

Holmrís Holding A/S

Avderødvej 27 C
2980 Kokkedal
Central Business Registration
No 38746383

Annual report 01.05.2018 - 30.04.2019

The Annual General Meeting adopted the annual report on 07.11.2019

Chairman of the General Meeting

Name: Jesper Wadum Nielsen

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Entity details

Entity

Holmrís Holding A/S
Avderødvej 27 C
2980 Kokkedal

Central Business Registration No (CVR): 38746383
Founded: 27.06.2017
Registered in: Fredensborg
Financial year: 01.05.2018 - 30.04.2019

Board of Directors

John Staunbjerg Dueholm, chairman
Jesper Wadum Nielsen, vice chairman
Henrik Holmrís Hansen
Peter Lynghøj Johansen
Niels Henrik Lauritzen

Executive Board

Peter Lynghøj Johansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Værkmestergade 2
8000 Aarhus

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Holmrís Holding A/S for the financial year 01.05.2018 - 30.04.2019.

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

In our opinion, the financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2019 and of the results of the Group's and the Parent's operations and cash flows for the Group for the financial year 01.05.2018 - 30.04.2019.

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

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

Bjerringbro, 07.11.2019

Executive Board

Peter Lynghøj Johansen

Board of Directors

John Staunbjerg Dueholm
chairman

Jesper Wadum Nielsen
vice chairman

Henrik Holmrís Hansen

Peter Lynghøj Johansen

Niels Henrik Lauritzen

Independent auditor's report

To the shareholders of Holmris Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Holmris Holding A/S for the financial year 01.05.2018 - 30.04.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2018 - 30.04.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

Auditor's responsibilities for the audit of the

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

Independent auditor's report

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aarhus, 07.11.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176

Kasper Vestergaard Jessen
State Authorised Public Accountant
Identification No (MNE) mne42784

Management commentary

	2018/19 DKK'000	2017/18 DKK'000
Financial highlights		
Key figures		
Revenue	1.139.912	671.699
Gross profit/loss	257.306	162.840
EBITDA	23.608	26.609
Operating profit/loss	(27.301)	(6.571)
Net financials	(13.506)	(12.505)
Profit/loss for the year	(40.937)	(22.145)
Profit/loss for the year excl minority interests	(40.937)	(22.145)
Total assets	565.872	551.331
Investments in property, plant and equipment	10.537	35.100
Equity	63.226	104.767
Equity excl minority interests	63.226	104.767
Cash flows from (used in) operating activities	20.860	48.387
Cash flows from (used in) investing activities	(24.472)	(350.837)
Cash flows from (used in) financing activities	(33.869)	247.308

Ratios

Gross margin (%)	22,6	24,2
Net margin (%)	(3,6)	(3,3)
Equity ratio (%)	11,2	19,0

The financial highlights for 2017/18 cover the first financial period of 10 months, and thus there is no direct comparability between these and the financial highlights for 2018/19.

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Equity ratio (%)	$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Group's principal activities are manufacture and sale of furniture to the office and housing markets. The manufacturing takes place in both Bjerringbro, Silkeborg and Vemmelev (all in Denmark), while sale of the Group's products takes place in subsidiaries.

The products are distributed in both Denmark and in the rest of the world.

The Entity's main activity comprise equity holding in subsidiaries.

Non-comparability

The company's annual report for 2017/18 was the company's first and covered the period from 27.06.2017 to 30.04.2018 corresponding to 10 months whereas the annual report for 2018/19 comprises 12 months. Due to the above, the comparative figures are not directly comparable with this year's figures in the income statement.

Development in activities and finances

In the accounting year 2018/19, the Group has continued its rapid growth and reached a revenue of DKK 1,140m. The Group reached an EBITDA of DKK 24m. The accounting year 2018/19 was negatively affected by one-off costs of DKK 23m related to the integration of B8 A/S following the acquisition of the company on the last day of the accounting year of 2017/18.

Throughout the accounting year, focus has been on combining the two main production facilities in Bjerringbro on one location and streamlining systems and processes. The positive effects from combining the two main production facilities are starting to show with improved performance in manufacturing and logistics for the benefit of the Group's customers. Adjusted for the one-off costs related to the integration of B8 A/S, EBITDA for the group for the accounting year 2018/19 ended at DKK 47m. The result is below expectations.

