



BabySam

Group

Annual report 2017/18



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Company details

BASA HOLDING A/S

Name BaSa Holding A/S
Address, postal code, city Nyholms Allé 3, 1, 2610 Rødovre, Denmark

CVR no. 35 20 43 69
Founded 22 March 2013
Municipality of registered office Rødovre
Financial year 1 October – 30 September

Website www.babysam.dk
Tel. +45 70 11 30 10

BOARD OF DIRECTORS

Sanna Mari Suvanto-Harsaae, Chairman
Karl Tommy Wikström
Peter Jalsøe
Niels-Christian Worning
Johan Gustaf Olof Bjurström
Jan Johan Kühl

EXECUTIVE BOARD

Kenneth Willenbrack Nørgaard
Reto Utiger Sørensen

AUDITORS

Ernst & Young Godkendt Revisionspartnerselskab
Osvold Helmuhs Vej 4
P.O. Box 250
2000 Frederiksberg
Denmark

Letter from Management

BabySam continues positive growth trajectory and grows revenue across sales channels.

BabySam's growth trend and favourable overall development continued unabated in financial year 2017/18. Generating solid growth in both revenue and profit, we met our financial targets in the past financial year.

Our employees are our most important asset. Day in and day out, they work extremely hard to make sure our stores – our physical stores as well as our webshop – always stand ready to offer the latest product news and the market's premier product range, while at the same time providing excellent service to the high professional standards for which BabySam is renowned. Thanks to their efforts, our customers feel guided, safe and satisfied – and a little more comfortable having become a parent or a grandparent or being the friend of either.

BabySam further expanded its market share in the past year – at a time of modest growth in the number of births and limited overall market growth. In that light, we are very pleased to note that we grew revenue significantly from our stores, from institutional sales and, not least, from our webshop. Overall revenue was up by 5%.

The growth reported by our stores was partially attributable to our increased focus on upgrading the retail network by

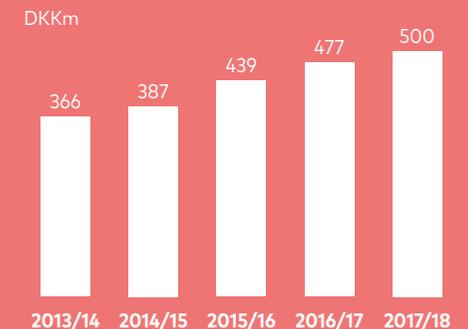
means of refurbishment, relocation and the establishment of entirely new stores. The main contributor, however, was our relentless focus on providing the market's premier customer service and advice. Refurbished stores incorporating the new 2.0 concept reported strong growth in revenue and earnings per square meter. Overall, BabySam enjoys a historically strong market position.

We will continue our digital transformation while remaining focused on our customers. In that context, we introduced "My BabySam", allowing customers to track their orders and purchases online. When the replacement of our in-store and ERP system is completed in early 2019, BabySam will be 100% omnichannel-driven with a *single view of customer*. This will give all of our customers the same experience, whether they shop in our stores or online.

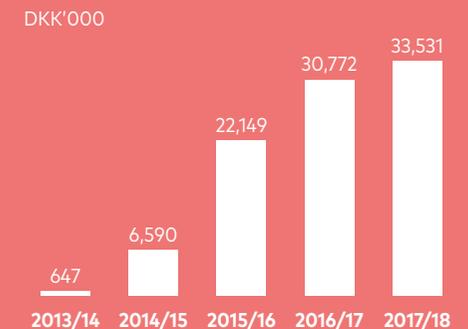
Based on demographic developments, we expect the birth rate to continue its upward trend in the years ahead. We are confident that our strategy, substantial investments in digital services, new products and the customer focus of our talented and dedicated employees will combine to strengthen our position even further over the coming years.

We are anticipating growth in both revenue and operating profit in financial year 2018/19.

BABYSAM REVENUE



BABYSAM NORMALISED EBITDA



BabySam at a glance

OWNERSHIP OF BABYSAM A/S

100%

owned by BaSa Holding A/S

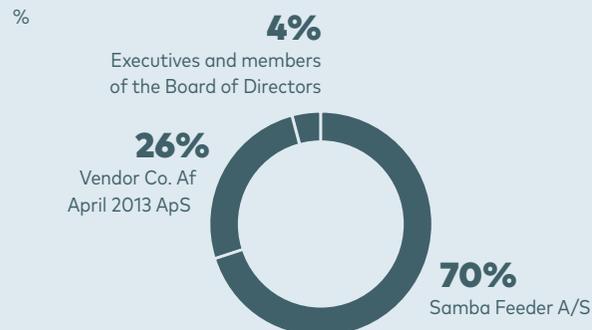
OWNERSHIP STRUCTURE

BabySam A/S is wholly-owned by BaSa Holding A/S, which in turn is owned by Samba Feeder A/S (70%) and Vendor Co. Af April 2013 ApS (26%). The remaining shares are owned by executives and members of the Board of Directors.

Samba Feeder A/S is owned by Polaris Private Equity and AAC Capital Partners.

Polaris is a member of the Danish Venture Capital and Private Equity Association (DVCA) and, as such, endorses the DVCA's guidelines. For more information, see www.DVCA.dk.

OWNERSHIP OF BASA HOLDING A/S



NUMBER OF STORES

33

across Denmark plus a webshop

CORE GROUP ACTIVITIES

The parent company's primary activity is to act as the parent company of the BabySam Group, which operates a chain of stores selling and renting out baby equipment and selling mother and child products. In addition, BabySam operates a webshop, www.babysam.dk, which allows customers to shop baby equipment at all hours.

BabySam imports a considerable share of its range of baby products and owns Odder Barnevognsfabrik, which produces prams for the Danish market.

Part of BabySam's revenue stems from sales to municipal and private day care institutions in Denmark.

SHARE OF WOMEN IN EXECUTIVE POSITIONS

55%

The share of men on the Executive Board remains 100%

REPORT ON GENDER COMPOSITION OF MANAGEMENT

The chair of the Board of Directors is a woman, while the other five members are men. Candidates for the Board of Directors are assessed based on the same criteria – regardless of their gender. Candidates are first and foremost selected based on their qualifications, and the Board of Directors is committed to providing women and men seeking election with equal opportunities. The company originally pursued a 50/50 gender composition in 2018. However, for the sake of ensuring Board continuity, this target has been suspended for the short term. While this means that the target was not met in 2018, our target of a 50/50 gender composition by 2022 remains intact.

Being a holding company, BaSa Holding A/S has no layers of management other than the Executive Board and the Board of Directors.

The day-to-day management consists of the Executive Board, key function managers and store managers. According to company policy, all executive positions are to be filled by the best-qualified candidate. At the same time, efforts are being made to improve gender equality at executive level and, as far as possible, at least one of each gender will be among the three last candidates for executive positions.

In the past financial year, the ratio of women in executive positions remained unchanged at about 55%. The gender composition of the Executive Board was also unchanged with both members being men.

FOUNDED IN**2008****BabySam originally consisted of a number of independent stores****HISTORY**

Before BabySam was joined in a capital chain, it consisted of a number of independent stores. These stores were typically family-owned and driven by the owner's passion for baby equipment. In 2008, the stores were brought together under the common name of BabySam and, through acquisitions, under joint ownership by Polaris and AAC. This ownership structure remains intact today.

