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AX V GUBI Holding III ApS

Sankt Annæ Plads 10
1250 København K
Central Business Registration
No 38783769

Annual report 01.07.2018 - 30.06.2019

The Annual General Meeting adopted the annual report on 24.10.2019

Chairman of the General Meeting

Name: Jesper Frydensberg Rasmussen

Contents

	Page
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2018/19	14
Consolidated balance sheet at 30.06.2019	15
Consolidated statement of changes in equity for 2018/19	17
Consolidated cash flow statement for 2018/19	18
Notes to consolidated financial statements	19
Parent income statement for 2018/19	25
Parent balance sheet at 30.06.2019	26
Parent statement of changes in equity for 2018/19	28
Notes to parent financial statements	29
Accounting policies	31

Entity details

Entity

AX V GUBI Holding III ApS
Sankt Annæ Plads 10
1250 København K

Central Business Registration No (CVR): 38783769
Registered in: København
Financial year: 01.07.2018 - 30.06.2019

Board of Directors

Lars Cordt, Chairman
Asbjørn Mosgaard Hyldgaard
Peter Nyegaard

Executive Board

Jesper Frydensberg Rasmussen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of AX V GUBI Holding III ApS for the financial year 01.07.2018 - 30.06.2019.

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 Entity's financial position at 30.06.2019 and of the results of its operations and cash flows for the financial year 01.07.2018 - 30.06.2019.

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.

Copenhagen, 24.10.2019

Executive Board

Jesper Frydensberg
Rasmussen

Board of Directors

Lars Cordt Chairman	Asbjørn Mosgaard Hyldgaard	Peter Nyegaard

Independent auditor's report

To the shareholders of AX V GUBI Holding III ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of AX V GUBI Holding III ApS for the financial year 01.07.2018 - 30.06.2019, 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. 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 30.06.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.07.2018 - 30.06.2019 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 Parent'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 consolidated financial statements and the parent financial statements

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 these 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 Parent’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 Parent’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 24.10.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Anders Kreiner
State Authorised Public Accountant
Identification No (MNE) mne26765

Management commentary

	2018/19 DKK'000	2017/18 DKK'000
Financial highlights		
Key figures		
Revenue	373.547	-
Gross profit/loss	174.413	(199)
EBITDA	134.778	(199)
EBITDA, normalised for non-recurring costs	138.879	(199)
Operating profit/loss	39.373	(199)
Net financials	(31.822)	-
Profit/loss for the year	(10.859)	(155)
Total assets	1.973.918	2.026.866
Investments in property, plant and equipment	1.589	6.857
Equity	1.270.040	800.668
Cash flows from ordinary operating activities	103.307	95
Cash flows from (used in) operating activities	43.068	95
Cash flows from (used in) investing activities	13.944	(1.293.632)
Cash flows from (used in) financing activities	(35.068)	1.348.525
Average numbers of employees	68	-
Ratios		
Gross margin (%)	46,7	-
Equity ratio (%)	64,3	39,5
Norm. EBITDA margin (%)	37,2	0,0

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.
Norm. EBITDA margin (%)	$\frac{\text{Norm. EBITDA x 100}}{\text{Revenue}}$	The entity's EBITDA, normalised for non-recurring costs.

Management commentary

Primary activities
The Group's main activities are design and sale of timeless, high-quality furniture and lighting products that have been developed in co-operation with reputable international designers.

Founded in 1967, GUBI is a leading Danish design brand focusing on timeless, high-quality furniture, lighting and interior products. GUBI designs, develops and markets products developed in co-operation with reputable international designers for both consumers and professionals, and the range includes several prize-winning designs. Products are sold by leading online and offline retailers and to professional customers worldwide. The Group's head office is located at Nordhavn, Copenhagen.

The Group's sales are international.

The parent company's main activities are investments in subsidiaries within design and sale of furniture and lighting products as well as related activities, including providing management services.

