Holmris B8 A/S

Odinsvej 5, 8850 Bjerringbro

Business Registration No. 21 32 00 80

Annual report 01.05.2019 – 30.04.2020

The Annual General Meeting adopted the annual report on 18.12.2020

Chairman of the General Meeting

Name: Peter Thostrup

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Company Details

Company
Holmris B8 A/S
Odinsvej 5
DK-8850 Bjerringbro

Business Registration No.: 21 32 00 80
Registered office: Viborg

Date of incorporation: 01.12.1998
Financial year: 01.05.2019 – 30.04.2020

Board of Directors:
Peter Thostrup, Chairman
Jacob Østergaard Bergenholtz, Vice Chairman
Jens-Peter Poulsen
Peter Liu Johansen
Jan Lythcke-Jørgensen

Executive Board
Henrik Holmris Hansen
Niels Henrik Lauritzen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and Executive Board have today discussed and approved the Annual Report for Holmris B8 A/S for the financial year 2019/20.

The consolidated financial statements and the parent's financial statements have been prepared in accordance with International Financial Reporting Standards, which have been adopted by the EU.

Further, the consolidated financial statements have been prepared in accordance with additional requirements under the Danish Financial Statements Act.

In our opinion the consolidated financial statements and the financial statements for the parent company give a true and fair view of Holmris B8 Group's and the parent company's assets, liabilities and financial position at April 30, 2020 and of the results of the Holmris B8 Group's and the parent company's operations and cash flow for the financial year 2019/20.

The management review contains in our opinion a true and fair review of the development in the Holmris B8 Group's and the parent company's operations, financial circumstances and results for the year, and the parent company's financial position, and describes the material risks and uncertainties affecting the Holmris B8 Group and the parent company.

We recommend that the Annual Report will be approved at the Annual General Meeting.

Copenhagen, 18 December 2020

Executive board

Henrik Holmris Hansen

Niels Henrik Lauritzen

Board of Directors

Peter Thostrup
Chairman

Jacob Østergaard Bergenholtz
Vice Chairman

Jens-Peter Poulsen

Peter Liu Johansen

Jan Lythcke-Jørgensen

Independent Auditor's Report

To the shareholders of Holmris B8 A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Holmris B8 A/S for the financial year 01.05.2019 – 30.04.2020, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2020, and of the results of their operations and cash flows for the financial year 01.05.2019 - 30.04.2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

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

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

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

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

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

Violation of the Danies Companies Act

Contrary to § 206 Danish Companies Act, the Parent has indirectly contributed to the financing of Holmris Holding A/S' acquisition of shares in the Parent.

Aarhus, 18.12.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jacob Nørmark	Kasper Vestergaard Jensen
State-Authorised Public Accountant	State-Authorised Public Accountant
Identification No (MNE) mne30176	Identification No (MNE) mne42784

Management commentary

Primary activities

The Group is a leading Scandinavian design house developing, selling and servicing innovative interior design solutions for spaces within offices, learning environments and the hospitality segment as well as related consultancy services. The solutions are based on own products and third-party products from more than 1,000 brand partners supported by a flexible supply chain. The Group's sales activities take place from both the parent company and subsidiaries. The solutions are sold partly in Denmark where the Group is a clear market leader and partly in the rest of the world in selected markets.

Development in activities and finances

In the 2019/20 accounting year, the Group maintained its high activity level seen in 2018/19. In 2019/20, the Group achieved a revenue of DKK 1.1bn, close to 2018/19 revenue. In 2019/20, the Group achieved a normalised EBITDA of DKK 52m (DKK 37m before non-recurring items as defined under IFRS).

In a large part of the accounting year, the company experienced a higher activity level compared to the previous year across all segments, but, during the last months of the year, the Global Covid-19 situation resulted in a temporary drop in order intake and revenue. However, the Covid-19 situation has also resulted in new business opportunities such as upgrades and improvements of existing solutions with a focus on securing social distancing in companies' workspaces as well as increased sale of work-from-home office places. Throughout the accounting year, the integration of B8 A/S has continued. The integration which also involved simplification of IT systems has resulted in higher costs and higher temporary complexity in the Group than originally expected. Towards the end of the accounting year, the integration was completed and the increased complexity was eliminated.

Towards the end of the accounting year, additional actions were carried out to mitigate a scenario where the activity level would remain low following the Covid-19 situation for an extended period, even though signs of a relatively rapid order intake rebound were seen. These actions included increased outsourcing of production to existing and new partners in Denmark and abroad as well as adjustments to the geographical footprint and organizational setup to increase flexibility and agility to secure operational KPIs related to quality and delivery performance. When fully implemented, the actions secure that the Group will continue to be able to deliver innovative solutions to the customers based on a more flexible supply chain. In addition, the actions will result in a reduction of the Group's fixed cost of more than 40% which means that the Group will be profitable at significantly lower revenue levels going forward. The above elements resulted in a number of extraordinary costs which are classified as non-recurring items in this report to make the figures more comparable with figures for other accounting years. In addition to these non-recurring items which are listed in note 8, the Group has experienced other costs that are non-recurring in nature but do not meet the IFRS definition. Management estimates these costs to total DKK 15m of which DKK 5m relates to strategy work and DKK 10m relates to loss on one specific project driven by poor quality from a supplier which is no longer supplying products to the Group.

The Group has maintained its market position and its ability to deliver innovative solutions to its customers, both in Denmark and abroad. The focus on sustainability has increased throughout the year across all business segments and the relatively new tech and data driven concepts are expanding.

Profit/loss for the year in relation to expected developments

The revenue level has been realized as expected, however, with a relatively high activity level in the beginning of the year and a relatively low activity level in the end of the year. The result for the year is below original expectations, mainly due to higher costs and complexity in general related to the integration of B8 as well as the actions carried out towards the end of the year as described above and certain provisions regarding these.

Outlook

Group management is confident about the future and note that the company will become significantly stronger and much less complex than in previous years following the finalized integration of B8, the decreased complexity as well as the simplified business model and supply chain. Even though the actions carried out at the end of 2019/20 will enable the Group to be profitable at significantly lower revenue levels going forward, the Group will be negatively affected in the beginning of 2020/21 until the Group experiences full financial impact from the adjustments.