BabySam now consists of 33 stores across Denmark. From our headquarters in Rødovre near Copenhagen, the stores are run as one combined chain. BabySam also has its own webshop, BabySam.dk, which, in addition to an easy and convenient shopping platform, provides customers with information about BabySam, good stories and tips and a location service guiding customers to the nearest BabySam store.

BabySam also owns Odder Barnevognsfabrik. This company has manufactured quality prams for Danish children for more than 90 years, and its products are among the most popular in Denmark. BabySam is the exclusive distributor of the Odder pram brand.

In addition, BabySam carries on B2B sales and is a leading supplier to public institutions and the day care sector.

NUMBER OF EMPLOYEES**282****12 more than at the same time last year****BABYSAM'S EMPLOYEES**

One of the keys to our success is the honest and professional advice we provide, and we are honoured by the trust shown by our customers. We owe this trust entirely to our dedicated employees, their interest in our customers and their high professional standards. Accordingly, training, development and regular customer satisfaction surveys are essential parts of our DNA.

At BabySam we make a point of rewarding our employees for their talent and dedication. Most of our store managers have been recruited through in-house training and promotion programmes. This ensures continuity, stability and a consistently high level of professional expertise and advice. We encourage our employees to grow their skills throughout their career with us, and we prefer to recruit from within our own ranks when filling executive positions. Again in 2017/18, we filled a substantial share of our executive vacancies with in-house candidates. We are proud of this succession and expect to be able to continue it.

BabySam's Management and core functions are based in the Copenhagen suburb of Rødovre. At 30 September 2018, we had 282 employees, an increase of 12 compared with the same time last year.

NUMBER OF BRANDS**>250****Including Odder, Holly's, BeKids and Scandia****BABYSAM'S PRODUCTS**

BabySam carries a market-leading product range of leading international and Danish brands and a strong portfolio of own brands, including Odder, Holly's, BeKids and Scandia.

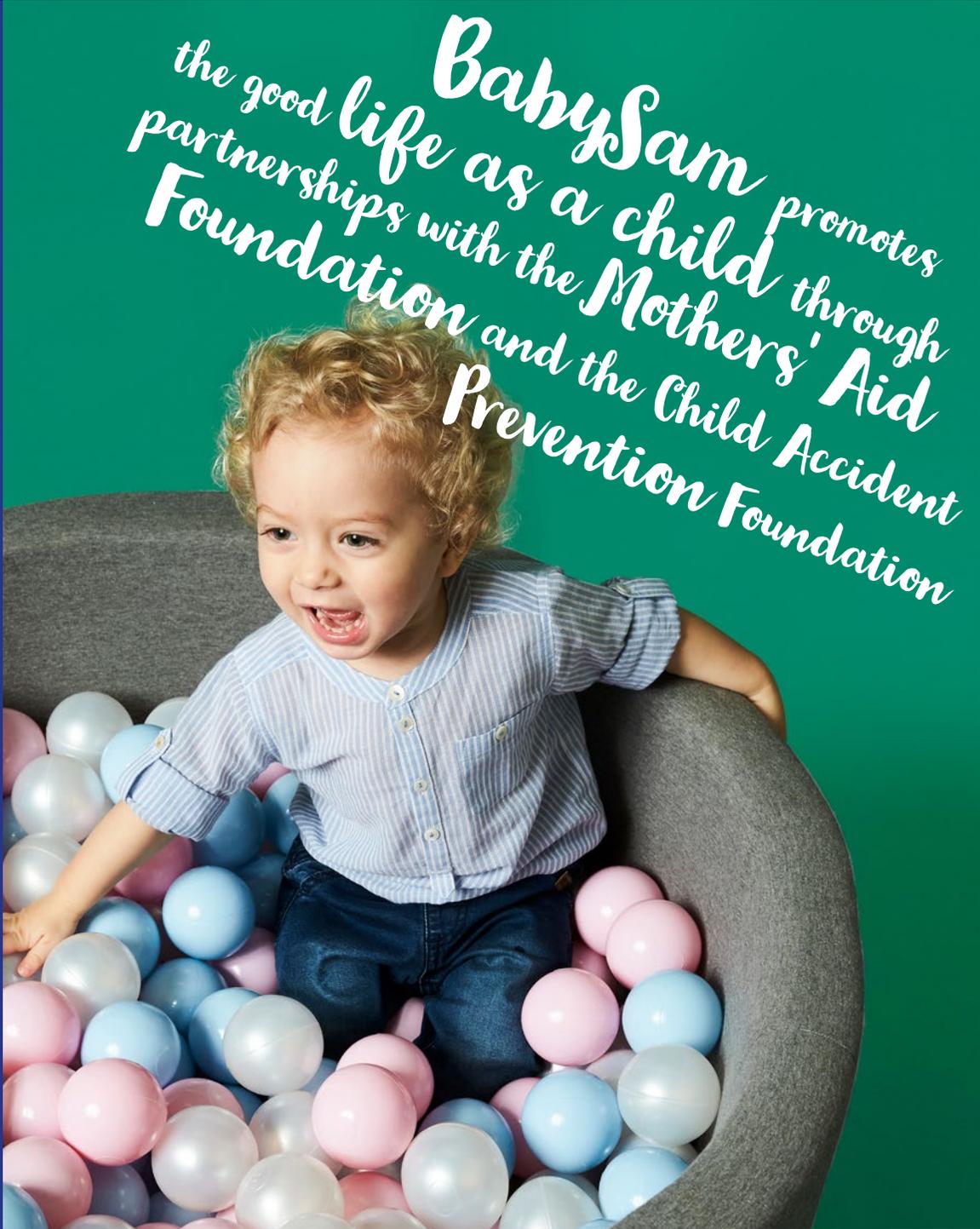
*At BabySam we make
a point of rewarding
our employees for their talent
and dedication*

Financial highlights

DKK'000	2017/18	2016/17	2015/16	2014/15	2013/14
Key figures					
Revenue	499,506	476,928	439,380	386,760	365,827
Gross profit	129,246	128,647	113,399	95,156	92,037
Normalised EBITDA	33,531	30,772	22,149	6,590	647
Operating profit/loss	16,480	20,000	10,449	-955	-2,226
Profit/loss for the year	11,673	32,436	24,634	3,525	-1,335
Non-current assets	63,949	49,877	43,406	34,665	37,624
Current assets	197,648	191,968	159,894	130,860	111,978
Total assets (balance sheet total)	261,597	241,847	203,300	165,525	149,602
Investments in property, plant and equipment	11,924	11,802	9,503	3,101	4,529
Share capital	2,593	2,593	2,593	2,528	2,528
Equity	151,807	140,134	107,698	82,389	78,864
Net cash and cash equivalents	62,356	59,965	48,752	34,453	22,072
Financial ratios					
Operating margin	3.3%	4.2%	2.4%	-0.2%	-0.4%
Return on invested capital	11.2%	15.9%	10.7%	-1.1%	-2.7%
Gross margin	27.4%	27.0%	25.8%	24.6%	25.2%
Equity ratio	58.0%	57.9%	53.0%	49.8%	52.7%
Return on equity	8.0%	26.2%	25.9%	4.4%	-1.7%
Average number of full-time employees	275	270	259	257	278

See "Accounting policies" for terms and definitions.

