

**Louis Poulsen A/S**  
Gammel Strand 28  
1202 København K  
Business Registration No  
59742817

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 30.04.2018

### **Chairman of the General Meeting**

---

Name: Peter le Fèvre

# Contents

	<b><u>Page</u></b>
Entity details	2
Statement by Management on the annual report	2
Independent auditor's report	2
Management commentary	2
Income statement for 2017	2
Balance sheet at 31.12.2017	2
Statement of changes in equity for 2017	2
Cash flow statement 2017	2
Notes	2
Accounting policies	2

## Entity details

### Entity

Louis Poulsen A/S  
Gammel Strand 28  
1202 København K

Central Business Registration No (CVR): 59742817

Registered in: København

Financial year: 01.01.2017 - 31.12.2017

Website: [www.louispoulsen.dk](http://www.louispoulsen.dk)

### Board of Directors

Thomas Voss, Chairman  
Per Olle Håkan Borgvall  
Dario Carlo Fumagalli  
Christian Engsted  
Allan Bach Pedersen  
Otto Ottesen  
Lars Stilling Pedersen

### Executive Board

Søren Mygind Eskildsen  
Peter le Fèvre  
Peter Rathsach

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Egtved Allé 4  
6000 Kolding

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Louis Poulsen A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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, 22.03.2018

### Executive Board

Søren Mygind Eskildsen

Peter le Fèvre

Peter Rathsach

### Board of Directors

Thomas Voss  
Chairman

Per Olle Håkan Borgvall

Dario Carlo Fumagalli

Christian Engsted

Allan Bach Pedersen

Otto Ottesen

Lars Stilling Pedersen

# Independent auditor's report

## To the shareholders of Louis Poulsen A/S

### Opinion

We have audited the financial statements of Louis Poulsen A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity 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 financial statements

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

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

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

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

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

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

## **Independent auditor's report**

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Kolding, 22.03.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Suzette Demediuk Steen Nielsen  
State Authorised Public Accountant  
Identification No (MNE) mne32207