Development in activities and finances
On 29 June 2018 the Group acquired GUBI A/S, and consequently the Company structure and set-up have changed. As a result of this, the 2018/19 gross and operating profits were negatively impacted by expenses related to restructuring and acquisition. In addition, investments in strategic initiatives have been made to support future growth and implement a new IT infrastructure. However, the financial impact of these growth investments is yet to materialize.

In 2018/19 the Group realized revenue of t.DKK 373.547 equivalent to 8% growth compared to 2017/18 and reported operating profit (EBITDA) of t.DKK 134.778. Adjusting for restructuring and one-off expenses, the normalized operating profit (EBITDA) for 2018/19 is t.DKK 138.879 which is at level with 2018/19 despite growth in revenue due to investments in growth.

Given the restructuring and the strategic initiatives undertaken, the management team considers the results for the financial year of 2018/19 to be satisfactory.

Outlook
During 2018/19 the Group has expanded the product portfolio, and resources and investments have been channeled into building the platform for future growth.

Management therefore expects growth in revenue and earnings for 2019/20 above the level for 2018/19.

Particular risks
Business risks
The company is not exposed to any specific business risks besides the commonly occurring risks in the industry.

The Board of Directors must reassure a continuous monitoring of the development in the market in order to reduce the business risks, as well as strengthen its competitive position on crucial parameters.

Management commentary

Currency risks

The currency risks are substantially exposed to the Euro currency. The risk hereto is considered limited. Exchange rate adjustments of trade receivables, trade payables and cash in foreign currency are recognized as financial items.

The Group’s currency policy is set in order to minimize the risks in transactions with foreign currencies. The policy has in the financial year proven to be correct and will be continued unchanged during the coming financial year.

Credit risks

The Group’s credit risks are related to trade receivables. The Group closely examines and manages the risk exposure by assessing the creditworthiness of all significant customers and professionals. Since the Group’s customer base is very dispersed, no significant credit risk is associated with a single party.

Ownership and Capital Structure

The Group is owned by the equity fund Axcel with appr. 35%, CHR. AUGUSTINUS FABRIKKER AKTIESELSKAB with appr. 23%, Jacob Gudmund Olsen with appr. 40%, members of the board of directors and leading employees via holding companies AX V GUBI Holding I ApS and AX V GUBI Holding II ApS with appr. 2%.

GUBI Group ApS, which acquired Gubi A/S on 29. June 2018, is funded with equity and senior loans provided by Nykredit Bank A/S and Nordea Danmark, affiliated branch of Nordea Bank Abp, Finland.

The current capital structure is deemed appropriate in relation to the need for financial flexibility in The Group and its subsidiaries.

Being owned by the Danish private equity firm Axcel, the Group is subject to the guidelines of the Danish Venture Capital and Private Equity Association (DVCA, ww.dvca.dk) for responsible ownership and corporate governance. The Group intends to comply with all relevant guidelines.

Non-financial matters

The organization of Management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the company’s article of association. The Group has based its corporate governance efforts on a two-tier system where the Board of Directors and the Executive Management have two distinct roles. The Executive Management undertakes the operational management of the company, whereas the Board of Directors determines the overall company strategy and acts as a sparring partner to the Executive Management of the company. In addition, the management is continuously monitoring the financial development as well as the development in the field of corporate governance to ensure that the Group, internally as well as externally, is managed in way that is in accordance with applicable laws in order to protect the interests of all stakeholders.

Risk management is considered an essential and natural part of the realization of the Group’s objectives and strategy. The daily activities, the implementation of the established strategy and the continuous use of business opportunities involve inherent risks, and the company’s handling of these risks is therefore seen as a natural and integrated part of the daily work and a way to ensure stable and reliable growth.

Management commentary

The Board of Directors are appointed by Axcel. The Board of Directors consists of three members. Board meetings are held minimum six times a year, additionally, the Chairman Committee meets with Executive Management on an ongoing basis.