For 2020/21, the Group expects a lower revenue driven by the lower activity level due to negative effects from the Covid-19 situation continuing into the coming accounting year. Group management expects the profitability at an EBITDA level to exceed the 19/20 level.

Particular risks
The Group is not exposed to any particular risks beyond usual risks within the Group's industry. In general, the Covid-19 situation is currently seen to represent the most significant external risk.

Price risks
We do not assess that some areas are subject to particular risks as to a relatively great extent price increases can be recognised in the price of the finished products.

Foreign exchange risks
As a consequence of activities abroad, results, cash flows and equity are affected by the exchange rate and interest rate movements of a number of currencies, especially in Norway and the US. It is the Group's policy to hedge the commercial foreign exchange risks for up to 12 months. Such hedging is primarily obtained through foreign exchange contracts on anticipated sales and purchases over the next 12 months in the relevant currencies. Exchange adjustments of investments in subsidiaries and associates which are independent entities are recognised directly in equity. As a principal rule, related currency risks are not hedged, as the Group believes that current hedging of such long-term investments will not be optimal from an overall risk and cost point of view.

Interest rate risks
Significant changes in the interest rate level will have a minor impact on earnings, which, however, is not considered material.

Intellectual capital resources
In addition to the Group's primary activity of developing, selling and servicing innovative interior solutions, the Group's business foundation includes advisory services to customers on the design of the workplace. The Group has own product designs and brand and cooperation with more than 1,000 third-party brand partners. This places particularly high demands on the knowledge resources regarding employees and business processes. Moreover, there are special requirements for the knowledge resources in the development and production of the Group's main products. In order to continuously deliver these solutions, it is crucial for the Group to be able to recruit and retain employees, both employees with a high educational level and employees with technical experience.
The critical business processes relating to the Group's main products are design, construction, service, quality and, to a less extent, individual solutions. In order to ensure that the customer receives the agreed service, the individual methods and procedures are required to be documented. As a measure of whether the Group meets this requirement, observance of delivery time and the number of customer complaints are important indicators of how the business processes are working. In the coming year, emphasis will be on a further reduction of delivery and development times without compromising on quality and the technological level.

Environmental performance
On behalf of the Group, Holmris B8 A/S has prepared an overall strategy for its environmental efforts. An environmental policy and related objectives have been developed in this respect to manage the environmental efforts. The environmental policy is based on environmentally sound operations and is integrated as a natural element of the Group's objectives for product quality and supply chain.

Research and development activities
The development activities are managed in the parent company where they are primarily carried out. There were no major development activities during the accounting year.

Statutory report on corporate social responsibility
The Group has prepared a CSR report. The CSR report includes Holmris B8's report on the gender composition of management, see S. 99b of the Danish Financial Statements Act, and Holmris B8's report on corporate social responsibility, see S. 99a of the Danish Financial Statements Act. The CSR report can be found on Holmris B8's website at the following link:
http://media.holmris.com/csr/csr-rapport-2020/

Statutory report on the underrepresented gender
The report on the underrepresented gender is incorporated in the above CSR report.

Events after the balance sheet date
Between the balance sheet date and the publication date of this annual report, the Group initially saw a continued low activity level in the first months of the accounting year 2020/21, but has seen a significant rebound in the order intake since June 2020. The mitigating actions carried out towards the end of 2019/20 have translated into increasing positive financial impact from June 2020 and onwards. The operational KPIs are at attractive levels based on the new, more flexible supply chain with lower complexity.

Despite these positive developments, the Group experienced a period between April and July 2020 with relatively low profitability and liquidity as well as significant extraordinary costs related to the executed mitigating actions, i.e. the Group experienced a transition period with a mismatch between activity level and cost structure. Consequently, a financing solution was carried out in August 2020 to address the negative impact from these temporary weak months and secure a sufficient financial buffer going forward. The solution which was supported by the Group's bank, long-term lenders and its shareholders secured additional liquidity to the Group of DKK 50m and extended financing agreements.

The liquidity situation and profitability has since then been good and with a positive trend. As a consequence of the mitigating actions carried out in the end of 2019/20, the company's production facilities along with ERP and associated IT systems were written down in 2019/20. Further, there will be no significant write-downs of receivables.

Management continues to be confident about the future and note that the company today is significantly stronger and much less complex than in previous years following the simplified business model and more flexible supply chain. The Group has maintained its market position and its ability to deliver innovative solutions to its customers, both in Denmark and abroad. Financial expectations for the accounting 2020/21 are currently maintained pointing towards an improved result despite a lower revenue compared to 2019/20.

Key figures and financial ratios

DKK'000	2019/20	2018/19	2017/18*	2016*	2015*
Income statement					
Revenue	1,140,881	1,139,912	1,076,920	678,292	498,183
Gross profit/loss	357,197	385,858	247,568	166,445	133,049
Normalised EBITDA (non-IFRS)	52,728	56,979	35,948	40,441	37,905
EBITDA (IFRS)	37,413	56,979	35,948	40,441	37,905
Operating profit before non-recurring items	-20,306	18,904	8,851	21,512	22,695
Non-recurring items	-27,295	-14,185	-	-	-
Net financials	-12,379	-8,621	-11,293	-499	-3,104
Profit/loss before tax	-59,980	-3,902	-2,442	21,013	20,043
Profit/loss for the year	-58,755	-5,783	-7,483	13,920	13,877
Statement of financial position					
Investments in property, plant and equipment	3,205	10,537	20,107	8,178	9,858
Total assets	401,704	506,375	379,583	374,106	227,173
Equity	27,602	93,264	93,094	76,104	60,066
Gross margin	31.3%	33.8%	23.0%	24.5%	26.7%
Net margin	-5.1%	-0.5%	-0.7%	2.1%	2.8%
Return on equity	-97.2%	-6.2%	-8.8%	20.4%	25.6%
Equity ratio with netting of cash position	7.4%	18.4%	25.9%	20.3%	26.4%
Equity ratio	6.9%	18.4%	24.5%	20.3%	26.4%

* In accordance with section 101 of the Danish Financial Statements Act, key figures for the years 2015 – 2017/18 have not been adjusted to reflect the effects of the transition to IFRS. Refer to note 2 for details on the transition to IFRS.

