

**Vissing Holding A/S**


**Rævevej 1  
7800 Skive**

**CVR no. 42 95 89 13**

**Annual report 2018**

Approved at the Company's annual general meeting on 4th of April 2019

**Chairman of the meeting**



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## **Company details**

### **Company**

Vissing Holding A/S

Rævevej 1

DK-7800 Skive

CVR No.: 42 95 89 13

Municipality: Skive

### **Board of Directors**

Hans-Henrik Horsted Eriksen, Chairman

Niels Hermansen, Vice chairman

Allan Højbak

### **Executive Board**

Allan Højbak

### **Auditors**

Ernst & Young P/S

Englandsgade 25

DK-5000 Odense C

CVR No.: 30 70 02 28

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

The Board of Directors and the Executive Board have today discussed and approved the annual report of Vissing Holding A/S for the financial year 1 January to 31 December 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2018 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair presentation of the matters discussed in the Management's review.

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

Skive, 4th of April 2019

### Executive Board



Allan Højbak  
CEO

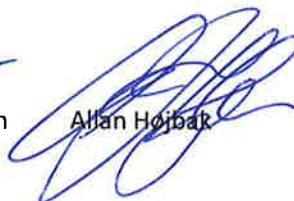
### Board of Directors



Hans-Henrik Horsted Eriksen  
Chairman



Niels Hermansen  
Vice chairman



Allan Højbak

## Independent auditor's report

### To the shareholder of Vissing Holding A/S

#### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Vissing Holding A/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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

#### Management's responsibilities for the financial statements

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

## Independent auditor's report

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

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

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

## Independent auditor's report

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

Odense, 4th of April 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

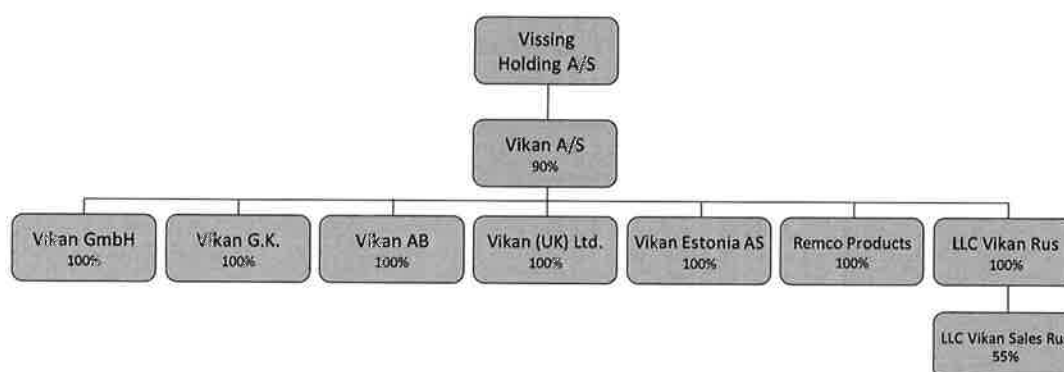
  
Brian Skovhus Jakobsen

State Authorised  
Public Accountant  
mne27701

## Management's review

Hereby, the Board of Directors and the Executive Board of Vissing Holding A/S have prepared the annual report and the Management's review for 2018.

## Group chart



The activities of the companies comprise production, sale and distribution.

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Financial highlights for the Group</b>					
<b>Key figures</b>					
Revenue	401,419	370,417	356,493	347,100	327,944
Gross profit	177,836	168,221	160,261	151,849	137,671
Operating profit	47,586	61,713	54,839	46,712	39,967
EBITDA	62,376	74,630	67,460	59,180	51,393
Financial income and financial expenses	1,600	-4,011	-549	-4,350	-2,612
Profit before tax	49,186	57,702	54,290	42,362	37,355
Profit for the year	31,899	38,613	36,629	28,680	24,899
Investments in property, plant and equip.	9,353	9,471	9,743	10,448	17,337
Inventories	72,030	67,072	63,602	60,091	64,492
Trade receivables	54,155	50,799	50,826	52,535	47,092
Equity	129,193	117,915	98,790	83,673	73,265
Net interest-bearing debt	78,947	12,738	26,399	54,074	54,222
Total assets	307,814	236,775	236,938	212,922	206,869
Cash flows from operating activities	61,384	51,441	55,333	43,416	25,656
<b>Financial ratios</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Gross margin (%)	44.3	45.4	45.0	42.5	42.0
Operating margin (%)	11.9	16.7	15.4	13.1	12.2
Return on capital employed (%)	19.8	30.9	27.3	23.4	19.7
Debt leverage	1.3	0.2	0.4	0.9	1.1
Return on equity (%)	25.9	35.6	40.2	36.6	39.2
Solvency ratio (%)	42.0	49.8	41.7	39.3	36.1



## Management's review

### Principal activities

The principal activities of Vissing Holding A/S is taking place in the Vikan Group which are to develop, manufacture and market hygienic cleaning tools for professional use. Products and services are based on the needs of our customers and statutory requirements. Vikan markets a broad range of cleaning tools and solutions which are primarily intended for the following sectors:

- Food & Beverage
- Food Retail
- Food Service
- Healthcare
- Facility Management
- Transport

Vikan offers a wide range of professional hygienic cleaning tools and solutions that ensures customer's increasing hygienic standards are being met. For further information please visit the Vikan website at [www.vikan.com](http://www.vikan.com)

### Development in activities and financial position in the financial year

Consolidated revenue totalled MDKK 401 in 2018 against MDKK 370 in 2017. The Group continued to grow its core business areas with a strong focus on products and solutions to the Food & Beverage industry.