The one-off costs realized in the account year are driven mainly by the harvesting of synergies on the back of the integration of B8 A/S. Primary elements relate to costs from close-down of excess locations, dismissal of employees in double functions and integration of IT systems.

The Group's strong revenue growth during 2018/19 is a testament to the Group's market position and innovative solutions. The Group's focus on sustainability through the business segment, Circular, is well-received in the market including concepts such as the donation and take-back solutions. This is also the case for new innovative tech- and data driven concepts in the new business segment, Tech.

Profit/loss for the year in relation to expected developments

Revenue growth has been realized as expected. EBITDA ended below original expectations, mainly due to the integration of B8 A/S and in particular the integration and optimization of IT systems. Performance improved towards the end of the accounting year which is evidence that the integration of B8 A/S has begun to show the expected positive effects.

Management commentary

Outlook

The Group expects growth in the result for the coming accounting year, driven by full year effects from the positive trend seen in the end of 2018/19. One-off costs related to the integration of B8 A/S is expected to continue in 2019/20, although at a lower level than in 2018/19.

Particular risks

The main operating risk of the Group relates to the ability of being strongly positioned in the markets where the products are sold and of ensuring an always competitive production price.

Price risks

We do not assess that some areas are subject to particular risks as to a relatively great extent price increases can be recognised in the price of the finished products.

Foreign exchange risks

As a consequence of activities abroad, results, cash flows and equity are affected by the exchange rate and interest rate movements of a number of currencies, especially in Norway and the US. It is the Company's policy to hedge the commercial foreign exchange risks for up to 12 months. Such hedging is primarily effected through foreign exchange contracts on anticipated sales and purchases over the next 12 months in the relevant currencies. Exchange adjustments of investments in subsidiaries and associates which are independent entities are recognised directly in equity. As a principal rule, related currency risks are not hedged, as the Company believes that current hedging of such long-term investments will not be optimal from an overall risk and cost point of view.

Interest rate risks

Significant changes in the interest rate level will have a minor impact on earnings, which, however, is not considered material.

Environmental performance

On behalf of the Group, Holmris A/S has prepared an overall strategy for its environmental efforts.

An environmental policy and related objectives have been developed in this respect to manage the environmental efforts. The environmental policy is based on environmentally sound operations and is integrated as a natural element of the Group's objectives for product quality and production facilities.

Statutory report on corporate social responsibility

The Group has prepared a CSR report. The CSR report includes Holmris B8's report on the gender composition of management, see S. 99b of the Danish Financial Statements Act, and Holmris B8's report on corporate social responsibility, see S. 99a of the Danish Financial Statements Act. The CSR report can be found on Holmris B8's website at the following link:

https://www.holmrisb8.com/wp-content/uploads/2019/10/CSR-rapport_2019.pdf

Management commentary

Statutory report on the underrepresented gender

The report on the underrepresented gender is incorporated in the above CSR report.

Corporate governance

The Board of Directors and the Executive Board of Holmrís Holding A/S continuously aim at ensuring that the Group's management structure and control systems are appropriate and well-functioning.

The foundation for organizing Management's tasks includes the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association, policies approved by the Board of Directors as well as good practice for enterprises of the same size as Holmrís Holding A/S.

As a company owned by a private equity fund, the group must also follow the DVCA recommendations and guidelines for responsible ownership and corporate governance. Management assesses that the recommendations are followed.

Please refer to www.dvca.dk for further information on the guidelines. The Board of Directors ensures that the Executive Board observes the objectives, strategies and business processes laid down by the Board of Directors.

Holmrís Holding A/S has established a formal group reporting process comprising a monthly reporting process, which includes budget follow-up, performance assessment and achievement of adopted goals etc. The reporting is assessed at directors' and chairman's meetings.

The Board of Directors of the Holmrís Group convenes at least five times a year based on a fixed meeting schedule. Furthermore, the Chairman and the CEO have meetings at least once every month. Extraordinary meetings will be convened if necessary.

The Board of Directors has appointed a separate audit committee that convenes at least two times per year. The independent auditor participates at least one meeting per year. The audit committee reports directly to the Board of Directors.