The year under review



Highlights of the year

In 2017/18, BabySam grew revenue to DKK 500 million, a 5% increase compared with the year before that was attributable to higher sales across the business, i.e. the stores, the webshop and B2B. This translated into normalised EBITDA of DKK 34 million, an increase of 9%.

BabySam won market share in the past year with growth driven by a higher level of activity in stores in combination with more than 29% growth in online sales. As a result of the growing online sales, the share of Click & Collect online orders grew to more than 50%. This led to more traffic to BabySam's retail stores, a strong manifestation of BabySam's omnichannel strategy.

BabySam continued to optimise the company's stores by way of modernisation and new store openings, which contributed to the positive performance. Going forward, focus will be on further optimising locations and aligning them with the shopping patterns of our customers.

BabySam's webshop made further headway in the past financial year and combined with the physical stores to produce a more integrated shopping experience. The webshop is a great help to parents with small children and grandparents who have trouble finding the time for both childcare and shopping or just prefer shopping online, independently of store opening hours.

BabySam also generated substantial growth in sales to professional customers, which primarily comprise municipalities and the day care segment. For this market, BabySam offers special Odder models, bicycles, furniture and a select range of baby textiles and toys. Following last year's strong performance, B2B sales showed very satisfactory growth, at 10%, also in 2017/18. Thanks to our active interaction with municipalities to expand the customised product range, we expect to sustain momentum in the years ahead.

In the past financial year, BabySam's Management remained focused on executing the Group's forward-looking strategy, continuing the favourable commercial performance and optimising the store structure.

2017/18 HIGHLIGHTS

- ◆ BabySam launched a new online trading platform.
- ◆ The comprehensive store optimisation programme continued. New stores were established in Rødovre Centrum (City concept), Horsens and Sønderborg. The Amager store was refurbished in keeping with the latest concept.
- ◆ BabySam launched Denmark's first trainee programme focused on the baby products industry.
- ◆ The two high-performance brands Babyjogger and Bobles were rolled out to all stores.
- ◆ As expected, the BabySam credit card introduced last year, which offers the holder up to 24 months' interest- and fee-free credit, has been a great success with credits exceeding DKK 11 million at 30 September 2018. This card is an add-on to the services intended to make parenthood easier and less worrisome for our customers.
- ◆ The *Book an Adviser* concept, which offers focused, personalised guidance, was relaunched and has proven a huge success.

Financial review

The past few years have seen growing demand for baby equipment in Denmark, primarily reflecting an increase in the number of births and growing consumer optimism in a market that remains very competitive. Even so, BabySam experienced strong growth in 2017/18. Some of our lines benefited particularly strongly from these market trends, further boosting total business volumes.

DEVELOPMENTS IN OPERATIONS AND FINANCIAL POSITION

Revenue for financial year 2017/18 was DKK 500 million (2016/17: DKK 477 million).

Revenue grew by 5% in the past financial year. Based on retail price developments in general and birthrate developments in particular, BabySam is believed to have won substantial market share in the past financial year as well.

Growth was primarily organic, but the opening of three new stores in Rødovre Centrum (January), Horsens (June) and Sønderborg (September) also contributed to performance.

EBITDA came to DKK 25.4 million. A number of activities specifically designed to further an ongoing sales process and strengthen BabySam's management, technological footprint and store structure were completed during the financial year. This led to non-recurring costs totalling DKK 8.1 million. Normalised EBITDA thus came to DKK 33.5 million, an improvement of DKK 2.7 million compared with last year.

The company's earnings measured in terms of EBITDA improved further compared with last year, driven by higher revenue, an optimised pricing structure and continuous cost trimming.

Sales and earnings developed as expected in the financial year.

At 30 September 2018, the company's assets totalled DKK 261.6 million, and equity stood at DKK 151.8 million.

OUTLOOK

Due to demographic developments, the number of child births is expected to increase further in the coming year.

Additional changes to BabySam's store structure, the implementation of new technology, the dedicated efforts of our employees and continual professionalisation of commercial processes at our head office are expected to further boost the footfall and sales.

Web platform changes and ERP system and POS solution updates will combine to give BabySam an actual omnichannel profile. This will give customers a consistent and improved experience in our physical stores and our webshop, and suppliers will be able to provide an even broader product range.

In terms of BabySam's cooperation with suppliers, focus in the next year will be on forging even closer partnerships, introducing additional new and unique items, enhancing trading efficiency and generally improving trading conditions.

Overall, the company expects additional growth in revenue and earnings in 2018/19 compared with 2017/18.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date which are of material significance to the Group's financial position.

Company information

CORPORATE GOVERNANCE

The principal shareholders, Polaris Private Equity and AAC Capital, are both represented on the Board of Directors.

The Board of Directors held five meetings in the past financial year, including a two-day strategy seminar and one telephone conference. Further, a number of ad hoc meetings were held. The share of women on BabySam A/S's Board of Directors is 17%, unchanged from last year.

Group Management prepares monthly financial reports and regularly follows up on any identified deviations from forecasts or budgets. One or two inventory counts are carried out in each store every year to ensure that inventory values have been correctly determined. Furthermore, local counts are carried out as required. Periodic cash budgets based on current sales forecasts and estimated movements in inventories and payables are prepared for liquidity management purposes. Developments in sales and gross margin are monitored on a daily and weekly basis.

AUDIT COMMITTEE

In light of BabySam's modest size and complexity, an audit committee has not been established.

WHISTLEBLOWING

The Board of Directors has discussed whether a whistleblower scheme should be introduced and found that there is no need for such a scheme at present.

FINANCIAL RISK

At 30 September 2018, the Group's cash and cash equivalents totalled DKK 64.6 million.

Consequently, the Group is not directly exposed to any significant risk in the event of an increase in lending rates, but is, however, affected by the impact which interest rate variations may have on customers' buying behaviour.

The cash resources for continued operations and development of the individual business areas are thus in place. Any additional growth in cash reserves will be partially applied to optimise the Group's technological infrastructure and commercial platform for purposes of supporting the omnichannel strategy. We will also maintain our focus on the store structure, carrying out any relocations and new openings deemed necessary to grow earnings in individual areas.

CSR

Being a holding company, BaSa Holding A/S does not have a separate CSR policy, including policies for human rights and climatic and environmental footprints.

BabySam remains committed to promoting *The good life as a child* by working responsibly. It is BabySam's policy that all products sold across its business areas must be produced under sustainable conditions in terms of the environment, the climate and human rights.

In 2017/18, all new suppliers signed trading agreements incorporating these commitments. In this way, we ensure that all products sold by BabySam are produced under sustainable conditions in terms of the environment, the climate and human rights. Suppliers and collaboration partners must guarantee that they respect applicable product law and, as a minimum, comply with existing legislation in Denmark and the EU. The purpose of this is to ensure that national production rules and regulations are observed. Suppliers are further encouraged to support *The 10 Global Compact Principles by the United Nations*. These requirements have been incorporated into BabySam's Code of Conduct, which new suppliers must endorse in order to work with BabySam. Existing collaboration partners are also encouraged to support the ten principles. We specify this in our collaboration agreements with suppliers.

