Stibo-Fonden

Axel Kiers Vej 11, 8270 Højbjerg

CVR no. 64 21 20 28

Annual report 2018/19

Contents

Statement by Management

The Board of Directors has today discussed and approved the annual report of Stibo-Fonden for the financial year 1 May - 30 April 2019.

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

In our opinion, the consolidated financial statements and the parent foundation financial statements give a true and fair view of the financial position of the Group and the Parent Foundation at 30 April 2019 and of the results of the Group's and the Parent Foundation's operations as well as the consolidated cash flows for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Foundation's operations and financial matters and the results of the Group's and the Parent Foundation's operations and financial position.

Højbjerg, 21 June 2019
Board of Directors:

Ebbe Malte Iversen Chairman	Per Eslund Asmussen	Jakob Røddik Thøgersen
Carsten Nygaard Knudsen		

Independent auditor's report

To the Board of Directors of Stibo-Fonden

Opinion

We have audited the consolidated financial statements and the parent foundation financial statements of Stibo-Fonden for the financial year 1 May 2018 - 30 April 2019. The consolidated financial statements and the parent foundation financial statements comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the Group as well as for the Parent Foundation and a cash flow statement for the Group. The consolidated financial statements and the parent foundation financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent foundation financial statements give a true and fair view of the financial position of the Group and the Parent Foundation at 30 April 2019 and of the results of the Group's and the Parent Foundation's operations as well as the consolidated cash flows for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 foundation 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 consolidated financial statements and the parent foundation financial statements

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

In preparing the consolidated financial statements and the parent foundation financial statements, Management is responsible for assessing the Group's and the Parent Foundation'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 consolidated financial statements and the parent foundation financial statements unless Management either intends to liquidate the Group or the Parent Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent foundation financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent foundation 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 consolidated financial statements and the parent foundation 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 consolidated financial statements and the parent foundation 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent foundation 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 foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent foundation 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent foundation financial statements, including the note disclosures, and whether the consolidated financial statements and the parent foundation financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and 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 consolidated financial statements and the parent foundation financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent foundation 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 consolidated financial statements or the parent foundation 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 our procedures, we concluded that the Management's review is in accordance with the consolidated financial statements and the parent foundation 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.

Aarhus, 21 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jens Weiersøe Jakobsen	Søren Jensen
State Authorised	State Authorised
Public Accountant	Public Accountant
mne30152	mne34132

Management's review

Foundation details

Name	Stibo-Fonden
Address	Axel Kiers Vej 11, DK-8270 Højbjerg
CVR no.	64 21 20 28
Established	1966
Registered office	Aarhus
Financial year	1 May - 30 April
Website	www.stibofonden.dk
E-mail	info@stibo.com
Telephone	89 39 89 39
Board of Directors	Ebbe Malte Iversen, Chairman Per Eslund Asmussen Jakob Røddik Thøgersen Carsten Nygaard Knudsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, DK-8000 Aarhus C

Management's review

Financial highlights for the Group

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Key figures					
Revenue	1,837,614	1,706,821	1,795,586	1,983,969	1,874,225
Gross profit	924,542	861,147	906,395	1,034,376	946,078
Operating profit	27,846	62,444	28,534	154,381	147,615
Profit before net financials	26,431	59,963	24,119	160,641	149,941
Profit/loss from net financials	6,718	-12,371	3,404	-3,882	-2,146
Profit before tax	33,149	47,592	20,715	156,749	147,795
Profit for the year	**23,170**	**32,827**	**13,710**	**117,673**	**107,505**
Fixed assets	392,977	382,102	423,259	446,811	485,161
Current assets	1,111,717	1,077,706	1,036,328	1,090,950	967,884
Total assets	1,504,694	1,459,808	1,459,587	1,537,761	1,453,045
Equity	978,503	956,496	933,296	927,430	803,685
Provisions	19,383	19,541	33,601	49,339	51,515
Non-current liabilities other than provisions	91,718	78,360	92,156	104,528	116,287
Current liabilities other than provisions	415,090	405,411	400,534	456,464	481,558
Investments for the year in property, plant and equipment	14,798	29,194	23,531	50,712	26,576
Financial ratios					
Profit margin	1.5	3.7	1.6	7.8	7.9
Return on capital employed	3.3	7.4	3.2	16.4	23.6
Gross margin	50.3	50.5	50.5	52.1	50.5
Equity ratio	65.0	65.5	63.9	60.3	55.3
Return on equity	2.4	3.5	1.5	13.6	14.3
Average number of employees	1,177	1,068	1,161	1,112	1,075

For terms and definitions, please see the accounting policies.

Management's review

Operating review

The Foundation's principal activity is to be owner of the Stibo companies. As stated in the Foundation's charter, the Foundation must play an active role in ensuring that the companies have a firm, professional and enterprising management and it must contribute to "the continued consolidation and growth of the companies" and "make all possible efforts to ensure that the companies maintain their high esteem and the highest possible technical standard".

Donations policy

The Foundation's policy is to keep most of the profit and the liquidity generated by the companies within the companies in order to secure the financial basis for their continued growth. The Foundation is therefore reluctant to withdraw dividend from the companies. This means that the amount of funds for donations is relatively modest. According to the charter, these funds are donated as grants to scientific research, to resolve social and cultural projects and to causes that benefit the Danish business sector. Over the last couple of years, donations mainly went to cultural and social causes. In the latest fiscal year, donations amounted to DKK 1.7 million.

Report on Foundation Governance, section 60 of the Danish Act on commercial foundations

The Board of Directors has considered the principles for good corporate governance in foundation-owned companies and is committed to living up to the principles. Stibo-Fonden has considered the recommendations from the Committee on Foundation Governance from December 2014. The overall purpose of the recommendations from the Committee on Foundation Governance is to help the Board of Directors to meet the Foundation's objective and interests and to manage the Foundation in accordance with best practice.