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	Gross profit/loss x 100 / Revenue	The entity's operating gearing.
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Return on equity (%)	Profit/loss for the year x 100 / Average equity	The entity's return on capital invested in the entity by the owners.
Equity ratio with netting of cash position (%)	Equity including shareholder loans x 100 / Total assets, cash net	The financial strength of the entity.
Equity ratio (%)	Equity including shareholder loans x 100 / Total assets	The financial strength of the entity.

Consolidated income statement

DKK'000	Notes	2019/20	2018/19
Revenue	4	1,140,881	1,139,912
Cost of sales		-783,684	-754,054
Gross profit/(loss)		**357,197**	**385,858**
Other external expenses		-92,380	-100,969
Staff costs	5	-227,404	-227,910
Operating profit/(loss) before amortisation and depreciation		**37,413**	**56,979**
Amortisation and depreciation	7	-57,719	-38,075
Operating profit/(loss) before non-recurring items		**-20,306**	**18,904**
Non-recurring items	8	-27,295	-14,185
Financial income	9	28	1,542
Financial expenses	10	-12,407	-10,163
Profit/(loss) before tax		**-59,980**	**-3,902**
Tax on profit/(loss)	11	1,225	-1,881
Profit/(loss) for the financial year		**-58,755**	**-5,783**
Other comprehensive income/loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign enterprises		-318	-255
Other comprehensive income/(loss) after tax		**-318**	**-255**
Total comprehensive income/(loss)		**-59,073**	**-6,038**

Consolidated statement of financial position

DKK'000	Notes	30 April 2020	30 April 2019	1 May 2018
ASSETS				
Goodwill		112,920	112,920	112,920
Acquired intangible assets		6,514	18,077	16,441
Completed development projects		7,446	4,299	2,795
Development projects in progress		2,466	8,683	2,667
Total intangible assets	12	**129,346**	**143,979**	**134,823**
Plant and machinery	13	867	2,475	3,591
Other fixtures, fittings and operating equipment	13	3,133	7,066	4,875
Leasehold improvements	13	969	1,817	1,896
Property, plant and equipment in progress	13	-	770	892
Right-of-use assets	14	55,012	74,769	91,044
Total property, plant and equipment		**59,981**	**86,897**	**102,298**
Deposits		3,319	3,937	3,248
Deferred tax	11	8,369	7,263	7,094
Total financial assets		**11,688**	**11,200**	**10,342**
Total non-current assets		**201,015**	**242,076**	**247,463**
Inventories	15	93,239	148,901	124,646
Trade receivables	16	60,445	73,180	59,249
Receivables from group enterprises		1,068	18,139	0
Other receivables	16	2,318	4,357	4,043
Tax receivables	11	76	-	169
Prepaid expenses		2,926	6,859	8,872
Other investments		-	-	7
Cash and cash equivalents		40,617	10,174	7,747
Current assets		**200,689**	**261,610**	**204,733**
Total current assets		**200,689**	**261,610**	**204,733**
Assets		**401,704**	**503,686**	**452,196**

DKK'000	Notes	30 April 2020	30 April 2019	1 May 2018
EQUITY AND LIABILITIES				
Share capital		545	545	545
Retained earnings		27,057	86,130	92,168
Total equity		**27,602**	**86,675**	**92,713**
Deferred tax liabilities	11	-	-	1,962
Other provisions	17	7,262	250	1,926
Subordinate loan capital		-	-	5,293
Other non-current liabilities	18	15,919	1,333	3,067
Lease liabilities	18	33,412	51,390	65,048
Total non-current liabilities		**56,593**	**52,973**	**77,296**
Current portion of long-term liabilities other than provisions	18	26,650	26,636	27,862
Revolving Credit Facility	18	119,312	102,296	62,432
Contract liabilities	4	12,971	18,478	13,478
Trade payables		96,380	145,592	102,108
Payables to group enterprises		-	-	1,688
Payables to shareholders and management		-	296	14,007
Joint taxation contribution payable	11	962	3,873	3,601
Other payables		61,234	66,867	57,011
Total current liabilities		**317,509**	**364,038**	**282,187**
Total liabilities		**374,102**	**417,011**	**359,483**
Equity and liabilities		**401,704**	**503,686**	**452,196**

Consolidated statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 May 2019	545	86,130	86,675
Profit/loss for the year	-	-58,755	-58,755
Comprehensive income for the year			
Exchange rate adjustments	-	-318	-318
Other comprehensive income			
Equity at 30 April 2020	**545**	**27,057**	**27,602**

DKK'000			
Equity at 1 May 2018	545	92,168	92,713
Profit/loss for the year	-	-5,783	-5,783
Comprehensive income for the year			
Exchange rate adjustments	-	-255	-255
Other comprehensive income			
Equity at 30 April 2019	**545**	**86,130**	**86,675**

Share capital

Share capital consists of 545 shares of DKK 1,000 each.

Consolidated statement of cash flows

DKK'000	Notes	2019/20	2018/19
Operating profit /loss		-20,306	18,904
Amortisation, depreciation and impairment losses		58,658	40,630
Non-recurring items		-27,295	-14,185
Other provisions		7,011	-1,676
Working capital changes	19	14,017	20,763
Cash flow from ordinary operating activities		**32,085**	**64,436**
Interest received / income		28	1,542
Interest paid / expenses		-12,407	-10,163
Income taxes refunded / paid		-2,988	-3,450
Cash flow from operating activities		**16,718**	**52,365**
Investments in intangible assets		-10,069	-17,723
Investments in property, plant and equipment		-826	-7,795
Sale of property, plant and equipment		1,418	1,039
Deposits		618	0
Other investments		0	-63
Cash flows from investing activities		**-8,859**	**-24,542**
Change in Revolving Credit Facility, net		17,016	39,864
Changes in other borrowings		14,896	-7,217
Payment of principal portion of lease liabilities		-26,103	-24,504
Changing in fair values of financial liabilities		0	0
Changes in loans to group enterprises		16,775	-19,828
Repayments of payables to shareholders and management		0	-13,711
Cash flows from financing activities		**22,584**	**-25,396**
Cash flows for the year		30,443	2,427
Cash at 1 May		10,174	7,747
Cash and cash equivalents at 30 April		**40,617**	**10,174**

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1. Summary of significant accounting policies

Compliance with International Financial Reporting Standards
The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class C (Large) enterprises, cf. the Danish Executive Order on Adoption of IFRSs ("*IFRS-bekendtgørelsen* ") issued in accordance with the Danish Financial Statements Act ("DFSA"). For periods up to and including the year ended 30 April 2019, the Group prepared its consolidated financial statements in accordance with the DFSA.