Other board positions of the members of the Board of Directors are:

Management commentary

Board of Directors			
Name	Lars Cordt (appointed in June 2018)	Asbjørn Mosgaard Hyldgaard (appointed in June 2018)	Peter Nyegaard (appointed in June 2018)
Position	Partner – Axcel Management A/S CEO – AX IV HoldCo P/S	Partner – Axcel Management A/S	CFO and Partner – Axcel Management A/S CEO – JNP AX-III INV ApS
Chairman of the Board of Directors in:	AX V GUBI Holding III ApS AX V INV5 Holding ApS and related Holding companies AX MITA INVEST ApS AX V ESB Holding III ApS AX V Nissens III ApS		FIH A/S and related Holding companies
Vice Chairman of the Board of Directors in:	AX V Nissens ApS and related Group companies	GUBI Group ApS and related Group companies	DANMARKS SKIBSKREDIT A/S
Board Member in:	AX IV HoldCo P/S GUBI Group ApS and related Group companies Mountain Top Group ApS and related Group companies	AX V GUBI Holding III ApS GUBI RETAIL ApS AX V Nissens III ApS ESB Group ApS and related Group companies Phase One Group ApS and related Group companies	AX IV HoldCo P/S AX V Nissens III ApS AX MITA INVEST ApS MNGT2 ApS Frontmatec Holding I ApS and related Holding companies Mountain Top Group ApS and related Group companies Phase One Group ApS and related Group companies ØENS MURERFIRMA A/S AX V ESB Holding III ApS AX V INV5 Holding ApS and related Holding companies AX V INV7 Holding lll ApS and related Holding companies AX V INV8 Holding lll ApS and related Holding companies
Other management positions:			XPP MIDCO ApS XPP TOPCO ApS XPP BIDCO ApS Owner of Yggdrasill ApS

Management commentary

Knowledge resources
The ambition to be the world’s most loved and respected design brand places high pressure on the Group when it comes to gathering and combining design and product knowledge.

It is essential for the Group to attract, develop and retain high-quality members of staff with an appertaining high level of competence. The realization of the Group’s goal of ensuring both quality knowledge and knowhow at each level of staff will be facilitated through recruitment procedures and a continuous development of the existing staff and their competences. Throughout the year, a considerable number of experienced and highly qualified members of staff have been added to the Group. This initiative has strengthened the Group's knowledge and competence base.

Environmental performance
The Group constantly seeks to improve and comply with product or packaging requirements for the benefit of the environment.

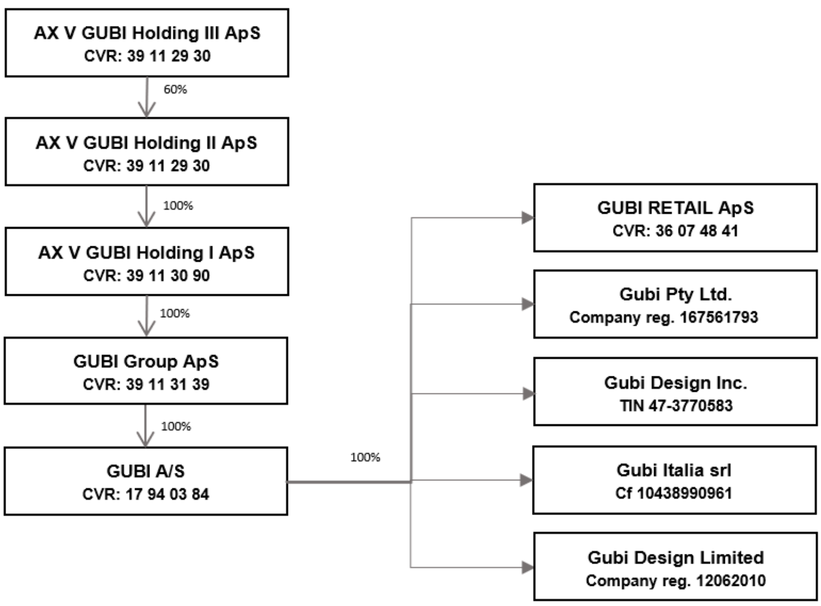
Research and development activities
The Group’s research activities are related to products developed and designed both internally and in collaboration with external internationally leading partners.

Uncertainty relating to recognition and measurement
No significant uncertainties are attached to recognition and measurement.