Stibo-Fonden follows all the recommendations. The statutory statement is available on the Foundation's website https://stibofonden.dk/wp-content/uploads/2018/05/Skemarapportering-god-fondsledelse-hjemmeside.pdf.

The retirement age for the Foundation's board members is 70 years. As from 2013, board members who have been on the Foundation's Board of Directors for 12 years cannot be re-elected.

The Foundation's policy stipulates that there must be no overlapping membership between the Foundation's Board of Directors and in Stibo A/S Group's executives in order to strengthen independence and to provide for controls. The Foundation's Board of Directors wants the level of information regarding the Foundation to be at least as high as the level required for shareholders and analysts in listed companies. This is ensured by written and oral quarterly reporting from the management to the Foundation's Board of Directors.

Management's review

Operating review

Members of the Board of Directors

Ebbe Malte Iversen (chairman of the board) born 1951, member of the board since January 2013. Ebbe Malte Iversen is up for re-election in 2021 and is regarded as being independent.

His yearly director's fee from Stibo-Fonden for the 2018/19 fiscal year amounts to DKK 150,000. Furthermore, his director's fee for Stibo Holding A/S amounts to DKK 150,000 for the 2018/19 fiscal year.

Ebbe Malte Iversen is a professional board member and former CEO of Per Aarsleff A/S. He holds a BSc. in Civil Engineering and participated in ISMP 94 at Harvard Business School.

His experience includes organization development, strategy development and implementation as well as general management of listed companies.

Other directorships:

- Stibo Holding A/S and Stibo Ejendomme A/S (chairman)
- Per og Lise Aarsleffs Fond (chairman)
- Dansk Byggeri's export section (chairman)
- Dansk Projekteksport Netværk (chairman)
- egetæpper A/S (chairman).

Carsten Nygaard Knudsen (member of the board), born 1961, member of the board since January 2017. Carsten Nygaard Knudsen is up for re-election in 2021 and is regarded as being independent.

His yearly director's fee from Stibo-Fonden for the 2018/19 financial year amounts to DKK 60,000. Furthermore, his director's fee for Stibo Holding A/S amounts to DKK 60,000 for the 2018/19 financial year.

Carsten Nygaard Knudsen is managing director of Søgaarden Sjælsø ApS and holds an MBA, a Graduate Diploma in Business Administration and has taken several international management courses. Carsten Nygaard Knudsen was CEO of Esko bvba until December 2014.

He was Group CFO for ISS A/S from 2000 till 2003. He started his career with AP Møller/Maersk where he held various positions during his 13 years with the company.

Other directorships:

- Stibo Holding A/S and Stibo Ejendomme A/S (board member)
- Lyngsoe Systems A/S and Lyngsoe Systems Holding A/S (board member)
- GSV Holding A/S and GSV Materiel Udlejning A/S (chairman)
- Glunz Jensen A/S, Glunz Jensen Holding A/S and Selandia Park A/S (chairman)
- Dane TopCo ApS (DEAS A/S) (chairman)
- Black TopCo ApS (Covidence A/S) (chairman)
- Languagewire A/S and Languagewire Holding A/S (board member)
- Tresu A/S, Tresu Investment A/S, Tresu Group Holding A/S, Tresu Investment Holding A/S (chairman).

Management's review

Operating review

Jakob Røddik (board member), born 1975, member of the board since January 2018. Jakob Røddik is up for re-election in 2022 and is regarded as being independent.

His yearly director's fee from Stibo-Fonden for the 2018/19 financial year amounts to DKK 60,000. Furthermore, his director's fee for Stibo Holding A/S amounts to DKK 60,000 for the 2018/19 financial year.

Jakob Røddik is a lawyer and Group General Counsel and Head of Group Legal & Property Development of the Salling Group. Jakob Røddik previously worked as a lawyer at the law firm Plesner Advokatpartnerselskab, law firm Gorrissen Federspiel and A.P. Møller-Mærsk A/S.

Other directorships:

- Stibo Holding A/S and Stibo Ejendomme A/S (board member)
- Købmand Ferdinand Sallings Mindefond (board member)
- Salling Group Forsikring A/S (chairman)
- Salling Group Ejendomme A/S (board member)
- Dansk Retursystem A/S (board member).

Per Asmussen (board member), born 1960, member of the board since January 2019. Per Asmussen is up for re-election in 2023 and is regarded as being independent.

His yearly director's fee from Stibo-Fonden for the 2018/19 financial year amounts to DKK 5,000. Furthermore, his director's fee for Stibo Holding A/S amounts to DKK 5,000 for the 2018/19 financial year.

Per Asmussen is former CEO of Kamstrup A/S and he has held various managerial posts in Alstom, Grundfos and APV. Per Asmussen holds a MSc. in Engineering and a BCom and has taken several international management courses. Experienced in strategic development and general management.

Other directorships:

Stibo Holding A/S and Stibo Ejendomme A/S (board member).

Company structure and activities

Stibo-Fonden's activities are performed via Stibo Holding A/S, which is a Holding-company, and the operating activities in the Stibo Group are performed in the wholly-owned subsidiaries Stibo Ejendomme A/S, Stibo Systems A/S, Stibo Complete A/S, CCI Europe A/S and underlying subsidiaries.

Stibo Holding's primary responsibility is to establish long-term strategies for the group entities and to establish a common approach for the ownership of the individual companies and for the Group's growth and acquisition strategies. Moreover, Stibo Holding is, in cooperation with external investment managers, responsible for the appropriate management of the Group's investments in securities in line with the Group's general conservative risk approach.

Stibo celebrated its 225 years anniversary on 3 January 2019 - a very impressive milestone, which they share with the former affiliated company Aarhus Stiftstidende. All group entities will celebrate the anniversary in the autumn of 2019.

The Company was founded in 1794 under the name Aarhus Stiftsbogtrykkerie. In 1966, the Group was converted into a commercial foundation as the owners wanted to ensure the future development and growth of the Group by means of an independent ownership structure.