The financial statements for all periods presented, including the opening IFRS statement of financial position, have been prepared in accordance with all IFRSs as adopted by the EU effective for accounting periods beginning 1 May 2019 except when IFRS 1 requires or allows prospective implementation as explained below.

The Group has applied IFRS 1, First Time Adoption of IFRS, with 1 May 2018 as the date of transition to IFRS, and for further explanation of the adjustments made by the Group in restating the consolidated financial statements, including the financial position at 1 May 2018 and the consolidated financial statements for the year ended 30 April 2019, see note 2 - First Time Adoption of IFRS.

Basis of preparation
These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the
consideration given in exchange for the assets.

The consolidated financial statements are presented in DKK thousands and all values are rounded to the nearest thousand (DKK'000), except when otherwise indicated.

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

Basis of consolidation
The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The profits or losses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

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

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

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

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

Functional currency and presentation currency

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

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

Going concern

The Board of Directors has a reasonable expectation that the Group has adequate resources to continue as a going concern for the foreseeable future, having considered the Group's forecasts and projections, taking account of reasonably possible changes in operating performance and the current economic uncertainty. Accordingly, they have adopted the going concern basis of accounting in preparing the financial statements.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, utilisation of revolving credit facility, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and cash equivalents.

Income statement

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements. The normal credit term is 14 to 60 days upon delivery.

Office interior solutions

Revenue from the sale of furniture is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment or at the customer's acceptance, if the contract contains acceptance requirements.

Hospitality services
The Group provides installation and services that are either sold separately or in a bundle together with the sale of furniture to a customer. Installation and services comprise one performance obligation because the Group determined that the hospitality services are a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. Contracts for bundled sales of furniture and installation/services are therefore comprised of two performance obligations because the promises to transfer furniture and provide installation/services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group concluded that revenue from installation/services is to be recognised over time because the Group's performance enhances the assets and that the customer simultaneously receives and consumes the benefits provided by the Group. The Group determined that the output method is the best method in measuring progress of the services, hence the Group recognises revenue on the basis of milestones reached (e.g. rooms finished).

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Group's ordinary activities, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for group staff.

Non-recurring items
Non-recurring items include significant income and expenses of a special nature in terms of the Group's revenue-generating activities that cannot be attributed directly to the Group's ordinary operating activities.

Non-recurring items include costs related to outsourcing and restructuring activities, premises costs related to consolidation on fewer physical locations, other normalizations one-off issues and strategy, consolidation and process optimization.

Non-recurring items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

Depreciation and amortisation
Depreciation and amortisation relating to property, plant and equipment and intangible assets comprise depreciation and amortisation for the financial year, as well as gains and losses from the sale of intangible assets and property, plant and equipment.

Financial expenses
Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Taxation
Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised in other comprehensive income (OCI) for items in OCI and directly in equity by the portion attributable to entries directly in equity. The Group is jointly taxed with the Parent Company, Holmris Holding A/S, and all of the Parent Company's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

Joint taxation contributions receivable or payable
Current joint taxation contributions receivable or payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Balance sheet

Goodwill
Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as recognised in the acquisition analysis. In connection with the acquisition of operating activities, goodwill is allocated to cash-generating units. Since goodwill has an indefinite useful life, it is not amortised. Thus, it is not possible to determine a useful life. Instead, goodwill is subject to impairment testing either annually or when an indication of impairment arises. The carrying amount comprises the cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is lower than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis on the carrying amount of each asset in the unit. Any impairment of goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/(loss) on disposal.

Other intangible assets
Other intangible assets comprise development projects completed and in progress with related intangible assets acquired.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. The cost of development projects comprises costs that are directly and indirectly attributable to the development projects.

Development projects in progress are subject to impairment testing either annually or when an indication of impairment arises. The carrying amount comprises the cost less any accumulated impairment losses.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Other intangible assets acquired are measured at cost less accumulated amortisation, and are written down to the lower of recoverable amount and carrying amount. The amortisation period is 10 years.

Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3 - 10 years
Other fixtures and fittings, tools and equipment	3 - 8 years

Estimated useful lives and residual values are reassessed annually.

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

Leases
When entering into an agreement, the Company assesses whether an agreement is a lease agreement or contains a lease element.

The right-of-use asset is measured at cost, which is calculated as the present value of the lease obligation plus any direct costs related to the entering into of the lease and prepaid lease payments.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Company leases vehicles and properties which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Where the Company cannot reliably separate lease and non-lease items, it is considered a single lease payment.

Short leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position.

The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

The lease obligation, which is recognised under “Lease liabilities”, is measured at the present value of the remaining lease payments, discounted by the Company’s incremental loan interest rate, if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined. The lease obligation is subsequently adjusted if:
• The value of the index or interest rate on which the lease payments are based changes.
• There is a change in the exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
• The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognised as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognised in the income statement.

Deposits
On initial recognition, deposits are measured at fair value and subsequently at amortised cost less impairment losses, if any.

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

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

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

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

Contract assets and liabilities
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

Trade receivables
Trade receivables consist of trade receivables not subject to factoring and are measured at amortised cost less provisions for expected credit losses. The Group applies the simplified approach in order to measure lifetime expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics. Trade receivables are subject to impairment, where the actual provision made is based on a predefined percentage dependent on the number of reminders sent to the customer.

Other receiveables
Other receivables consist of unpaid consideration from the factoring agreement measured at amortised cost, usually equalling nominal value.

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

Other investments
Other current asset investments comprise listed securities measured at fair value (market price) at the end of reporting period.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

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

Bank loans
Bank loans are initially recognised at fair value net of transaction expenses and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Other financial liabilities comprise holiday allowances, other payables, VAT and other accrued costs. Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

2. First-time adoption of IFRS

IFRS 1, First-time Adoption of International Financial Reporting Standards, sets out the transitional rules for when IFRSs are applied for the first time. The Group is required to select accounting policies in accordance with IFRS valid at its first IFRS reporting date and apply those policies retrospectively. The Standard sets out certain mandatory exceptions to retrospective application and certain optional exemptions. The Group has applied the mandatory exemptions and certain optional exemptions as set out below:

Use of optional exemption regarding IFRS 1:D13 to deem cumulative translation differences related to foreign operations to be zero has been used.