Ownership information

Holmrís Holding A/S is the parent of Holmrís B8 A/S with underlying subsidiaries. The ultimate parent to Holmrís Holding A/S is the private equity fund BWB Partners holding an ultimate ownership share of 55%

Holmrís Holding A/S has registered the following Board of Directors with more than 5% of the voting rights or par value of the share capital:

- Henrik Holmrís Larsen
- Niels Henrik Lauritzen

Management commentary

Employees

In the financial year 2018/19, the Group has had an average of 437 employees. 415 of this average are employed in Denmark and 22 in the rest of the world.

Board of Directors

The Board at Holmris Holding A/S consists of five members:

Name	John Staunbjerg Dueholm (Chairman)	Jesper Wadum Nielsen	Henrik Holmris Hansen	Peter Lynghøj Johansen	Niels Henrik Lauritzen
Position	Senior advisor	Partner - BWB Partners	CEO - Holmris B8 A/S	Director - BWB Partners	CCO - Holmris B8 A/S
Chairman of the Board of Directors in	Holmris B8 A/S, Holmris Holding A/S, Hydratech Industries A/S, Hydratech Industries Holding A/S, HTHH ApS, SSG A/S, Intermail A/S, SSG Group A/S, SSG Partners A/S, Jetpak Top Holding AB	BWB Partners P/S, Emka Holding ApS, Transmedica Holding 2007 A/S	Designbrokers Hospitality DK ApS, Holmris Customized A/S	Stema Holding A/S	Labofa A/S
Deputy chairman of the Board of Directors in	DPF Svendborg A/S, SBS Automotive A/S, SBS Friction A/S, Scandinavian Brake Systems A/S	Homris B8 A/S, Holmris Holding A/S, JB Partners ApS			
Member of the Board of Directors in	BWBP Fonden, Globus Wine A/S	14. oktober 2013 A/S, CIPP Technology Holding ApS, CIPP Technology Solutions A/S, Jupiter Bach A/S, Moep A/S, Odin Equity Partners Management II K/S, SSG A/S, SSG Group A/S, SSG Partners A/S, Stema Holding A/S, Transmedica A/S	Holmris Ejendom ApS, Holmris Holding A/S, Labofa A/S	Holmris B8 A/S, Holmris Holding A/S, JB Partners, Qubiqa A/S, Qubiqa Holding A/S	Designbrokers Hospitality DK ApS, Holmris Customized A/S, Holmris Holding A/S
Member of the Executive Board in		Anpartsselskabet af 1. december 2011, Anpartsselskabet af 4. juli 2008, Anpartsselskabet af 7. juni 2007, Anpartsselskabet af 28. juni 2012, Anpartsselskabet af 28. marts 2007, Anpartsselskabet af 16. november 2015, Anpartsselskabet af 31. oktober 2007, Anpartsselskabet af 14. oktober 2013, Anpartsselskabet af 9. september 2010, Brovej 17 4592 Sejerø ApS, BWB CIV GP ApS, BWB Partners GP ApS, Emwakolo ApS, Kawakolo ApS, Lowani ApS, Moep A/S, Stema Holding A/S, Wakolo Invest ApS, Østerby Plantage ApS	HI 97 ApS, HI Ejendomsselskab ApS, Holmris B8 A/S, Holmris.Lauritzen Holding ApS, Labofa A/S	Holmris Holding A/S, JB Partners ApS, Cavian ApS	DKA Udvikling ApS, Holmris B8 A/S, Holmris.Lauritzen Holding ApS, KKHL 1 ApS, KKHL ApS, Klara Holding ApS, Konrad Holding ApS,

The Board of Directors has been appointed by the three largest shareholders.

Capital structure risk

Holmris Holding A/S' share capital is divided into share classes.

Management assesses regularly whether the Company and the Group have an adequate capital structure, and Management assesses on a continuing basis whether the Company's capital structure is consistent with the Company's and its stakeholders' interests. The general objective is to ensure a capital structure that supports long-term and profitable growth.

