

Annual Report

01.05.2018 – 30.04.2019

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Original

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Key Figures

	2018/19	2017/18	2016/17 (10 mth)
Income statement in DKK million			
Revenue	1.310,1	1.264,2	1.027,7
Contribution Margin	647,9	633,2	510,3
Profit/loss from operating activities before depreciations and amortization (EBITDA)	156,6	143,6	72,4
Financing, net	(6,2)	(15,8)	(20,9)
Profit/loss before tax and minority interests	110,0	86,6	14,2
Profit/loss after tax	80,5	64,6	(5,4)
Balance sheet details in DKK million			
Non-current assets	1.532,8	1.535,5	1.545,1
Current assets	496,2	428,0	467,8
Balance sheet total	2.029,0	1.963,4	2.012,9
Equity	1.196,6	1.112,1	1.154,4
Interest bearing debt	327,2	383,4	387,3
Cash flow in DKK million			
Cash flow from operating activities	137,7	88,6	50,7
Cash flow from investing activities	(36,2)	(36,3)	(1.341,3)
Cash flow from financing activities	(42,4)	(119,0)	1.471,7
	2018/19	2017/18	2016/17 (10 mth)
Financial ratios			
Operating margin*	8,9	8,1	3,4
Cash flows before financing activity as a % of revenue*	7,6	4,1	143,2
Return on equity*	7,0	5,8	(0,9)
Equity ratio, %*	59,0	56,6	57,2
Average number of employees, full-time	539	539	533

*The financial ratios above is defined as:

Operating margin (EBIT%) = EBIT/Revenue

Cash flows before financing activity as a % of revenue = Cash flow before financing activities (page 13)/Revenue

Return on equity, % = Profit/loss after tax/((Equity last year + Equity financial year)/2)

Equity ratio, % = Equity/Balance sheet total

2018/2019 Financial Review

MAIN ACTIVITY

BoConcept Holding A/S is a truly global brand and an international furniture franchise chain in the 'affordable luxury' segment. The furniture and accessories collection is sold through a franchise chain of more than 280 brand stores worldwide, across more than 60 different countries with BoConcept as designer, business developer, exclusive supplier and international distributor.

HIGHLIGHTS FROM THE 2018/19 FINANCIAL YEAR

Developments and results for the year

In the 2018/19 financial year, BoConcept Holding A/S realised a net revenue of DKK **1,310** million (2017/18: DKK 1,264 million). A **3,6%** year on year growth with 13 additional stores added to the franchise network.

A gross profit of **49,5%** was realised (2017/18: 50,1%). A small decline due to negative currency effects and higher freight costs resulting from revenue growth in more distant markets.

EBITDA in 2018/19 was DKK **156,6** million (2017/18: DKK 143,6 million). Higher revenue and cost control compensates for the small reduction in gross margin.

After taxes of DKK **29,5** million, the profit for the year was DKK **80,5** million (2017/18: DKK 64,6 million).

BoConcept is a strong cash generating business and generated a positive cash flow of DKK **99,1** million before financing activities.

EXPECTATIONS

For the 2019/20 financial year, management expects to continue growth of the company driven by new store openings globally, like for like growth and other initiatives. Gross and operating margins are expected to remain in line with FY18/19 based on unchanged market conditions.

POST BALANCE SHEET EVENTS

The supervisory board is aware of no events after 30 April 2019 which will materially influence the financial position of the group.

REPORT ON THE GENDER DISTRIBUTION IN MANAGEMENT, CF. SECTION 99 B OF THE DANISH FINANCIAL STATEMENTS ACT

At present, 1 out of 3 general assembly elected members of the Board of Directors is a woman. The company has therefore obtained equal distribution on gender and hence no new target

figure has been set.

At other management levels, it is the company's objective to ensure a gender distribution that is representative for the BoConcept Holding A/S group's organisation.

Activities for increasing the underrepresented gender include having both genders invited to job interviews, wherever possible.

At present, the underrepresented gender share is 30% in management compared to 47% in the total organisation. This compares to an underrepresented gender share in management of 36% and 45% in the total organisation last year.

CORPORATE SOCIAL RESPONSIBILITY

BoConcept became a signatory to the UN Global Compact in 2009, so the group's CSR policy, which forms the framework for the group's initiatives and priorities in this area, is based on the ten principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption.

For a detailed review of BoConcept's operational initiatives with respect to corporate social responsibility in the 2018/2019 financial year and an introduction to initiatives, objectives and expectations for the future, please see the progress report BoConcept submitted to the UN Global Compact. BoConcept is including the progress report in its corporate social responsibility statement; as specified in section 99 a of the Danish Financial Statements Act. The progress report is available from the company's website at www.boconcept.com/en-gb/boconcept/corporate-responsibility/global-compact and is part of and covers the same period as BoConcept's 2018/2019 annual report.

Statement by the Executive & Supervisory Boards

The Board of Directors and Executive Board have today considered and adopted the Annual Report of BoConcept Holding A/S for the financial year 1 May 2018 – 30 April 2019.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

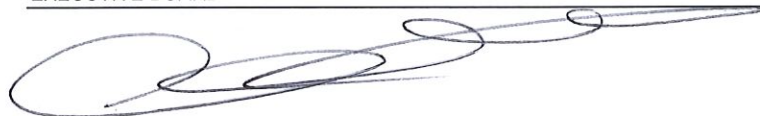
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 30 April 2019 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2018/19.

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 Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Herning, 4 July 2019

EXECUTIVE BOARD

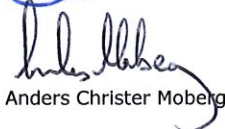


Anton van de Putte
CEO

SUPERVISORY BOARD



Sanna Mari Suvanto-Harsaa
Chairman



Anders Christer Moberg



Boris Tobias Kawohl
Deputy chairman



Menno Arpad Antal

Independent Auditor's Report

To the Shareholder of BoConcept 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 Group's and the Parent Company's financial position at 30 April 2019 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 May 2018 to 30 April 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BoConcept Holding A/S for the financial year 1 May 2018 - 30 April 2019, which comprise income statement and statement of comprehensive income, 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 cash flow statement for the Group ("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 International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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:

Independent Auditor's Report

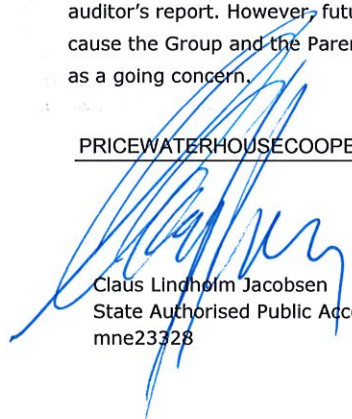
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

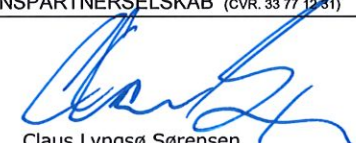
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 04 July 2019

PRICEWATERHOUSECOOPERS, STATSAUTORISERET REVISIONSPARTNERSKAB (CVR. 33 77 12 51)



Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328



Claus Lyngsø Sørensen
State Authorised Public Accountant
mne34539



Income Statement & Total Income Consolidated Accounts

		DKK'000	DKK'000
INCOME STATEMENT 01 MAY - 30 APRIL		2018/19	2017/18
3	Revenue	1.310.091	1.264.163
4	Cost of goods sold	(662.175)	(631.012)
	Contribution Margin	647.916	633.151
	Transportation	(60.567)	(52.624)
4	Employee related cost	(237.500)	(227.517)
	Marketing	(42.924)	(36.346)
	Rent & Maintenance	(72.107)	(64.788)
5	IT & Consultancy	(57.133)	(69.510)
	Others	(19.143)	(38.806)
	Operating profit before depreciations	158.542	143.560
6	Depreciations	(42.405)	(41.095)
	Profit/loss from operating activities (EBIT)	116.137	102.465
7	Financial income	12.580	3.852
8	Financial expenses	(16.476)	(19.691)
	Profit/loss before tax	112.241	86.626
9	Tax on profit/loss for the year	(29.473)	(22.382)
	Profit/loss for the year	82.768	64.624
	Broken down as follows:		
	Shareholders of BoConcept Holding A/S	82.768	64.624
		82.768	64.624
TOTAL INCOME		2018/19	2017/18
	Profit/loss for the period	82.768	64.624
	Items that later can be recirculated to income statement:		
	Revaluation of hedging instruments before tax	(1.792)	(1.421)
	Foreign currency translation, foreign units	0	(3.193)
	Tax on total income items	3.648	313
	Total income for the period	84.624	60.323
	Broken down as follows:		
	Shareholders of BoConcept Holding A/S	84.624	60.323
	Total Income for the period	84.624	60.323

Balance Sheet Consolidated Accounts

		DKK'000	DKK'000
AS AT 30 APRIL		2018/19	2017/18
ASSETS			
	Goodwill	533.960	533.755
	Master rights	36.600	36.600
	Franchise net work	167.743	181.483
	Brand and concept	571.000	571.000
	Software	31.911	24.866
	Intangible assets in progress	20.469	12.276
10	Total intangible assets	1.361.683	1.359.980
	Land and buildings	96.862	103.231
	Leasehold improvements	15.712	9.384
	Plant and machinery	13.577	15.575
	Fixtures and operating equipment	3.937	2.593
	Property, plant and equipment in progress	4.026	9.384
11	Total tangible assets	134.114	140.167
12	Deferred tax	5.014	4.748
13	Other financial assets	32.003	30.583
	Total other non-current assets	37.017	35.331
	Total non-current assets	1.532.814	1.535.478
14	Inventories	151.852	139.203
15	Trade receivables	139.526	143.056
16	Other receivables	31.270	17.730
	Cash and cash equivalents	173.539	127.968
	Total current assets	496.187	427.957
	TOTAL ASSETS	2.029.001	1.963.435