Unusual circumstances affecting recognition and measurement
In the consolidated financial statement of 2018/19, as well as the comparative figures, is made a reclassification between goodwill and deferred tax. The reclassification has no impact on the profit or equity.

The reclassification effect shows an increase in goodwill and deferred tax with t.DKK 72.776.

Group relations



Management commentary

Statutory report on corporate social responsibility
CSR is a key strategic focus for the Group. To ensure that the Group develops sustainable growth and drives social responsibility it has joined the UN Global Compact in July 2019. The Group is aware that there may be some CSR risks related to its operations. The risks will be further described in the following.

Regarding environmental and climate-related aspects, it is a risk if the Group becomes associated with excessive or unnecessary use of materials such as packaging and components in its operations. This could impact the local environment and the Group's reputation.

Regarding employee conditions, it is a risk if our production and handling of products would cause injuries to our employees or to our partners. This could impact our ability to attract and retain employees.

Regarding human rights, it is a risk if the Group is associated with production of the products with use of child labor at any of its partners. This could impact the Group's reputation.

Regarding corruption and bribery, the Group is aware that it operates in regions of the world where the risk of corruption and bribery could be higher. Specifically, the risk relates to the Group being associated with the use of means to illegally influence a third parts decision. Consequently, the Group's image could be damaged.

The Group complies with all legal requirements in terms of social responsibility, environmental and climate considerations, human rights and combat against corruption.

The Group has not yet prepared separate written policies on CSR. The reason is that a number of actions and activities have yet not been formalized in a separate policy. These are actions and points of awareness that the Group focuses on in our daily tasks. There is an ongoing process of formalizing our work on CSR and the first step has been to join the UN Global Compact this year and it is the Group's goal to have a formalized strategy in place next year along with a formalization of policies, actions and results within selected areas.

For further information on the Group's business refer to the above section on primary activities.

Statutory report on the underrepresented gender
It is the policy of the Group to secure the best professional competences possible at all levels of the Group. The Group has a policy to ensure focus on underrepresented gender on other management levels. The Group will be further formalising this policy in the coming financial year. To implement the policy, the Group strives to ensure that both genders are represented at final interviews for management positions, the group also works to ensure that career opportunities are discussed with the underrepresented gender. In the current financial year, the composition of managers in the Group are seven male and two female employees. The members of Management are solely appointed based on their qualifications and not based on their gender. By doing so, equal opportunities for both genders are secured provided that the candidates applying for the management positions possess the professional skills required. As far as possible, it is the goal to have job applicants from different genders, nationality and age at final interviews and informing existing employees about career development opportunities.

It is the Group's goal to have both genders represented in the Board of Directors and other management levels of the Group. Currently, the Board of directors consist of three male members, and other management

Management commentary

levels consists of seven male and two female employees. The group has set a target that the underrepresented gender does not represent less than 40 percent of the Board. Due to the current composition and necessary continuity the target is not met in current financial year. The target is expected to be reached by 2024.

At 30 June 2019 the number of employees was 72 (2017/18; 60) whereof 42 were female (2017/18; 27).

Events after the balance sheet date
No significant events affecting the financial statement for 2018/19 have occurred subsequent to the financial year.

Consolidated income statement for 2018/19

	Notes	2018/19 DKK'000	2017/18 DKK'000
Revenue	1	373.547	0
Cost of sales		(174.269)	0
Other external expenses	2	(24.865)	(199)
Gross profit/loss		**174.413**	**(199)**
Staff costs	3	(39.590)	0
Depreciation, amortisation and impairment losses	4	(95.405)	0
Other operating expenses		(45)	0
Operating profit/loss		**39.373**	**(199)**
Other financial income	5	953	0
Other financial expenses	6	(32.775)	0
Profit/loss before tax		**7.551**	**(199)**
Tax on profit/loss for the year	7	(18.410)	44
Profit/loss for the year	8	**(10.859)**	**(155)**