Management commentary

At 30. April 2019, the Group's net interest-bearing debt amounts to DKK 260,665k, which is considered a reasonable level compared to the actual need for financial flexibility. Hereof DKK 81,229k is in the form of a subordinated shareholder loan.

It is Management's assessment that the present capital structure provides the necessary flexibility to meet the Company's future strategy.

Events after the balance sheet date

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

	<u>Number</u>	<u>Nominal value DKK</u>	<u>Share of contributed capital %</u>	<u>Purchase/(se lling) price DKK</u>
Treasury shares				
Investments acquired:				
C shares	12.500	12.500	1,2	2.522.400
	12.500	12.500	1,2	
Holding of treasury shares:				
C shares	12.500	12.500	1,2	
	12.500	12.500	1,2	

Consolidated income statement for 2018/19

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Revenue	1	1.139.911.928	671.699.093
Cost of sales		(750.153.732)	(437.349.615)
Other external expenses	2	(132.452.303)	(71.509.756)
Gross profit/loss		257.305.893	162.839.722
Staff costs	3	(233.698.084)	(136.230.280)
Depreciation, amortisation and impairment losses	4	(50.908.643)	(33.180.288)
Operating profit/loss		(27.300.834)	(6.570.846)
Other financial income	5	1.541.545	212.362
Other financial expenses	6	(15.047.930)	(12.717.254)
Profit/loss before tax		(40.807.219)	(19.075.738)
Tax on profit/loss for the year	7	(130.057)	(3.069.148)
Profit/loss for the year	8	(40.937.276)	(22.144.886)

Consolidated balance sheet at 30.04.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Completed development projects		4.298.190	2.795.402
Acquired intangible assets		11.724.646	16.441.207
Goodwill		255.467.468	284.624.824
Development projects in progress		8.682.645	2.667.117
Intangible assets	9	<u>280.172.949</u>	<u>306.528.550</u>
Plant and machinery		17.211.562	18.603.150
Other fixtures and fittings, tools and equipment		9.835.028	8.293.168
Leasehold improvements		1.816.250	1.895.820
Property, plant and equipment in progress		769.925	892.000
Property, plant and equipment	10	<u>29.632.765</u>	<u>29.684.138</u>
Deposits		3.937.125	3.248.218
Fixed asset investments	11	<u>3.937.125</u>	<u>3.248.218</u>
Fixed assets		<u>313.742.839</u>	<u>339.460.906</u>
Raw materials and consumables		45.412.005	26.364.153
Work in progress		4.618.846	11.829.493
Manufactured goods and goods for resale		97.933.709	80.731.612
Prepayments for goods		936.123	5.720.702
Inventories		<u>148.900.683</u>	<u>124.645.960</u>
Trade receivables		73.179.891	59.249.445
Deferred tax	12	8.124.300	7.094.000
Other receivables		4.356.653	4.042.642
Income tax receivable		0	168.663
Prepayments		7.393.439	8.872.460
Receivables		<u>93.054.283</u>	<u>79.427.210</u>
Other investments		0	6.734
Other investments		<u>0</u>	<u>6.734</u>
Cash		<u>10.174.028</u>	<u>7.790.239</u>
Current assets		<u>252.128.994</u>	<u>211.870.143</u>
Assets		<u>565.871.833</u>	<u>551.331.049</u>

Consolidated balance sheet at 30.04.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Contributed capital		1.072.237	1.057.237
Retained earnings		62.154.005	103.709.732
Equity		63.226.242	104.766.969
Deferred tax	12	0	1.962.000
Other provisions		250.000	1.926.324
Provisions		250.000	3.888.324
Subordinate loan capital		81.229.434	52.226.333
Bank loans		34.655.000	69.475.000
Finance lease liabilities		11.645.742	14.042.494
Other payables		1.333.333	3.066.667
Non-current liabilities other than provisions	13	128.863.509	138.810.494
Current portion of long-term liabilities other than provisions	13	41.012.362	50.873.798
Bank loans		102.296.209	62.431.532
Prepayments received from customers		7.916.171	6.542.919
Trade payables		146.586.478	102.435.251
Payables to shareholders and management		295.832	14.006.881
Income tax payable		1.896.545	2.515.771
Other payables		66.866.581	58.123.808
Deferred income		6.661.904	6.935.302
Current liabilities other than provisions		373.532.082	303.865.262
Liabilities other than provisions		502.395.591	442.675.756
Equity and liabilities		565.871.833	551.331.049
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Transactions with related parties	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2018/19