Management's review

Operating review

Today, the Stibo Group operates within graphic production and development and sale of software solutions. Within software, Stibo Group works internationally with companies in Northern and Southern America, Europe, Australia and Asia. Today, the Group is one of Denmark largest privately-owned software companies. The Group's software companies are engaged in Master Data Management and Content Management solutions.

Through its ownership of Stibo Complete A/S, Stibo Group is market leader in Scandinavia within graphic production and participates actively in the industry consolidation, and in recent years, the company acquired Sörmlands Printing Solutions AB, Color Print A/S, Scanprint A/S, Greentech Rotaprint A/S, Skånsk Repro AB and Gigant Print AB AB.

Stibo Group is also co-owner of Inspari A/S, which primarily provides consultancy services within Business-Intelligence (BI), Artificial Intelligence (AI) and Internet of Things (IOT).

Development in the Group's business areas

Stibo Group has a strong platform that continuously requires that the business models be adjusted. Based on the launched initiatives, we expect to create a basis for future development and growth in revenue as well as in results of operation for the coming years. The Group comprises three wholly-owned companies that work within well-defined business areas, each with a clear strategy.

- Stibo Systems A/S has developed from manufacturing niche-based software that supports catalogue-publishing to developing and marketing software today that makes it possible to streamline and enhance the companies' data and strategic information. Stibo Systems A/S has a very strong position on the global market for Multi-Domain Master Data Management solutions (MDM) by combining consultancy services and software.
- Stibo Complete A/S started by printing telephone books. The Company's strong position from the past is the foundation for its present leading position in Scandinavia within printing of magazines, newspaper inserts, catalogues and advertisements. Within the past 12-18 months, the Company has also become a leading player within the sale of point-of-sales materials to the retail sector.
- Over the years, CCI Europe A/S has developed from graphic software developer for typesetting telephone books, newspapers and other publications to software developer that enables media groups and other publishing businesses all over the world to publish news, magazines and marketing materials. Services are provided smoothly and efficiently primarily to digital/electronic platforms, but also to printed channels.

Long-term business perspectives and an innovative mindset have driven the development of the various business areas over the years. The general approach was - and is - to utilise and develop the knowledge and expertise available within the Group. We are continuously developing these skills and translating our knowledge and expertise commercially, thereby creating the basis for identifying new business opportunities in a rapidly changing market with new demands. One of the reasons for the successful transformation of the various business areas is that foundation ownership allows us to work with long-term goals and investments.

Development in financial ratios

The Group reported a profit before tax of DKK 33 million against a profit the year before of DKK 48 million.

The global market for i.a. software companies is changing these years as the customers to a far higher extent prefer to subscribe software instead of buying a license that covers all future use. This means that the value of new agreements materialises in the financial statements over a period of years. Being a foundation, this global trend is a positive development for Stibo Group as it creates higher stable and recurring revenue. In the short run, the change-over to subscription models, however, implies that revenue as well as earnings are "pushed" into the future as a sale does not have immediate full accounting and liquidity effect, but is realised over a longer period.

Management's review

Operating review

Due to the above-mentioned market trend, profit for the year is lower than the profit for the 2017/18 financial year. However, if the profit is corrected for the effect of the change-over from the sale of software from perpetual (ownership) to subscription (lease), the profit for the year is significantly higher than last year.

Eliminating the accounting effect of the accrual of new agreements (owner or subscription) will provide a more true and fair view of the basis for comparison. Therefore, Stibo Group's software companies are now measured based on "market performance" (revenue from licenses and support +/-development in backlog of related orders) as well as "business performance" (profit/loss before interest +/- development in the backlog of license and support orders). Based on the financial ratios, CCI Europe A/S - and in particular Stibo Systems A/S with a "market performance" growth of 28% (DKK 564 million in 2018/19 against DKK 440 million in 2017/18 and a growth in business performance of 57% (DKK 137 million in 2018/19 against DKK 87 million in 2017/18) realised satisfactory results of operation in the 2018/19 financial year.

Stibo Complete A/S has strengthened its market position considerably in the past financial year, in particular in Sweden. Revenue and results of operation are up on the 2017/18 financial year, which is attributable to increasing new sales and continued optimisation as well as revenue and results of operation from the acquired Swedish company Gigant Print AB.

The profit for the 2018/19 financial year is not satisfactory; however, taking the above market conditions for CCI Europe A/S and Stibo Systems A/S into consideration, Management assesses that the profit for the year, order intake, backlog of orders and market and business performance are satisfactory.

Reference is made to the Management's reviews of the individual companies for a thorough description of the activities and results of operation of the individual subsidiaries. A brief update of the subsidiaries in the Stibo Group is provided below.

Outlook

Through its subsidiaries, Stibo Group has a strong market position within software and graphic production, and expectations regarding long-term revenue and earnings in the subsidiaries, and thereby also for the Group, are positive.

Compared with 2018/19, positive revenue and earnings growth is expected for 2019/20. Stibo Group expects to generate revenue of approx. DKK 1.9 billion and profit before tax in the range of DKK 35-45 million for the 2019/20 financial year. However, earnings expectations will, depend to some extent on sales under subscription agreements in the Group's software companies. If the changeover to sale under subscription agreements goes faster than anticipated, the Company's accounting profit may be weaker than expected. However, as described above, the financial ratios development in market and business performance provide a more true and fair financial ratio for the actual growth in our software activities. If these financial ratios show positive growth, our accounting results will also improve considerably in the long run.

We expect that Stibo Group will continue to acquire companies. The aim of acquisitions in the software companies is to expand the companies' product and solution platforms to provide the Group's customers with more products and services. The aim of acquisitions in the graphic business is to support the necessary consolidation of the Scandinavian market for printed matters and positioning within new and related business areas. It is a criterion that all new acquisitions must generate synergies with existing activities and that they contribute to the Group's earnings within a relatively short period of time.

Management's review

Operating review

Events after the balance sheet date

There were no events after the balance sheet date that significantly affect the financial report for 2018/19.

Update on subsidiaries owned by Stibo A/S

Stibo Systems A/S

Stibo Systems A/S develops supports and implements software solutions for Master Data Management.