Use of optional exemption regarding IFRS 3 *Business Combinations.* Use of this exemption means that the DK GAAP carrying amounts of assets and liabilities for business combinations prior to date of transistion that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition.

The effects of IFRS adoption for the consolidated income statement and statement of financial position, and a reconciliation between net profit for the year according to previous DK GAAP and IFRS, are presented below:

DKK'000		30 April 2019	1 May 2018
Total equity under DK GAAP		**76,901**	**93,094**
Adjustmens to equity to conform with			
Goodwill	(a)	16,779	-
Leases (IFRS 16)	(b)	-1,580	-
Leases (Finance lease reversal)	(c)	-1,525	-381
Other adjustment		-3,900	-
Total equity under IFRS		**86,675**	**92,713**

DKK'000		2018/19
Profit for the year under DK		**-15,938**
Adjustmens to profit for the year to conform with IFRS:		
Goodwill	(a)	16,779
Leases (IFRS 16)	(b)	-1,580
Leases (Finance lease reversal)	(c)	-1,144
Other adjustment		-3,900
Comprehensive income for the		**-5,783**

(a) As part of the transition to IFRS, goodwill amortisation of DKK 16,779 thousand has been reversed. Goodwill amortisation has been reversed as goodwill with an indefinite useful life is not amortised according to IFRS, but is subject to an annual impairment test. For further information, see note 12.

(b) Implementation of IFRS 16 has resulted in an increase in assets at 1 May 2018 by DKK 91,044 thousand and an equivalent increase in lease liabilities. At 30 April 2019, the increase amounts to DKK 74,769 thousand for right-of-use assets and DKK 76,349 thousand for lease liabilities. The profit for 2018/19 has declined by DKK 1,580 thousand following the implementation of IFRS 16, and operating profit before amortisation and depreciation has increased by DKK 27,196 thousand in the same period.

(c) As part of the transition, the leases previously recognised as finance leases according to IAS 17 have been derecognised and have instead been measured according to IFRS 16. This derecognition has resulted in a decrease in assets at 1 May 2018 by DKK 18,430 thousand and a decrease in lease liabilities by DKK 18,049 thousand. At 30 April 2019, the decrease amounts to DKK 17,506 thousand for finance leases and DKK 15.981 thousand for lease liabilities. The profit for 2018/19 has decreased by DKK 1,144 thousand as a result of the derecognition.

Reclassifications

In addition to the changes in accounting policies, reclassifications and adjustments to the presentation have been carried out, including assets being presented as current and non-current assets, compared to the previous presentation as fixed and current assets, and provisions are no longer being presented as a separate group in the statement of financial position, but are included in current and non-current liabilities.

Estimates

The significant accounting estimates and judgments at 1 May 2018 and 30 April 2019 are consistent, in all material respects, with those made at the same dates in accordance with previous DK GAAP. See note 3 for an overview of significant accounting estimates and judgments.

3. Significant accounting estimates and judgements

Significant accounting estimates
As part of the preparation of the consolidated financial statements, Management makes a number of accounting estimates and judgements as well as assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The Group's accounting policies are described in detail in note 1 to the consolidated financial statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the annual report.

Impairment test of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires Management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of the cash flows. Where the present value of the expected cash flows will not exceed the carrying amount of goodwill, a material impairment loss may arise. The key assumptions used in the impairment tests of goodwill are disclosed in note 12. The carrying amount of goodwill is DKK 113 million (2018/19: DKK 113 million.)
The Group has determined that the group as a whole comprises the only CGU where it is possible to determine relevant cash flows and used as a part of reporting hereof to management and it is not possible to distinguish cash flow from entities on a stand alone basis. Key factors which have been considered in this determination is that even though the group comprises several entities they all contribute with different parts of the fully combined solution towards the clients (acqiusition of furniture, development of new solutions etc.)

Determining the lease term of contracts
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. Refer to note 13 for information on potential future rental payments relating to periods following the exercise date of termination options that are not included in the lease term.

Non-recurring items
The use of special items entails management judgement in the separation from ordinary items. Management carefully considers individual items and projects (including restructurings) in order to ensure the correct distinction and split between operating activities and significant income and expenses of a special nature.

Management initially assesses the entire restructuring project and recognises all present costs of the project. The projects are assessed on an ongoing basis, with additional costs possibly being incurred during the lifetime of the project.

The estimate includes expenses related to costs related to outsourcing and restructuring activities, premises costs related to consolidation on fewer physical locations, other normalizations one-off issues and strategy, consolidation and process optimization. Management reassesses the useful life and residual value of non-current assets used in an entity undergoing restructuring.

Valuation of deferred tax assets

Management has evaluated the measurement of deferred tax assets on the basis of budgets and forecasts and expected future income for the period 2020/21 - 2024/25. Deferred tax assets are expected to be utilised against future positive income over the next 3-5 years. Since the calculation of expected future taxable income for the coming years is subject to significant estimation and judgment, the valuation of the recognised deferred tax asset is inherently subject to uncertainty.

4. Revenue and contract assets and liabilities

DKK'000	2019/20	2018/19
Revenue by business activity		
Office interior solutions	995,897	978,884
Hospitality	144,984	161,027
	1,140,881	**1,139,911**

Revenue by country		
Denmark	883,036	867,444
Other countries	257,845	272,467
	1,140,881	**1,139,911**

Contract assets and liabilities

Contract balances	30 April 2020	30 April 2019
Contract assets		
Current contract assets	-	-
	-	**-**
Contract liabilities		
Current contract liabilities	12,971	18,478
	12,971	**18,478**

The Group has decided to use the practical expedient provided under IFRS and has therefore not disclosed the amount of the remaining performance obligation for contracts that qualify for invoicing.