The realised financial result in 2018 was significantly impacted by both the divestment of Nito A/S in August 2018 and the acquisition of Remco Products, in September 2018. Moreover, weaker currency rates on mainly USD and GBP had a negative impact on the consolidated result for 2018.

Supported by the growth in sales and despite the negative currency impact, the realised result in 2018 is considered satisfactory and in line with the Company's overall strategic ambition.

The Group remains committed to its leading position as a provider of the most innovative hygienic cleaning tools. In 2018, the company continued to introduce a number of new products and solutions adding to the most comprehensive and distinctive range of professional hygienic cleaning tools.

Total investments in tangible assets amounted to MDKK 9. Significant investments were completed in new production equipment, IT solutions and development of new products. In addition, significant investments have taken place in terms of strengthening and developing further competencies in the organisation.

## Management's review

The Group realised positive cash flows from operations totalling MDKK 61.

## Outlook 2019

On the basis of an updated corporate strategy and the recent investments the 2019 result is expected to exceed the 2018 level.

## Cash resources and capital structure

At 31 December 2018, equity amounted to MDKK 129. Solvency ratio totalled 42.0 % at the end of the financial year. Net interest-bearing debt was increased to MDKK 79. Consequently, the debt leverage (relation between net interest-bearing debt and EBITDA) totalled 1.3 at the end of 2018. The increase in both net interest-bearing debt and the debt leverage is mainly due to the investment in Remco Products in 2018.

## Particular risks

Risks related to operations, financing activities, foreign exchange, interest rates and trade credit conditions are considered usual for the industry and they may have a considerable impact on future earnings. The management is working proactively to manage and reduce the risk related to both operational and financial activities. This includes fluctuations in raw material prices and hedging of cash flow in foreign currencies.

## Corporate Social responsibility (CSR)

The Group has an overall CSR policy. For the Group's statutory reporting on sustainability including human and labour rights, anti-corruption, environment and climate, please see: <https://www.vikan.com/int/about-vikan/csr/>

Transactions with the Group's most important suppliers are made in accordance with guidelines regarding employee and environmental conditions and are compliant with applicable legislation. During 2018 Vikan became a member of SEDEX and is compliant with SEDEX' 4-pillars within Labour Rights, Health and Safety, Environment and Business Ethics. By the Company's customers, the Company is being audited on the basis of SEDEX' principles.

The Group is committed to operate in an environmental friendly manner. The Company continuously strives at improving its environmental impact, which among other things is achieved through the Company's environmental management system ISO 14001 by focusing on optimising the consumption of raw materials and other scarce resources.

## **Management's review**

The Group's production site in Skive is certified to the ISO standards ISO 9001:2015 for quality and ISO 14001:2015 for environment.

Reference is made to the Vikan A/S's website for more details on the Company's environmental policy.

## **Intellectual capital and gender quotation on the Management Board**

The Group constantly invests in training of its employees. In 2018 as well, a number of training and development programs have been completed throughout the organisation

The Group operates from the principle that diversity among its employees including gender balance contributes positively to the work environment and strengthens the Company's performance and competitiveness. Thus, the Group has a clear policy regarding discrimination and intends at all times to employ and retain its employees based on qualifications and competencies.

At the end of 2018, more than half of Vikan A/S's employees were women. The Management Group consisted of 6 persons, 3 of these being women. The Board of Directors consisted of three externally elected persons, 1 of which is a woman.

As an objective, the Group would like that underrepresented gender accounts for at least 40% of the Company's Management Group.

## **Research and development**

Continuous development of new products and technologies are taking place as an integrated part of the Company's ongoing operations in order to maintain its leading position as a provider of the most innovative hygienic cleaning tools. Research and development activities are based on both customer-specific projects as well as internally defined projects.

## Accounting policies

The annual report has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the Company's cash flows are recognised in the consolidated financial statements.

## Consolidated financial statements

The consolidated financial statements comprise Vissing Holding A/S (parent company) and the enterprises (group enterprises) over which the parent company exercises control, see note 11. Control is obtained in companies in which the parent company directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Entities over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

## Consolidation principles

The consolidated financial statements are based on the financial statements of Vikan A/S and its subsidiaries. The consolidated financial statements are prepared by adding together financial statement items of similar nature. On consolidation, intra-group income and expenses, intra-group balances and dividends, and gains and losses on intra-group transactions are eliminated. The financial statements applied for consolidation purposes are prepared in accordance with the Group's accounting policies.