Most software markets are undergoing significant changes in their business models in these years because software buyers are increasingly subscribing software instead of buying licenses for future use. This trend also applies to Stibo Systems A/S' market for Master Data Management.

In the financial year, Stibo Systems A/S realised an order intake increase of 24% for licenses compared to last year. Due to the increased number of licenses on a subscription basis, a considerable part of the order intake will not have accounting effect. This means that despite an increase of approx. DKK 50 million in business performance (defined as profit before interest +/- growth in orders) compared with the 2017/18 financial year, the Company realises a profit before tax of DKK 11 million, which is DKK 34 million lower than the profit before tax for 2017/18.

On the other hand, the orders under subscription and support agreements increased by approx. DKK 133 million since the beginning of the 2018/19 financial year and expectations for the future growth in revenue and earnings development are positive. Therefore, the Company is making heavy investments in further product innovation and sale and marketing.

Stibo Systems A/S expects to further increase its business performance next year, and moreover, expects to report a profit before tax of DKK 20-25 million. The latter may, however, change significantly if the share of license sales under subscription agreements changes considerably in relation to the Company's expectations.

Key figures for 2018/19 compared with 2017/18

Revenue	DKK 654 million (DKK 608 million in 2017/18)
Profit before tax	DKK 11 million (DKK 45 million in 2017/18)
Equity	DKK 249 million (DKK 275 million in 2017/18)
Number of employees	467 (439 in 2017/18)

CCI Europe A/S

CCI Europe A/S develops, supports and implements software solutions within Content Management - primarily the media industry.

CCI Europe A/S realised the highest order intake in the past ten years in the 2018/19 financial year, and starts the new financial year with the highest backlog of orders for many years.

CCI Europe A/S realises a profit just under DKK 11 million before tax, which is slightly below the profit in the 2017/18 financial year. The Company expects to report a profit before tax of DKK 15-20 million in the 2019/20 financial year.

Management's review

Operating review

CCI Europe A/S acquired all the shares in the German company Digital Collections GmbH at the end of the financial year. Digital Collections develops, supports and implements software to Digital Asset Management (DAM) solutions, and the company has a very strong market position on the German market, which is also one of CCI Europe A/S' most important markets. Expectations are that considerable synergies can be achieved between Digital Collections and CCI Europe A/S.

CCI Europe A/S invests considerable resources in creating solutions for new customer segments, and as part of this work, the Company also looks for potential acquisitions which can strengthen the Company's capabilities for existing as well as new customers.

Key figures for 2018/19 compared with 2017/18

Revenue	DKK 157 million (DKK 161 million in 2017/18)
Profit before tax	DKK 11 million (DKK 14 million in 2017/18)
Equity	DKK 86 million (DKK 84 million in 2017/18)
Number of employees	159 (170 in 2017/18)

Stibo Complete A/S

Stibo Complete A/S produces and sells physical marketing materials such as marketing materials, magazines, catalogues and point-of-sales materials, etc. to customers in Scandinavia.

The demand for marketing materials, magazines and catalogues is and has been decreasing, and consequently, Stibo Complete A/S has for several years pursued the strategy to contribute to a consolidation of the market through acquisitions of printing houses in Scandinavia and to streamline and adjust production to the decreasing demand. At the beginning of the 2018/19 financial year, Stibo Complete A/S acquired the shares in the Swedish company Gigant Print AB. The acquisition was made to further strengthen the Company's position within point-of-sales solutions and has proven a success as Gigant Print AB has increased its earnings compared with 2017/18 by utilising synergies with Stibo Complete A/S.

Stibo Complete A/S expects the negative market development to continue, and therefore the Company will continue to participate in the consolidation process and will continue to invest in the establishment of a broader product range which can be sold to new as well as existing customers. In this connection, Stibo Complete A/S focuses on digital marketing solutions that can be combined with physical marketing solutions.

In the 2018/19 financial statements, Stibo Complete A/S realised results of operations that are up on the 2017/18 financial year, and for the 2019/20 financial year the company expects to realise revenue of approx. DKK 1 billion and profit before tax of approx. DKK 10 million.

Key figures for 2018/19 compared with 2017/18

Revenue	DKK 1,026 million (2017/18: DKK 938 million)
Profit before tax	DKK 7 million (2017/18: DKK -11 million)
EBITDA	DKK 69 million (2017/18: DKK 58 million)
Equity	DKK 283 million (2017/18: DKK 278 million)
Number of employees	505 (420 in 2017/18)

Management's review

Operating review

Special risks for Stibo Group

Currency risks

The Group is exposed to changes in exchange rates as most of the Group's revenue is settled in foreign currencies. Due to its global structure, Stibo Group has a degree of natural currency hedging in the form of costs in the countries in which the Group operates. Net positions between payments made and received in foreign currencies are hedged if this makes financial sense.

Interest rate risks

Due to its solvency and financial resources, the Group is only to a limited extent exposed to interest rate changes.

Credit risks

Before starting a co-operation with new customers, the customer's financial situation is assessed, and if deemed relevant and possible, credit risks are hedged via insurance with credit insurance companies.

By means of on account invoicing in line with the progress of the work, the Group reduces its credit risk in the software companies.

Corporate social responsibility statement, see section 99a of the Danish Financial Statements Act

Stibo-Fonden, has no significant activities other than holding shares in group entities.

The Foundation has therefore not identified any areas in the value chain within corporate social responsibility that significantly affect the Foundation or the external environment. All corporate social responsibility risks relate to the subsidiaries, and therefore, the Foundation has not adopted any policies for corporate social responsibility, or environmental, climate and social and staff matters, human rights or anti-corruption. Based on an analysis of materiality, no matters were identified where the Foundation has a major negative effect in areas as part of the Foundation's strategy and activities. Consequently, no separate corporate social responsibility report has been prepared.

The subsidiaries' corporate social responsibility reports are published in the respective financial statements of:

- CCI Europe A/S
- Stibo Complete A/S
- Stibo Systems A/S.