Consolidated balance sheet at 30.06.2019

	Notes	2018/19 DKK'000	2017/18 DKK'000
Completed development projects		1.049	1.162
Acquired licences		759	0
Acquired trademarks		314.261	330.801
Goodwill		1.474.510	1.560.065
Development projects in progress		8.654	3.228
Intangible assets	9	**1.799.233**	**1.895.256**
Plant and machinery		2.187	1.819
Other fixtures and fittings, tools and equipment		1.246	1.037
Leasehold improvements		64	219
Property, plant and equipment in progress		256	0
Property, plant and equipment	10	**3.753**	**3.075**
Deposits		2.960	874
Other receivables		26	26
Fixed asset investments	11	**2.986**	**900**
Fixed assets		**1.805.972**	**1.899.231**
Manufactured goods and goods for resale		33.752	29.249
Prepayments for goods		2.674	1.727
Inventories		**36.426**	**30.976**
Trade receivables		50.276	38.465
Other receivables		1.577	2.223
Prepayments	12	2.719	983
Receivables		**54.572**	**41.671**
Cash		**76.948**	**54.988**
Current assets		**167.946**	**127.635**
Assets		**1.973.918**	**2.026.866**

Consolidated balance sheet at 30.06.2019

	Notes	2018/19 DKK'000	2017/18 DKK'000
Contributed capital		7.557	2.916
Reserve for development expenditure		7.568	3.424
Other reserves		959	0
Retained earnings		731.621	285.168
Equity attributable to the Parent's owners		**747.705**	**291.508**
Share of equity attributable to minority interests		**522.335**	**509.160**
Equity		**1.270.040**	**800.668**
Deferred tax	13	71.499	73.783
Provisions		**71.499**	**73.783**
Bank loans		512.886	555.675
Income tax payable		20.844	28.566
Non-current liabilities other than provisions	14	**533.730**	**584.241**
Current portion of long-term liabilities other than provisions	14	45.000	30.000
Bank loans		16	471.320
Prepayments received from customers		14.177	10.770
Trade payables		22.737	39.890
Other payables		16.719	16.194
Current liabilities other than provisions		**98.649**	**568.174**
Liabilities other than provisions		**632.379**	**1.152.415**
Equity and liabilities		**1.973.918**	**2.026.866**
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2018/19

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Other reserves DKK'000	Retained earnings DKK'000
Equity beginning of year	2.916	3.424	0	285.168
Effect of divestments of entities etc	0	0	0	0
Increase of capital	4.641	0	0	459.400
Exchange rate adjustments	0	0	0	31
Transfer to reserves	0	4.144	959	(5.103)
Profit/loss for the year	0	0	0	(7.875)
Equity end of year	**7.557**	**7.568**	**959**	**731.621**

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	509.160	800.668
Effect of divestments of entities etc	16.136	16.136
Increase of capital	0	464.041
Exchange rate adjustments	23	54
Transfer to reserves	0	0
Profit/loss for the year	(2.984)	(10.859)
Equity end of year	**522.335**	**1.270.040**

Consolidated cash flow statement for 2018/19

	Notes	2018/19 DKK'000	2017/18 DKK'000
Operating profit/loss		39.373	(199)
Amortisation, depreciation and impairment losses		95.450	0
Working capital changes	15	(31.516)	294
Cash flow from ordinary operating activities		**103.307**	**95**
Financial income received		953	0
Financial expenses paid		(32.775)	0
Income taxes refunded/(paid)		(28.417)	0
Cash flows from operating activities		**43.068**	**95**
Acquisition etc of intangible assets		(6.498)	0
Sale of intangible assets		7.880	0
Acquisition etc of property, plant and equipment		(1.589)	0
Sale of property, plant and equipment		101	0
Acquisition of fixed asset investments		(2.086)	0
Acquisition of enterprises		0	(1.802.832)
Disposal of enterprises		16.136	509.200
Cash flows from investing activities		**13.944**	**(1.293.632)**
Loans raised		0	1.056.995
Repayments of loans etc		(499.109)	0
Cash increase of capital		464.041	291.630
Cash decrease of capital		0	(100)
Cash flows from financing activities		**(35.068)**	**1.348.525**
Increase/decrease in cash and cash equivalents		**21.944**	**54.988**
Cash and cash equivalents beginning of year		54.988	0
Cash and cash equivalents end of year		**76.932**	**54.988**
Cash and cash equivalents at year-end are composed of:			
Cash		76.948	54.988
Short-term debt to banks		(16)	0
Cash and cash equivalents end of year		**76.932**	**54.988**