In the consolidated financial statements, the items of subsidiaries are recognised in full. The proportionate share of the non-controlling interests' results and net assets are recognised as separate items in the income statement and the balance sheet, respectively.

Investments in group enterprises are recognised after tax in one separate line item in the income statement.

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

## Business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the

acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from divestment or winding-up of subsidiaries which imply that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling expenses and, on the other hand, the proportionate share of the carrying amount of net assets. If the entity still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Receivables and payables and other monetary items denominated in foreign currencies which are not settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment and the rate at the balance sheet date, respectively, are recognised in the income statement as financial income or financial expenses. Non-current assets purchased in foreign currencies are translated using historical rates.

On recognition of foreign subsidiaries and associates that are separate entities, the income statement is translated at the average exchange rate for the months which does not deviate significantly from the rate at the transaction date. Balance sheet items are translated to the exchange rates at the balance sheet date. Goodwill is deemed to relate to the independent foreign entity and translated at the balance sheet date. Currency translation differences arisen when translating foreign subsidiaries' equity at the beginning of the year using the closing rate and when translating income statements from average exchange rates using the closing rate are recognised directly in equity.

Exchange rate adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are recognised directly in equity.

### **Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at fair value. Derivative financial instruments are recognised as other receivables or other liabilities, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised directly in equity. When the hedged transactions materialise, changes are recognised in the related items.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

### **Income statement**

#### **Revenue**

Income from the sale of goods, comprising the sale of hygiene cleaning tools, is recognised as revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income

can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties.

To the extent that customers are offered a right of return in connection with the sale, revenue corresponding to the Company's experience with returns is recognised.

#### **Production costs**

Production costs comprise direct and indirect costs incurred in generating revenue for the year. Trading entities recognise their cost of sales, and production entities recognise cost of raw material, consumables and production staff as well as depreciation of production assets.

Production costs comprise costs regarding development projects that do not qualify for recognition in the balance sheet as well as depreciation of development projects recognised.

#### **Distribution costs**

Costs incurred in distributing goods sold and in conducting sales campaigns are recognised as distribution costs. Also, costs relating to sales and distribution staff, advertising as well as depreciation are recognised as distribution costs.

#### **Administrative expenses**

Administrative expenses comprise expenses incurred for management and administration of the Group, including expenses for the administrative staff and the management, office supplies as well as depreciation and amortisation.

#### **Other operating income and costs**

Other operating income and costs comprise items secondary to the primary activities of the Group.

#### **Financial income and financial expenses**

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

#### **Corporation tax and deferred tax**

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

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

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax value of assets and liabilities. The tax value of assets is calculated based on the planned use of the asset.

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.

#### **Corporation tax and deferred tax (continued)**

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Vissing Holding A/S is jointly taxed with the subsidiaries in the VIKAN-Group (international joint taxation). The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income (full absorption with refunds for tax losses).

### **Balance sheet**

#### **Intangible assets**

##### **Goodwill and consolidated goodwill**

Goodwill is amortised on a straight-line basis over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is usually amortised over ten years, but may be amortised over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles, provided that the long amortisation period is assessed to better reflect the Group's utilisation of the resources in question.

The carrying amount of goodwill is assessed on an ongoing basis and is written down to the recoverable amount if the carrying amount exceeds the expected future net income from the enterprise or activity to which goodwill is allocated.

##### **Development projects, patents and licences**

Development costs comprise salaries, amortisation and other costs directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are charged to the income statement as incurred.



Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence, however not exceeding 3 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Development costs that are recognised in the balance sheet are initially measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

#### **Development projects (continued)**

Following the completion of the development work, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually five years and does not exceed 20 years.

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

#### **Property, plant and equipment**

Land and buildings are measured at cost plus revaluation and as to buildings less accumulated depreciation and impairment losses. Revaluation is made based on regular, independent valuations of fair value.

Plant and machinery and fixtures and fittings, other plant 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 date when it is ready to be put into operation. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries. The cost of assets held under finance leases is recognised at the lower of fair value of the assets and the present value of the future lease payments.

The basis of depreciation is cost less expected residual value at the end of the useful life. Depreciation is provided according to the straight-line method, based on the following expected useful lives:

Buildings	10-50 years
Plant and machinery	5-8 years
Fixtures and fittings, other plant and equipment	3-6 years

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

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Profits and losses are recognised in the income statement together with depreciation and impairment losses or under other operating income if the selling price exceeds original cost.

#### **Investments in subsidiaries and associates**

Investments in subsidiaries and associates are recognised and measured according to the equity method. This means that investments in the balance sheet are measured at the proportionate share of the enterprises' net asset value minus or plus non-amortised positive or negative group goodwill, respectively and minus or plus unrealised intra-group profits and losses.