Balance Sheet Consolidated Accounts

		DKK'000	DKK'000
AS AT 30 APRIL		2018/19	2017/18
LIABILITIES AND EQUITY			
17	Share capital	1000	1.000
	Translation reserve	(529)	(4.177)
	Hedging reserve	(3.611)	106
	Retained earnings	1.049.820	1.115.128
	Dividend proposed	150.000	0
	Equity share, BoConcept Holding A/S shareholders	1.196.681	1.112.057
	Total equity	1.196.681	1.112.057
12	Deferred tax	186.509	191.031
18	Other provisions	7.439	8.986
19,26	Mortgage credit Institutions and banks	320.412	341.975
	Total non-current liabilities	514.360	541.992
19,26	Mortgage credit Institutions and banks	6.746	41.431
	Trade payables	146.416	109.968
	Prepayment from customers	40.677	34.474
20	Income tax payable	31.618	20.171
	Other payables	92.503	103.342
	Total current liabilities	317.960	309.386
	Total liabilities	832.320	851.378
TOTAL LIABILITIES AND EQUITY		2.029.001	1.963.435
21	Contingent liabilities and security		
24	Foreign exchange risks		
25	Transactions with related parties		
26	Derivate financial instruments and risk and capital management		
27	New accounting regulations		

Statement of Equity Movements Consolidated Accounts

DKK'000

CONSOLIDATED STATEMENT OF EQUITY MOVEMENTS

	Share capital	Value of hedging reserve	Exchange rate adjust. subsidiary	Retained earnings	Dividend proposed	Total
Equity at 30 April 2017	1.000	1.214	(984)	1.050.504	100.000	1.151.734
Distributed dividend	0	0	0	0	(100.000)	(100.000)
Result for the year	0	0	0	64.624	0	64.624
Reserve, foreign exchange adjustment	0	0	(3.193)	0	0	(3.193)
Reserve, hedging transactions	0	(1.108)	0	0	0	(1.108)
Transfer, free reserves	0	0	0	0	0	0
Dividend proposed	0	0	0	0	0	0
Equity at 30 April 2018	1.000	106	(4.177)	1.115.128	0	1.112.057
Distributed dividend	0	0	0	0	0	0
Result for the year	0	0	0	82.768	0	82.768
Reserve, foreign exchange adjustment	0	0	3.648	0	0	3.648
Reserve, hedging transactions	0	(3.716)	0	1.924	0	(1.792)
Dividend proposed	0	0	0	(150.000)	150.000	0
Equity at 30 April 2019	1.000	(3.611)	(529)	1.049.820	150.000	1.196.681

Information as to what reserves are available for distribution, reference is made to the parent company's statement of equity movements.

Cash Flow Statement Consolidated Accounts

CONSOLIDATED CASH FLOW STATEMENT		2018/19	2017/18
	EBIT	116.137	102.465
22	Adjustment for non-cash items	44.821	45.152
23	Change in net working capital	9.153	(18.607)
	Cash flow from operating activities before financial items	170.111	129.010
	Interest income etc.	3.376	3.852
	Interest paid	(15.159)	(17.103)
	Income taxes paid	(20.171)	(27.132)
	Cash flow from operating activities	138.157	88.627
	Acquisition of intangible assets	(22.256)	(16.693)
	Sale of intangible assets	0	31
	Acquisition of tangible assets	(15.590)	(21.098)
	Sale of tangible assets	2.612	36
	Repayment of loans (financial assets)	(3.830)	3.264
	Acquisition of financial assets	2.445	(1.858)
	Cash flow from investing activities	(36.619)	(36.318)
	Cash flow before financing activities	101.538	52.309
	Instalments on mortgage credit institutions and banks	(42.424)	(19.005)
	Dividend paid	0	(100.000)
	Cash flow from financing activities	(42.424)	(119.005)
	Cash inflow/outflow for the year	59.114	(66.696)
	Cash and cash equivalents, beginning of the year	114.425	181.121
	Cash and cash equivalents, year-end	173.539	114.425
	The amount may be broken down as follows:		
	Cash without restrictions	173.539	127.968
		173.539	114.425



Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

1 ACCOUNTING POLICIES APPLIED

The consolidated financial statements for the period 01 May 2018 to 30 April 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Further, the annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports.

Basis of preparation

The annual report has been prepared under the historical cost method, except for the derivative financial instruments for hedging purposes, recognised at fair value.

Non-current assets and groups of assets held for sale are measured at the lower of carrying amount prior to the reclassification and fair value less costs to sell.

The accounting policies as described below have been applied consistently over the financial year.

The annual report is presented in DKK 000.

Implementation of new financial reporting standards

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 May 2019:

- IFRS 16 Leases

The implementation of IFRS 16 did not have any significant impact on the amounts recognised in prior periods and are not expected to have material impact on yearly income. See note 27 for effects.

Consolidated financial statements and business combinations

The consolidated financial statements include the parent, BoConcept Holding A/S, as well as subsidiaries and enterprises in which BoConcept Holding A/S holds more than 50 per cent of the votes, directly or indirectly, or in any other way exercises a controlling influence (subsidiaries). BoConcept Holding A/S and the subsidiaries are collectively referred to as the group. Please refer to page 47 for the group chart.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements by consolidating accounting items of a similar nature and subsequently eliminating intra-group income and expenses, shareholdings, intra-group accounts and dividends as well as unrealised gains and losses on transactions between the consolidated enterprises. The consolidated financial statements have been prepared in compliance with the accounting policies applicable to the BoConcept Holding group.

In the consolidated financial statements the accounting items of the subsidiaries are recognised in full.

ACQUISITION AND DISPOSAL OF ENTITIES

Accounting policies

When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3.

Acquirees are recognized in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which BoConcept Holding A/S obtains control of the company.

The consideration transferred as payment for the acquiree consists of the fair value of assets transferred, liabilities incurred to former owners of the acquiree and equity instruments issued. Contingent considerations dependent on future events or the performance of contractual obligations are also recognized at fair value and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Identifiable assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

The excess of the total consideration transferred, value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognized as goodwill.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition. The effects of cross-period measurement period adjustments are recognized in equity at the beginning of the financial year, and comparative figures are restated. After the end of the period, goodwill is no longer adjusted.

Transaction costs inherent from the acquisition are recognized in the income statement when incurred.

Other than cross-period measurement period adjustments, comparative figures are not adjusted when acquiring or disposing entities.

Leasing

Leases where all the significant risks and rewards of ownership are transferred to the company (finance leases) are recognized at the time of the start of the leasing contract in the balance sheet at the fair value of the activity or the present value of the minimum lease payment, whichever is the lower, determined on the basis of the internal rate of interest of the lease agreement or a discount rate that is an approximation thereof. Assets under finance leases are written down and off according to the same accounting policies as the group's other non-current assets.

The capitalised residual commitment under the lease is recognized as a liability in the balance sheet, and the interest portion of the lease payment is charged to the income statement as it is incurred.

All other leases, including rent agreements, are considered operating leases. Payments under operating leases are recognized on a straight line basis in the income statement over the term of the lease.

Foreign currency translation

The group fixes a functional currency for each of the reporting enterprises. The functional currency is the currency which is applied in the primary economic environment in which the individual reporting unit operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the transaction date. Any exchange differences between the rate prevailing at the transaction date and the rate prevailing at the date of settlement on receivables, payables and other monetary items are taken to the income statement as financial items.

Receivables, debts and other monetary items in foreign currencies are converted at the exchange rate prevailing at the balance sheet date. The difference between the rate prevailing at the balance sheet date and the rate prevailing at the time when the receivable or payable item arose is included in the income statement under financial income and expenses.

On recognition in the consolidated financial statements of enterprises with a functional currency other than Danish kroner the income statements of such enterprises are translated to the rate prevailing at the transaction date, and the balance sheet items are translated to the rate prevailing at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of the equity of such enterprises at the exchange rates prevailing at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognized in other comprehensive income and classified in equity under a separate translation reserve.

Derivative financial instruments

Derivative financial instruments are initially and subsequently recognized at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is only made when the

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are calculated on the basis of current market data and generally accepted valuation methods.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge are recognised in other comprehensive income and classified under a separate hedging reserve in equity. Once the hedged transaction is realised, gains or losses incidental to such hedging transactions are transferred from the equity and recognised with the hedged item.

For derivative financial instruments which do not qualify as hedging instruments, any changes in fair value are recognised in the income statement under financial income and expenses.

INCOME STATEMENT

Revenue

Sale of goods

The group manufactures and sells a range of furniture to a number of franchisees. Sales are recognised when control of the products has transferred, being when the products are delivered to the franchisee, the franchisee has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the franchisee's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the franchisee, and either the franchisee has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The furniture is sometimes sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Materials

Material cost include cost related to the production and purchasing of materials and direct salaries paid to generate revenue for the year.