Notes to consolidated financial statements

	2018/19 DKK'000	2017/18 DKK'000
1. Revenue		
Denmark	65.704	0
Europe	223.616	0
Other countries	84.227	0
	373.547	**0**

Segments of the revenue are only provided for geographical markets as business segments are not relevant.

	2018/19 DKK'000	2017/18 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	363	146
Other assurance engagements	24	0
Other services	95	0
	482	**146**

	2018/19 DKK'000	2017/18 DKK'000
3. Staff costs		
Wages and salaries	39.920	0
Pension costs	1.093	0
Other social security costs	228	0
Other staff costs	1.397	0
Staff costs classified as assets	(3.048)	0
	39.590	**0**
Average number of employees	**68**	

	Remunera-tion of manage-ment 2018/19 DKK'000
Executive Board	4.971
Board of Directors	1.300
	6.271

Notes to consolidated financial statements

	2018/19 DKK'000	2017/18 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	94.641	0
Depreciation of property, plant and equipment	764	0
	95.405	**0**

	2018/19 DKK'000	2017/18 DKK'000
5. Other financial income		
Exchange rate adjustments	953	0
	953	**0**

	2018/19 DKK'000	2017/18 DKK'000
6. Other financial expenses		
Other interest expenses	27.761	0
Exchange rate adjustments	427	0
Other financial expenses	4.587	0
	32.775	**0**

	2018/19 DKK'000	2017/18 DKK'000
7. Tax on profit/loss for the year		
Current tax	20.694	0
Change in deferred tax	(2.284)	(44)
	18.410	**(44)**

	2018/19 DKK'000	2017/18 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	(7.875)	(122)
Minority interests' share of profit/loss	(2.984)	(33)
	(10.859)	**(155)**

Notes to consolidated financial statements

	Completed develop-ment projects DKK'000	Acquired licences DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000
9. Intangible assets				
Cost beginning of year	1.282	0	330.801	1.560.065
Transfers	313	0	0	0
Additions	0	759	0	0
Disposals	0	0	0	(7.880)
Cost end of year	**1.595**	**759**	**330.801**	**1.552.185**
Amortisation and impairment losses beginning of year	(120)	0	0	0
Amortisation for the year	(426)	0	(16.540)	(77.675)
Amortisation and impairment losses end of year	**(546)**	**0**	**(16.540)**	**(77.675)**
Carrying amount end of year	**1.049**	**759**	**314.261**	**1.474.510**

	Develop-ment projects in progress DKK'000
9. Intangible assets	
Cost beginning of year	3.228
Transfers	(313)
Additions	5.739
Disposals	0
Cost end of year	**8.654**
Amortisation and impairment losses beginning of year	0
Amortisation for the year	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**8.654**

Development projects

Development projects regarding products and processors that are clearly defined and identifiable, where a potential future market or development opportunity in companies can be found, and where appropriate in manufacturing, marketing or using the official product or work, procedures, add in as an intangible assets.

The cost of development projects, which includes externally invoiced costs as well as internal wages directly attributable to development projects.

Notes to consolidated financial statements

Acquired trademarks and goodwill have been created on the basis of purchase price allocation in connection with acquisitions of companies in the GUBI Group.

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
10. Property, plant and equipment				
Cost beginning of year	3.465	2.620	772	0
Transfers	320	(320)	0	0
Additions	858	475	0	256
Disposals	(46)	(350)	0	0
Cost end of year	**4.597**	**2.425**	**772**	**256**
Depreciation and impairment losses beginning of year	(1.646)	(1.583)	(553)	0
Transfers	(320)	320	0	0
Depreciation for the year	(444)	(166)	(155)	0
Reversal regarding disposals	0	250	0	0
Depreciation and impairment losses end of year	**(2.410)**	**(1.179)**	**(708)**	**0**
Carrying amount end of year	**2.187**	**1.246**	**64**	**256**

	Deposits DKK'000	Other receivables DKK'000
11. Fixed asset investments		
Cost beginning of year	874	26
Additions	2.086	0
Cost end of year	**2.960**	**26**
Carrying amount end of year	**2.960**	**26**

12. Prepayments

Prepayments is related to prepaid costs.