Goals and policies for the underrepresented gender in the Foundation's Board of Directors, see section 99b of the Danish Financial Statements Act

Target number for female members on the Board of Directors

Specific professional and personal skills, qualifications and experience are focal points when appointing new candidates for Stibo-Fonden's Board of Directors. The Foundation believes that a diverse and versatile composition of the board, including the gender distribution, contributes to an innovative organization and a positive working climate. The Foundation has the objective of extending, as far as possible, the number of women on the board.

Stibo-Fonden's goal is that at least one board member must be a woman by 2025 (25%). The status in 2019 is that the board consists of four members. Since no qualified female candidates were identified in 2018/19, none of the members of the board of Stibo-Fonden are women.

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Income statement

		Group		Parent Foundation	
Note	DKK'000	2018/19	2017/18	2018/19	2017/18
2	**Revenue**	1,837,614	1,706,821	0	0
	Changes in inventories of work in progress	231	26	0	0
3	Other operating income	36,754	32,679	0	0
		1,874,599	1,739,526	0	0
	Raw materials and consumables	-668,434	-637,674	0	0
	Other external expenses	-281,623	-240,705	-396	-274
	Gross profit	924,542	861,147	-396	-274
4	Staff costs	-825,504	-732,276	-363	-383
5	Depreciation, amortisation and impairment losses	-71,167	-66,326	0	0
	Other operating expenses	-25	-101	0	0
	Operating profit/loss	27,846	62,444	-759	-657
12	Profit after tax in group entities	0	0	22,428	31,925
13	Loss after tax in associates	-1,415	-2,481	0	0
7	Financial income	11,280	3,034	147	35
8	Financial expenses	-4,562	-15,405	-36	0
	Profit before tax	33,149	47,592	21,780	31,303
9	Tax for the year	-9,979	-14,765	0	0
	Profit for the year	23,170	32,827	21,780	31,303

Broken down as follows:		
Stibo-Fonden	21,780	31,303
Non-controlling interests	1,390	1,524
	23,170	32,827

Recommended distribution of profit/loss

DKK'000		
Distributions made in the year		
Grants according to deed of gift from the founders	624	616
Donations	1,707	2,306
	2,331	2,922
Hereof used distribution limit	-2,331	-2,922
Transferred to the distribution limit	2,331	3,922
Transferred to net revaluation reserve according to the equity method	22,428	27,925
Retained earnings	-2,979	-544
	21,780	31,303

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Balance sheet

Note	DKK'000	Group 30 April 2019	Group 30 April 2018	Parent Foundation 30 April 2019	Parent Foundation 30 April 2018
	ASSETS				
	Fixed assets				
10	**Intangible assets**				
	Goodwill	27,956	0	0	0
	Other intangible assets	14,345	5,038	0	0
		42,301	5,038	0	0
11	**Property, plant and equipment**				
	Land and buildings	165,073	154,492	0	0
	Plant and machinery	139,342	179,503	0	0
	Fixtures and fittings, tools and equipment	15,872	12,883	0	0
		320,287	346,878	0	0
	Investments				
12	Investments in group entities	0	0	958,839	939,896
13	Investments in associates	14,614	18,149	0	0
	Deposits	15,775	12,037	0	0
		30,389	30,186	958,839	939,896
	Total fixed assets	392,977	382,102	958,839	939,896
	Current assets				
	Inventories				
	Raw materials and consumables	58,222	50,118	0	0
	Work in progress	10,879	10,648	0	0
		69,101	60,766	0	0
	Receivables				
	Trade receivables	302,203	337,816	0	0
14	Contract work in progress	8,839	5,965	0	0
	Receivables from group entities	0	0	10,119	0
16	Deferred tax asset	1,528	3,421	0	0
	Corporation tax	7,225	1,169	0	0
	Other receivables	38,270	14,791	21	23
	Prepayments	39,843	22,656	415	415
		397,908	385,818	10,555	438
	Securities	307,759	4,043	0	0
	Cash	336,949	627,079	4,007	12,483
	Total current assets	1,111,717	1,077,706	14,562	12,921
	TOTAL ASSETS	1,504,694	1,459,808	973,401	952,817

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Balance sheet

		Group		Parent Foundation	
Note	DKK'000	30 April 2019	30 April 2018	30 April 2019	30 April 2018
	EQUITY AND LIABILITIES				
15	**Equity**				
	Contributed capital	50,000	50,000	50,000	50,000
	Reserve for net revaluation acc. to the equity method	0	0	907,839	888,896
	Retained earnings	917,663	897,199	9,824	8,303
	Grants reserve	4,000	4,000	4,000	4,000
	Stibo-Fonden's share of equity	971,663	951,199	971,663	951,199
	Non-controlling interests	6,840	5,297	0	0
	Total equity	978,503	956,496	971,663	951,199
	Provisions				
16	Deferred tax	19,383	19,541	0	0
	Total provisions	19,383	19,541	0	0
	Liabilities				
17	**Non-current liabilities other than provisions**				
	Mortgage debt	74,317	78,360	0	0
	Mortgage credit institutions (lease liabilities)	2,005	0	0	0
	Other payables	15,396	0	0	0
		91,718	78,360	0	0
	Current liabilities other than provisions				
	Current portion of non-current liabilities	5,968	13,730	0	0
14	Prepayments from customers	201,902	200,149	0	0
	Trade payables	37,444	35,536	0	0
	Corporation tax	4,042	5,954	0	0
	Other payables	165,734	150,042	1,738	1,618
		415,090	405,411	1,738	1,618
	Total liabilities	506,808	483,771	1,738	1,618
	TOTAL EQUITY AND LIABILITIES	1,504,694	1,459,808	973,401	952,817

1 Accounting policies
6 Fees paid to auditors appointed at the annual general meeting
18 Charges, collateral and contingent liabilities
19 Rental and lease commitments
20 Currency risks and use of derivative financial instruments
21 Related parties

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Statement of changes in equity