In the income statement of the parent company, the share of the enterprises' profit/loss after elimination of unrealised intra-group profits and losses and minus or plus amortisation of group goodwill or negative group goodwill, respectively.

Subsidiaries and associates with negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit.

Net revaluation of investments in subsidiaries and associates is transferred to the reserve for net revaluation to the extent that the carrying amount exceeds cost.

On acquisition of subsidiaries, the purchase method is applied, see Consolidated financial statements above.

#### **Inventories**

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation and impairment losses regarding production machinery, buildings and equipment as well as factory administration and management. Financing costs are not included in the cost.

The net realisable value of inventories is determined taking into consideration estimated sales price less costs of completion and costs necessary to make the sale.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less provisions for bad debts. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

**Prepayments, assets**

Prepayments recognised under "current assets" comprise expenses incurred concerning subsequent financial years.

**Cash**

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

**Dividends**

Dividends are recognised as a liability at the date when they are adopted at the annual general meeting. The proposed dividend payment for the financial year is disclosed as a separate item under equity.

Cost of acquisition of, consideration received for and dividends received from treasury shares are recognised as retained earnings in equity.

**Reserve for development costs**

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, loss on work in progress, decided and published restructurings 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 discounted at the average bond yields.

On acquisition of enterprises, provisions for restructurings of the acquired enterprise are made provided that they have been adopted and announced not later than at the date of the acquisition.

**Mortgage debt**

Mortgage debt is measured at cost at the date of borrowing corresponding to the proceeds received less transaction costs paid. Subsequently, mortgage debt is measured at amortised cost corresponding to the capitalised value in accordance with the effective interest rate method.

**Lease obligations**

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

**Other financial liabilities**

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

**Prepayments, liabilities**

Deferred income comprises payments received concerning income in subsequent years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

**Cash flow statement**

The consolidated cash flow statement is presented in accordance with the indirect method and shows cash flows from operating, investing and financing activities and the Group's cash and cash equivalents at the beginning and end of the year.

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

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

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and investments as well as the acquisition, development, improvement and disposal, etc. of intangible assets, property, plant and equipment, including assets held under finance lease.

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

Cash and cash equivalents comprise cash and short-term securities with insignificant price risks less short-term bank loans.

**Financial highlights**

The financial ratios are calculated as follows:

Gross margin	=	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on capital employed	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Average number of operating assets}}$
Debt leverage	=	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$
Return on equity	=	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio		$\frac{\text{Equity} \times 100}{\text{Total assets}}$

Operating assets are calculated as the balance sheet total less liquid funds, interest-bearing assets (including shares) and investments in associates.

## Income statement for the period 1 January – 31 December

	Consolidated		Parent company		
	Note	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
Revenue	1	401.419	370.417	0	0
Production costs	2,3	-223.583	-202.196	0	0
<b>Gross profit</b>		<b>177.836</b>	<b>168.221</b>	<b>0</b>	<b>0</b>
Distribution costs	2,3	-85.275	-69.345	0	0
Administrative expenses	2,3,4	-44.975	-37.163	-314	-322
<b>Operating profit</b>		<b>47.586</b>	<b>61.713</b>	<b>-314</b>	<b>-322</b>
Profit of group enterprises after tax	5	0	0	33.267	39.334
Financial income	6	5.909	4.155	6	118
Financial expenses	7	-4.309	-8.166	-178	-87
<b>Profit before tax</b>		<b>49.186</b>	<b>57.702</b>	<b>32.781</b>	<b>39.043</b>
Tax on profit for the year	8	-12.668	-13.652	-882	-430
<b>Profit before non-controlling interest</b>		<b>36.518</b>	<b>44.050</b>	<b>31.899</b>	<b>38.613</b>
Non-controlling interests' share of subsidiary results		-4.619	-5.437	0	0
<b>Profit for the year</b>		<b>31.899</b>	<b>38.613</b>	<b>31.899</b>	<b>38.613</b>