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.057.237	103.709.732	104.766.969
Increase of capital	15.000	1.575.000	1.590.000
Purchase of treasury shares	0	(2.522.400)	(2.522.400)
Exchange rate adjustments	0	(254.051)	(254.051)
Other entries on equity	0	583.000	583.000
Profit/loss for the year	0	(40.937.276)	(40.937.276)
Equity end of year	1.072.237	62.154.005	63.226.242

Consolidated cash flow statement for 2018/19

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Operating profit/loss		(27.300.834)	(6.570.847)
Amortisation, depreciation and impairment losses		50.908.643	33.180.288
Other provisions		(1.676.324)	(59.676)
Working capital changes	14	16.008.293	39.601.319
Cash flow from ordinary operating activities		37.939.778	66.151.084
Financial income received		1.541.545	212.362
Financial expenses paid		(15.047.930)	(12.717.254)
Income taxes refunded/(paid)		(3.572.920)	(5.259.424)
Cash flows from operating activities		20.860.473	48.386.768
Acquisition etc of intangible assets		(17.723.089)	(6.160.994)
Acquisition etc of property, plant and equipment		(7.795.139)	(7.578.973)
Sale of property, plant and equipment		1.039.003	599.993
Acquisition of enterprises		0	(294.520.361)
Cash / (bank debt) from acquired subsidiaries		0	(43.176.222)
Other investments		6.734	0
Cash flows from investing activities		(24.472.491)	(350.836.557)
Loans raised		29.803.100	207.746.686
Repayments of loans etc		(49.611.521)	(86.754.190)
Acquisition of treasury shares		(2.522.400)	0
Cash increase of capital		1.590.000	126.316.000
Repayment of payables to shareholder and management		(13.711.049)	0
Other equity adjustments		583.000	0
Cash flows from financing activities		(33.868.870)	247.308.496
Increase/decrease in cash and cash equivalents		(37.480.888)	(55.141.293)
Cash and cash equivalents beginning of year		(54.641.293)	500.000
Cash and cash equivalents end of year		(92.122.181)	(54.641.293)
	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Cash and cash equivalents at year-end are composed of:			
Cash		10.174.028	7.790.239
Short-term debt to banks		(102.296.209)	(62.431.532)
Cash and cash equivalents end of year		(92.122.181)	(54.641.293)

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
1. Revenue		
Denmark	867.444.388	533.650.197
Other countries	272.467.540	138.048.896
	1.139.911.928	671.699.093
	2018/19 DKK	2017/18 DKK
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	490.000	515.000
Other assurance engagements	104.700	21.500
Tax services	130.731	705.650
Other services	464.300	990.182
	1.189.731	2.232.332
	2018/19 DKK	2017/18 DKK
3. Staff costs		
Wages and salaries	196.322.212	122.746.892
Pension costs	23.010.153	9.075.124
Other social security costs	2.204.090	1.251.745
Other staff costs	12.161.629	3.156.519
	233.698.084	136.230.280
Average number of employees	437	305
Remuneration of Management is not stated with reference to Section 98b (3) of Danish Financial Statements Act.		
	2018/19 DKK	2017/18 DKK
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	44.078.690	28.613.322
Depreciation of property, plant and equipment	7.018.084	4.574.094
Profit/loss from sale of intangible assets and property, plant and equipment	(188.131)	(7.128)
	50.908.643	33.180.288
	2018/19 DKK	2017/18 DKK
5. Other financial income		
Other interest income	46.742	13.987
Other financial income	1.494.803	198.375
	1.541.545	212.362

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
6. Other financial expenses		
Other interest expenses	12.459.995	9.648.810
Other financial expenses	2.587.935	3.068.444
	15.047.930	12.717.254

	2018/19 DKK	2017/18 DKK
7. Tax on profit/loss for the year		
Current tax	974.706	(1.008.395)
Change in deferred tax	(827.000)	3.839.622
Adjustment concerning previous years	(17.649)	237.921
	130.057	3.069.148