5. Staff costs

DKK'000	2019/20	2018/19
Salaries and wages	196,987	190,534
Pension contributions	17,159	23,010
Other social security costs	3,269	2,204
Other staff costs	9,989	12,162
	227,404	**227,910**
Average number of employees	431	437

2019/20	Salary and pension	Bonus	Benefits and other related expenses	Total
Remuneration to Executive Board	3,867	-	-	3,867
Remuneration to Board of Directors	626	-	-	626
			-	**3,867**
2018/19				
Remuneration to Executive Board	3,774	-	-	3,774
Remuneration to Board of Directors	550	-	-	550
			-	**3,774**

6. Share-based payments

Common stock warrants

In 2018, Holmris Holding A/S issued 55,000 D-share warrants to directors of the Company. The holders of the warrants have paid fair market value and therefore no compensation expense is recognised. The warrants give the holders the right (without a pre-emption right for the Company's existing shareholders) to subscribe for 1 D-share in the Company with a par value of one Danish Krone, by cash contribution at exercise.

The D-share warrants expire at the earlier of (i) a change of control of the Group or an IPO or (ii) the period from 1 April 2023 to 15 April 2023.

The development in outstanding warrants can be specified as follows:

	Number of warrants	
	30 April 2020	30 April 2019
Outstanding at 1 May	45,000	-
Granted during the period	-	55,000
Forfeited during the period	-	(10,000)
Exercised during the period	-	-
Outstanding at 30 April	45,000	45,000
Weighted average remaining contractual life (months)	35	47

7. Amortisation and depreciation

DKK'000	2019/20	2018/19
Amortisation, intangible assets	-24,188	-8,702
Depreciation of property, plant and equipment	-6,752	-3,518
Profit/loss from sale of intangible assets and property, plant and	-27	188
Leasing of property, plant and equipment	-26,752	-26,043
	-57,719	**-38,075**

8. Non-recurring items

DKK'000	2019/20	2018/19
Non-recurring items:		
Costs related to restructuring activities	-	14,185
Optimization of synergies and restructuring costs	11,464	
Premises costs related to consolidation on fewer physical locations	15,831	-
Total non-recurring items	**27,295**	**14,185**

Impact of non-recurring items on operating profit

If non-recurring items had been recognised in operating profit before non-recurring items, they would have been included in the following line items:

Other external expenses	12,049	8,397
Staff costs	15,246	5,788
Total non-recurring items	**27,295**	**14,185**

In 2019/20, the Group continued the integration of B8 A/S which was acquired in 2018 including harvesting of synergies related to combining two large production facilities on one location and streamlining systems and processes (including termination of employees). Towards the end of 2019/20, following the outbreak of Covid-19, additional actions were carried out to mitigate a scenario where the activity level would remain low following the Covid-19 situation for an extended period, even though signs of a relatively rapid order intake rebound were seen. These actions included increased outsourcing of production to existing and new partners in Denmark and abroad as well as adjustments to the geographical footprint and organizational setup (including termination of employees) to increase flexibility and agility as well as to improve operational KPIs related to quality and delivery performance.

9. Financial income

DKK'000	2019/20	2018/19
Interest income	28	47
Financial income	0	1,495
Total financial income	28	1,542

10. Financial expenses

DKK'000	2019/20	2018/19
Interest expenses	-9,669	-7,518
Interest from affiliated companies	0	-239
Interest from associates	0	0
Financial expenses	-2,738	-2,406
Total financial expenses	**-12,407**	**-10,163**

11. Taxation including current and deferred tax

DKK'000	2019/20	2018/19
Current tax	0	1,865
Changes in deferred tax	-1,105	34
Adjustment previous year	-120	-18
Total	**-1,225**	**1,881**

Reconciliation of tax expense and the profit multiplied by domestic tax rate for 2018/19 and 2019/20:		
Profit before tax	-59,980	-3,902
Tax computed as statutory 22% tax rate (2018/19: 22%)	-13,196	-859
Other adjustment	-858	858
Utilisation of previously unrecognised tax losses	16,563	1,290
Utilisation of tax losses (gains) from companies within the joint taxation contribution	-3,449	-
Non-deductible expenses	-349	968
Adjustment previous year	7	-968
Income tax at the effective income tax rate of 22 % (2018/19: 22%)	-1,282	1,290
Income tax expense reported in the income statement	**-1,225**	**1,881**

Deferred tax assets, net

DKK'000	2019/20	2018/19
Deferred tax at 1 May	7,263	7,094
Deferred tax for the year recognised in the income statement	1,106	-34
Other adjustments	-	203
Deferred tax at 30 April	**8,369**	**7,263**

Deferred tax is recognised in the statement of financial position as follows:		
Deferred tax (asset)	8,369	7,263
Deferred tax (liability)	-	-
	8,369	**7,263**

Deferred tax concerns:		
Intangible assets	3,819	2,296
Property, plant and equipment	-2,111	-186
Fixed asset investments	0	-
Inventories	-666	-814
Receivables	0	-97
Provisions	1,333	-
Liabilities other than provisions	3,269	-
Tax loss carry forwards	2,692	6,064
Other deductible temporary differences	33	-
	8,369	**7,263**

Deferred tax:
Management has evaluated the measurement of deferred tax assets on the basis of budgets and forecasts and expected future income for the period 2019/20-2023/24. Deferred tax asset is expected to be utilised against future positive income over the next 3-5 years. Since the calculation of expected future taxable income for the coming years is subject to significant estimation and judgment, the valuation of the recognised deferred tax asset is inherently subject to uncertainty.

12. Total intangible assets

DKK'000	Goodwill	Acquired intangible assets	Completed development projects	Development projects in progress
30 April 2020				
Cost at 1 May	112,920	33,618	7,536	8,683
Transfers	-	-429	11,496	-7,695
Additions	-	561	4,658	1,478
Cost at 30 April	**112,920**	**33,750**	**23,690**	**2,466**
Amortisation at 1 May	-	-15,541	-3,237	-
Transfers	-	2,566	-3,081	-
Amortisation	-	-6,357	-4,615	-
Impairment		-7,904	-5,311	
Amortisation at 30 April 2020	-	**-27,236**	**-16,244**	-
Carrying amount at 30 April 2020	**112,920**	**6,514**	**7,446**	**2,466**
30 April 2019				
Cost at 1 May	112,920	23,572	5,128	2,667
Reclassification	-	840	515	-515
Additions	-	9,206	2,073	8,820
Disposals	-	-	-180	-2,289
Cost at 30 April 2019	**112,920**	**33,618**	**7,536**	**8,683**
Amortisation at 1 May	-	-7,131	-2,332	-
Reclassification	-	-927	-	-
Amortisation	-	-7,483	-1,085	-
Disposals	-	-	180	-
Amortisation at 30 April 2019	-	**-15,541**	**-3,237**	-
Carrying amount at 1 May 2018	**112,920**	**16,441**	**2,796**	**2,667**
Carrying amount at 30 April 2019	**112,920**	**18,077**	**4,299**	**8,683**

Goodwill

At 30 April 2020, goodwill amounted to DKK 112 million (2018/19: DKK 112 million) for the Group. The Group has on 30 April in 2020 and 2019 performed impairment testing of the carrying amount of goodwill at the end of the financial year based on value in use. Impairment testing is performed each year based on the budgets or business plans approved by the Board of Directors.