We have extended our collaboration with the Danish Mothers' Aid Foundation to enable even more people to benefit from their important work and, among other things, collect

clothes, toys and other things in our stores for donation to local Mothers' Aid shops. This provides the Mothers' Aid Foundation with permanent locations where they can collect donations for their shops, while also extending the life cycle of the items collected by making sure they are recycled and come in useful once more instead of being disposed of.

BabySam did not initiate any specific environmental initiatives in 2017/2018. We are continuing our work in the financial and environmental areas, placing increased emphasis on our logistics footprint to be able to further reduce our environmental impact while at the same time optimising our processes.

We installed LED lighting in a number of stores during the year and will roll out the programme to the remaining stores over the next few years. Stores which have already installed LED lighting have significantly reduced their energy consumption.

AMBITIONS FOR 2018/19

BabySam is committed to continuing and expanding our CSR efforts in 2018/19, focusing on additional energy-reducing initiatives, recycling and minimisation of the use of plastic bags as well as on promoting exercise and health in Danish families.

BabySam is committed to continuing and expanding our CSR efforts in 2018/19.

NEW BRANDING PLATFORM

#honestly – said no one ever

In spring 2018, BabySam launched a new branding campaign under #honestly. The campaign incorporates real insights from pregnant women and parents with small children and affectionately and humorously addresses some of the challenges and experiences facing expecting and recent parents. The visual universe is composed of illustrations designed specifically for BabySam serving to underline the absurdity of the situations in a very witty way.

The campaign has been rolled out internally to all of our stores, our website and social media and externally to Go Cards, ads and banners.

BabySam
#Honestly



*“I could listen to your
good advice for hours,
Mother-in-Law”*

... said no pregnant woman ever

**No good advice on bringing up children.
Just competent guidance about baby equipment and
assistance in getting the practical stuff in place.**



“We don’t really know how to spend our money”

... said no expecting parents ever



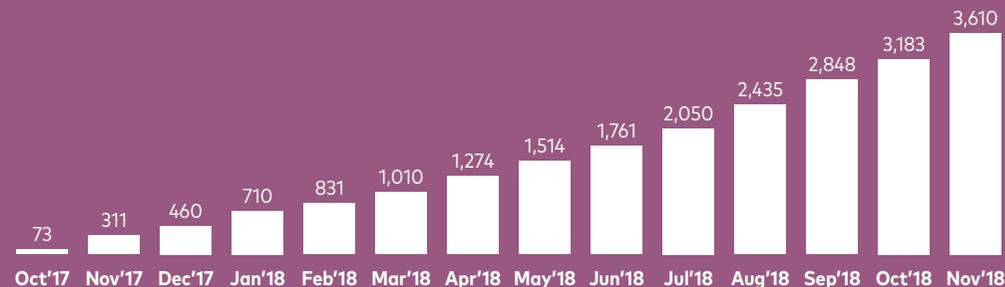
DKK 0
in interest and fees
for 12 or 24 months

THE BABYSAM CARD

Everything you dream of

In the summer of 2018, we adjusted interest and fee rates on our financial product, the BabySam Card, and now offer our customers 12 or 24 months’ interest- and fee-free credit of up to DKK 40,000. BabySam is currently the only provider of this service. Following the launch of the new 0 APR BabySam Card, the number of transactions has gone up from 73 in October 2017 to 413 in September 2018. The BabySam Card is issued in partnership with Resurs Bank.

ACCUMULATED NUMBER OF TRANSACTIONS



*Nationwide
network of
33 stores and
405 store staff*

NEW STORES

Premier shopping experience

In the past year, new stores in Rødovre Centrum, Horsens and Sønderborg were added to the retail network, while the Esbjerg and Amager stores were completely refurbished. Being able to offer our customers a premier shopping experience and being present where our customers are present are key concerns for us.





HOLLY'S



A classic returns

BabySam acquired the Holly's brand in 2017, seeing a perfect match between the iconic brand and BabySam's position in the market. Today, BabySam is both the owner and the sole distributor of Holly's.

Holly's, identifiable by the iconic four-leaf clover, was introduced in BabySam's stores in September 2018, and later in the autumn the product range was expanded to include bed linen, changing pads and other beautiful textiles. Our talented team of designers has updated the range to match the current Nordic casual elegance trend.

The Holly's collection comprises a full range of basic baby clothing items and beautiful nursing and changing textiles – all meeting the highest eco-tech standards and made from strong cotton fabric that is both comfortable to wear and extremely durable while keeping its colour and shape wash after wash.

The launch was accompanied by a large-scale publicity campaign involving top mummy bloggers and influencers. We expect Holly's to make a strong comeback.



BOOK AN ADVISER

Consolidating our position as specialist advisers

In spring 2018, we upgraded our Book an Adviser concept, placing much greater emphasis on the service aspect across our communications – while at the same time offering all customers booking an appointment for free advice an exquisite giveaway for their baby. This helped us consolidate our unique advisory position in the form of a strong increase in the number of appointments booked. Over a period of five months, we completed more than 1,600 advisory sessions in our stores, compared with some 500 last year.

In September 2018, we introduced a new exquisite Holly's giveaway for all customers booking an adviser.



Book a
**FREE
ADVISER**

Launched
125 years ago,
the Odder pram is still one of
the most popular pram
brands in Denmark.



Consolidated and parent company financial statements of BaSa Holding A/S

1 October 2017 – 30 September 2018

Management statement

The Board of Directors and the Executive Board have today considered and approved the annual report of BaSa Holding A/S for the financial year 1 October 2017 – 30 September 2018.

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

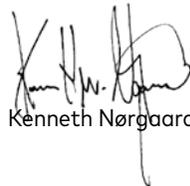
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 30 September 2018 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 October 2017 – 30 September 2018.

Furthermore, in our opinion, the Management's review includes a fair review of developments in the operations and financial position of the Group and the parent company, the financial results for the year and the Group's and the parent company's financial position.

We recommend the annual report for adoption at the annual general meeting.

Rødovre, 27 November 2018

EXECUTIVE BOARD



Kenneth Nørgaard



Reto Utiger Sørensen

BOARD OF DIRECTORS



Sanna Mari Suvanto-Harsaae
Chairman



Niels-Christian Worning



Peter Jalsøe



Jan Johan Kühl



Johan Gustaf Olof Bjurström



Karl Tommy Wikström

Independent auditor's report

TO THE SHAREHOLDERS OF BASA HOLDING A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of BaSa Holding A/S for the financial year 1 October 2017 – 30 September 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group as well as the parent company, and a consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the parent company at 30 September 2018 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 October 2017 – 30 September 2018 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" 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 COMPANY FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 International Standards on Auditing 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 these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ◆ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the parent company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

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

In connection with our audit of the consolidated financial statements and the parent company 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 company 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's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 27 November 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Jens Thordahl Nøhr
State Authorised
Public Accountant
mne32212



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State Authorised
Public Accountant
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Income statement