## Management commentary

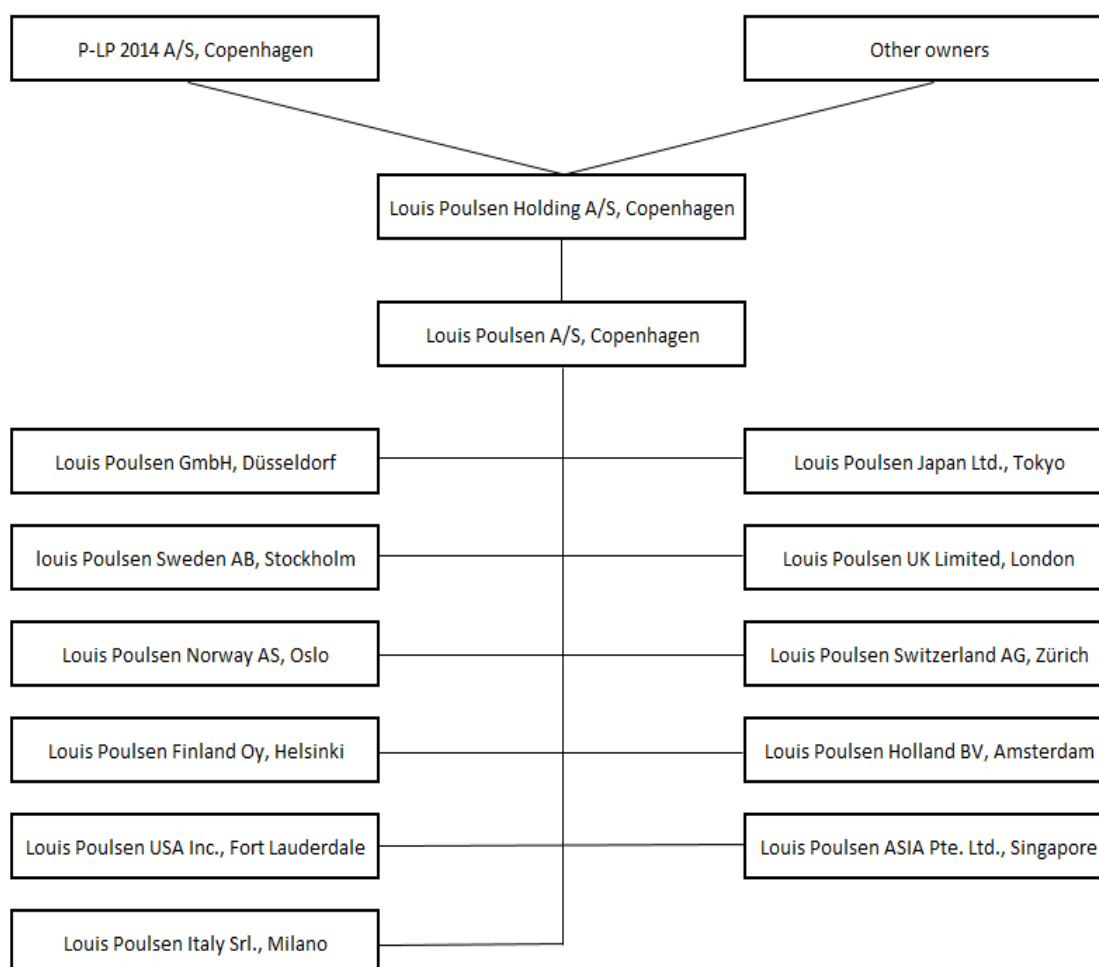
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>DKK'm</b>	<b>DKK'm</b>	<b>DKK'm</b>	<b>DKK'm</b>	<b>DKK'm</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	563	499	465	428	402
Gross profit/loss	232	179	148	126	116
EBITDA (Operating income before depreciations and amortisations)	122	85	59	48	46
Operating profit/loss	87	55	29	28	31
EBIT (Operating income)	87	55	29	18	17
Net financials	19	(10)	4	(2)	(2)
Profit/loss for the year	83	33	24	5	12
Total assets	449	414	396	441	393
Investments in property, plant and equipment	26	14	6	13	7
Equity	120	111	114	173	176
Net working capital	(19)	(17)	9	29	66
Cash flows from (used in) operating activities	100	86	62	68	30
Cash flows from (used in) investing activities	(38)	(17)	1	(101)	(14)
Cash flows from (used in) financing activities	(19)	(161)	(50)	45	(18)
<b>Ratios</b>					
Profit ratio (%)	15,6	11,0	6,2	4,2	4,3
Primary ratio (%)	19,8	12,7	9,7	5,7	5,2
Gross margin (%)	41,2	35,9	31,8	29,4	28,9
Return on equity (%)	71,9	29,3	17,0	2,9	6,3
Solvency ratio (%)	26,7	26,8	28,8	39,2	44,8

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



## Management commentary

Ratios	Calculation formula	Calculation formula reflects
Profit ratio (%)	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$	The entity's profitability
Primary ratio (%)	$\frac{\text{EBIT} \times 100}{\text{Invested capital}}$	Return on invested capital
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity



At 27th December 2017, Louis Poulsen Italy Srl was established in Milan. Sales activities will start up on 1st January 2018. Louis Poulsen A/S has local Sales Representation Offices in Austria and France.

## Management commentary

### Primary activities

Louis Poulsen A/S manufactures and sells lighting fixtures to private consumers and professionals at home and abroad. The company is internationally recognized for providing exclusive lighting fixtures of high quality and functional design. The products primarily serve the upper segments of the professional and private consumer markets that attach great importance to the unique lighting and the high quality levels. Louis Poulsen's products fulfil the most stringent international demands for energy optimisation and at the same time they meet the demand for a unique design as well as comfortable and glare free lighting.

### Development in activities and finances

The revenue amounted to DKK 563 million equivalent to an increase of 12.8% in comparison to the DKK 499 million in 2016, which was above expectations.

The gross profit has developed positively with an increase of 5.3%-points to 41.2%. The development derives from profitability improvements in the sales and production areas, and a shift in the Danish sales mix.

Louis Poulsen A/S achieved an improvement of the operating profit (EBIT), which increased from DKK 55 million to DKK 87 million, and improved EBITDA from DKK 85 million to DKK 122 million.

In 2017 the subsidiaries materialised an income of DKK 17.2 million against an income of DKK 7.0 million last year.

Profit before tax ended at DKK 83 million, which is above expectations. The management considers the profit very satisfactory.