Group

DKK'000	Stibo-Fonden					
	Contri-buted capital	Retained earnings	Distribu-tion limit	Total	Non-controlling interests	Total equity
Equity at 1 May 2017	50,000	876,523	3,000	929,523	3,773	933,296
Profit for the year	0	27,381	3,922	31,303	1,524	32,827
Exchange rate adjustments resulting from translation of foreign entities	0	-9,294	0	-9,294	0	-9,294
Value adjustments for the year of hedging instruments	0	2,589	0	2,589	0	2,589
Distributed dividend	0	0	-2,922	-2,922	0	-2,922
Equity at 30 April 2018	50,000	897,199	4,000	951,199	5,297	956,496
Profit for the year	0	19,449	2,331	21,780	1,390	23,170
Exchange rate adjustments resulting from translation of foreign entities	0	3,323	0	3,323	-1	3,322
Value adjustments for the year of hedging instruments	0	-2,319	0	-2,319	0	-2,319
Additions related to acquisitions	0	0	0	0	172	172
Changed ownership interest, non-controlling interest	0	11	0	11	-18	-7
Distributions made in the year	0	0	-2,331	-2,331	0	-2,331
Equity at 30 April 2019	50,000	917,663	4,000	971,663	6,840	978,503

Parent Foundation

DKK'000	Contri-buted capital	Retained earnings	Net revalua-tion according to the equity method	Distribu-tion limit	Total
Equity at 1 May 2017	50,000	8,847	867,676	3,000	929,523
Transferred, see distribution of profit	0	-544	27,925	3,922	31,303
Exchange rate adjustments resulting from translation of foreign entities	0	0	-9,294	0	-9,294
Value adjustments for the year of hedging instruments	0	0	2,589	0	2,589
Distributions made in the year	0	0	0	-2,922	-2,922
Equity at 30 April 2018	50,000	8,303	888,896	4,000	951,199
Transferred, see distribution of profit	0	-2,979	22,428	2,331	21,780
Exchange rate adjustments resulting from translation of foreign entities	0	0	3,323	0	3,323
Value adjustments for the year of hedging instruments	0	0	-2,319	0	-2,319
Changed ownership interest, non-controlling interest	0	0	11	0	11
Dividend distributed	0	4,500	-4,500	0	0
Distributions made in the year	0	0	0	-2,331	-2,331
Equity at 30 April 2019	50,000	9,824	907,839	4,000	971,663

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Cash flow statement

Note	DKK'000	Group 2018/19	Group 2017/18
	Operating profit/loss	27,846	62,444
	Adjustment for non-cash operating items, etc.:		
5	Depreciation, amortisation and impairment losses	66,124	62,179
	Adjustment of profits on the sale of non-current assets	-8,210	-4,529
	Provisions	0	-11,310
	Cash generated from operations before changes in working capital	85,760	108,784
	Changes in working capital	9,079	557
	Cash generated from operations (operating activities)	94,839	109,341
7	Financial income, paid	5,770	2,846
8	Financial expenses, paid	-4,562	-14,730
	Other adjustments	-308	-2,642
	Cash generated from operations (ordinary activities)	95,739	94,815
	Corporation tax paid	-21,123	-18,661
	Cash flows from operating activities	74,616	76,154
11	Acquisition of property, plant and equipment	-14,798	-29,194
	Sale of property, plant and equipment	5,802	7,605
	Dividends from associates	2,120	1,120
	Changes in non-current receivables	-138	-194
	Purchase of securities	-304,900	0
	Sale of securities	4,338	0
	Realized capital gain	2,356	0
	Acquisition of entities	-33,069	0
	Acquisition of non-controlling interest	-7	0
	Cash flows from investing activities	-338,296	-20,663
	Changes in non-current liabilities	-28,542	-12,457
	Grants and donations paid	-2,149	-1,639
	Cash flows from financing activities	-30,691	-14,096
	Cash flows for the year	-294,371	41,395
	Cash and cash equivalents, beginning of year	627,079	590,654
	Exchange rate adjustments on cash	4,241	-4,970
	Cash and cash equivalents, year end	336,949	627,079

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent foundation financial statements.

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

1 **Accounting policies**

The annual report of Stibo-Fonden for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the parent foundation, and subsidiaries in which Stibo-Fonden – directly or indirectly – holds more than 50 % of the voting rights or otherwise has a controlling interest.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date. Newly acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

Gains or losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including unamortised goodwill, and anticipated disposal costs.

Acquisitions of entities are accounted for using the acquisition method according to which the acquired entities' identifiable assets and liabilities are measured at fair value at the acquisition date.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition.

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.

Non-controlling interests

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated at the exchange rates at the transaction date, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to closing rates are taken directly to equity. Foreign exchange adjustments which are considered part of the net investment in foreign operations with another functional currency than DKK are taken directly to equity. Correspondingly, foreign exchange gains and losses on the portion of loans and derivative financial instruments which are designated as hedges of investments in foreign operations are taken to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised in other receivables or other payables and in equity. Income and expenses relating to such hedging transactions are transferred from equity on the realisation of the hedged item and recognised in the same accounting item as the hedged item.

Income statement

Revenue

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be measured reliably and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Contract work in progress upon the delivery of major systems is recognised in revenue as the work is performed. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method). Revenue is recognised when total income and expenses relating to the contract and the stage of completion at the balance sheet date can be measured reliably, and when it is probable that future economic benefits, including payments, will flow to the Group.

Changes in inventories of work in progress

Changes in inventories of work in progress include the changes in the year of inventories of finished goods and work in progress.

Other operating income

Other operating income comprises items secondary to the Group's activities.

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Raw materials and consumables

Raw materials and consumables include the year's purchase and the changes in the year of inventories of raw materials and consumables.

Other external expenses

Other external costs comprise cost for the year primary to the activities of the Group, including costs of premises, administrative expenses, sale, etc.

Staff costs

Staff costs comprise wages and salaries, remuneration, pension and other staff costs regarding the Company's employees, including members of the Executive Board and the Board of Directors.