The Group has determined that the Group itself represents the only identifyable CGU. As this is the case, then the carrying amount of goodwill and development projects in progress is allocated thereto. The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of the expected future free cash flow, with the carrying amount of the individual cash-generating units.

Budgets and projections for the 2020-2029 period are based on business plans and external market surveys, assessing risks associated with key parameters and incorporating these in expected future free cash flows. A ten-year period as opposed to a shorter period is used to make sure that assumptions are modelled as detailed as possible. The value for the period after 2029 takes into account the real growth and inflation expectations, which is described below.

When calculating the recoverable amount of goodwill, a discount rate of 10.5% after tax is assumed. The discount rate is based on a risk-free interest rate of 0.0% (2019: 0.0%). The discount rate has been determined based on the Cost of Capital model. The risk-free interest rate, the market risk premium and the beta factor are determined using external sources. The impairment tests performed at April 2020 indicate significantly higher value in use of the assets compared to the carrying amounts, and the impairment tests are therefore not sensitive to changes in the significant conditions and factors.

Key assumptions from the impairment testing of goodwill are as follows:

	Value drivers based on average for the period 2020-2029	Value drivers based on average for the terminal period
Net sales growth	4.0%	2.0%
EBITDA margin	8.6%	10.0%
EBITA margin	7.8%	9.8%
Intangible assets/Sales	9.0%	0.0%
Property, plant and equipment/Sales	1.3%	1.5%
NWC/Sales	5.8%	6.6%

Acquired intangible assets, completed development projects and development projects in progress
The intangible assets comprising acquired intangible assets, completed development projects and development projects in progress have a total recoverable amount at 30 April 2020 of DKK 16,426 thousand and a carrying amount of DKK 29,641 thousand, resulting in an impairment loss of DKK 13,215 thousand at 30 April 2020.

As a consequence, and part of the plan initiated in April 2020 to outsource production, the ERP system and associated systems linked to this production site, have become obsolete and therefore the total carrying amount related to these assets were written down to a carrying amount of DKK 0 and thereby realizing the impairment loss of DKK 13,215 thousand.

The remaining recoverable amount at 30 April 2020 of DKK 16,426 thousand relate to development of new office furniture and business areas as well as optimisation of internal processes, supply chain and sales.
The development is proceeding as planned and is expected to be completed within 1-3 years. Both completed development projects and development projects in progress contribute or are expected to contribute significantly to the Group's earnings going forward.

13. Total property, plant and equipment

DKK'000	Plant and machinery	Other fix-tures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
30 April 2020				
Cost at 1 May	6,588	8,112	5,072	770
Reclassification	-587	-3,517	206	-
Additions	2,043	920	242	-
Disposals	0	-1,745	-1,622	-770
Cost at 30 April	**8,044**	**3,770**	**3,898**	-
Depreciation at 1 May	-4,113	-1,046	-3,255	-
Reclassification	292	1,370	-34	-
Depreciation	-3,356	-2,134	-1,160	-
Disposals	0	1,173	1,520	-
Depreciation at 30 April	**-7,177**	**-637**	**-2,929**	-
Carrying amount at 30 April	**867**	**3,133**	**969**	-

DKK'000	Plant and machinery	Other fix-tures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
30 April 2019				
Cost at 1 May	14,556	16,085	4,554	892
Exchange rate adjustments	-	23	-	-
Reclassification	-	-895	-	-
Additions	3,282	3,320	1,283	2,652
Disposals	-11,250	-10,421	-765	-2,774
Cost at 30 April	**6,588**	**8,112**	**5,072**	**770**
Depreciation at 1 May	-10,965	-11,210	-2,658	-
Reclassification		927		
Depreciation	-1,357	-723	-1,325	-
Reversals regarding disposals	8,209	9,960	728	-
Depreciation at 30 April	**-4,113**	**-1,046**	**-3,255**	**-**
Carrying amount at 1 May	**3,591**	**4,875**	**1,896**	**892**
Carrying amount at 30 April	**2,475**	**7,066**	**1,817**	**770**

14. Right-of-use assets

DKK'000	Leaseholds	Other fixtures and fittings, tools and equipment	Vehicles
30 April 2020			
Cost at 1 May	66,447	19,342	15,023
Exchange rate adjustments	-	-	-
Additions	-	3,628	4,330
Adjustments and revaluation	-	2	-
Cost at 30 April	**66,447**	**22,972**	**19,353**
Depreciation at 1 May	-17,016	-4,295	-4,731
Depreciation	-16,068	-5,189	-5,495
Impairment	-966	0	0
Depreciation at 30 April	**-34,050**	**-9,484**	**-10,226**
Carrying amount at 30 April	**32,397**	**13,488**	**9,127**
30 April 2019			
Cost at 1 May	66,106	13,401	11,538
Exchange rate adjustments	-	-	-
Additions	341	5,941	3,485
Disposals	-	-	-
Cost at 30 April	**66,447**	**19,342**	**15,023**
Depreciation	-17,016	-4,295	-4,731
Depreciation at 30 April	**-17,016**	**-4,295**	**-4,731**
Carrying amount at 30 April 2019	**49,431**	**15,047**	**10,292**

Carrying amounts of lease liabilities and movements during the period:

DKK'000	30 April 2020	30 April 2019
At 1 May	76,349	91,044
Additions	7,958	9,767
Accrual of interest	2,101	2,692
Payments	-28,204	-27,196
Exchange rate adjustments	-132	42
Adjustments and revaluation	2	-
At 30 April	**58,074**	**76,349**
Current	24,662	24,959
Non-current	33,412	51,389

The maturity analysis of lease liabilities is disclosed in note 18.