Employee related cost

Employee related cost include indirect salaries and personnel related cost.

Marketing

Marketing expenses includes cost related to marketing campaigns

Transportation

Transportation cost includes cost related to distribute goods related to generating revenue for the year.

Depreciations

Depreciations is related to amortization and depreciations of intangible and tangible assets for the year

Rent and Maintenance

Rent and maintenance cost include cost related to rental of stores and offices and maintenance of production facilities and buildings.

IT & Consultancy

IT & Consultancy cost include cost related to IT equipment and communication, consultancy, audit, legal advisory cost and insurances.

Others

Others is cost that is not included in the above.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

Financial income and expenses

Financial income and expenses include interest income and expenses, exchange adjustments relating to securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme etc.

Furthermore, realised and unrealised gains and losses relating to derivative financial instruments which do not qualify as hedging contracts are also recognised.

Tax on profit for the year

Tax for the year, which comprises current income taxes, the joint taxation contribution for the year relating to the use or refund of tax losses and changes in deferred tax for the year, for instance as a result of changes in the tax rate, is recognised in the income statement with the proportion attributable to the profit for the year and is recognised directly in other comprehensive income and equity respectively as regards the portion attributable to amount included in other comprehensive income or items under the equity.

The current Danish income tax is allocated among the jointly taxed companies in the form of settlement of joint tax contributions in proportion to their taxable income. In this connection Danish companies with tax losses receive joint tax contributions from companies that have been able to utilise these losses to reduce their own taxable profits.

BALANCE SHEET

INTANGIBLE ASSETS

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under 'The Consolidated Financial Statements and Business Combinations'. Subsequently goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the group's cash-generating units at the acquisition date. The identification of cash-generating units is based on management structure and internal financial control. Management estimates that the smallest cash-generating units to which the carrying amount of goodwill can be allocated are the subsidiaries.

At least once a year the carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is computed as the present value of the expected future net cash flows from the enterprise or activity (cash-generating unit) to which goodwill is allocated.

Master rights

Master rights acquired to run and start up new BoConcept Brand Stores on a specific market are recognised in the balance sheet.

Master rights are of indefinite duration as it is a general access to run and start up BoConcept Brand Stores on specific markets. The characteristics of the acquired rights are in fact comparable to goodwill.

Master rights are measured at cost. No amortisation is made in respect of these as their useful lives cannot be determined, but they are subject to an annual impairment test.

Brand and concept

BoConcept is an international franchise concept owner with a full product range of furniture and accessories. BoConcept is positioned in the 'affordable luxury' segment, which entails strong reliance on its brand/concept image.

The rights are of indefinite duration, and the characteristics of the acquired rights are in fact comparable to goodwill.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

Brand and concept are measured at cost. No amortisation is made in respect of these as their useful lives cannot be determined, but they are subject to an annual impairment test.

Franchise network

Furniture and accessories collections are sold through the BoConcept franchise chain worldwide. BoConcept Holding A/S and the franchisee have a long-term contractual agreement.

Development costs

The company conducts no research. New products and product innovations are developed in consultation with external consultants. Development costs are not included in the balance sheet, since these cannot be stated dependably, in addition to which these are often related to product replacements.

Software

Software is acquired externally and is measured at cost less accumulated amortisation. Software is written down to the recoverable amount or to the carrying amount, whichever is the lower. Amortisation is charged over three to eight years.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the cost of acquisition as well as costs directly attributable to the acquisition until such time when the asset is put into service.

The cost of assets held under finance leases is stated at the lower of the fair value of the assets and the present value of the future minimum lease payments. For the calculation of the present value, the interest rate implicit in the lease or an approximation thereof is used as the discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the group. The replaced components are removed from the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, applying the following useful lives:

Franchise network	15 years
Buildings	10-25 years
Plant and machinery	5-9 years
Fixtures and fittings, other plant and equipment	3-7 years
Leasehold improvements	3-10 years

Land is not depreciated.

Depreciation is calculated on the basis of the residual value less impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement on a separate line.

Impairment of non-current assets

Goodwill, master rights and brand and concept are subject to annual impairment tests, or where there seems to be a need for testing, initially before the end of the acquisition year.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

The carrying amounts of goodwill, master rights and brand and concept are subject to an impairment test together with the other non-current assets in the cash-generating unit to which goodwill, master rights and brand and concept have been allocated, and the said assets are written down to the recoverable amount via the income statement if this is lower than the carrying amount. The recoverable amount is generally computed as the present value of the expected future net cash flows from the enterprise or activity (cash-generating unit) to which goodwill or the master rights are allocated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs, distribution costs and administrative expenses respectively.

Impairment of goodwill is not reversed. Impairment of other assets is only reversed in connection with changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Other financial assets

Securities are recognised at fair value.

Investment, group enterprises

The proportionate share of profit or loss from subsidiaries after tax after elimination of the proportionate share of intra-group gains and loss is recognised in the income statement.

Investment in subsidiaries are, at first recognition, measured at cost and subsequently at the proportionate share of the companies' net assets calculated in accordance with the parent company's accounting policies with deduction or addition of the proportionate share of unrealised intra-group gains and losses calculated to the acquisition method.

Investments in entities with negative net assets are recognised at DKK nil, and receivables and loans from the entities, if any, are written down corresponding to the parent company's share of the negative assets to the extent the amount is deemed irrecoverable. In case the negative accounting value of the net assets exceeds the receivable amounts the remaining amount is recognised as liability in case the parent company has a judicial or actual obligation to cover the negative balance.

The net revaluation of the investment in subsidiaries are transferred to the designated reserve under equity in case the carrying amount exceeds the acquisitions price. Recently acquired or established companies are recognised in the financial statement from the date of the acquisition. Sold or liquidated companies are likewise recognised until the date of the sale or liquidation

Inventories

Inventories are measured at cost according to the FIFO method. Where the net realisable value is lower than the cost, the item is written down to the former lower value.

The cost of goods for resale, raw materials and consumables includes the purchase price and delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct wages and production overheads. Production overheads include indirect materials and wages as well as maintenance and depreciation of the machinery, plant and equipment applied in the production process as well as the cost of factory administration and management.

The net realisable value of inventories is calculated as the selling price 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 price, which is equal to the nominal value less loss allowance. The Group applies the IFRS 9 simplified approach to measuring the expected credit losses.

Receivables are initially recognised at fair value and subsequently measured at amortised cost less write down for losses. Provisions for losses are made by applying the expected loss impairment model and provisions are made based on an objective indicator if an individual receivable or a portfolio of receivables are impaired.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

Prepayments

Prepayments measured at cost price and recognised under assets include costs paid relating to subsequent financial years.

EQUITY

Dividend

The dividend proposed is recognised as a liability at the time of approval by the general meeting. Dividend which is expected to be distributed for the year is shown as a separate item under the equity. Interim dividend is recognised as a liability at the date when the decision to pay interim dividend is made.

Translation reserve

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the BoConcept Holding group (Danish kroner). On full or partial realisation of the net investment the foreign exchange adjustments are recognised in the income statement.

Hedging transaction reserve

Hedging instruments are recognised at fair value, and fair value adjustments are effected in the equity for unsettled instruments.

LIABILITIES

Income taxes and deferred tax

In pursuance of the joint taxation provisions BoConcept Holding A/S in its capacity of administration company takes over the liability for the income taxes of the subsidiaries vis-à-vis the tax authorities as the subsidiaries make their joint tax contributions.

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

Deferred tax is measured according to the balance sheet liability method of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill.

In cases where the tax base may be measured according to alternative tax regulations, deferred tax is measured on the basis of the use of the asset or liability planned by the management.

Deferred tax assets are subject to an annual impairment test and are amortised if it is deemed probable that the deferred tax asset cannot be eliminated against tax on future earnings or offset against deferred tax liabilities within the same legal tax entity or jurisdiction. In the assessment importance is attached to the type and nature of the recognised deferred tax asset, the expected time limit for eliminating the deferred tax asset, tax planning possibilities etc.

Deferred tax will be adjusted to account for the elimination of unrealised intra-group profits and losses.

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

Provisions

Provisions are recognised when, as a result of events arising before or at the balance sheet date, 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. The amount recognised as a provision is management's best estimate of the expenses required to settle the obligation.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

Restructuring costs are recognised as a liability when the persons affected by it have been notified of a detailed, formal restructuring plan not later than at the balance sheet date.

Financial liabilities

Payables to mortgage credit institutions and banks are recognised in the amount of the proceeds after deducting transaction costs when the loan is raised. In subsequent periods the financial liabilities are recognised at amortised cost using the 'effective rate of interest method' thus that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. Financial liabilities also include the capitalised residual obligation under finance leases. Other liabilities are measured at the nominal value which corresponds to the amortised cost for current payables.

Prepayments from customers

Prepayments from customers recognised under liabilities are measured at cost and include prepayments received concerning ordered, but not yet delivered, furniture.

CASH FLOW

Cash flow statement

The cash flow statement shows the group's cash flow divided into operating, investing and financing activities, the change in cash and cash equivalents during the year and the group's cash and cash equivalents at the beginning of the year and at year-end.

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 acquisition date. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flow from operating activities

Cash flows from operating activities are recognised indirectly as the profit before tax for non-cash operating items, changes in working capital, interest paid and income taxes paid.

Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Cash flow from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of long-term interest-bearing debt, acquisition and disposal of treasury shares and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.