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
3	Revenue	499,506	476,928	0	0
	Cost of sales	-289,081	-276,279	0	0
4	Other operating income	398	125	0	0
	External expenses	-81,577	-72,127	-79	-200
	Gross profit/loss	129,246	128,647	-79	-200
5	Staff costs	-103,894	-101,647	0	0
	Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-8,872	-7,000	0	0
	Operating profit/loss	16,480	20,000	-79	-200
	Share of profit or loss after tax of group entities and associates	0	0	11,735	32,592
6	Financial income	298	228	0	0
7	Financial expenses	-571	-699	0	0
	Profit before tax	16,207	19,529	11,656	32,392
8	Tax on profit for the year	-4,534	12,907	17	44
	Profit for the year	11,673	32,436	11,673	32,436

Balance sheet, assets

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
	Non-current assets				
9	Intangible assets				
	Goodwill	408	660	0	0
	Rights and software	13,350	4,606	0	0
	Completed development projects	914	1,112	0	0
	Development projects in progress	1,547	336	0	0
		16,219	6,714	0	0
10	Property, plant and equipment				
	Land and buildings	9,069	9,256	0	0
	Plant and machinery	318	323	0	0
	Other fixtures and fittings, tools and equipment	22,678	18,459	0	0
	Leasehold improvements	8,576	6,943	0	0
		40,641	34,981	0	0
	Investments				
11	Investments in subsidiaries	0	0	151,825	140,090
12	Investments in associates	0	26	0	0
13	Other receivables	7,089	8,158	0	0
		7,089	8,184	151,825	140,090
	Total non-current assets	63,949	49,879	151,825	140,090

Balance sheet, assets

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
	Current assets				
	Inventories				
	Raw materials and consumables	1,037	1,520	0	0
	Work in progress	855	958	0	0
	Manufactured goods and goods for resale	86,585	80,112	0	0
	Prepayments on inventories	1,042	786	0	0
		89,519	83,376	0	0
	Receivables				
	Trade receivables	9,387	9,861	0	0
	Receivables from group entities	0	0	124	81
	Receivables from associates	25	25	0	0
	Other receivables	3,890	1,302	0	0
	Income tax	0	0	17	44
	Prepayments	1,934	2,175	0	0
14	Deferred tax assets	28,298	32,702	0	0
		43,534	46,065	141	125
	Cash and cash equivalents	64,595	62,527	697	699
	Total current assets	197,648	191,968	838	824
	TOTAL ASSETS	261,597	241,847	152,663	140,914

Balance sheet, equity and liabilities

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
	Equity				
15	Share capital	2,593	2,593	2,593	2,593
	Reserve for net revaluation according to the equity method	0	0	76,825	65,090
	Retained earnings	149,214	137,541	72,389	72,451
	Total equity	151,807	140,134	151,807	140,134
	Provisions				
	Other provisions	90	113	0	0
	Total provisions	90	113	0	0
	Liabilities				
	Non-current liabilities				
16	Due to mortgage credit institutions	1,867	2,214	0	0
		1,867	2,214	0	0

Balance sheet, equity and liabilities

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
	Current liabilities				
16	Current portion of non-current liabilities	372	348	0	0
	Prepayments received from customers	6,958	7,316	0	0
	Trade payables	78,160	64,984	0	0
	Amounts owed to group entities	0	0	769	667
	Amounts owed to associates	635	0	0	0
	Other payables	21,578	26,609	87	113
	Income tax	130	129	0	0
		107,833	99,386	856	780
	Total liabilities	109,700	101,600	856	780
	TOTAL EQUITY AND LIABILITIES	261,597	241,847	152,663	140,914

- 1 Accounting policies
- 2 Special items
- 17 Contractual obligations and contingent items etc.
- 18 Charges and security
- 19 Related parties
- 20 Fees to auditors appointed at the annual general meeting
- 21 Directorships held by members of the Board of Directors and the Executive Board

Statement of changes in equity

Note	DKK'000	GROUP		
		Share capital	Retained earnings	Total
	Equity at 1 October 2016	2,593	105,105	107,698
22	Transferred via distribution of net profit	0	32,436	32,436
	Equity at 1 October 2017	2,593	137,541	140,134
22	Transferred via distribution of net profit	0	11,673	11,673
	Equity at 30 September 2018	2,593	149,214	151,807

Note	DKK'000	PARENT COMPANY			
		Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Total
	Equity at 1 October 2016	2,593	32,498	72,607	107,698
22	Transferred via distribution of net profit	0	32,592	-156	32,436
	Equity at 1 October 2017	2,593	65,090	72,451	140,134
22	Transferred via distribution of net profit	0	11,735	-62	11,673
	Equity at 30 September 2018	2,593	76,825	72,389	151,807

Statement of cash flows

Note	DKK'000	GROUP	
		2017/18	2016/17
	Revenue	499,506	476,928
	Costs	-474,551	-450,052
	Other operating income	398	125
	Cash generated from operations before changes in working capital	25,353	27,001
23	Changes in working capital	404	-1,713
24	Adjustment for non-cash items	3	-62
	Cash generated from operations	25,760	25,226
	Interest received	253	228
	Interest paid	-526	-699
	Taxes paid	-129	-71
	Cash flows from operating activities	25,358	24,684
	Acquisition of intangible assets and property, plant and equipment	-24,036	-13,920
	Changes in investment	1,069	449
	Cash flows used for investing activities	-22,967	-13,471
	Loan financing:		
	Repayments of amounts due to credit institutions	-323	-340
	Cash flows from financing activities	-323	-340
	Cash flows for the year	2,068	10,873
	Cash and cash equivalents at the beginning of the year	62,527	51,654
	Cash and cash equivalents at the end of the year	64,595	62,527

The statement of cash flows cannot be derived directly from the other components of the consolidated financial statements.

Notes

1 Accounting policies

The annual report of BaSa Holding A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C entities.

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

CONSOLIDATED FINANCIAL STATEMENTS

The financial statements consolidate the parent company, BaSa Holding A/S, and subsidiaries in which BaSa Holding A/S directly or indirectly holds more than 50% of the voting rights or in other ways exercises a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and exercises significant influence but not control are regarded as associates.

On consolidation, intra-group income and expenses, equity investments, balances and dividends as well as realised and unrealised gains and losses on transactions between the consolidated entities are eliminated.

Investments in subsidiaries are eliminated at the proportionate share of the subsidiaries' fair value of net assets and liabilities at the date of acquisition.

BUSINESS COMBINATIONS

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Enterprises divested or wound up are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated to reflect acquisitions, divestments or companies wound up.

Gains and losses on the divestment of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of the net assets at the date of divestment including unamortised goodwill and anticipated costs to divest or wind up.

Acquisitions are accounted for using the purchase method, according to which the identifiable assets and liabilities of companies acquired are measured at fair value at the time of acquisition. A provision is recognised for costs relating to scheduled and announced restructuring in the acquired company in connection with the acquisition. The tax effect of revaluations is taken into account.

Positive differences (goodwill) between cost and fair value of identifiable assets and liabilities taken over, including provisions for restructuring, are recognised under intangible assets and amortised systematically through the income statement on the basis of an individual assessment of the useful lives, not to exceed 20 years. Negative differences (negative goodwill), representing expected unfavourable performance in such companies, are recognised in the balance sheet under prepayments and are recognised in the income statement as the unfavourable performance materialises. With respect to negative goodwill that is unrelated to expected unfavourable performance, an amount corresponding to the fair value of non-monetary assets is recognised in the balance sheet and subsequently recognised in the income statement over the average useful lives of such non-monetary assets.