	2018/19 DKK	2017/18 DKK
8. Proposed distribution of profit/loss		
Retained earnings	(40.937.276)	(22.144.886)
	(40.937.276)	(22.144.886)

	Completed develop- ment projects DKK	Acquired intangible assets DKK	Goodwill DKK	Develop- ment projects in progress DKK
9. Intangible assets				
Cost beginning of year	3.032.896	17.646.336	311.755.675	2.667.117
Transfers	514.982	840.368	0	(514.982)
Additions	2.073.167	2.853.158	6.352.830	8.819.808
Disposals	0	0	0	(2.289.298)
Cost end of year	5.621.045	21.339.862	318.108.505	8.682.645
Amortisation and impairment losses beginning of year	(237.494)	(1.205.129)	(27.130.851)	0
Transfers	0	(926.944)	0	0
Amortisation for the year	(1.085.361)	(7.483.143)	(35.510.186)	0
Amortisation and impairment losses end of year	(1.322.855)	(9.615.216)	(62.641.037)	0
Carrying amount end of year	4.298.190	11.724.646	255.467.468	8.682.645

Development projects

The Group's development projects relate to development of new office furniture and business areas as well as optimisation of internal processes, primarily in production, supply chain and sales.

Notes to consolidated financial statements

The development is proceeding as planned and is expected to be completed within 1-3 years.

Both completed development projects and development projects in progress contribute or are expected to contribute significantly to the Group's earnings going forward.

In 2018/19, Management conducted an impairment test of the carrying amount of the development projects, and no indication of impairment was identified for the assets.

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK	Property, plant and equipment in progress DKK
10. Property, plant and equipment				
Cost beginning of year	21.005.963	10.015.991	2.357.467	892.000
Exchange rate adjustments	0	22.759	0	0
Transfers	0	(895.114)	0	0
Additions	3.282.454	3.319.511	1.283.121	2.651.508
Disposals	(351.958)	(461.528)	(37.386)	(2.773.583)
Cost end of year	23.936.459	12.001.619	3.603.202	769.925
Depreciation and impairment losses beginning of year	(2.402.813)	(1.722.823)	(461.647)	0
Exchange rate adjustments	0	(17)	0	0
Transfers	0	926.944	0	0
Depreciation for the year	(4.322.084)	(1.370.695)	(1.325.305)	0
Depreciation and impairment losses end of year	(6.724.897)	(2.166.591)	(1.786.952)	0
Carrying amount end of year	17.211.562	9.835.028	1.816.250	769.925
Recognised assets not owned by entity	12.046.702	2.770.410	-	-
				Deposits DKK
11. Fixed asset investments				
Cost beginning of year				3.248.218
Additions				688.907
Cost end of year				3.937.125
Carrying amount end of year				3.937.125

Notes to consolidated financial statements

	2018/19	2017/18
	DKK	DKK
12. Deferred tax		
Intangible assets	2.296.000	(4.607.000)
Property, plant and equipment	(186.000)	562.000
Fixed asset investments	0	(7.000)
Inventories	(814.000)	1.328.000
Receivables	(97.000)	1.000
Provisions	0	424.000
Liabilities other than provisions	0	1.445.000
Tax losses carried forward	6.925.300	5.969.000
Other deductible temporary differences	0	17.000
	8.124.300	5.132.000

Changes during the year

Beginning of year	5.132.000
Recognised in the income statement	827.000
Adjustments related to changes to the taxable income in previous years	2.046.202
Other adjustments	119.098
End of year	8.124.300

Management has evaluated on the measurement of deferred tax assets on the basis of budget and forecast og expected future income for the period 2019/20-2023/24. Deferred tax asset is expected to be actualized in future positive income over the next 3-5 years. Since the calculation of expected future taxable income for the coming years is subject to a significant extent of estimates and judgments, the valuation of the recognised deferred tax asset is naturally subject to uncertainty.