### Outlook

Louis Poulsen A/S expects an increase in turnover in 2018, followed by increasing capacity costs to cover new initiatives. Increased sales activities are expected to deliver a positive development in operating profit.

### Particular risks

#### *Market risks*

The company's products are primarily positioned in the high end markets. The economic development in the professional and private consumer markets will affect the financial results.

#### *Currency risks*

Due to sales activities in foreign markets, cash flow and equity might be influenced by changes in interest levels and exchange rates for a number of currencies. It is company policy to cover commercial exchange risks. Hedging is primarily used to cover open foreign exchange positions related to trading activities in foreign currencies, in the next twelve months based on the budget. The company does not use speculative hedging.

#### *Credit risks*

The company's credit risks relate to trade receivables included in the balance sheet. The company has no vital risks related to a single customer or business partner. The company's credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

## Management commentary

### *Financial resources*

At year-end 2017 cash and non-utilized drawing facilities in credit institutions amounted to app. DKK 60 million.

Including certain subsidiaries, the company has total remaining drawing facilities in credit institutions in excess of DKK 30 million, which is sufficient to cover both investments and operation in the company for the coming year.

### *Capital structure*

Louis Poulsen A/S' share capital is not divided into classes.

Management regularly assesses whether Louis Poulsen A/S has an adequate capital structure, the Board of Directors continuously assesses that the company's capital structure is consistent with the company's and its stakeholders' interests. The overall objective is to ensure a capital structure that supports a profitable long-term growth.

Louis Poulsen A/S had net interest bearing debt of DKK 42 million at 31 December 2017, which is a sufficient level to ensure financial flexibility. There are no changes to the Group's guidelines and procedures for managing the capital structure in 2016.

In connection with Polaris Private Equity's acquisition of the LP Group in 2014, the purchase price was partly financed by a loan from Sydbank. At 31 December 2017, this loan represents a total outstanding debt of DKK 87 million, of which DKK 15 million is located in the parent company, Louis Poulsen Holding A/S. Management believes that the current capital structure provides sufficient flexibility to address the future strategy of the Group.

### **Intellectual capital resources**

The company has an experienced as well as competent staff working with lighting technology. It will continue to attract and retain highly skilled staff with expertise in the development of lighting to ensure future growth. Great demand is placed on the employees' technical and craftsman skills and their ability to engage in a logistically demanding production process.

To ensure high product quality and competitive production the company continuously optimizes production. This demands a high level of competence, and the company therefore continuously invests in competency development. It is, however, just as important for Louis Poulsen A/S to attract and retain both skilled and unskilled workers and employees with medium to higher education level.

During 2017 Louis Poulsen A/S has hired a new CEO. Additionally Louis Poulsen A/S has recruited competencies within the area of product development, quality and supply chain with focus on delivery performance and development of new products. In order to meet the increased sales, more blue collar workers have been recruited to the factory in Vejen. In addition, the company has increased its competencies within the area of sales and marketing.

## Management commentary

### Environmental performance

Energy consumption in 2017 has increased compared to 2016 due to a higher production activity. There have been no specific investments to reduce energy consumptions in 2017.

Products from the existing product portfolio are continuously being adapted to the new energy efficient LED light sources. As of 2016, Louis Poulsen offers a full range of LED products across the entire product portfolio. Furthermore, the product portfolio is continuously being up-dated with the latest LED technologies to optimize light versus energy consumption without compromising the company's lighting philosophy.

Products from the existing product portfolio are continuously being adapted to the new energy efficient LED light sources without compromise on the company's lighting philosophy. Furthermore, there is a daily focus on test and development of products with prolonged lifetime.

### Research and development activities

Louis Poulsen A/S continuously invests in development, updates and improvements of its product portfolio. Costs related to development of products are expensed in the income statement, or accounted for as an asset following the accounting policies.

### Group relations

The Consolidated Annual Report of the Louis Poulsen A/S Group is prepared by the parent company, Louis Poulsen Holding A/S. The annual report of Louis Poulsen A/S solely represents the accounts of Louis Poulsen A/S, hence all subsidiaries listed below are included in the profit and loss as income from investments in subsidiaries after tax and in the balance sheet as investments in subsidiaries.

All subsidiaries are 100 % owned by Louis Poulsen A/S.