Notes, Consolidated Accounts

2 ACCOUNTING ESTIMATES AND ASSESSMENT

Estimation uncertainty

Determining the carrying amounts of certain assets and liabilities requires estimation of the effects of future events on the carrying amounts of these assets and liabilities at the balance sheet date. Estimates that are material for the financial reporting are made, among other things, by computing amortisation, depreciation, write-downs and impairment losses, provisions as well as contingent liabilities and assets. The estimates applied are based on assumptions which are sound, in the management's opinion but which by their very nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates.

The notes provide information on bases and assumptions, on the future and other estimation uncertainties at the balance sheet date where there is a considerable risk of changes that may lead to a significant adjustment of the carrying amounts of assets or liabilities within the next financial year.

For BoConcept Holding A/S the measurement of goodwill DKK 534,0 million, master rights DKK 36.6 million, franchise network DKK 167.7 million, brand & concept DKK 571 million and trade receivables DKK 139.5 million may be significantly affected by major changes in the estimates and underlying assumptions of the calculations. For a description of impairment tests for intangible assets reference is made to note 10, where the amounts are also stated. Trade receivables are measured at amortised cost or net realisable value in the balance sheet, corresponding to the nominal value less write-downs for bad and doubtful debts. Write-downs to provide for losses are determined on the basis of an individual assessment of each receivable and the specific risk of the debtor being unable to pay. Collective write-downs in respect of other franchisees are determined on the basis of a general assessment of the risk that the group of debtors is unable to pay in the light of the company's experience from previous years. The determination is therefore to some extent based on estimates.

Material judgements

In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed as observable market prices are typically not available.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition.

More significant estimates are applied in accounting for brand and concept, franchise network, property, plant and equipment, inventories and deferred tax.

Master rights acquired to run and start up new BoConcept brand stores in specific markets are recognised in the balance sheet. The rights have no fixed term and have the characteristics of goodwill. Upon acquisition of enterprises and activities, management will evaluate whether such acquisition is deemed to constitute an enterprise or individual assets, including master rights and liabilities. Where no staff members, key net assets, are acquired, and where other contractual conditions otherwise support this position, management will deem the acquisition to consist of individual assets, typically including master rights.

The BoConcept Holding group recognises deferred tax assets, including the tax value of tax losses allowed for carryforward, if the management estimates that the tax asset can be offset against future income within the foreseeable future. The assessment is made once a year based on the budgets and business plans for the years ahead, including any business initiatives scheduled.

Notes, Consolidated Accounts

3	INCOME (DKK'000)		
	Revenue	2018/19	2017/18
	EMEA	760.270	765.786
	Americas	166.220	142.891
	APAC	383.601	355.486
		1.310.091	1.264.163
4	COST (DKK'000)		
	Staff costs	2018/19	2017/18
	Wages and salaries	(231.232)	(222.522)
	Pensions	(10.271)	(10.935)
	Other social security costs	(1.728)	(1.333)
	Other staff costs	(9.168)	(9.004)
		(252.399)	(243.794)
	Average number of employees	539	539
	Including Key Management Personnel (Executive management team*)	2018/19	2017/18
	Wages and salaries	(14.359)	(11.932)
	Termination benefit	2.147	(4.016)
	Short-term incentive plan (Bonus)	(2.682)	(1.669)
	Long-term incentive plan (Bonus)	0	0
	Pensions	(847)	(1.024)
		(15.741)	(18.641)
	Chief Executive Officer and Board of Directors**		
	Salaries and other remuneration	(4.411)	(4.794)

*The Executive management team has 7 members at the end of fiscal year 2018/19 (9 members in FY2017/18)

Average number of members during the year is 8 (8 average members in 17/2018)

** Since the Executive Management only consist of one member, the remuneration of the Chief Executive Officer (Executive management) and the Board of directors is disclosed collectively with references to § 98b(3) of the Danish Financial Statement Act.

Notes, Consolidated Accounts

5 FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING (DKK'000)		2018/19	2017/18
Aggregate fee		(1.451)	(1.675)
May be broken down as follows:			
Audit		(624)	(683)
Other assurance engagements		(44)	(98)
Other services		(384)	(329)
Tax consultancy		(399)	(565)
		(1.451)	(1.675)
6 DEPRECIATION, AMORTISATION, WRITE-DOWNS AND IMPAIRMENT LOSSES (DKK'000)		2018/19	2017/18
Amortisation of Intangible assets		(23.704)	(22.856)
Depreciation of tangible assets		(18.701)	(18.239)
		(42.405)	(41.095)
Development costs			
Development costs paid during the year		(7.334)	(7.372)
7 FINANCIAL INCOME (DKK'000)		2018/19	2017/18
Other interest income		3.377	3.852
Foreign exchange gain		9.203	0
		12.580	3.852
8 FINANCIAL EXPENSES (DKK'000)		2018/19	2017/18
Other interest expenses		(15.924)	(16.494)
Settlement of hedging instruments		(552)	(609)
Foreign exchange loss		0	(2.588)
		(16.476)	(19.691)

Notes, Consolidated Accounts

9 TAX (DKK'000)	2018/19	2017/18
Tax for the year breaks down as follows:		
Tax on profit for the year	(29.473)	(22.382)
Tax on other comprehensive income		313
	<u>(29.473)</u>	<u>(22.069)</u>
Tax on profit/loss for the year may be subdivided as follows:		
Current tax	(24.588)	(26.739)
Deferred tax	(4.788)	4.704
Adjustment of tax related to previous years	(97)	1.880
	<u>(29.473)</u>	<u>(20.155)</u>
Tax on profit/loss for the year may be explained as follows:		
Calculated 22% tax on profit/loss for the year before tax	(24.435)	(19.141)
Withholding tax	(886)	(2.902)
The tax effect of:		
Reversal of tax provision	(2.796)	5.855
Non-taxable income and non-deductible costs	(1.258)	(8.074)
Adjustment of tax related to previous years	(97)	1.880
	<u>(29.473)</u>	<u>(22.382)</u>
Effective tax rate	26,5	25,8

Notes, Consolidated Accounts

10 INTANGIBLE ASSETS (DKK'000)

	2018/19						Intangible assets in progress	Total
	Goodwill	Master rights	Franchise network	Brand/concept	Software			
Acquisition cost, beg./year	533.755	42.039	206.100	571.000	97.796	12.276	1.462.966	
Foreign exchange rate adjustments	205	0	0	0	78	2	285	
Additions	0	0	0	0	0	22.256	22.256	
Addition, acquisition of company	0	0	0	0	0	0	0	
Carried forward	0	0	0	0	17.010	(14.065)	2.945	
Disposals for the year	0	0	0	0	(862)	0	(862)	
Acquisition cost, year-end	<u>533.960</u>	<u>42.039</u>	<u>206.100</u>	<u>571.000</u>	<u>114.022</u>	<u>20.469</u>	<u>1.487.590</u>	
Amortisation and impairment losses, beg./year	0	(5.439)	(24.617)	0	(72.930)	0	(102.986)	
Foreign exchange rate adjustments	0	0	0	0	(79)	0	(79)	
Write downs, additions with acquisition of company	0	0	0	0	0	0	0	
Write-downs for the year	0	0	0	0	0	0	0	
Amortisation for the year	0	0	(13.740)	0	(9.964)	0	(23.704)	
Disposals for the year	0	0	0	0	862	0	862	
Amortisation and impairment losses, year-end	<u>0</u>	<u>(5.439)</u>	<u>(38.357)</u>	<u>0</u>	<u>(82.111)</u>	<u>0</u>	<u>(125.907)</u>	
Carrying amount, year-end	533.960	36.600	167.743	571.000	31.911	20.469	1.361.683	
Depreciated over a period of			15 years		3-8 years			

Master rights relate to acquisition of master rights in China, the UK, Spain, Sweden, Portugal and Denmark.

An impairment test of the carrying amounts of goodwill, master rights and brand & concept has been carried out at 30 April 2019. Master rights is based on cash flow generating stores in Denmark, the USA, the UK, Spain, Portugal, Sweden and China.

Master rights:	2019	2018
China	8.278	8.278
Denmark	4.483	4.483
Portugal	2.226	2.226
Spain	8.871	8.871
Sweden	4.760	4.760
UK	7.983	7.983
TOTAL	36.600	36.600

Goodwill is based on cashflow generating regions in EMEA, AMERICAS and APAC

Goodwill:	2019	2018
EMEA	314.329	314.329
AMERICAS	41.143	41.143
APAC	178.529	178.529
TOTAL	534.000	534.000

Brand & concepts is based on cashflow generating regions in EMEA, AMERICAS and APAC

Brand & concepts:	2019	2018
EMEA	336.108	336.108
AMERICAS	43.993	43.993
APAC	190.899	190.899
TOTAL	571.000	571.000

Notes, Consolidated Accounts

The main factors in the determination of the recoverable amount are revenue and contribution margin and the discount rate used.

The recoverable amounts of goodwill, master rights and brand & concepts are based on the capital value, which is determined by applying expected cash flows based on the budget for the next year and an estimated projection for the next five years related to expected revenue growth from increased same-store-sales and opening of new stores followed by the calculation of a terminal value with an annual growth of 1,5%. All amounts have been discounted at 8,53% pre-tax.