Development costs regarding new products are expensed as incurred. In practice, the development of new products cannot be differentiated from continuous maintenance of the Group's other products.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise depreciation for the year on property, plant and equipment, amortisation of intangible assets and impairment losses.

Profit/loss from investments in group entities and associates

The proportionate share of the results after tax of the individual group entities is recognised in the Parent Foundation's income statement after full elimination of intra-group profits/losses and amortisation of goodwill.

The proportionate share of the results after tax of the associates is recognised in the income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Interest expenses are not capitalised.

Tax for the year

The Group is covered by the Danish rules on compulsory joint taxation of the Stibo Group's Danish companies. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Stibo Holding A/S is the administration company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

The current Danish corporation tax is allocated by settling the joint taxation contributions between the jointly taxed entities in proportion to their taxable income. Loss-making entities receive joint taxation contributions from entities which have been able to apply the loss to reduce their own taxable income.

Tax for the year comprises the year's current tax charge and changes in deferred tax. The tax expense is recognised in profit or loss. The portion attributable to changes in equity is recognised directly in equity.

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

1 Accounting policies (continued)

Balance sheet

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 10 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

Intangible assets

Other intangible assets include patents and rights acquired, etc.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful life of 5-10 years.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Buildings	10-40 years
Plant and machinery	3-15 years
Fixtures and fittings, tools and equipment	3-10 years

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. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

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 present value, 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 commitment 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 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 contingent liabilities, etc.

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

1 Accounting policies (continued)

Investments in group entities and associates

Investments in group entities and associates are measured according to the equity method.

Investments in group entities and associates are measured in the balance sheet at the proportionate share of the entities' net asset value according to the Parent Foundation's accounting policies minus or plus unrealised intra-group gains and losses.

Group entities and associates with a negative net asset value are measured at DKK 0, and any receivable is written down by the Parent Foundation's share of the negative net asset value insofar as it is considered irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the Parent Foundation has a legal or a constructive obligation to cover the subsidiary's deficit.

Net revaluation of investments in group entities and associates is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, manufacturing costs and production overheads.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected losses.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the total expected income from the relevant contract.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet as receivables or payables depending on the net value of the sales amount less on accounting invoicing and prepayments.

Selling costs and expenses incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Securities

Listed securities and investments recognised under current assets are measured at the fair value at the balance sheet date.

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

1 Accounting policies (continued)

Grants and donations

Committed grants and donations are recognised as a liability at the date when they have been decided and approved in accordance with the deed of the Foundation.

Corporation tax and deferred tax

Joint taxation contributions/corporation tax payable and receivable are recognised in the balance sheet under corporation tax.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Provisions

Provisions are made on an ongoing basis for unfunded pension obligations. The provision is made based on actuarial calculations.

The total expected loss on the contract work in progress is recognised when it is deemed likely that the total costs will exceed the total income from the work in progress.

Liabilities

Debt to mortgage credit institutions and banks are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

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

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise grants and donations, raising of loans and repayment of interest-bearing debt.

Cash and cash equivalents

Cash comprises cash funds.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Group's accounting policies, risks and internal financial management.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Profit margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on capital employed	$\frac{\text{Operating profit x 100}}{\text{Average operating assets}}$
Operating assets	Operating assets comprise total assets less cash and securities
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

2 Segment information

DKK'000	Group 2018/19	Group 2017/18
Revenue allocated on activities		
Stibo Complete Group	1,026,073	938,056
CCI Europe Group	157,237	161,170
Stibo Systems Group	654,304	607,595
	1,837,614	1,706,821
Geographical breakdown of revenue		
Denmark	436,353	435,351
Other Scandinavian countries	633,825	547,697
Rest of Europe	280,705	266,778
USA and Canada	375,298	360,318
Asia and rest of world	111,433	96,677
	1,837,614	1,706,821

3 Other operating income

The item mainly includes income on the sale of paper shredder, rental income as well as gains on the sale of property, plant and equipment.

4 Staff costs

	Group		Parent Foundation	
DKK'000	2018/19	2017/18	2018/19	2017/18
Wages and salaries	734,574	667,223	363	383
Reversed pension obligation	0	-10,682	0	0
Pensions	37,708	35,752	0	0
Other social security costs	53,222	39,983	0	0
	825,504	732,276	363	383
Average number of employees	1,177	1,068		

In the Group, remuneration of the Board of Directors total DKK 728 thousand (2017/18: DKK 903 thousand).

Staff costs in Stibo Parent Foundation primarily relate to directors' remuneration.

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

		Group		Parent Foundation	
	DKK'000	2018/19	2017/18	2018/19	2017/18
5	**Depreciation, amortisation and impairment losses**				
	Goodwill	1,757	0	0	0
	Other intangible assets	1,890	1,890	0	0
	Buildings	1,787	500	0	0
	Plant and machinery	54,554	53,487	0	0
	Fixtures and fittings, tools and equipment	6,136	6,302	0	0
		66,124	62,179	0	0
	Minor acquisitions	5,043	4,147	0	0
		71,167	66,326	0	0
6	**Fees paid to auditor appointed at the annual general meeting**				
	Total audit fees to Ernst & Young:				
	Statutory audit	1,643	1,343	13	13
	Other assurance engagements	4	0	0	0
	Fees for tax advisory services	790	727	0	0
	Non-audit services	655	850	21	21
		3,092	2,920	34	34
7	**Financial income**				
	Interest income from group entities	0	0	119	0
	Capital gain on securities, dividends, etc.	5,510	403	0	0
	Other financial income	5,770	2,631	28	35
		11,280	3,034	147	35
8	**Financial expenses**				
	Capital losses on securities	0	674	0	0
	Other financial expenses	4,562	14,731	36	0
		4,562	15,405	36	0
9	**Tax on profit for the year**				
	Current tax	14,718	17,293	0	0
	Deferred tax	-3,708	-2,122	0	0
	Adjustment of tax in respect of previous years	-1,031	-406	0	0
		9,979	14,765	0	0