**Assets at 31 December**

	Note	Consolidated		Parent company	
		2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
Research and development		830	1.172	0	0
Patents and licences acquired		2.625	2.528	0	0
Group goodwill		71.032	1.914	0	0
<b>Intangible assets</b>	9	<b>74.487</b>	<b>5.614</b>	<b>0</b>	<b>0</b>
Land and buildings		31.139	40.718	0	0
Plant and machinery		20.135	22.115	0	0
Fixtures and fittings, other plant and equipment		8.675	7.189	0	0
Property, plant and equipment under construction		3.936	1.665	0	0
<b>Property, plant and equipment</b>	10	<b>63.885</b>	<b>71.687</b>	<b>0</b>	<b>0</b>
Other financial investments		10.864	0	4.864	0
Investments in group enterprises		0	0	116.577	110.927
<b>Investments</b>	11	<b>10.864</b>	<b>0</b>	<b>121.441</b>	<b>110.927</b>
<b>Non-current assets</b>		<b>149.236</b>	<b>77.301</b>	<b>121.441</b>	<b>110.927</b>
Raw materials and consumables		22.626	26.861	0	0
Work in progress		844	739	0	0
Finished goods and goods for resale		48.560	39.472	0	0
<b>Inventories</b>		<b>72.030</b>	<b>67.072</b>	<b>0</b>	<b>0</b>
Trade receivables		54.155	50.799	0	0
Corporation tax		0	0	9.409	9.547
Other receivables		4.234	1.411	0	0
Prepayments	12	2.687	2.294	0	0
<b>Receivables</b>		<b>61.076</b>	<b>54.504</b>	<b>9.409</b>	<b>9.547</b>
<b>Cash and securities</b>		<b>25.472</b>	<b>37.898</b>	<b>1.801</b>	<b>1.365</b>
<b>Current assets</b>		<b>158.578</b>	<b>159.474</b>	<b>11.210</b>	<b>10.912</b>
<b>Assets</b>		<b>307.814</b>	<b>236.775</b>	<b>132.651</b>	<b>121.839</b>



**Equity and liabilities at 31 December**

	Note	Consolidated		Parent company	
		2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
Share capital	13	31.000	31.000	31.000	31.000
Reserve for net revaluation of investments		0	0	77.497	49.850
Revaluation reserve		0	2.773	0	0
Reserve for development costs		82	103	0	0
Retained earnings		93.111	64.039	15.696	17.065
Proposed dividends for the financial year		5.000	20.000	5.000	20.000
<b>Equity</b>		<b>129.193</b>	<b>117.915</b>	<b>129.193</b>	<b>117.915</b>
<b>Non-controlling interests</b>	14	<b>14.012</b>	<b>14.837</b>	<b>0</b>	<b>0</b>
Deferred tax	15	6.038	8.942	0	0
<b>Provisions</b>		<b>6.038</b>	<b>8.942</b>	<b>0</b>	<b>0</b>
Mortgage debt		27.141	36.786	0	0
Lease obligations		2.530	6.556	0	0
Other payables		30.000	533	0	0
<b>Non-current liabilities other than provisions</b>	16	<b>59.671</b>	<b>43.875</b>	<b>0</b>	<b>0</b>
Current portion of non-current liabilities	16	14.687	6.380	0	0
Bank loans and overdrafts		30.061	381	0	0
Trade payables		21.004	14.377	0	0
Payables to group enterprises		2.349	2.295	3.333	3.806
Corporation tax		2.487	767	0	0
Other payables		28.312	27.006	125	118
<b>Current liabilities other than provisions</b>		<b>98.900</b>	<b>51.206</b>	<b>3.458</b>	<b>3.924</b>
<b>Liabilities other than provisions</b>		<b>158.571</b>	<b>95.081</b>	<b>3.458</b>	<b>3.924</b>
<b>Equity and liabilities</b>		<b>307.814</b>	<b>236.775</b>	<b>132.651</b>	<b>121.839</b>
Events after the balance sheet date	17				
Charges and contingent liabilities, etc.	18-19				
Other notes	20-27				

## Statement of changes in equity for 2018

## Consolidated

Note	Share capital DKK'000	Revaluation reserve DKK'000	Reserve for	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000	Non-controlling interest DKK'000	Total equity DKK'000
			development costs DKK'000					
Equity at 01.01.2018	31.000	2.773	103	64.039	20.000	117.915	14.837	132.752
Net adjustment sale Non-controlling interest	0					0	-2.375	-2.375
Dividends paid	0				-20.000	-20.000	-3.000	-23.000
Profit for the year	0	-2.773	-21	29.692	5.000	31.898	4.619	36.517
Foreign exchange adjustments regarding foreign subsidiaries	0			-311		-311		-311
Net adjustment of hedging instruments	0			-309		-309	-69	-378
<b>Equity at 31.12.2018</b>	<b>31.000</b>	<b>0</b>	<b>82</b>	<b>93.111</b>	<b>5.000</b>	<b>129.193</b>	<b>14.012</b>	<b>143.205</b>

## Parent company

Note	Share capital DKK'000	Net	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000
		revaluation of invest-ments DKK'000			
Equity at 01.01.2018	31.000	49.850	17.065	20.000	117.915
Dividends paid				-20.000	-20.000
Profit for the year	24	28.266	-1.368	5.000	31.898
Foreign exchange adjustments regarding foreign subsidiaries		-310	-1		-311
Net adjustment of hedging instruments		-309			-309
<b>Equity at 31.12.2018</b>	<b>31.000</b>	<b>77.497</b>	<b>15.696</b>	<b>5.000</b>	<b>129.193</b>