The private equity fund Polaris owns 69% of Louis Poulsen Holding A/S through P-LP 2014 A/S. Polaris is a member of the Danish Venture and Private Equity Association ("DVCA") and hence compliant with the DVCA-guidelines; please see [www.DVCA.dk](http://www.DVCA.dk). These guidelines, published in June 2015, recommend a thorough review in particular regarding corporate governance, financial risks, employee relations and strategy.

Louis Poulsen A/S' sales organisation is based in Copenhagen, whereas the company's production facilities are based in Vejen. The daily management is carried out from Denmark in a close cooperation between the executive management and the company's Board of Directors.

Sales and distribution outside Denmark are carried out through the 10 subsidiaries or through agents and distributors operating on behalf of Louis Poulsen A/S globally. During 2016 local Sales Representation Offices were established in Austria and Italy.

Louis Poulsen in Denmark has 311 employees plus 145 employees in the subsidiaries. The majority of the Danish employees are engaged in the company's production in Vejen.

Development in staff:	Denmark	Subsidiaries
Number of employees beginning of 2017	256	137

## Management commentary

Recruited during 2017	105	32
Resigned during 2017	-50	-24
Number of employees end of 2017	311	145

### Board of Directors in Louis Poulsen A/S

Name:	Thomas Voss	Allan Bach Petersen	Per Borgvall	Christian Engsted	Dario Fumagalli
Occupation:	Director	Partner, Polaris Private Equity	Director		COO of Kartell S.p.a.
Executive board role at Louis Poulsen:	chairman	Deputy Chairman	member	member	member
Other Board roles:					
Chairman:	JFK A/S Alterna diversified SA Alterna Invest SA Investeringsselskabet Elkær Invest A/S IEI Portefølje A/S		Wallvision AB	Stibo A/S	
Board member:	Genua A/S	PWT Group A/S Configit A/S A number of parent companies related to Polaris Private Equity	Troax Group AB Nederman Holding AB	RTX A/S	

Board members elected by employees have no appointments in any companies. Members of the Board of directors had no appointments outside of Louis Poulsen.

## Statutory report on corporate social responsibility

### Policies

The policies of Louis Poulsen A/S in relation to CSR contain an environmental policy and various employment policies.

The environmental policy is split into a product philosophy and an operational philosophy. The product philosophy is to develop lighting fixtures of high quality, long life time and long product cycles. The operational philosophy is built on continuous improvement of the daily operation with focus on waste, scrapping, energy losses and consumption.

The employment policies contain a list of initiatives to improve the working environment, health and staff retention. The policies comprise pension policy, diversity policies, drug/alcohol, staff, smoking, senior and health policies. Furthermore, the company is conscious of its obligation to educate trainees and apprentices.

Louis Poulsen A/S wants to create a healthy and desirable physical and psychological working environment with focus on the well-being of the employees including sickness absenteeism. The policy regarding sickness absenteeism covers on the one hand follow-up on the presence and behaviour of the employee and on the other hand expression of the company's compassionate interest in the employee.

Louis Poulsen A/S is continuously working on a formal policy for human rights. Within the above-mentioned policies, there are areas of focus on maintaining a positive working environment and avoidance of harassment of any kind.

### Education

Louis Poulsen A/S assumes responsibility for educating both younger and more experienced employees. During 2017, the Company offered internship to a number of people seeking asylum in Denmark (refugees) and participated in programmes helping vulnerable employees on in the form of flexible jobs. Four refugees were employed permanently, one of them in a two-year education course (IGU).

## Management commentary

During 2017 Louis Poulsen A/S hired an employee as warehouse apprentice (a former unskilled employee) and one finance student. In 2017 our former finance student completed his apprenticeship and has been offered permanent employment.

Louis Poulsen A/S has in 2017 continued the culture changing training program for all managers – “The Green Lane”. The purpose is to create awareness of the importance of culture to achieve the goal through common language and behaviour. Furthermore, all managers are trained in avoiding stress for themselves and their employees.

### *Results*

A proactive approach to sickness absenteeism combined with ongoing support and guidance of the employees to develop and maintain a healthy lifestyle has contributed to a decline in absenteeism for production workers from 5.2% in 2011 to 4.2% in 2017. Absenteeism for office workers has declined from 2.3% in 2011 to 1.2% in 2017.