	Due within 12	Due within 12	Due after more	Outstanding
	months	months	than 12 months	after 5 years
	2018/19	2017/18	2018/19	DKK
	DKK	DKK	DKK	DKK
13. Liabilities other than provisions				
Subordinate loan capital	0	0	81.229.434	49.713.998
Bank loans	35.000.000	45.000.000	34.655.000	0
Finance lease liabilities	4.335.473	4.007.132	11.645.742	0
Other payables	1.676.889	1.866.666	1.333.333	0
	41.012.362	50.873.798	128.863.509	49.713.998

Notes to consolidated financial statements

	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
14. Change in working capital		
Increase/decrease in inventories	(24.254.723)	(16.560.305)
Increase/decrease in receivables	(13.454.942)	40.170.848
Increase/decrease in trade payables etc	53.717.958	15.990.776
	<u>16.008.293</u>	<u>39.601.319</u>

	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>43.255.287</u>	<u>48.954.000</u>

16. Assets charged and collateral

Bank debt has been secured on a floating charge on trade receivables, inventories and tools and equipment of a carrying amount of DKK 188,543k.

Debt to the factoring company is secured on a receivables charge on unsecured claims relating to the sale of goods and services. Debt to the factoring company has been set off against the value of trade receivables.

As security for commitments with clients and lessors, performance and payments guarantees of DKK 8,256k have been provided through the bank.

17. Transactions with related parties

The Group did not carry out any substantial transactions with related parties that were not concluded on market conditions. According to Section 98c (7) of the Danish Financial Statements Act, information is provided only about transactions that have not been concluded on common market conditions.

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Equity inte- rest %</u>
18. Subsidiaries		
Holmrís B8 A/S	Bjerringbro	100,0
Holmrís Customized A/S	Silkeborg	100,0
Labofa A/S	Slagelse	100,0
Designbrokers Hospitality DK ApS	Copenhagen	100,0
Designbrokers Ltd.	Great Britain	100,0
Designbrokers Benelux B.V.	Holland	100,0
Designbrokers Sweden AB	Sweden	100,0
Designbrokers Norge AS	Norway	100,0
Holmrís US, Inc.	USA	100,0
Holmrís B8 AS	Norway	100,0

Parent income statement for 2018/19

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Other external expenses		(400.094)	(66.255)
Operating profit/loss		(400.094)	(66.255)
Income from investments in group enterprises		(34.670.071)	(18.297.215)
Other financial income	1	238.663	1.244.160
Other financial expenses	2	(7.856.774)	(6.110.816)
Profit/loss before tax		(42.688.276)	(23.230.126)
Tax on profit/loss for the year	3	1.751.000	1.085.240
Profit/loss for the year	4	(40.937.276)	(22.144.886)

Parent balance sheet at 30.04.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Investments in group enterprises		229.874.357	264.798.479
Fixed asset investments	5	229.874.357	264.798.479
Fixed assets		229.874.357	264.798.479
Receivables from group enterprises		0	1.688.817
Deferred tax	6	861.000	0
Income tax receivable		1.897.000	0
Joint taxation contribution receivable		2.874.247	2.874.247
Prepayments	7	533.843	0
Receivables		6.166.090	4.563.064
Cash		0	42.987
Current assets		6.166.090	4.606.051
Assets		236.040.447	269.404.530

Parent balance sheet at 30.04.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Contributed capital	8	1.072.237	1.057.237
Retained earnings		62.154.005	103.709.732
Equity		63.226.242	104.766.969
Subordinate loan capital		81.229.434	46.933.333
Bank loans		34.655.000	69.475.000
Non-current liabilities other than provisions	9	115.884.434	116.408.333
Current portion of long-term liabilities other than provisions	9	35.000.000	45.000.000
Trade payables		994.446	327.221
Payables to group enterprises		18.139.318	0
Income tax payable		1.789.007	1.789.007
Joint taxation contribution payable		1.007.000	0
Other payables		0	1.113.000
Current liabilities other than provisions		56.929.771	48.229.228
Liabilities other than provisions		172.814.205	164.637.561
Equity and liabilities		236.040.447	269.404.530
Contingent liabilities	10		
Assets charged and collateral	11		
Related parties with controlling interest	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2018/19

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.057.237	103.709.732	104.766.969
Increase of capital	15.000	1.575.000	1.590.000
Purchase of treasury shares	0	(2.522.400)	(2.522.400)
Exchange rate adjustments	0	(254.051)	(254.051)
Other entries on equity	0	583.000	583.000
Profit/loss for the year	0	(40.937.276)	(40.937.276)
Equity end of year	1.072.237	62.154.005	63.226.242