## Cash flow statement for the period 1 January – 31 December

	Note	2018 DKK'000	2017 DKK'000
Operating profit		47.586	61.713
Depreciation, etc. with no cash flow effect		14.790	12.917
Other items with no cash flow effect		0	569
Change in operating capital	25	14.450	-8.231
		<b>76.826</b>	<b>66.968</b>
Interest income received, etc.		3.220	4.155
Interest expenses incurred, etc.		-4.309	-8.166
Corporation tax paid		-14.353	-11.516
<b>Cash flows from operating activities</b>		<b>61.384</b>	<b>51.441</b>
Investment in fixed assets etc.		-9.353	-9.471
Other financial investments		-10.864	0
Capital investment and activities, net		-93.308	0
<b>Cash flows from investing activities</b>		<b>-113.525</b>	<b>-9.471</b>
Repayment of loans/raising of loans, net		32.418	-12.876
Changes in balances, group enterprises		54	53
Dividends paid		-24.040	-23.600
<b>Cash flows from financing activities</b>		<b>8.432</b>	<b>-36.423</b>
<b>Changes in cash and cash equivalents and securities</b>		<b>-43.709</b>	<b>5.547</b>
Cash and cash equivalents related to aquisitions and disposals		1.603	0
Cash and cash equivalents and securities at 1 January		37.517	31.970
<b>Cash and cash equivalents and securities at 31 December</b>	26	<b>-4.589</b>	<b>37.517</b>

## Notes

Notes	Consolidated		Parent company	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
<b>1. Revenue</b>				
Broken down on geographical markets:				
Denmark	42.334	44.261	0	0
Other countries	359.085	326.156	0	0
	<b>401.419</b>	<b>370.417</b>	<b>0</b>	<b>0</b>

Revenue is not disclosed per business area, as such disclosure in the opinion of Management and for competitive reasons will be detrimental to the Company.

**2. Staff costs**

Wages and salaries	95.935	86.860	240	262
Pension contributions	6.179	6.044	0	0
Other social security costs	4.045	3.768	0	0
	<b>106.159</b>	<b>96.672</b>	<b>240</b>	<b>262</b>
Thereof remuneration of the Executive Board and the Board of Directors	5.392	4.890	240	262
Average number of employees	226	229	1	1

According to section 98b of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is disclosed as one item.

**3. Depreciation and amortisation**

Development projects completed	342	318	0	0
Patents and licences acquired	1.057	331	0	0
Goodwill	2.026	289	0	0
Buildings	1.812	1.906	0	0
Plant and machinery	6.092	6.908	0	0
Fixtures and fittings, other plant and equipment	3.336	3.198	0	0
Gain on the disposal of non-current assets	125	-33	0	0
	<b>14.790</b>	<b>12.917</b>	<b>0</b>	<b>0</b>
Depreciation and amortisation are recognised as follows in the income statement:				
Production costs	8.695	9.400	0	0
Distribution costs	2.531	1.766	0	0
Administrative expenses	3.564	1.751	0	0
	<b>14.790</b>	<b>12.917</b>	<b>0</b>	<b>0</b>

Notes	Consolidated		Parent company	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
<b>4. Fees to auditors appointed at the annual general meeting</b>				
Statutory audit of the financial statements	230	263	26	29
Other assurance engagements	0	0	0	0
Tax assistance	40	49	14	11
Other assistance	645	205	30	3
	<b>915</b>	<b>517</b>	<b>69</b>	<b>43</b>
Fee to other auditors	<b>491</b>	<b>285</b>	<b>0</b>	<b>0</b>
<b>5. Profit of group enterprises after tax</b>				
Profit of group enterprises after tax	0	0	33.267	39.334
	<b>0</b>	<b>0</b>	<b>33.267</b>	<b>39.334</b>
<b>6. Financial income</b>				
Interest income from group enterprises	0	0	0	0
Other financial income	5.909	4.155	6	118
	<b>5.909</b>	<b>4.155</b>	<b>6</b>	<b>118</b>
<b>7. Financial expenses</b>				
Interest expense, group enterprises	0	0	54	53
Other financial expenses	4.309	8.166	124	34
	<b>4.309</b>	<b>8.166</b>	<b>178</b>	<b>87</b>
<b>8. Tax on profit for the year</b>				
Current tax	15.933	13.606	882	449
Adjustment of deferred tax	-3.409	350	0	0
Deferred tax on sold units	0	0	0	0
Tax on change in equity	96	-286	0	0
Adjustments regarding previous years	48	-18	0	-19
	<b>12.668</b>	<b>13.652</b>	<b>882</b>	<b>430</b>

## Notes

## Consolidated

	Goodwill DKK'000	Patents and licences acquired DKK'000	Research and Development DKK'000
<b>9. Intangible assets</b>			
Cost at 01.01.2018	2.575	10.071	2.102
Additions at aquisition	325	0	0
Additions	72.535	1.157	0
Divestment of subsidiaries	-2.125	0	0
Disposals	0	0	0
<b>Cost at 31.12.2018</b>	<b>73.310</b>	<b>11.228</b>	<b>2.102</b>
Amortisation at 01.01.2018	-661	-7.546	-930
Additions at aquisition	0	0	0
Amortisation	-2.025	-1.057	-342
Devestment of subsidiaries	408	0	0
Reversed amortisation in respect of disposals for the year	0	0	0
<b>Amortisation at 31.12.2018</b>	<b>-2.278</b>	<b>-8.603</b>	<b>-1.272</b>
<b>Carrying amount at 31.12.2018</b>	<b>71.032</b>	<b>2.625</b>	<b>830</b>
Carrying amount at 31.12.2017	1.914	2.528	1.172