The calculated recoverable amounts of the remaining values are significantly higher than the carrying amounts

	2017/18						
	Goodwill	Master rights	Franchise network	Brand/concept	Software	Intangible assets in progress	Total
Acquisition cost, beg./year	533.934	42.039	206.100	571.000	84.714	8.908	1.446.695
Foreign exchange rate adjustments	(179)	0	0	0	(111)	0	(290)
Additions	0	0	0	0	10.119	6.574	16.693
Addition, acquisition of company	0	0	0	0	0	0	0
Carried forward	0	0	0	0	3.206	(3.206)	0
Disposals for the year	0	0	0	0	(132)	0	(132)
Acquisition cost, year-end	533.755	42.039	206.100	571.000	97.796	12.276	1.462.966
Amortisation and impairment losses, beg./year	0	(5.439)	(10.878)	0	(64.034)	0	(80.351)
Foreign exchange rate adjustments	0	0	0	0	104	0	104
Write downs, additions with acquisition of company	0	0	0	0	0	0	0
Write-downs for the year	0	0	0	0	0	0	0
Amortisation for the year	0	0	(13.739)	0	(9.101)	0	(22.840)
Disposals for the year	0	0	0	0	101	0	101
Amortisation and impairment losses, year-end	0	(5.439)	(24.617)	0	(72.930)	0	(102.986)
Carrying amount, year-end	533.755	36.600	181.483	571.000	24.866	12.276	1.359.980
Depreciated over a period of			15 years		3-8 years		

Notes, Consolidated Accounts

11 TANGIBLE ASSETS (DKK'000)

	2018/19					Total
	Land and buildings	Leasehold improvements	Plant and machinery	Fixtures and operating equipment	Property, plant and equipment in progress	
Acquisition cost, beg./year	257.187	35.019	181.448	34.660	9.384	517.698
Foreign exchange rate adjustments	0	782	0	141	3	926
Additions, acquisition of company	0	0	0	0	0	0
Additions	298	9.573	0	2.784	2.935	15.590
Carried forward	490	0	4.674	187	(8.296)	(2.945)
Disposals for the year	0	(1.102)	(2.663)	(848)	0	(4.613)
Acquisition cost, year-end	257.975	44.272	183.459	36.924	4.026	526.656
Depreciation and impairment losses, beg./year	(153.956)	(25.635)	(165.873)	(32.067)	0	(377.531)
Foreign exchange rate adjustments	0	(50)	0	(211)	0	(261)
Write-downs, additions, acquisition of company	0	0	0	0	0	0
Write-downs	0	0	0	0	0	0
Depreciation for the year	(7.157)	(3.506)	(6.673)	(1.365)	0	(18.701)
Disposals for the year	0	631	2.664	656	0	3.951
Depreciation and impairment losses, year-end	(161.113)	(28.560)	(169.882)	(32.987)	0	(392.542)
Carrying amount, year-end	96.862	15.712	13.577	3.937	4.026	134.114
Depreciated over a period of	10-25 years	3-10 years	5-9 years	3-7 years		

Plant and machinery includes leased assets at a carrying amount of DKK 3.3 million (last year DKK 4.3 million).

	2017/18					Total
	Land and buildings	Leasehold improvements	Plant and machinery	Fixtures and operating equipment	Property, plant and equipment in progress	
Acquisition cost, beg./year	257.187	28.173	178.819	36.007	6.928	507.114
Foreign exchange rate adjustments	0	(1.176)	0	(2.073)	0	(3.249)
Additions, acquisition of company	0	0	0	0	0	0
Additions	0	8.022	4.584	1.569	6.923	21.098
Carried forward	0	0	0	0	(4.467)	(4.467)
Disposals for the year	0	0	(1.955)	(843)	0	(2.798)
Acquisition cost, year-end	257.187	35.019	181.448	34.660	9.384	517.698
Depreciation and impairment losses, beg./year	(145.917)	(24.410)	(161.349)	(33.070)	0	(364.746)
Foreign exchange rate adjustments	0	1.117	0	1.575	0	2.692
Write-downs, additions, acquisition of company	0	0	0	0	0	0
Write-downs	0	0	0	0	0	0
Depreciation for the year	(8.039)	(2.342)	(6.473)	(1.385)	0	(18.239)
Disposals for the year	0	0	1.949	813	0	2.762
Depreciation and impairment losses, year-end	(153.956)	(25.635)	(165.873)	(32.067)	0	(377.531)
Carrying amount, year-end	103.231	9.384	15.575	2.593	9.384	140.167
Depreciated over a period of	10-25 years	3-10 years	5-9 years	3-7 years		

Notes, Consolidated Accounts

12 DEFERRED TAX (DKK'000)

	2018/19	2017/18
Deferred tax, beg./year	(186.283)	188.760
Deferred tax at acquisition of BoConcept Holding A/S	0	0
Deferred tax for the year	4.788	2.477
Deferred tax, year-end	<u>(181.495)</u>	<u>(188.760)</u>
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	5.014	4.748
Deferred tax (liability)	<u>(186.509)</u>	<u>(191.031)</u>
Net deferred tax, year-end	<u>(181.495)</u>	<u>(186.283)</u>
Deferred tax relates to:		
Intangible assets	(175.979)	(177.015)
Tangible assets	(14.577)	(15.861)
Current assets	14.069	11.604
Current liabilities	<u>(5.008)</u>	<u>(5.011)</u>
	<u>(181.495)</u>	<u>(186.283)</u>

Layout Holdco A/S is the administrator of the joint taxation scheme, and in the capacity it settles all payments of incoming tax with the tax authorities.

13 OTHER FINANCIAL ASSETS AND DEPOSITS (DKK'000)

	Deposits 2018/19	Deposits 2017/18	Other financial assets 2018/19	Other financial assets 2017/18
Acquisition cost, beg./year	15.202	14.247	15.381	17.811
Foreign exchange rate adjustments	673	(903)	35	(69)
Additions	3.830	1.858	0	0
Disposals for the year	<u>(20)</u>	<u>0</u>	<u>(3.098)</u>	<u>(2.361)</u>
Acquisition cost, year-end	19.685	15.202	12.318	15.381

14 INVENTORIES (DKK'000)

	2018/19	2017/18
Raw materials and consumables	13.017	12.277
Goods in progress	10.154	7.053
Manufactured goods and goods for sale	<u>128.681</u>	<u>119.873</u>
	<u>151.852</u>	<u>139.203</u>
Cost of sales for the year which is included in production costs	701.805	597.782
Write-down of inventories	(1.991)	(3.855)
Reversal of write-downs for the year	<u>1.763</u>	<u>236</u>

Notes, Consolidated Accounts

15 TRADE RECEIVABLES (DKK'000)

	2018/19	2017/18
Trade receivables	139.526	143.056
Provisions for losses have been recognised in the above item as follows:		
Provisions, beg./year	(126.581)	(161.463)
Provisions for the year	(16.666)	(13.203)
Losses recognised for the year	31.209	29.034
Exchange rate adjustments for the year	1.812	(4.955)
Reversed provisions for the year	28.458	24.006
Provisions, year-end	(81.768)	(126.581)
Gross receivables before depreciations		
Not due	144.865	162.368
Overdue 0-30	21.099	26.739
Overdue 31-60	4.855	7.202
Overdue 61-	50.475	73.328
	221.294	269.637
Write-downs primarily relate to amounts falling due after more than 60 days. Receivables that fall due after more than 90 days have been written off in full.		
Write down distribution		
Not due	(10.549)	(28.626)
Overdue 0-30	(15.890)	(17.425)
Overdue 31-60	(4.855)	(7.202)
Overdue 61-	(50.474)	(73.328)
	(81.768)	(126.581)

16 OTHER RECEIVABLES (DKK'000)

	2018/19	2017/18
Other receivables	17.940	10.428
Prepayments	13.330	7.302
	31.270	17.730

17 SHARE CAPITAL (DKK'000)

	Number of shares 2018/19	Number of shares 2017/18	Nominal value 2018/19	Nominal value 2017/18
Beg. year/ year-end shares	1.000	1.000	1.000	1.000
Each share presents 1 vote				

18 OTHER PROVISIONS (DKK'000)

	2018/19	2017/18
Acquisition cost, beg./year	8.986	7.701
Foreign rate adjustments	388	(495)
Additions for the year	2.025	1.780
Disposals for the year	(3.960)	0
	7.439	8.986

Other provisions relate to re-establishment of leaseholds.

Notes, Consolidated Accounts

19 AMOUNTS OWED TO CREDIT INSTITUTIONS (DKK'000)

	2018/19	2017/18
Other liabilities		
Mortgage credit institutions		
Within 1 year	5.145	5.123
Between 1 and 5 years	15.997	18.008
After 5 years	<u>15.245</u>	<u>18.329</u>
	<u>36.387</u>	<u>41.460</u>
Credit institutions/leasing debt		
After 5 years	0	221.000
Between 1 and 5 years	<u>294.843</u>	<u>92.225</u>
Long-term part	<u>294.843</u>	<u>313.225</u>
Within 1 year	1.601	15.896
Other short-term debt	<u>0</u>	<u>16.925</u>
	<u>1.601</u>	<u>32.821</u>
Amortised loan costs	<u>5.673</u>	<u>7.587</u>

Liabilities relating to assets under finance leases are therefore included in amounts owed to credit institutions.