The employees are offered counselling and assistance to abandon smoking. A variety of physical exercise is made available to the staff. The company continuously supports new health promoting initiatives from the employees. Work place exercise has become a natural part of the working day.

Louis Poulsen’s working environment organisation continuously works to secure a sound working environment and to minimize the number of work related injuries. In 2017 a total of 3 work related injuries were recorded, which resulted in no absenteeism. The company has thus successfully avoided injuries resulting in absenteeism.

### **Statutory report on the underrepresented gender**

Louis Poulsen A/S wants to give equal access to leadership positions for members of both genders.

The share of women in leadership positions with staff responsibility represented 19% as of January 1, 2009. This share was 28% in 2017. The company wishes to continue increasing the share of women in leadership positions. To facilitate this development a recruitment policy has been implemented in relation to leadership positions according to which at least one female applicant must be admitted to job interview assuming qualified female applicants are available.

Through this policy and an ongoing focus on development of employees at all levels of the organisation irrespective of age and gender Louis Poulsen A/S wishes to contribute to the education and development of potential female board members.

Target figure for the share of the under-represented gender in the Board of Directors

Currently The Board of Directors consists of 0% women and 100% men. It is the goal to recruit 1 female board member by the end of 2019 to increase the female share to 25%. The Board will follow up on the implementation of this goal on a yearly basis and is constantly seeking candidates with both relevant competencies and experience. Relevant knowledge and professional experience are key parameters when nominating new board members. No candidates met these criteria in 2017 which is the reason for the Board of Directors not achieving the recruitment goal during this year.

## Management commentary

### **Statutory report on corporate governance**

The Board of Directors and the Executive Board constantly strive to ensure that appropriate and sufficient control systems are in place managed by a robust management team structure. The Board of Directors and the Executive Board have a number of duties being defined in, amongst others, the Companies Act, the Danish Financial Statements Act, the Articles of Association and good practice for companies of the same size and with the same international scope as Louis Poulsen A/S. On this basis, an ongoing series of internal procedures are developed and maintained to ensure active, reliable and profitable management of the company.

#### *Board of directors*

The Board of Directors ensures that the Executive Board complies with the approved objectives, strategies and business procedures. The information to the Executive Board is provided systematically before and during meetings as well as through written and oral reports. These reports includes market development, the company's development and profitability. The Board of Directors and Executive Management have overall responsibility for risk management and internal controls related to financial reporting.

The Board of Directors of the company meet at least four times a year. Furthermore, information about the company and the Group's results and financial position is shared with the Board of Directors on a regular basis (monthly). If relevant, extraordinary meetings are held.

#### *Audit Committee*

No audit committee is established due to the modest size and complexity of the company.

#### *Remuneration to management*

To attract and retain Louis Poulsen A/S' management competencies, the remuneration of management and senior employees is based on tasks, value creation and conditions in comparable companies. An incentive program is implemented in the form of bonus schemes and share and warrant-based incentive programs.

### **Events after the balance sheet date**

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

## Income statement for 2017

	<u>Notes</u>	<u>2017 DKK'm</u>	<u>2016 DKK'm</u>
Revenue	1	563	499
Production costs	2, 3	<u>(331)</u>	<u>(320)</u>
<b>Gross profit/loss</b>		<b>232</b>	<b>179</b>
Distribution costs	3	(84)	(68)
Administrative expenses	3	<u>(61)</u>	<u>(56)</u>
<b>Operating profit/loss</b>		<b>87</b>	<b>55</b>
Income from investments in group enterprises		15	5
Other financial income		10	0
Other financial expenses	4	<u>(6)</u>	<u>(15)</u>
<b>Profit/loss before tax</b>		<b>106</b>	<b>45</b>
Tax on profit/loss for the year	5	<u>(23)</u>	<u>(12)</u>
<b>Profit/loss for the year</b>	6	<u><b>83</b></u>	<u><b>33</b></u>



## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'm</u>	<u>2016 DKK'm</u>
Completed development projects		18	18
Acquired licences		5	3
Goodwill		56	70
Development projects in progress		12	4
<b>Intangible assets</b>	7	<u>91</u>	<u>95</u>
Plant and machinery		29	22
Other fixtures and fittings, tools and equipment		7	4
Leasehold improvements		4	2
Prepayments for property, plant and equipment		7	4
<b>Property, plant and equipment</b>	8	<u>47</u>	<u>32</u>
Investments in group enterprises		133	132
Deposits		2	2
<b>Fixed asset investments</b>	9	<u>135</u>	<u>134</u>
<b>Fixed assets</b>		<u>273</u>	<u>261</u>
Raw materials and consumables		30	25
Work in progress		13	11
Manufactured goods and goods for resale		22	10
<b>Inventories</b>		<u>65</u>	<u>46</u>
Trade receivables		23	24
Receivables from group enterprises		49	46
Other receivables		6	3
Prepayments	10	3	6
<b>Receivables</b>		<u>81</u>	<u>79</u>
<b>Cash</b>		<u>30</u>	<u>28</u>
<b>Current assets</b>		<u>176</u>	<u>153</u>
<b>Assets</b>		<u>449</u>	<u>414</u>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'm</u>	<u>2016 DKK'm</u>
Contributed capital		10	10
Reserve for development expenditure		16	8
Retained earnings		94	23
Proposed dividend		0	70
<b>Equity</b>		<b>120</b>	<b>111</b>
Deferred tax	11	7	4
Other provisions	12	2	8
<b>Provisions</b>		<b>9</b>	<b>12</b>
Payables to group enterprises		122	76
Other payables		2	2
<b>Non-current liabilities other than provisions</b>		<b>124</b>	<b>78</b>
Bank loans		72	113
Trade payables		77	58
Payables to group enterprises		2	2
Income tax payable		6	2
Other payables		39	38
<b>Current liabilities other than provisions</b>		<b>196</b>	<b>213</b>
<b>Liabilities other than provisions</b>		<b>320</b>	<b>291</b>
<b>Equity and liabilities</b>		<b>449</b>	<b>414</b>
Financial instruments	14		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK'm</b>	<b>Reserve for development expenditure DKK'm</b>	<b>Retained earnings DKK'm</b>	<b>Proposed dividend DKK'm</b>
Equity beginning of year	10	8	23	70
Ordinary dividend paid	0	0	0	(70)
Exchange rate adjustments	0	0	(8)	0
Fair value adjustments of hedging instruments	0	0	4	0
Transfer to reserves	0	8	(8)	0
Profit/loss for the year	0	0	83	0
<b>Equity end of year</b>	<b>10</b>	<b>16</b>	<b>94</b>	<b>0</b>
				<b>Total DKK'm</b>
Equity beginning of year				111
Ordinary dividend paid				(70)
Exchange rate adjustments				(8)
Fair value adjustments of hedging instruments				4
Transfer to reserves				0
Profit/loss for the year				83
<b>Equity end of year</b>				<b>120</b>

## Cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK'm</u>	<u>2016 DKK'm</u>
Operating profit/loss		87	55
Amortisation, depreciation and impairment losses		34	30
Other provisions		(4)	0
Working capital changes	13	<u>3</u>	<u>28</u>
<b>Cash flow from ordinary operating activities</b>		<b>120</b>	<b>113</b>
Financial income paid		(4)	(15)
Income taxes refunded/(paid)		<u>(16)</u>	<u>(12)</u>
<b>Cash flows from operating activities</b>		<b>100</b>	<b>86</b>
Acquisition etc of intangible assets		(20)	(13)
Acquisition etc of property, plant and equipment		(26)	(14)
Dividends received		<u>8</u>	<u>10</u>
<b>Cash flows from investing activities</b>		<b>(38)</b>	<b>(17)</b>
Repayments of loans etc		(39)	(121)
Incurrence of debt to group enterprises		45	0
Dividend paid		<u>(25)</u>	<u>(40)</u>
<b>Cash flows from financing activities</b>		<b>(19)</b>	<b>(161)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>43</b>	<b>(92)</b>
Cash and cash equivalents beginning of year		<u>(85)</u>	<u>7</u>
<b>Cash and cash equivalents end of year</b>		<b>(42)</b>	<b>(85)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		30	28
Short-term debt to banks		<u>(72)</u>	<u>(113)</u>
<b>Cash and cash equivalents end of year</b>		<b>(42)</b>	<b>(85)</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>1. Revenue</b>		
Lighting fixtures, domestic	295	244
Lighting fixtures, abroad	268	255
	<b>563</b>	<b>499</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>2. Staff costs</b>		
Wages and salaries	140	129
Pension costs	9	8
Other social security costs	3	4
	<b>152</b>	<b>141</b>