Positive and negative goodwill from acquired businesses may be adjusted until the end of the year after the acquisition.

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currency are translated into Danish kroner at the exchange rates ruling at the transaction date.

Receivables, payables and other monetary assets and liabilities denominated in foreign currency are translated into Danish kroner at the exchange rates ruling at the balance sheet date. Realised and unrealised foreign exchange gains and losses are recognised in the income statement as financial income or expenses.

Notes

1 Accounting policies, continued

LEASES

Leases in which the company does not retain all significant risks and rewards of ownership are operating leases. Lease payments concerning operating leases are recognised in the income statement over the term of the lease.

INCOME STATEMENT

REVENUE

Income from the sale of goods for resale and finished goods is recognised in revenue at the time of delivery and transfer of risk provided the income can be reliably measured and is expected to be received.

Rental income is recognised in revenue over the lease term, provided the income can be reliably measured and is expected to be received.

Revenue is measured after deducting all discounts granted. VAT and indirect taxes etc. charged on behalf of third parties are also deducted.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses comprise items of a secondary nature relative to the companies' principal activities, including gains and losses on disposal of non-current assets.

COST OF SALES

Cost of sales comprises the cost of the goods used to achieve the year's revenue.

OTHER EXTERNAL EXPENSES

Other external expenses comprise costs relating to the company's principal activity incurred during the year, including expenses for distribution, sale, marketing, administration, premises, bad debts, payments on operating leases, etc.

STAFF COSTS

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs etc. for the Group's employees. Refunds received from public authorities are deducted from staff costs.

WARRANTS AND SHARE OPTIONS

On entering into agreements on warrants or share options, the company may demand the payment of cash to the company ahead of issuance of the actual equity-based instruments (typically shares). The classification of such prepayments depends on the payer's possibility of demanding repayment in cash or other financial assets, for example if an issue of equity-based instruments is conditional on a number of future events. In such cases, the classification will be debt instruments. Alternatively, if the payer is unable to demand repayment, the prepayment will be recognised as an equity transaction.

Equity-based schemes are not recognised in the income statement.

INCOME AND EXPENSES FROM INVESTMENTS IN GROUP ENTITIES AND ASSOCIATES

The proportionate share of the profit or loss of subsidiaries after tax is recognised in the parent company income statement after full elimination of intra-group gains/losses.

The proportionate share of the profit or loss of associates after tax is recognised in the income statement of both the Group and the parent company after elimination of the proportionate share of intra-group gains/losses.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest, realised and unrealised foreign exchange gains and losses and surcharges and allowances under the tax prepayment scheme.

Notes

1 Accounting policies, continued

TAX

Tax on the profit for the year comprises current tax calculated on the expected taxable income for the year and adjustment of deferred tax. Tax for the year is recognised in the income statement as regards the amount attributable to the profit for the year and in equity as regards the amount attributable to transactions recognised in equity.

The company is jointly taxed with its Danish group entities. Danish income tax is allocated between profitable and loss-making Danish entities relative to their taxable incomes (full distribution).

Jointly-taxed entities with overpaid tax are paid as a minimum in accordance with the applicable rates for interest allowances by the administration company, and jointly-taxed entities with underpaid tax pay a maximum of a surcharge in accordance with the applicable rates for interest surcharges to the administration company.

BALANCE SHEET

INTANGIBLE ASSETS

Intangible assets comprise goodwill, rights and software and development projects.

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Development costs comprise costs, salaries, depreciation and amortisation directly or indirectly attributable to development activities.

Development projects which are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or business opportunity can be demonstrated and where the intention is to manufacture, market or utilise the project, are recognised as intangible assets if the cost can be reliably measured and there is sufficient certainty that future earnings can cover production and selling costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

The basis of amortisation is calculated with due consideration to the asset's residual value less any impairment losses. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. Where the residual value exceeds the carrying amount, the asset ceases to be amortised.

The cost of intangible assets is amortised on a straight-line basis over the expected useful lives of the assets.

The estimated useful lives of intangible assets are:

Goodwill	5 years
Rights and software	7 years
Development projects	5 years

If the amortisation period or the residual value is changed, the effect on amortisation going forward is recognised as a change in accounting estimates.

The amortisation period for acquired intangible rights is seven years. As the investment horizon for the company's IT system, including software, is seven years, a five-year amortisation period is not considered appropriate.

Gains and losses on the sale of intangible assets are recognised in the income statement under other operating income and other operating expenses, respectively. Gains and losses are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise land and buildings, plant and machinery, other fixtures, fittings, tools and equipment and leasehold improvements.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Notes

1 Accounting policies, continued

The basis of depreciation is calculated with due consideration to the asset's residual value less any impairment losses. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. Where the residual value exceeds the carrying amount, the asset ceases to be depreciated.

The cost of property, plant and equipment is depreciated on a straight-line basis over the expected useful lives of the assets. The basis of depreciation is cost less the expected residual value.

The expected useful lives of the assets are:

Buildings	50 years
Plant and machinery	5 years
Leasehold improvements	10 years
Other fixtures and fittings, tools and equipment	3-10 years

If the depreciation period or the residual value is changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Gains and losses on the sale of property, plant and equipment are recognised in the income statement under other operating income and other operating expenses, respectively. Gains and losses are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal.

INVESTMENTS IN GROUP ENTITIES AND ASSOCIATES

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

Investments in subsidiaries and associates are measured at the proportionate share of the companies' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill calculated according to the purchase method.

Investments in subsidiaries and associates with a negative net asset value are recognised at DKK nil, and any receivable from these companies is written down to the extent it is deemed to be irrecoverable. To the extent that the parent company has a legal or constructive obligation to cover a negative balance that exceeds the receivable, the residual amount is recognised under provisions.

The net revaluation of investments in subsidiaries and associates is shown as a reserve for net revaluation according to the equity method in equity to the extent the carrying amount exceeds cost. Dividends from subsidiaries expected to be adopted before the approval of the annual report of BaSa Holding A/S are not taken to the revaluation reserve.

The purchase method of accounting is used in connection with acquisitions. See the description above under consolidated financial statements.

IMPAIRMENT OF NON-CURRENT ASSETS

The carrying amount of intangible assets and property, plant and equipment and investments in subsidiaries and associates is reviewed annually for impairment in addition to what is reflected by normal amortisation and depreciation charges.

If there are indications of impairment, each asset or group of assets is tested for impairment. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The recoverable amount is the higher of the net selling price and the value in use of an asset. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets.

INVENTORIES

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

Notes

1 Accounting policies, continued

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production costs. Indirect production costs comprise indirect materials and labour costs as well as maintenance and depreciation of production machinery, buildings, equipment, plant administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

RECEIVABLES

Receivables are measured at amortised cost.

If there is objective evidence that a receivable or a portfolio of receivables is impaired, an impairment loss is recognised.

Impairment losses are calculated as the difference between the carrying amount of receivables and the present value of expected future cash flows, including the realisable value of any collateral provided. The discount rate used is the effective interest rate for the individual receivables or portfolios.