	2018/19			2017/18		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
0-1 year	1.153	93	1.060	1.151	130	1.021
1-5 years	3.673	81	2.443	3.673	188	3.485
>5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>4.826</u>	<u>174</u>	<u>3.503</u>	<u>4.824</u>	<u>318</u>	<u>4.506</u>

Leased equipment comprises production, plant and machinery. The term remaining of the leases is approx. 1-5 years. The leases have been concluded in DKK and EUR with fixed as well as variable leasing payments for the remainder of the term.

Notes, Consolidated Accounts

20 INCOME TAX PAYABLE (DKK'000)		2018/19	2017/18
Corporation tax, due at the beginning		20.171	22.444
Paid corporation tax		(20.171)	(22.444)
Adjustment previous years' taxes		(97)	0
Tax of the year		31.715	20.171
Tax payable 30.04		31.618	20.171
21 CONTINGENT LIABILITIES AND SECURITY (DKK'000)		2018/19	2017/18
Land and buildings recognised at:		96.862	103.231
Production plant and machinery recognised at:		13.577	15.575
Are charged in addition to the mortgage debt of:		36.387	41.460
Subject to letter of indemnity of:		50.000	50.000
Security in the following BoConcept Holding A/S assets:			
Goodwill, domain names and various rights		36.600	36.600
Plant, operating equipment and machinery		17.514	20.407
Inventory value		151.852	139.203
Receivables and location involvement		144.332	148.514
Total		350.298	344.724
Registered value of company security		125.000	125.000
Non-terminable operating leases are as follows:			
0-1 year		51.575	44.621
1-5 years		77.381	79.216
>5 years		72.154	81.979
		201.110	205.816

The group leases store premises and cars under operating leases. The leasing period is usually between 3 and 10 years with the possibility of prolongation.

The group has provided guarantee for franchisees' landlords for rent of DKK 36.5 million (last year DKK 34.5 million).
The group has provided guarantee for bank loans raised by franchisees of DKK 4.0 million (last year DKK 5.2 million).
The group has provided guarantee for franchisee's electronic payments towards third party of DKK 3.7 million (last year DKK 3.7 million).
The group has provided guarantee for bank arrangement with shares in subsidiary with a booked value of DKK 54.8 million.
BoConcept Holding A/S has pledged shares in subsidiary with a booked value at DKK 1.518 million.
BoConcept Holding A/S has some ongoing legal cases which in managements opinion, are unlikely to result in any material impact to the company.

Notes, Consolidated Accounts

22 ADJUSTMENT FOR NON-CASH ITEMS (DKK'000)		2018/19	2017/18
Depreciation and impairment losses for the year		42.405	41.095
Provisions for re-establishment of leaseholds		(1.547)	315
Other adjustments		3.963	3.792
		<u>44.821</u>	<u>45.152</u>

23 CHANGES IN WORKING CAPITAL (DKK'000)		2018/19	2017/18
Change receivables		(10.010)	(3.425)
Change inventories		(12.649)	(13.634)
Change trade payables, etc.		31.812	(1.548)
		<u>9.153</u>	<u>(18.607)</u>

Notes, Consolidated Accounts

24 FOREIGN EXCHANGE RISKS (DKK'000)

2018/19					
Foreign currencies	Pre- payment/ maturity	Receiv- ables	Liabilities other than provisions	Hedged by forward exchange contracts	Net position
PLN	<1 year	1.400	(32)	0	1.368
	>1 year	0	0	0	0
GBP	<1 year	11.634	943	(56.607)	(44.030)
	>1 year	0	0	0	0
JPY	<1 year	22.418	(31.622)	(51.960)	(61.164)
	>1 year	16.428	0	0	16.428
SEK	<1 year	1.428	194	(6.956)	(5.334)
	>1 year	932	0	0	932
USD	<1 year	33.681	(11.479)	(93.460)	(71.259)
	>1 year	3.027	0	0	3.027
EUR	<1 year	116.704	(14.000)	0	102.704
	>1 year	3.689	0	0	3.689
CNY	<1 year	4.000	(29.989)	24.561	(1.429)
	>1 year	2.804	0	0	2.804
Other	<1 year	0	(1.582)	0	(1.582)
	>1 year	0	0	0	0
		218.145	(87.567)	(184.422)	(53.844)
Sale/purchase of currencies in accordance with agreements				184.422	
Unrealised net loss					0

2017/18					
Foreign currencies	Pre- payment/ maturity	Receiv- ables	Liabilities other than provisions	Hedged by forward exchange contracts	Net position
PLN	<1 year	1.813	(24)	0	1.789
	>1 year	0	0	0	0
GBP	<1 year	9.091	312	(51.380)	(41.977)
	>1 year	0	0	0	0
JPY	<1 year	21.567	(27.030)	(44.179)	(49.642)
	>1 year	11.908	0	0	11.908
SEK	<1 year	986	(160)	(5.408)	(4.582)
	>1 year	1.374	0	0	1.374
USD	<1 year	58.005	12.565	(50.949)	19.621
	>1 year	7.071	0	0	7.071
EUR	<1 year	145.082	12.594	0	157.676
	>1 year	4.372	(392)	0	3.980
CNY	<1 year	6.836	(20.255)	(19.449)	(32.868)
	>1 year	2.555	0	0	2.555
Other	<1 year	0	42	0	42
	>1 year	0	0	0	0
		270.660	(22.348)	(171.365)	76.947
Sale/purchase of currencies in accordance with agreements				171.365	
Unrealised net loss					0

Notes, Consolidated Accounts

25 TRANSACTIONS WITH RELATED PARTIES

BoConcept Holding A/S' Group's related parties with significant influence include the shareholder (Layout Holdco A/S) of the company, supervisory board, the executive board and executives as well as the said persons' family members. Related parties also include companies in which the above mentioned group of persons have considerable interests. There have been no transactions with related parties.

Furthermore, the related parties include group enterprises in which Layout Holdco A/S has control or significant influence, cf. group overview on page 47.

Transactions conducted with the executive board only include normal management remuneration, cf. note 4 in the consolidated accounts.

Transactions conducted with other executives include normal remuneration, cf. note 4 in the consolidated accounts.

26 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000)

The group's policy for financial risk management

On account of its operations, investments and financing the BoConcept Holding group is exposed to a number of foreign exchange and interest rate fluctuations. The management identifies the scope and concentration of risks and puts in place policies for addressing such risks on the basis of an ongoing review of the business. In addition, the group is subject to credit and liquidity risk. It is the group's policy not to speculate actively in financial risks. The sole purpose of the group's financial management is therefore to manage or eliminate financial risks associated with the group's operations and financing.

The group's policy for financial risk management is unchanged from last year and appears from Management. As a result, the carrying amount of financial instruments approx. corresponds to the fair value.

Credit risk

The group's credit risk is primarily associated with receivables and bank deposits as well as derivative financial instruments.

Credit risks related to bank deposits are hedged by placing bank deposits in systemic banks.

Credit risk associated with receivables arise when BoConcept Holding A/S and subsidiaries make sales that are not prepaid. By far the majority of receivables are payable by franchisees who have submitted opening budgets in advance. Due to the close business relation to the franchisees, the group is unable to hedge these receivables with a third party.

63% of BoConcept Holding group's customers had not defaulted on the due dates at 30 April 2019. In the past the majority of our customers have been paying their debts by the due dates agreed upon. Receivables that are due more than 90 days after the normal due date have been written off in full.

	2018/19	2017/18
The maximum credit risk without taking into account security provided for trade receivables	139.526	143.056
The maximum credit risk associated with bank deposit, securities and derivative financial instruments	173.539	127.968
The maximum credit risk associated with other receivables	31.270	17.730
	344.335	288.754

Notes, Consolidated Accounts

26 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000) – CONTINUED

Liquidity risks

The liquidity risk means the risk that BoConcept Holding may not be able to fulfil its obligations as a result of a failure to realise assets or obtain adequate financing. The group ensures to maintain the best possible liquidity in order that it can continue to fulfil its financial commitments, under normal as well extraordinary circumstances.

Unutilised credit facilities for BoConcept Holding A/S and BoConcept Holding A/S amounted to DKK 75 million at the end of the financial year compared to DKK 53 million the year before. Cash amounted to DKK 173,5 million compared to DKK 128,0 million last year.

Below is a time table of cash flows associated with financial liabilities and hedging instruments:

	2018/19					
	Nominal value	Fair value	Cash flows			Total
<1 year			1-5 years	>5 years		
Measured at amortised cost (loans and other commitments)						
Amounts owed to mortgage credit institutions	36.387	36.671	5.145	15.994	15.245	36.384
Amounts owed to credit institutions	4.044	4.044	1.601	2.443	0	4.044
Bank loans	292.400	292.400	0	292.400	0	292.400
	332.831	332.115	6.746	310.837	15.245	332.828
Trade payables	146.416	146.416	146.416	0	0	146.416
Lease guarantees and guarantees provided for franchisees (contingent liabilities)	0	0	33.119	4.959	6.910	44.988
Other payables	99.990	99.990	99.990	0	0	99.990
	246.406	246.406	279.525	4.959	6.910	291.394
Total financial liabilities	579.237	579.521	286.271	315.796	22.155	624.222
Measured at amortised cost (deposits and receivables)						
Other financial assets	12.318	12.318	2.662	9.656	0	12.318
Trade receivables	139.526	139.526	139.526	0	0	139.526
Other receivables	31.270	31.270	31.270	0	0	31.270
Cash	173.539	173.539	173.539	0	0	173.539
	356.653	356.653	346.997	9.656	0	356.653
Derivative financial instruments						
Forward exchange contracts			(184.422)	0	0	(184.422)
	0	0	(184.422)	0	0	(184.422)
Total financial assets	356.653	356.653	162.575	9.656	0	172.231

Cash flows for both the hedged assets and hedged liabilities as well as the hedging instruments are recognised in the income statement for the same period.