Number of employees at balance sheet date	<b>312</b>	<b>252</b>
---	------------	------------

Average number of employees	<b>268</b>	<b>262</b>
-----------------------------	------------	------------

	<b>Remunera- tion of manage- ment 2017 DKK'm</b>	<b>Remunera- tion of manage- ment 2016 DKK'm</b>
Executive Board	7	5
Board of Directors	1	1
	<b>8</b>	<b>6</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	23	21
Depreciation on property, plant and equipment	11	9
	<b>34</b>	<b>30</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	3	2
Other interest expenses	3	3
Exchange rate adjustments	0	10
	<b>6</b>	<b>15</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>5. Tax on profit/loss for the year</b>		
Current tax	20	12
Change in deferred tax	3	0
	<b>23</b>	<b>12</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>6. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	0	70
Retained earnings	83	(37)
	<b>83</b>	<b>33</b>

## Notes

	<b>Completed develop- ment projects DKK'm</b>	<b>Acquired licences DKK'm</b>	<b>Goodwill DKK'm</b>	<b>Develop- ment projects in progress DKK'm</b>
<b>7. Intangible assets</b>				
Cost beginning of year	53	35	282	4
Transfers	3	0	0	(3)
Additions	4	5	0	11
Disposals	(1)	0	0	0
<b>Cost end of year</b>	<b>59</b>	<b>40</b>	<b>282</b>	<b>12</b>
Amortisation and impairment losses beginning of year	(35)	(32)	(212)	0
Amortisation for the year	(6)	(3)	(14)	0
<b>Amortisation and impairment losses end of year</b>	<b>(41)</b>	<b>(35)</b>	<b>(226)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>18</b>	<b>5</b>	<b>56</b>	<b>12</b>

### Development projects

Development projects in progress comprise ongoing development of new lighting fixtures that have not yet been completed.

The cost of development projects comprises costs such as salaries, amortisation and indirect costs.

New lighting fixtures are developed for the domestic market as well as markets abroad. The development projects are regularly evaluated by the management. In the evaluation the management evaluates the progress in the projects and the future market for the lighting fixtures.

## Notes

	<b>Plant and machinery DKK'm</b>	<b>Other fixtures and fittings, tools and equipment DKK'm</b>	<b>Leasehold improve- ments DKK'm</b>	<b>Prepay- ments for property, plant and equipment DKK'm</b>
<b>8. Property, plant and equipment</b>				
Cost beginning of year	120	21	7	4
Transfers	3	0	0	(3)
Additions	13	4	3	6
Disposals	0	(1)	0	0
<b>Cost end of year</b>	<b>136</b>	<b>24</b>	<b>10</b>	<b>7</b>
Depreciation and impairment losses beginning of year	(98)	(17)	(5)	0
Depreciation for the year	(9)	(1)	(1)	0
Reversal regarding disposals	0	1	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(107)</b>	<b>(17)</b>	<b>(6)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>29</b>	<b>7</b>	<b>4</b>	<b>7</b>



## Notes

	<b>Invest- ments in group enterprises DKK'm</b>	<b>Deposits DKK'm</b>
<b>9. Fixed asset investments</b>		
Cost beginning of year	223	2
Additions	<u>1</u>	<u>0</u>
<b>Cost end of year</b>	<b><u>224</u></b>	<b><u>2</u></b>
Impairment losses beginning of year	(91)	0
Exchange rate adjustments	(8)	0
Share of profit/loss for the year	15	0
Dividend	<u>(7)</u>	<u>0</u>
<b>Impairment losses end of year</b>	<b><u>(91)</u></b>	<b><u>0</u></b>
<b>Carrying amount end of year</b>	<b><u>133</u></b>	<b><u>2</u></b>

Hereof non-amortised goodwill DKK 39 million.

## Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK'm</u>	<u>Profit/loss DKK'm</u>
Investments in group enterprises comprise:					
Louis Poulsen U.S.A. Inc.	Fort Lauderdale, USA	Inc.	100,0	39	3
Louis Poulsen Asia Pte. Ltd.	Singapore, Asia	Ltd.	100,0	0	0
Louis Poulsen Germany GmbH	Düsseldorf, Germany	GmbH	100,0	15	1
Louis Poulsen Sweden AB	Stockholm, Sweden	AB	100,0	4	4
Louis Poulsen Norway AS	Oslo, Norway	AS	100,0	3	2
Louis Poulsen Finland Oy	Helsinki, Finland	OY	100,0	5	1
Louis Poulsen UK Limited.	London, Great Britain	Limited	100,0	0	0
Louis Poulsen Japan Ltd.	Tokyo, Japan	Ltd.	100,0	26	2
Louis Poulsen Switzerland AG	Zürich, Switzerland	AG	100,0	6	4
Louis Poulsen Holland B.V.	Amsterdam, Holland	B.V	100,0	1	0
Louis Poulsen Italy S.R.L	Milano, Italy	S.R.L	100,0	0	0

### 10. Prepayments

Prepayments comprise incurred marketing costs and other costs relating to subsequent financial years.

	<u>2017 DKK'm</u>
<b>11. Deferred tax</b>	
<b>Changes during the year</b>	
Beginning of year	4
Recognised in the income statement	3
<b>End of year</b>	<u>7</u>

## Notes

### 12. Other provisions

Other provisions comprise anticipated costs of claims and guarantee commitments.

	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>13. Change in working capital</b>		
Increase/decrease in inventories	(19)	4
Increase/decrease in receivables	(2)	(1)
Increase/decrease in trade payables etc	20	23
Other changes	4	2
	<b>3</b>	<b>28</b>

### 14. Financial instruments

Other receivables include a positive fair value of forward exchange contracts of DKK 4 million. Louis Poulsen A/S hedges future exchange risks relating to sale of goods to subsidiaries. Louis Poulsen A/S has entered into forward exchange contracts for the following 12 months to secure sales in the following currencies JPY 826 million, NOK 29 million and SEK 48 million. All contracts are subscribed with the company's bank.

	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>15. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>42</b>	<b>61</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'm</b>	<b>DKK'm</b>
<b>16. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	3	5
<b>Contingent liabilities in total</b>	<b>3</b>	<b>5</b>

The Entity participates in a Danish joint taxation arrangement in which P-LP 2014 A/S serves as the administration company. 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

Louis Poulsen UK Limited (company no. 01895479) is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006.

### 17. Assets charged and collateral

The Entity has made a guarantee regarding future lease payments. The guarantee amounts to DKK 3 million.

## Notes

### **Collateral security provided for subsidiaries and other group enterprises**

The Entity has guaranteed Louis Poulsen Germany GmbH's debt to Sydbank Flensburg. The maximum limit of the guarantee is EUR 200,000. The subsidiaries' bank loans amount to EUR 0.

The Entity has provided a collateral security for all Louis Poulsen UK Limited's debt.

### **18. Related parties with controlling interest**

The following parties have a controlling interest:

- Polaris Private Equity III K/S, c/o Gorrissen Federspiel, Copenhagen V, shareholder
- P-LP 2014 A/S, c/o Polaris Management A/S, Copenhagen Ø, shareholder
- Louis Poulsen Holding A/S, Copenhagen K, shareholder

### **19. Transactions with related parties**

All transactions with related parties during the year have been made on markets terms.

### **20. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
P-LP 2014 A/S, Malmøgade 3, 2100 Copenhagen Ø, CBR. No.: 35 86 20 48

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Louis Poulsen Holding A/S, Gl. Strand 28, 1202 Copenhagen K, CBR. No.: 35 65 90 21

## 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 financial statements are consistent with those applied last year.

### Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### 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.

### 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.

### 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.

## Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

### 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

#### Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

#### Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

#### Income from investments in group enterprises

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

## Accounting policies

### 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 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 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 its ultimate owner and all Danish subsidiaries. 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 value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed on an annual basis. The amortisation periods used are 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 is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

## Accounting policies

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 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, but over no more than 20 years.

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

### Property, plant and equipment

Property, 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:

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5-14 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.



## Accounting policies

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 20 years.

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

### Inventories

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

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

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

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

### Receivables

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

## Accounting policies

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### Deferred tax

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

### Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

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

### Other financial liabilities

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

### Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed 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.

## Accounting policies

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, repayments of 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.