PREPAYMENTS

Prepayments comprise costs incurred relating to subsequent financial years.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank deposits.

EQUITY – DIVIDENDS

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividend expected to be paid in respect of the financial year is stated as a separate line item under equity.

PROVISIONS

Provisions comprise expected expenses relating to guarantee commitments.

Guarantee commitments comprise obligations to perform repair work within a warranty period of 1-5 years. Guarantee provisions are measured at net realisable value and recognised on the basis of experience from warranty work.

The provisions are recognised under cost of sales.

INCOME TAX AND DEFERRED TAX

BaSa Holding A/S is taxed jointly with group entities, with Samba Feeder A/S acting as administration company.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Joint taxation contributions receivable and payable are recognised in the balance sheet as "Income tax receivable" or "Income tax payable", respectively.

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax on temporary differences relating to goodwill not deductible for tax purposes and other items is not recognised where temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either the profit for the year or the taxable income. In cases where the tax base may be computed according to several sets of tax regulations, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability planned by Management.

Notes

1 Accounting policies, continued

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the expected value of their utilisation, either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax related to elimination of unrealised intra-group profits and losses is adjusted on consolidation.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax.

PREPAYMENTS RECEIVED FROM CUSTOMERS

Prepayments received from customers comprise deposits and prepayments and liabilities regarding gift vouchers.

Prepayments received are recognised at cost. Liabilities relating to gift vouchers are recognised in revenue when used and/or expired.

LIABILITIES

Financial liabilities are recognised at the time the loans are obtained at the amount of the proceeds less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost, equivalent to the capitalised value when the effective rate of interest is used, so that the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Other liabilities are measured at net realisable value.

STATEMENT OF CASH FLOWS

The statement of cash flows 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 Group's share of profit or loss, adjusted for non-cash operating items, changes in working capital and income tax paid.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of companies and activities and of intangible assets, property, plant and equipment and investments.

CASH FLOWS FROM FINANCING ACTIVITIES

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

Notes

1 Accounting policies, continued

FINANCIAL RATIOS

The financial ratios are calculated in accordance with the recommendations of the Danish Finance Society, as follows:

Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Invested capital	Operating intangible assets and property, plant and equipment and net working capital

NORMALISED EBITDA

Normalised EBITDA, as referred to in the Management's review, represents operating profit before amortisation, depreciation and impairment, adjusted for special items.

SPECIAL ITEMS

Special items comprise significant income and expenses of an exceptional nature relative to the company's earnings-generating operating activities such as the costs of extensive structuring of processes and basic structural changes as well as any associated disposal gains and losses that over time have a material effect. Special items also include other significant amounts of a one-off nature which Management considers not to be a part of the Group's primary operations.

Notes

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
2	Special items				
	Income				
	Reversal of impairment loss on tax assets	0	13,034	0	0
	Expenses				
	Technological innovation	-1,439	-651	0	0
	Structural changes	-1,942	-3,121	0	-47
	Due Diligence and strategy expenses	-4,798	0	0	0
	Result of special items, net	-8,179	9,262	0	-47
	Special items are recognised in the following line items:				
	Other external expenses	-5,612	-3,772	0	-47
	Staff costs	-2,567	0	0	0
	Tax on profit for the year	0	13,034	0	0
		-8,179	9,262	0	-47

As described in the Management's review, the profit for the year is affected by a number of factors which Management considers not to be a part of the primary operations. The year's special items are specified below, including in which line items in the income statement they are recognised.

3 Revenue

In accordance with section 96(1) of the Danish Financial Statements Act, a breakdown of revenue by geographical and business segments is not provided as the entire consolidated revenue is generated in Denmark and within the same segment (the sale and rental of baby equipment and the sale of mother and child products).

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
4	Other operating income				
	Refurbishment contributions	398	125	0	0
		398	125	0	0
5	Staff costs				
	Wages and salaries	92,845	91,407	0	0
	Pensions	7,421	6,913	0	0
	Other social security costs	3,586	3,143	0	0
	Other staff costs	42	184	0	0
		103,894	101,647	0	0
	Average number of full-time employees	275	270	0	0

Staff costs include salaries to the Executive Board of DKK 4,839 thousand (2016/17: DKK 4,185 thousand) and remuneration of the parent company's Board of Directors in the amount of DKK 350 thousand (2016/17: DKK 350 thousand).

Incentive programmes

The company has issued a total of 25,000 share options entitling their holders to subscribe for A shares of nominally DKK 25 thousand at a subscription price of DKK 10 per A share of DKK 1 plus 10% p.a. from 9 April 2013 until the date of exercise. The subscription period expires on 19 February 2019.

The Board of Directors is also authorised to issue 200,000 share options entitling the holders to subscribe for up to nominally 200,000 A shares in the company. The terms and conditions will be defined by the Board of Directors. The authorisation is valid until 19 February 2019.

Notes

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
6	Financial income				
	Foreign exchange gains	298	228	0	0
		298	228	0	0
7	Financial expenses				
	Mortgage interest	46	67	0	0
	Foreign exchange losses	238	283	0	0
	Other interest expenses	287	349	0	0
		571	699	0	0
8	Tax on profit for the year				
	Tax on taxable income for the year	130	129	-17	-44
	Adjustment of deferred tax in the year	4,404	-13,034	0	0
	Prior-year tax adjustments	0	-2	0	0
		4,534	-12,907	-17	-44

Note	DKK'000	Goodwill	Rights and software	Completed development projects	Development projects in progress	GROUP
						Total
9	Intangible assets					
	Cost at 1 October 2017	531,099	22,890	3,367	336	557,692
	Additions	0	10,641	260	1,211	12,112
	Cost at 30 September 2018	531,099	33,531	3,627	1,547	569,804
	Amortisation and impairment at 1 October 2017	530,439	18,284	2,255	0	550,978
	Amortisation	252	1,897	458	0	2,607
	Amortisation and impairment at 30 September 2018	530,691	20,181	2,713	0	553,585
	Carrying amount at 30 September 2018	408	13,350	914	1,547	16,219

Both completed development projects and development projects in progress include development and testing of new pram models within the Odder range. The costs essentially comprise internal costs in the form of direct wages and salaries, which are recognised as incurred.

Management has not identified any indication of impairment.

Notes

Note	DKK'000	GROUP				Total
		Land and buildings	Plant and machinery	Other fittings, tools and equipment	Leasehold improvements	
10	Property, plant and equipment					
	Cost at 1 October 2017	16,360	7,244	73,746	19,889	117,239
	Additions	97	97	8,848	2,882	11,924
	Disposals	0	-192	0	0	-192
	Cost at 30 September 2018	16,457	7,149	82,594	22,771	128,971
	Depreciation and impairment at 1 October 2017	7,104	6,921	55,287	12,946	82,258
	Depreciation	284	102	4,629	1,249	6,264
	Reversal of depreciation on disposal	0	-192	0	0	-192
	Depreciation and impairment at 30 September 2018	7,388	6,831	59,916	14,195	88,330
	Carrying amount at 30 September 2018	9,069	318	22,678	8,576	40,641

Note	DKK'000	PARENT COMPANY	
		2017/18	2016/17
11	Investments in subsidiaries		
	Cost at 1 October	75,000	75,000
	Cost at 30 September	75,000	75,000
	Value adjustments at 1 October	65,090	32,498
	Profit for the year, subsidiaries	11,735	32,592
	Value adjustments at 30 September	76,825	65,090
	Carrying amount at 30 September	151,825	140,090

Name and registered office (DKK'000)	Ownership share	Equity	Profit for the year
BabySam A/S, Rødovre	100%	151,825	11,735

The profit for the year and the carrying amount of BabySam A/S include the carrying amount of the subsidiary Odder Barnevognsfabrik A/S.