In the balance sheet, the value of derivative financial instruments is included in other receivables and other payables, respectively.

Generally, the fair value of financial liabilities and financial assets is determined in accordance with discounted cash flow models at the market rate of interest and subjects to the credit terms prevailing at the balance sheet date.

Notes, Consolidated Accounts

Financial instruments measured at fair value are categorised into the following levels of the fair value hierarchy:

Level 1: Observable market prices for identical instruments

Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments.

Level 3: Valuation techniques primarily based on observable prices

The fair value of BoConcept Holding's forward exchange contracts of other derivative instruments (commodity instruments) and debt to mortgage debt institutions is measured according to level 2 as the fair value can be established directly based on exchange rates published and forward interest rates specified at the balance sheet date.

	2017/18					
	Nominal value	Fair value	Cash flows			Total
<1 year			1-5 years	>5 years		
Measured at amortised cost (loans and other commitments)						
Amounts owed to mortgage credit institutions	41.460	41.965	5.123	18.008	18.329	41.460
Amounts owed to credit institutions	4.506	4.506	1.021	3.485	0	4.506
Other long-term payables	191	191	0	0	191	191
Bank loans	341.540	341.540	31.800	88.740	221.000	341.540
	<u>387.697</u>	<u>388.202</u>	<u>37.944</u>	<u>110.233</u>	<u>239.520</u>	<u>387.697</u>
Trade payables	109.968	109.968	109.968	0	0	109.968
Lease guarantees and guarantees provided for franchisees (contingent liabilities)	0	0	0	0	0	0
Other payables	112.328	112.328	112.328	0	0	112.328
	<u>222.296</u>	<u>222.296</u>	<u>222.296</u>	<u>0</u>	<u>0</u>	<u>222.296</u>
Total financial liabilities	<u>609.993</u>	<u>610.498</u>	<u>260.240</u>	<u>110.233</u>	<u>239.520</u>	<u>609.993</u>
Measured at amortised cost (deposits and receivables)						
Other financial assets	15.381	15.381	2.662	12.719	0	15.381
Trade receivables	143.056	143.056	143.056	0	0	143.056
Other receivables	17.730	17.730	17.730	0	0	17.730
Cash	127.968	127.968	127.968	0	0	127.968
	<u>304.135</u>	<u>304.135</u>	<u>291.416</u>	<u>12.719</u>	<u>0</u>	<u>304.135</u>
Derivative financial instruments						
Forward exchange contracts	0	0	(171.365)	0	0	(171.365)
	<u>0</u>	<u>0</u>	<u>(171.365)</u>	<u>0</u>	<u>0</u>	<u>(171.365)</u>
Total financial assets	<u>304.135</u>	<u>304.135</u>	<u>120.051</u>	<u>12.719</u>	<u>0</u>	<u>132.770</u>

Notes, Consolidated Accounts

26 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000) - CONTINUED

Market risks

In BoConcept Holding's case, market risks associated with financial instruments consist of foreign exchange risks and interest rate risks.

Foreign exchange risks

98% of Group revenue, is generated abroad. This figure is not indicative of the foreign exchange risk since, under the group's purchasing policy, purchasing and selling currencies are matched whenever possible.

The group has net inflows denominated in EUR, GBP, JP and USD, while the major exposure on the outflow side is denominated in CNY.

Foreign exchange risks are managed centrally, and the most important and volatile currencies are hedged by means of foreign exchange contracts and option contracts with a maximum term of 12 months and, to a less extent, by raising loans in foreign currencies.

Foreign currency translation adjustments of investments in group enterprises with a functional currency different from that of the parent company are recognised directly in equity. Associated foreign exchange risks are not hedged since the group takes the view that ongoing hedging of such long-term investments would not be the best policy based on an overall evaluation of the risks and costs involved.

The isolated effects of a 5% increase in the foreign exchange rate at 30 April vis-a-vis DKK by translation of assets and obligations may be broken down as follows:

	2018	2017
USD		
Equity	3.562	304
Profit for the year	3.562	304
GBP		
Equity	2.201	0
Profit for the year	2.201	0
CNY		
Equity	71	150
Profit for the year	71	150
JPY		
Equity	3.058	1.973
Profit for the year	3.058	1.973

The below table states the EBIT effect of 5% foreign exchange increase compared with the average exchange rate realised per financial year.

	2018	2017
USD EBIT effect	6.839	5.377
JPY EBIT effect	3.222	9.152
GBP EBIT effect	4.187	3.656
CNY EBIT effect	(914)	2.527

Particulars of the currencies having the greatest impact on the equity and profit for the year have been provided above.

The above analysis is based on the assumption that all other variables, especially the interest rate, remain constant. The expectations are based on current market data.

A corresponding drop in the exchange rates of the above currencies would have the same effect in reverse on the equity and profit/loss for the year.

Notes, Consolidated Accounts

26 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000) – CONTINUED

Interest rate risks

The group's interest rate risk is related to interest rate fluctuations that may affect the group's cash flows related to interest receivable and interest payable as well as the fair value of financial instruments. The group hedges the risk of interest rate fluctuations related to the group's loans, as management in each case assesses whether to use fixed-rate or floating-rate loans.

Analysis of sensitivity to interest rate risks

BoConcept Holding A/S expects the level of interest rates in Denmark to be affected by the interest rates in the euro-zone and in the USA. Based on analyses in euro-zone and in the USA, BoConcept Holding expects the level of interest rates to change by up to 1 percentage point either way. A rise in the level of interest rate of 1 percentage point would have the effect outlined below of the equity and loss for the year:

	2018	2017
Equity	(28)	(30)
Loss for the year	(399)	(987)

A fall would have the same effect in reverse.

Most of the debt to mortgage credit institutions and other bank loans takes the form of contracts carrying variable rates of interest, this year as well as last year. However, this year we have concluded an interest rate swap agreement with a term of 5 years and a fixed rate of interest of 2%, covering 64% of our total debt to mortgage credit institutions. The weighted effective rate of interest measured at the balance sheet date, was 2.2%.

The market value of the interest rate swap agreement is negative before tax DKK 0.6 million (last year a negative value of DKK 1.6 million).

Capital management

We wish to maintain a strong and efficient balance sheet and to strike an optimal balance between reinvesting capital back into our business and returning surplus funds to our shareholders.

BoConcept Holding A/S (the Group's parent) is a holding company, and its primary assets are shares in BoConcept A/S. BoConcept Holding A/S have no revenue generating operations of its own, and therefore BoConcept Holding A/S's cash flow will primarily depend on the operating performance and financial condition of BoConcept A/S and its operating subsidiaries, and the receipt by BoConcept Holding A/S of funds from BoConcept A/S and its subsidiaries.

Financial income and expenses, net decreased to DKK 6 million. The decrease was primarily the result of early repayment of debt and favourable development in BoConcept Holding A/S's main currencies.

27 NEW ACCOUNTING REGULATIONS

At 30 April 2019, IASB had approved the following new accounting standards (IFRSs and IASs), which are assessed to be of relevance to BoConcept Holding A/S.

IFRS 16 Leases

New standard on the accounting treatment of leases. Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet. The standard will be effective for financial years beginning on or after 1 May 2019.

Management has completed the initial analysis of the impact on the Financial Statements upon adoption of the above IFRS standards. The management expect the effect of implementing IFRS 16 will be 175 mDKK increasing in Balance sheet total. The impact on result before tax will 0,3 mDKK. The impact on EBITDA is expected to be an improvement in the range of 38 mDKK based on 2018/19 financial statement.