## Consolidated

	Land and buildings DKK'000	Plant and machinery DKK'000	Fixtures and fittings other plant and equipment DKK'000	Property, plant and equip- ment under construc. DKK'000
<b>10. Property, plant and equipment</b>				
Cost at 01.01.2018	73.324	133.827	38.525	1.665
Foreign exchange adjustment	7	13	-18	0
Addition at aquisition	0	2.341	3.948	1.086
Additions	740	4.949	1.162	9.248
Divestment of subsidiaries	-17.351	-19.710	-1.596	0
Disposals	0	-61	-332	-8.063
<b>Cost at 31.12.2018</b>	<b>56.720</b>	<b>121.359</b>	<b>41.689</b>	<b>3.936</b>
Revaluations at 01.01.2018	3.557	0	0	0
Divestment of subsidiaries	-3.557	0	0	0
Amortisation	0	0	0	0
<b>Revaluations at 31.12.2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation at 01.01.2018	-36.163	-111.712	-31.335	0
Foreign exchange adjustment	-4	-16	30	0
Addition at aquisition	0	0	0	0
Depreciation	-1.812	-6.089	-3.336	0
Divestment of subsidiaries	12.398	16.532	1.310	0
Depreciation in respect of disposals for the year	0	61	317	0
<b>Depreciation at 31.12.2018</b>	<b>-25.581</b>	<b>-101.224</b>	<b>-33.014</b>	<b>0</b>
<b>Carrying amount at 31.12.2018</b>	<b>31.139</b>	<b>20.135</b>	<b>8.675</b>	<b>3.936</b>
Carrying amount at 31.12.2017	40.718	22.115	7.189	1.665
The carrying amount at 31.12.2018 includes:				
Leased assets recognised	0	6.500	0	0

**Notes****11. Investments**

Cost at 01.01.2018  
Additions

Net revaluation at 01.01.2018  
Dividends paid  
Foreign exchange adjustment  
Share of profit/loss for the year, net  
Other capital adjustments

**Net revaluation at 31.12.2018**

**Carrying amount at 31.12.2018 (net)**

Carrying amount at 31.12.2017 (net)

Investments in group enterprises comprise:

Vikan A/S  
Vikan (UK) Ltd.  
Vikan AB  
Vikan Estonia AS  
Remco Products Corporation  
Vikan GmbH  
Vikan RUS LLC  
Vikan RUS Sales LLC  
Vikan Japan GK

	Consolidated	Parent	
	Other financial investments DKK'000	Investments in group enterprises DKK'000	Other financial investments DKK'000
Cost at 01.01.2018	0	34.080	0
Additions	10.864	0	6.864
	<b>10.864</b>	<b>34.080</b>	<b>6.864</b>
Net revaluation at 01.01.2018	0	76.847	0
Dividends paid	0	-27.000	0
Foreign exchange adjustment	0	-312	0
Share of profit/loss for the year, net	0	33.267	0
Other capital adjustments	0	-304	0
<b>Net revaluation at 31.12.2018</b>	<b>0</b>	<b>82.497</b>	<b>0</b>
<b>Carrying amount at 31.12.2018 (net)</b>	<b>10.864</b>	<b>116.577</b>	<b>6.864</b>
Carrying amount at 31.12.2017 (net)	0	76.847	0

	Registered office	Ownership interest
Vikan A/S	Denmark	90%
Vikan (UK) Ltd.	England	100%
Vikan AB	Sweden	100%
Vikan Estonia AS	Estonia	100%
Remco Products Corporation	USA	100%
Vikan GmbH	Germany	100%
Vikan RUS LLC	Russia	100%
Vikan RUS Sales LLC	Russia	55%
Vikan Japan GK	Japan	100%

**12. Prepayments**

Prepayments comprise prepaid costs concerning IT licences, subscriptions, etc. regarding subsequent financial years.

**13. Share capital**

The share capital comprises 31,000 shares of DKK 1,000 each. The share capital has not been divided into classes

Share capital at 1 January 2014

**Share capital at 31 December 2018**

**Parent company**

31.000

**31.000**

**Treasury shares:**

Treasury shares total a nominal amount of DKK 312 thousand, corresponding to approx. 0.8% of the share capital.