Notes

Note	DKK'000	GROUP	
		2017/18	2016/17
12	Investments in associates		
	Cost at 1 October	26	26
	Disposals	-26	0
	Cost at 30 September	0	26
	Value adjustments at 1 October	0	0
	Value adjustments at 30 September	0	0
	Carrying amount at 30 September	0	26

13 Other receivables (group)

DKK'000	Total
Cost at 1 October 2017	8,158
Disposals	-1,069
Carrying amount at 30 September 2018	7,089

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
14	Deferred tax assets				
	Deferred tax at 1 October	32,702	19,668	0	0
	Adjustment of deferred tax in the year	-4,404	13,034	0	0
	Deferred tax at 30 September	28,298	32,702	0	0
	Deferred tax relates to:				
	Intangible assets	6,720	8,025	0	0
	Property, plant and equipment	6,323	7,621	0	0
	Current assets	952	1,062	0	0
	Tax losses	14,303	16,041	0	47
	Impairment of deferred tax assets	0	-47	0	-47
	Deferred tax at 30 September	28,298	32,702	0	0

At 30 September 2018, the Group has recognised deferred tax assets of DKK 28,298 thousand (2016/17: DKK 32,702 thousand). Based on budgets and forecasts, Management believes the Group's recognised deferred tax assets can be set off against tax on future income within the next five years.

Notes

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
15	Share capital				
	The share capital consists of:				
	A shares	2,568	2,568	2,568	2,568
	B shares	25	25	25	25
		2,593	2,593	2,593	2,593

The share capital comprises 2,567,500 A shares with a nominal value of DKK 1 each and 25,000 B shares with a nominal value of DKK 1 each.

Changes in the capital in the past five years:

DKK'000	2017/18	2016/17	2015/16	2014/15	2013/14
Share capital, beginning of year	2,593	2,593	2,528	2,528	2,528
Capital increase	0	0	65	0	0
	2,593	2,593	2,593	2,528	2,528

Note	DKK'000	Total debt at 30/09 2018	Repay-ments next year	Non-current portion	GROUP
					Out-standing debt after 5 years
16	Non-current liabilities				
	Due to mortgage credit institutions	2,239	372	1,867	470

17 Contractual obligations and contingent items etc.

The company is jointly taxed with its ultimate parent company, Samba Feeder A/S, as its administration company, and its subsidiaries and is jointly and severally liable with the other jointly-taxed companies for the payment of income tax as from income year 2013.

Other financial liabilities

Rental and lease obligations comprise rent commitments totalling DKK 87,377 thousand with respect to non-terminable tenancy agreements with a residual contract term of up to eight years. Also included are obligations under operating leases for cars and photocopiers totalling DKK 2,478 thousand with a residual contract term of up to five years.

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
	Rental and lease obligations	89,855	92,805	0	0

Rental and lease obligations comprise rent commitments totalling DKK 87,377 thousand with respect to non-terminable tenancy agreements with a residual contract term of up to eight years. Also included are obligations under operating leases for cars and photocopiers totalling DKK 2,478 thousand with a residual contract term of up to five years.

Notes

18 Charges and security

The Group has mortgaged land and buildings with a carrying amount of DKK 9,256 thousand at 30 September 2018 as security for amounts due to mortgage credit institutions and credit institutions totalling DKK 2,562 thousand.

The Group has provided bank guarantees in the amount of DKK 8,101 thousand (2016/17: DKK 4,791 thousand) as security for rent commitments etc.

As security for bank guarantees, the company has pledged receivables, inventories and non-current assets totalling DKK 8,500 thousand (2016/17: DKK 8,500 thousand).

19 Related parties

BaSa Holding A/S's related parties are:

Related parties with control

Samba Feeder A/S, Malmøgade 3, 1, 2100 Copenhagen Ø, Denmark, which holds the majority of the company's share capital.

Related-party transactions

Other than joint taxation contributions, BaSa Holding A/S did not engage in any related party transactions during the financial year.

Consolidated financial statements

The company is included in the consolidated financial statements of Samba Feeder A/S. The consolidated financial statements are available from the company on request.

Note	DKK'000	GROUP		PARENT COMPANY	
		2017/18	2016/17	2017/18	2016/17
20	Fees to auditors appointed at the annual general meeting				
	Statutory audit fee	251	244	10	10
	Tax services	21	21	3	3
	Other services	25	297	9	8
		297	562	22	21

Notes

21 Directorships held by members of the Board of Directors and the Executive Board

Jan Johan Kühl and Niels-Christian Worning have been appointed by Polaris Private Equity. Johan Bjurström and Karl Tommy Wikström have been appointed by AAA Capital Partners. Peter Jalsøe has been appointed by Vendor Co. Af April 2013 ApS. Sanna Suvanto-Haarsaae has been appointed jointly by Polaris Private Equity and AAC Capital Partners. The members of the company's Board of Directors and Executive Board hold the following directorships:

Board of Directors	Directorships in other companies
Sanna Mari Suvanto-Harsaae	TCM Group A/S, Sunset Boulevard A/S, Best VPG Holding A/S, BoConcept Holding A/S, Workz A/S, Nordic Petcare Group A/S, Altia Oyj, Footway AB, Paulig Oyj, Upplands Motor AB, SAS AB, Broman Group Oyj and CEPOS
Niels-Christian Worning	Triax A/S and a number of companies owned by Polaris Private Equity
Peter Jalsøe	Alt til Barnet Holding ApS, Secure Fondsmæglerselskab A/S, Secure Capital A/S and Move-Easy A/S
Jan Johan Kühl	Brøndum Holding A/S, Interprimo A/S, Part Unique ApS, Det Danske Madhus, Molslinjen, Menu and a number of companies owned by Polaris Private Equity
Johan Gustaf Olof Bjurström	Empower Holding Oy and TylöHelo Group Oy
Karl Tommy Wikström	Ouman Oy and Envirotainer International AB
Executive Board	
Kenneth Nørgaard	BabySam A/S Odder Barnevognsfabrik A/S
Reto Utiger Sørensen	BabySam A/S Odder Barnevognsfabrik A/S

Note	PARENT COMPANY	
	2017/18	2016/17
22 Distribution of profit		
Proposed distribution of profit		
Reserve for net revaluation according to the equity method	11,735	32,592
Transferred to equity reserve	-62	-156
	11,673	32,436

23 Changes in working capital

Note	GROUP	
	2017/18	2016/17
Changes in inventories	-6,143	-4,433
Changes in receivables	-1,872	-3,735
Change in prepayments, trade payables and other payables	8,419	6,455
	404	-1,713

24 Adjustment for non-cash items

Changes in provisions	-23	-62
Loss on disposal of shares in associate	26	0
	3	-62



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