Income Statement Parent Company

INCOME STATEMENT 01 MAY - 30 APRIL		2018/19	2017/18
	Contribution Margin	0	0
1	Employee related cost	(11.775)	(14.337)
	Rent/maintenance	(135)	(68)
	IT & Consultancy	(727)	(854)
2	Others	32.307	10.472
	Operating profit before depreciations and profit from Group enterprises	19.670	(4.787)
3	Profit from group enterprises	79.593	82.399
	Profit/loss from operating activities (EBIT)	99.263	77.613
4	Financial expenses	(13.051)	(14.586)
	Profit/loss before tax	86.211	63.027
5	Tax on profit/loss for the year	(3.444)	1.597
	Profit/loss for the year	82.768	64.624
	Broken down as follows:		
	Shareholders of BoConcept Holding A/S	82.768	64.624
		82.768	64.624
TOTAL INCOME			
		2018/19	2017/18
	Profit/loss for the period	82.768	64.624
	Items that later can be recirculated to income statement:	0	
	Revaluation of hedging instruments before tax	(52)	467
	Foreign currency translation, foreign units	1.909	3.938
	Tax on total income items	0	(103)
	Total income for the period	84.625	60.322
	Broken down as follows:		
	Shareholders of BoConcept Holding A/S	84.625	60.322
	Total income for the period	84.625	60.322

Balance Sheet Parent Company

AS AT 30 APRIL		2018/19	2017/18
ASSETS			
	Deferred tax asset	571	394
3	Investment in Group enterprises	1.518.831	1.437.329
	Deposits	57	57
	Total other non-current assets	1.519.459	1.437.780
	Total non-current assets	1.519.459	1.437.780
6	Other receivables	2.899	2.227
7	Income tax receivable		2.157
	Cash and cash equivalents	1.258	1.886
	Total current assets	4.157	6.270
	TOTAL ASSETS	1.523.616	1.444.050
LIABILITIES AND EQUITY			
8	Share capital	1.000	1.000
	Hedging reserve	112	164
	Retained earnings	1.045.569	1.110.892
	Retained earnings	150.000	0
	Equity share, BoConcept Holding A/S shareholders	1.196.681	1.112.056
	Total equity	1.196.681	1.112.056
9	Mortgage credit Institutions and banks	286.727	305.638
	Total non-current liabilities	286.727	305.638
9	Mortgage credit Institutions and banks	0	14.875
	Payables, group enterprises	32.156	1.293
7	Income tax payable	3.444	0
	Other payables	8.052	10.188
	Total current liabilities	40.208	26.356
	Total liabilities	326.935	331.994
	TOTAL LIABILITIES AND EQUITY	1.523.616	1.444.050
10	Related parties		
	New accounting regulations - see group note 27		

Statement of equity movements Parent Company

DKK'000

STATEMENT OF EQUITY MOVEMENTS, PARENT COMPANY

	Share capital	Premium by emission	Value of hedging reserve	Retained earnings	Dividend proposed	Total
Equity at 31 May 2017	1.000	0	528	1.050.206	100.000	1.151.734
Profit/loss for the year	0	0	0	0	(100.000)	(100.000)
Equity movements in subsidiaries	0	0	0	64.624	0	64.624
Revaluation of hedging instruments	0	0	0	(3.938)	0	(3.938)
Transfer, free reserves	0	0	(364)	0	0	(364)
Dividend proposed	0	0	0	0	0	0
Equity at 30 April 2018	1.000	0	164	1.110.892	0	1.112.056
Profit/loss for the year	0	0	0	82.768	0	82.768
Equity movements in subsidiaries	0	0	0	1.909	0	1.909
Revaluation of hedging instruments	0	0	(52)	0	0	(52)
Dividend proposed	0	0	0	(150.000)	150.000	0
Equity at 30 April 2019	1.000	0	112	1.045.569	150.000	1.196.681

Notes, Parent Company

1 COST (DKK'000)	2018/19	2017/18
Staff costs		
Wages and salaries	(10.710)	(13.472)
Pensions	(536)	(661)
Other staff costs	(529)	(204)
	<u>(11.775)</u>	<u>(14.337)</u>
 Average number of employees	 6	 6
 Including Key Management Personnel (Executive management team*)	 2018/19	 2017/18
	Key Management	Key Management
Wages and salaries	(14.359)	(11.932)
Termination benefit	2.147	(4.016)
Short-term incentive plan (Bonus)	(2.682)	(1.669)
Long-term incentive plan (Bonus)	0	0
Pensions	(847)	(1.024)
	<u>(15.741)</u>	<u>(18.641)</u>
 Chief Executive Officer and Board of Directors**		
Salaries and other remuneration	<u>(1.567)</u>	<u>(2.160)</u>

*The Executive management team has 7 members at the end of fiscal year 2018/19 (9 members in FY2017/18)

Average number of members during the year is 8 (8 average members in 17/2018)

** Since the Executive Management only consist of one member, the remuneration of the Chief Executive Officer (Executive management) and the Board of directors is disclosed collectively with references to § 98b(3) of the Danish Financial Statement Act.

2 OTHER OPERATING INCOME (DKK'000)	2018/19	2017/18
Management fee (Income from subsidiaries)	32.400	15.000
Other	(93)	(4.528)
	<u>32.307</u>	<u>10.472</u>

Notes, Parent Company

3 INVESTMENTS IN GROUP ENTERPRISES (DKK'000)	2018/19	2017/18			
Cost at the beginning of the year	1.452.958	1.452.958			
Addition during the year	0	0			
Cost at year-end	<u>1.452.958</u>	<u>1.452.958</u>			
Revaluation at the beginning of the year	(15.629)	(43.468)			
Dividend from group enterprises	0	(50.000)			
Profit/loss for the year after tax	95.824	98.664			
Income recognition of added values	(16.231)	(16.265)			
Equity movements in group enterprises	<u>1.909</u>	<u>(4.560)</u>			
Revaluation at year-end	<u>65.873</u>	<u>(15.629)</u>			
Carrying amount at year-end	<u>1.518.831</u>	<u>1.437.329</u>			
	Ownership share	Share capital	Equity	Profit/loss from ordinary activities before tax	Profit/loss for the year
BoConcept A/S, Ølgod	100%	2.000	376.222	122.432	95.824

The shares of BoConcept A/S have been pledged for security for engagement with a bank.
For a description of security, please see the consolidated accounts.

Layout Holdco A/S is the parent company of BoConcept Holding A/S which is the parent company of BoConcept A/S.

4 FINANCIAL EXPENSES (DKK'000)	2018/19	2017/18
Other interest expenses	(10.978)	(12.648)
Non-deductible fees	<u>(2.073)</u>	<u>(1.938)</u>
	<u>(13.051)</u>	<u>(14.586)</u>

Notes, Parent Company

5 TAX (DKK'000)		2018/19	2017/18		
Tax for the year breaks down as follows:					
Tax on profit for the year		(3.444)	1.597		
Other comprehensive income		17	(131)		
		<u>(3.426)</u>	<u>1.466</u>		
Tax on profit/loss for the year may be subdivided as follows:					
Current tax		(3.718)	2.157		
Deferred tax for the year		177	394		
Adj. Prior year		97	(954)		
		<u>(3.444)</u>	<u>1.597</u>		
Tax on profit/loss for the year may be explained as follows:					
Calculated 22% tax on profit/loss for the year before tax		(1.456)	3.911		
The tax effect of:					
Non-taxable income and non-deductible costs		(2.085)	(1.360)		
Adj. prior year		97	(954)		
		<u>(3.444)</u>	<u>1.597</u>		
Effective tax rate		52,0	(8,2)		
6 OTHER RECEIVABLES (DKK'000)		2018/19	2017/18		
Prepayments		<u>2.899</u>	<u>2.227</u>		
		2.899	2.227		
7 INCOME TAXES (DKK'000)		2018/19	2017/18		
Income taxes receivable, beg. of year		2.157	3.168		
Tax transferred from BC A/S		(2.157)	(3.168)		
Current tax for the year		(3.444)	2.157		
		<u>(3.444)</u>	<u>2.157</u>		
8 SHARE CAPITAL (DKK'000)		Number of shares	Number of shares	Nominal value	Nominal value
		2018/19	2017/18	2018/19	2017/18
Beg. year/ year-end share capital		1.000	1.000	1.000	1.000

Notes, Parent Company

9 AMOUNTS OWED TO CREDIT INSTITUTIONS (DKK'000)

	2018/19	2017/18
Other payables		
Credit institutions/lease commitments		
Due after five years		(221.000)
Due within 1 to five years	(292.400)	(92.225)
<u>Long-term debt</u>	<u>(292.400)</u>	<u>(313.225)</u>
Due within one year	0	(14.875)
Other short-term debt	0	0
	<u>0</u>	<u>(14.875)</u>
<u>Amortized loan costs</u>	<u>5.673</u>	<u>7.587</u>

10 TRANSACTIONS WITH RELATED PARTIES

BoConcept Holding A/S' related parties with significant influence include the shareholders (Layout Holdco A/S) of the company, supervisory board, the executive board and executives as well as the said persons' family members. Related parties also include companies in which the above mentioned group of persons have considerable interests. There have been no transactions with shareholders.

Furthermore, the related parties include group enterprises in which BoConcept Holding A/S has control or significant influence, cf. group overview in note 11

Transactions conducted with the executive board only include normal management remuneration, cf. note 4 in the consolidated accounts as well as the transactions shown below.

Transactions conducted with other executives include normal remuneration, cf. note 1 in the consolidated accounts.

	2018/19	2017/18
<u>Management fee (Income from subsidiaries)</u>	<u>32.400</u>	<u>15.000</u>

Notes, Parent Company

11 SUBSIDIARIES

Subsidiary	Domicile		Owner share in %
BoConcept A/S	Ølgod	Denmark	100
BoConcept Germany GmbH	Düsseldorf	Germany	100
BoConcept France Sarl	Paris	France	100
BoConcept Beaugrenelle Sarl	Paris	France	100
BoConcept Ibericia SL	Madrid	Spain	100
BoConcept Explotaciones Comerciales SL	Madrid	Spain	100
BoConcept North America Inc.	Kansas	USA	100
BoConcept USA Inc.	Deleware	USA	100
BoConcept Franchise Inc.	Kansas	USA	100
BoConcept Japan KK	Tokyo	Japan	100
BoConcept Furniture Trading Co Ltd.	Shanghai	China	100
BoConcept Retail China Ltd	Shanghai	China	100
Non-active subsidiaries			
BC Design Århus A/S	Ølgod	Denmark	100
BoConcept Hong Kong Ltd	Hong Kong	Hong Kong	100

Layout Holdco A/S is the parent company of BoConcept Holding A/S.



