo-Fonden, Aarhus.

Stibo Graphic A/S is included as subsidiary in the consolidated financial statements of Stibo Complete A/S, Aarhus.

Related party transactions

Related parties include Stibo-Fonden and subsidiaries in which Stibo-Fonden directly or indirectly exercises control.

Related party transactions in 2018/19:

DKK'000	2018/19
Income[1]	26,220
Expenses[1]	29,178
Financial income and expenses, net[2]	-1,004
Receivables from group entities[3]	90,903
Payables to group entities[3]	98,269

[1] Include purchase and sale of goods and services.
[2] Include financial income or financial expenses in relation to intra-group financing.
[3] Include receivables and payables in connection with purchase and sale of goods and services as well as intra-group financing.