## Notes

## Consolidated

	2018 DKK'000	2017 DKK'000
<b>14. Non-controlling interests</b>		
Non-controlling interests at 1 January	14.837	12.963
Share of profit/loss for the year	4.619	5.437
Share of dividend paid in the year	-3.000	-3.000
Net adjustment sale non -controlling interest	-2.375	0
Other adjustments	-69	-563
<b>Non-controlling interests at 31 December</b>	<b>14.012</b>	<b>14.837</b>

## Consolidated

## Parent company

	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
<b>15. Deferred tax</b>				
Intangible assets	2.136	2.177	0	0
Property, plant and equipment	4.507	5.423	0	0
Inventories	-733	1.505	0	0
Non-current liabilities other than provision	260	-31	0	0
Other payables	-132	-132	0	0
<b>Deferred tax at 31 December</b>	<b>6.038</b>	<b>8.942</b>	<b>0</b>	<b>0</b>

## Consolidated

	Maturity within 1 year DKK'000	Maturity after 1 year DKK'000	Total amortised liabilities DKK'000	Total nominal liabilities DKK'000
<b>16. Non-current liabilities</b>				
Mortgage debt	2.076	27.141	29.217	29.889
Lease obligations	2.611	2.530	5.141	5.141
Bank Loans	10.000	30.000	40.000	40.000
<b>Non-current liabilities at 31.12.2018</b>	<b>14.687</b>	<b>59.671</b>	<b>74.358</b>	<b>75.030</b>
Non-current liabilities at 31.12.2017	6.380	43.875	50.255	49.937
Falling due after more than five years:				
Mortgage debt		18.866		

**17. Events after the balance sheet date**

No events have occurred after the balance sheet date affecting the evaluation of the annual report.



**Notes**

	Consolidated		Parent company	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
<b>18. Charges</b>				
Mortgage debt/bank debt is secured upon properties, plant and machinery.				
Carrying amount of properties, plant and machinery provided as collateral	47.161	62.858	0	0
<b>19. Contractual obligations and contingent liabilities</b>				
Yearly operating leases regarding other operating equipment in Vikan A/S and subsidiaries	2.567	2.256	0	0
Total remaining payments on leases entered into	25.480	6.658	0	0
Yearly rent in Vikan A/S and subsidiaries	2.667	1.927	0	0

The Company is the administrative company of the Group's international joint taxation as the Group as of 2009 has opted for international joint taxation. According to the preliminary statement, a retaxation liability of up to approx. DKK 1.4 million is incumbent on the Company.

No provision has been made in the annual report for the liability as the retaxation balance is not expected to crystallise.

The Vikan Group is a party to a few pending lawsuits. In Management's opinion, the outcome of these proceedings will not further affect the Group's financial position beyond the receivables and liabilities which are recognised in balance sheet at 31 December 2018.

**20. Currency and interest rate risks and the use of derivative financial instruments**

The Vikan Group has entered into interest swaps to hedge a fixed interest rate. Unrealised gain on interest swaps amounts to DKK 429 thousand in 2018 (2017: loss of DKK 684 thousand) and is recognised directly in equity adjusted for deferred tax.

To minimize the currency exposure the Vikan Group has entered into financial instruments. Unrealised loss on financial instruments amounts to DKK 230 thousand in 2018 (2017: gain of DKK 461 thousand) and is recognised directly in equity adjusted for deferred tax.

**21. Related party disclosures**

Related parties exercising control of Vissing Holding A/S:  
Vissing Fonden, Mølleå 1, DK-9000 Aalborg

Section 98c(7) of the Danish Financial Statements Act is applied regarding related party transactions.

**22. Shareholders**

The following shareholders hold more than 5% of the Company's share capital:  
Vissing Fonden, Mølleå 1, DK-9000 Aalborg

**Notes****23. Group structure**

Vissing Holding A/S and related subsidiaries are included in the annual report of Vissing Fonden.

**24. Proposed profit appropriation**

Proposed dividends for the financial year  
Reserve for net revaluation of investments  
Retained earnings

<b>Parent</b>	
<b>2018</b>	<b>2017</b>
<b>DKK'000</b>	<b>DKK'000</b>
5.000	0
28.266	12.334
-1.368	26.279
<b>31.898</b>	<b>38.613</b>

**25. Change in operating capital**

Change in inventories  
Change in receivables  
Changes in operational capital due to aquisition and divestment activities  
Change in trade payables, etc.

<b>Consolidated</b>	
<b>2018</b>	<b>2017</b>
<b>DKK'000</b>	<b>DKK'000</b>
-4.958	-3.470
-6.572	952
19.678	0
6.302	-5.713
<b>14.450</b>	<b>-8.231</b>

**26. Cash and securities**

Cash at hand and in bank  
Bank loans and overdrafts

<b>Consolidated</b>	
<b>2018</b>	<b>2017</b>
<b>DKK'000</b>	<b>DKK'000</b>
25.472	37.898
-30.061	-381
<b>-4.589</b>	<b>37.517</b>

**27. Aquisitions**

Goodwill related to aquisition of Remco Corporation in 2018 amounts to DKK 72,861 thousand.