Notes to consolidated financial statements

	2018/19 DKK'000
13. Deferred tax	
Changes during the year	
Beginning of year	73.783
Recognised in the income statement	(2.284)
End of year	**71.499**

	Due within 12 months 2018/19 DKK'000	Due within 12 months 2017/18 DKK'000	Due after more than 12 months 2018/19 DKK'000	Outstanding after 5 years DKK'000
14. Liabilities other than provisions				
Bank loans	45.000	30.000	512.886	315.000
Income tax payable	0	0	20.844	0
	45.000	**30.000**	**533.730**	**315.000**

Amortization allowance of t.DKK 12.114 is recognized in the bank debt.

With Nordea, the company has entered into interest rate swaps, which means that interest on a significant part of the bank debt is fixed until 2022. Any termination of these interest rate swaps per 30.06.2022 would entail a commitment of t.DKK 2.863.

	2018/19 DKK'000	2017/18 DKK'000
15. Change in working capital		
Increase/decrease in inventories	(5.450)	0
Increase/decrease in receivables	(12.899)	(2.020)
Increase/decrease in trade payables etc	(13.167)	2.314
	(31.516)	**294**

	2018/19 DKK'000	2017/18 DKK'000
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**3.868**	**4.542**

17. Contingent liabilities

The Group has a statutory complaint period on the products. No guarantee provision is recognized for this, as it is expected that the Group's costs for complaints will be modest and not material for accounting purposes.

Notes to consolidated financial statements

18. Assets charged and collateral

In an agreement with Nordea Denmark the company has posted pledge ban for simple claims arising from sales and services, stocks of raw materials, semi-finished goods and finished goods, corporate mortgages from leased premises, operating equipment and operating materials, debt collateral, movables from motor vehicles etc., goodwill, domain names and rights as well as motor vehicles. As of 30.06.2019 the carrying amount is t.DKK 1.896.970.

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK'000	Profit/loss DKK'000
19. Subsidiaries					
AX V GUBI Holding II ApS	Copenhagen	ApS	58,6	1.270.056	(27)
AX V GUBI Holding I ApS	Copenhagen	ApS	58,6	1.270.006	(27)
GUBI Group ApS	Copenhagen	ApS	58,6	1.274.274	4.273
Gubi A/S	Copenhagen	A/S	58,6	106.434	102.151
Gubi Design Inc	USA	Inc	58,6	1.906	1.172
Gubi Retail ApS	Copenhagen	ApS	58,6	486	125
Gubi Pty Ltd	Australia	Ltd	58,6	224	444
Gubi Design Limited	UK	Ltd	58,6	83	0
Gubi Italy SRL	Italy	SRL	58,6	87	17

Parent income statement for 2018/19

	Notes	2018/19 DKK'000	2017/18 DKK'000
Other external expenses		(144)	(92)
Operating profit/loss		**(144)**	**(92)**
Income from investments in group enterprises		(4.214)	(50)
Other financial expenses	1	(4.549)	0
Profit/loss before tax		**(8.907)**	**(142)**
Tax on profit/loss for the year	2	1.032	20
Profit/loss for the year	3	**(7.875)**	**(122)**

Parent balance sheet at 30.06.2019

	Notes	2018/19 DKK'000	2017/18 DKK'000
Investments in group enterprises		740.531	760.850
Fixed asset investments	4	**740.531**	**760.850**
Fixed assets		**740.531**	**760.850**
Deferred tax	5	20	20
Other receivables		1.000	2.000
Joint taxation contribution receivable		1.032	0
Receivables		**2.052**	**2.020**
Cash		**5.345**	**38**
Current assets		**7.397**	**2.058**
Assets		**747.928**	**762.908**