Notes to parent financial statements

	2018/19 DKK	2017/18 DKK
1. Other financial income		
Financial income arising from group enterprises	238.663	1.244.160
	238.663	1.244.160
2. Other financial expenses		
Other interest expenses	7.675.018	5.935.651
Other financial expenses	181.756	175.165
	7.856.774	6.110.816
3. Tax on profit/loss for the year		
Current tax	(890.000)	(1.085.240)
Change in deferred tax	(861.000)	0
	(1.751.000)	(1.085.240)
4. Proposed distribution of profit/loss		
Retained earnings	(40.937.276)	(22.144.886)
	(40.937.276)	(22.144.886)

Notes to parent financial statements

	Investments in group enterprises DKK
5. Fixed asset investments	
Cost beginning of year	282.999.839
Cost end of year	282.999.839
Impairment losses beginning of year	(18.201.360)
Exchange rate adjustments	(254.051)
Amortisation of goodwill	(16.908.985)
Share of profit/loss for the year	(17.761.086)
Impairment losses end of year	(53.125.482)
Carrying amount end of year	229.874.357
Goodwill or negative goodwill recognized during the financial year	138.090.048
A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.	
	2018/19 DKK
6. Deferred tax	
Tax losses carried forward	861.000
	861.000
Changes during the year	
Recognised in the income statement	861.000
End of year	861.000

Management has evaluated on the measurement of deffered tax assets on the basis of budget and forecast og expected future income for the period 2019/20-2023/24. Deffered tax asset is expected to be actualized in future positive income over the next 3-5 years.

7. Prepayments

Prepayments recognised under current assets relate to costs incurred for subsequent financial years.

Notes to parent financial statements

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>	
8. Contributed capital				
A shares	591.700	1	591.700	
B shares	18.300	1	18.300	
C shares	395.000	1	395.000	
D shares	67.237	1	67.237	
	<u>1.072.237</u>		<u>1.072.237</u>	
	<u>Due within 12 months 2018/19 DKK</u>	<u>Due within 12 months 2017/18 DKK</u>	<u>Due after more than 12 months 2018/19 DKK</u>	<u>Outstanding after 5 years DKK</u>
9. Liabilities other than provisions				
Subordinate loan capital	0	0	81.229.434	49.713.998
Bank loans	35.000.000	45.000.000	34.655.000	0
	<u>35.000.000</u>	<u>45.000.000</u>	<u>115.884.434</u>	<u>49.713.998</u>

10. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

11. Assets charged and collateral

Investments in group enterprises are provided as security for the Parent's and the subsidiaries debt to the Group's bank.

The carrying amount of investments in group enterprises is DKK 229,874k. Bank debt for which the investments have been provided as security in the Parent amounts to DKK 69,655k, whereas bank debt in the subsidiaries amounts to DKK 69,713k.

The Parent has also guaranteed the above bank debt to banks in the subsidiaries.

12. Related parties with controlling interest

BWB Partners I K/S, Avderødvej 27C, 2980 Kokkedal has a controlling interest in the company.

Notes to parent financial statements

13. Transactions with related parties

The Entity did not carry out any substantial transactions with related parties that were not concluded on market conditions. According to Section 98c (7) of the Danish Financial Statements Act, information is provided only about transactions that have not been concluded on common market conditions.

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Non-comparability

The company's annual report for 2017/18 was the company's first and covered the period from 27.06.2017 to 30.04.2018 corresponding to 10 months whereas the annual report for 2018/19 comprises 12 months. Due to the above, the comparative figures are not directly comparable with this year's figures in the income statement

Consolidated financial statements

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

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Accounting policies

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Income statement

Revenue

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

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's and the Group's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

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

The Entity serves as the administration company in a Danish joint taxation arrangement. Current danish income tax is distributed among the jointly taxed companies in proportion to their taxable income (full distribution with reimbursement regarding tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights.

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

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

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	3-10 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually.

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Accounting policies

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Deferred tax

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

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of

Accounting policies

future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

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

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

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

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

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