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

10 Intangible assets

DKK'000	Group: Goodwill	Group: Other intangible assets
Cost at 1 May 2018	0	13,804
Additions related to acquisitions	30,243	11,197
Foreign exchange adjustments	-571	0
Cost at 30 April 2019	29,672	24,931
Amortisation at 1 May 2018	0	-8,766
Amortisation	-1,757	-1,890
Foreign exchange adjustments	41	0
Amortisation at 30 April 2019	-1,716	-10,586
Carrying amount at 30 April 2019	27,956	14,345
Amortised over	5-10 years	5-10 years

11 Property, plant and equipment

DKK'000	Group: Land and buildings	Group: Plant and machinery	Group: Fixtures and fittings, tools and equipment	Group: Total
Cost at 1 May 2018	220,925	619,010	132,884	972,819
Exchange rate adjustment relating to foreign entities	-424	-338	183	-579
Additions related to acquisitions	21,524	9,643	913	32,080
Additions	874	5,647	8,277	14,798
Disposals	-12,175	-13,738	-2,946	-28,859
Cost at 30 April 2019	230,724	620,224	139,311	990,259
Depreciation at 1 May 2018	-66,433	-439,507	-120,001	-625,941
Exchange rate adjustment relating to foreign entities	29	216	-106	139
Depreciation	-1,787	-54,554	-6,136	-62,477
Disposals	2,540	12,963	2,804	18,307
Depreciation at 30 April 2019	-65,651	-480,882	-123,439	-669,972
Carrying amount at 30 April 2019	165,073	139,342	15,872	320,287
Depreciated over	10-40 years	3-15 years	3-10 years	
Property, plant and equipment include assets held under finance leases totalling		3,682		

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

12 Investments in group entities

DKK'000	Parent Foundation 2018/19	Parent Foundation 2017/18
Cost at 1 May	3,700	3,700
Additions	0	0
Disposals	0	0
Cost at 30 April	3,700	3,700
Adjustments at 1 May	936,196	914,976
Dividend	-4,500	-4,000
Changed ownership interest, non-controlling interest	11	0
Exchange rate adjustment regarding foreign group entities	3,323	-9,294
Recognition of value adjustments of hedging instruments	-2,319	2,589
Profit after tax	22,428	31,925
Adjustments at 30 April	955,139	936,196
Carrying amount at 30 April	958,839	939,896

Name	Registered office	Ownership interest	Share capital	Equity	Profit after tax
			DKK'000	DKK'000	DKK'000
Stibo Holding A/S	Aarhus	100 %	25,000	958,839	22,428

13 Investments in associates

DKK'000	Group 2018/19	Group 2017/18
Cost at 1 May	29,020	29,020
Additions	0	0
Cost at 30 April	29,020	29,020
Adjustments at 1 May	-13,201	-9,600
Dividend	-2,120	-1,120
Loss for the year after tax	-1,415	-2,481
Adjustments at 30 April	-16,736	-13,201
Carrying amount at 30 April	12,284	15,819
Transferred for set-off against receivables, etc.	2,330	2,330
Investments in associates	14,614	18,149
Hereof goodwill	9,976	14,581

Name	Registered office	Ownership interest at 30 April 2019
Inspari A/S	Denmark	40 %
CCI Sourcing	India	50 %

Consolidated financial statements and parent foundation financial statements 1 May - 30 April

Notes

14 Contract work in progress

	Group	
DKK'000	2018/19	2017/18
Recognised as:		
Contract work in progress	8,839	5,965
Prepayments	-201,902	-200,149
	-193,063	-194,184

15 Equity

Recommended distribution of profit

	Parent Foundation	
DKK'000	2018/19	2017/18
Distributions made in the year		
Grants according to deed of gift from the founders	624	616
Donations	1,707	2,306
	2,331	2,922
Hereof used distribution limit	-2,331	-2,922
Transferred to the distribution limit	2,331	3,922
Transferred to net revaluation reserve according to the equity method	22,428	27,925
Retained earnings	-2,979	-544
	21,780	31,303

16 Deferred tax asset/liability

	Group	
DKK'000	2018/19	2017/18
Deferred tax at 1 May	-16,120	-17,321
Additions related to acquisitions	-6,093	0
Value adjustments for the year	195	-198
Adjustment of tax in respect of previous years	-200	0
Changes in the year, see note 9	3,708	2,122
Changes in the year re. equity adjustments	655	-723
Deferred tax at 30 April	-17,855	-16,120
Deferred tax asset	1,528	3,421
Deferred tax liabilities	-19,383	-19,541
	-17,855	-16,120

17 Non-current liabilities other than provisions

The Group's non-current liabilities comprise mortgage loans, lease commitments and deferred payments related to acquisitions. Instalments falling due within five years total DKK 38.6 million (30 April 2018: DKK 30.0 million).

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

18 Charges, collateral and contingent liabilities

Land and buildings with a carrying amount of DKK 154.0 million at 30 April 2019 have been provided as collateral for debt to mortgage credit institutions of DKK 78.6 million.

19 Rental and lease commitments

Group

The Company has rental commitments totalling DKK 284.1 million with a term of 1-11 years (30 April 2018: DKK 195.3 million).

Lease commitments (operating leases) fall due within 7 years at an amount of DKK 24.3 million (30 April 2018: DKK 13.2 million).

20 Currency risks and use of derivative financial instruments

Recognised transactions

At 30 April 2019, the Group has not entered into any forward exchange contracts.

21 Related parties

Parent Foundation

The Foundation's related parties include the Board of Directors as well as the Stibo Holding Group. There were no other related party transactions other than directors' remuneration to the Board of Directors (DKK 363 thousand) as well as dividend distribution from Stibo Holding A/S (DKK 4,500 thousand) and Granted loan (DKK 10,000 thousand) with accrual of interest (DKK 119 thousand).

Consolidated financial statements and parent foundation financial statements 1 May – 30 April

Notes

21 Related parties (continued)

Group structure