Parent balance sheet at 30.06.2019

	Notes	2018/19 DKK'000	2017/18 DKK'000
Contributed capital		7.557	2.916
Retained earnings		740.148	288.592
Equity		**747.705**	**291.508**
Bank loans		0	471.320
Trade payables		100	80
Payables to group enterprises		123	0
Current liabilities other than provisions		**223**	**471.400**
Liabilities other than provisions		**223**	**471.400**
Equity and liabilities		**747.928**	**762.908**
Contingent liabilities	6		
Assets charged and collateral	7		
Related parties with controlling interest	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2018/19

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2.916	288.592	291.508
Increase of capital	4.641	459.400	464.041
Exchange rate adjustments	0	31	31
Profit/loss for the year	0	(7.875)	(7.875)
Equity end of year	**7.557**	**740.148**	**747.705**

Notes to parent financial statements

	2018/19 DKK'000	2017/18 DKK'000
1. Other financial expenses		
Other financial expenses	4.549	0
	4.549	**0**

	2018/19 DKK'000	2017/18 DKK'000
2. Tax on profit/loss for the year		
Current tax	(1.032)	0
Change in deferred tax	0	(20)
	(1.032)	**(20)**

	2018/19 DKK'000	2017/18 DKK'000
3. Proposed distribution of profit/loss		
Retained earnings	(7.875)	(122)
	(7.875)	**(122)**

	Invest-ments in group enterprises DKK'000
4. Fixed asset investments	
Cost beginning of year	760.900
Disposals	(16.136)
Cost end of year	**744.764**
Impairment losses beginning of year	(50)
Exchange rate adjustments	31
Share of profit/loss for the year	(4.254)
Other adjustments	40
Impairment losses end of year	**(4.233)**
Carrying amount end of year	**740.531**

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

Notes to parent financial statements

	2018/19 DKK'000
5. Deferred tax	
Changes during the year	
Beginning of year	20
End of year	**20**

Deferred tax assets, including the tax value of tax-deductible tax loss carryforwards, are recognized in the balance sheet at the value at which the asset is expected to be realized.

6. Contingent liabilities

The Entity serves as an 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 from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7. Assets charged and collateral

In an agreement with Nordea Denmark the company has posted pledge ban for simple claims arising from sales and services, stocks of raw materials, semi-finished goods and finished goods, corporate mortgages from leased premises, operating equipment and operating materials, debt collateral, movables from motor vehicles etc., goodwill, domain names and rights as well as motor vehicles. As of 30.06.2019 the carrying amount is t.DKK 2.032.

8. Related parties with controlling interest

Axcel V K/S, Nørregade 21, 1165 Copenhagen K, owns 56,53 % of the shares in the company and thus has the controlling interest.

9. Transactions with related parties

With reference to the Danish Financial Statements Act § 98c, section 4, there have been no transactions with related parties that have not been completed at normal 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 was established on 7 July 2017 why the financial year 2017/18, constitute the period 07.07.2017 - 30.06.2018. The current financial year is therefore not comparable to previous financial year.

Material errors in previous years
In the consolidated financial statement of 2018/19, as well as the comparative figures, is made a reclassification between goodwill and deferred tax. The reclassification has no impact on the profit or equity.

The reclassification effect shows an increase in goodwill and deferred tax with t.DKK 72.776.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses

Accounting policies

on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

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 ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Accounting policies

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.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets 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 securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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 is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning 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. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 20 years. For other amounts of goodwill, useful life has been 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

Accounting policies

of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 20 years.

The expected useful life is based on the company's unique brand and commercial position, as well as the associated designer's skills, which are expected to last and be in use for at least 20 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, acquired intellectual property rights and prepayments for intangible assets.

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. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

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 3 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

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.

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:

Accounting policies

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

Receivables

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

Inventories

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

Cost consists of purchase price plus delivery costs.

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, 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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Accounting policies

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.

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 and short-term securities with an insignificant price risk less short-term bank loans.