The following amounts have been recognised in profit or loss:

DKK'000	2019/20	2018/19
Depreciation expense of right-of-use assets	26,752	26,043
Interest expense on lease liabilities	2,101	2,692
Expense relating to short-term leases (included in cost of s	2	13
Total amount recognised in profit or loss	**28,855**	**28,748**

The Group had total cash outflow for leases of DKK 28,204 thousand (2018/19: DKK 27,196 thousand).

The Group leases various properties, production equipment, equipment and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

As part of COVID-19 no rent concession has been received.

15. Inventories

DKK'000	30 April 2020	30 April 2019	1 May 2018
Raw materials and consumables	45,780	45,412	26,364
Work in progress	7,558	4,619	11,829
Manufactured goods and goods for resale	38,900	97,934	80,732
Prepayments for goods	1,001	936	5,721
Inventories	**93,239**	**148,901**	**124,646**

Included in the income statement:

During 2019/20, DKK 783,684 thousand (2018/19: 754,054 thousand) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

During 2019/20, DKK 10,784 thousand (2018/19: 9,215 thousand) were recognised as write down of inventories carried at net realisable value. This is recognised in other external expenses.

16. Trade and other receiveables

DKK'000	30 April 2020	30 April 2019	1 May 2018
Trade receivables	55,525	71,564	56,319
Loss allowance	-1,657	-2,741	-1,113
Other receivables	6,577	4,357	4,043
	60,445	**73,180**	**59,249**

The average credit period for the sale of goods is 30 days.
The Group holds a portfolio of trade receivables which meets the SPPI test. The trade receivables are either held to collect their cash flows whereas some receivables are subject to factoring arrangements. The factoring arrangement results in derecognition of the trade receivables and recognition of a separate asset representing the unpaid consideration from the factor.

Trade receivables

Trade receivables consist of trade receivables less considerations from the factoring agreements and are measured at amortised cost less provisions for expected credit losses. The Group applies the simplified approach in order to measure lifetime expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors. Set out below is the movement in the allowance for expected credit losses:

	30 April 2020	30 April 2019
At 1 May	2,741	1,113
Provision for expected credit loss	1,657	2,741
Write-off	-2,741	-1,113
At 30 April	**1,657**	**2,741**

The expected credit losses generally relate to customers in Denmark. Customers based in Denmark amount to DKK 42,447 thousand (2018/19: 59,398) where 38% (2018/19: 34%) is overdue and is subject to impairment. Customers based outside of Denmark amount to DKK 12,679 thousand (2018/19: 12,166), where 20% (2018/19: 24%) is overdue and the expected credit loss amounts to 1,657 (2018/19: 2,741).

Other receivables

Other receivables consist of unpaid consideration from the factoring agreement. Under this arrangement, the Group transfers the title to the individual receivable to the factor in exchange for cash consideration equalling 90% of the face value. The remaining 10% of the face value is paid once the underlying receivable is settled. The Group collects the consideration on behalf of the factor until full payment has been received from the debtor.

As the full control and 90% of the credit risk are transferred, the Group has concluded that all risks and rewards are neither transferred nor retained. Therefore, the Group derecognises the trade receivables in their entirety and recognises separately the right of the remaining 10% from the factor. The maximum exposure to loss of the transferred assets equals the carrying amount. All of the factored trade receivables are subject to credit insurance and hence the majority of the counterparties are creditworthy. In addition, the short length of credit has led to the conclusion that the face value is a reasonable estimation of fair value.

17. Other provisions

DKK'000	30 April 2020	30 April 2019
Balance at 1 May	250	1,926
Reduction arising from payment	0	-1,926
Additions	7,012	250
Other provisions at 30 April	**7,262**	**250**
Other provisions are expected to fall due as follows:		
0-1 year	7,262	250
1-5 years	0	0
	7,262	**250**

Main share of provisions are related to one specific contract entered into by the Hospitality segment with one specific customer for which a provision has been made to cover the obligation for Holmris B8 Group to fulfill this contract. The underperformance of the project is mainly driven by poor performance of one specific sub-supplier to the project. Holmris B8 Group expects to receive partial reimbursement from this sub-supplier.

18. Financial risk

Capital management

The Group's Management assesses whether the Group's capital structure is in line with the interests of the Group and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. At 30 April 2020, the Group's interest-bearing debt net, including leases, amounts to DKK 195 million (30 April 2019: DKK 182 million). A financing solution was carried out in August 2020 to address the negative impact from temporary weak months following the outbreak of Covid-19 and secure a sufficiently financial buffer going forward. The solution which was supported by the company's bank, long-term lenders and its shareholders secured additional liquidity to the company of DKK 50m and extended financing agreements. Following this, the financial facilities in the Group is considered sufficient to run the business for the coming years.

Financial risk management

The overall framework to manage financial risks is reflected in the Group's financial risk management policies. The policies include identification, limits, measurement and how to address risks regarding credit, foreign currency, liquidity and interest rates.

The policies are updated annually and approved by the Board of Directors.

It is the Group's policy not to speculate in financial risks. Hence, the financial risk management strategy aims at managing and reducing risks due to the Group's operations, investments and finance activities.

Only significant risks are described below. Each section gives a short description of the financial risk, the related business activity, risk management and impact during the year.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations towards the Group, leading to a financial loss. The Group is exposed to credit risk primarily related to its trade and other receivables, receivables from group enterprises, contract assets and cash held at financial institutions.

Trade and other receivables

In general, trade and other receivables consist of counterparties within the public sector or large corporations.

To reduce credit risk and to secure flexibility in terms of liquidity related to the activity level in the business, the Group sells the majority of its trade receivables under a factoring agreement. In order for a trade receivable to qualify for factoring, an insurance company must approve the debtor's creditworthiness. Hence, the credit risk on factored receivables is reduced to a minimum. For the remaining trade receivables (i.e. not factored), Management assesses credit risk based on available information regarding the particular counterparty. Historic information typically relates to registered payment profiles, potential previous losses, annual reports etc. However, information used to estimate expected losses is derived from rating agencies, budgets, general development in macro-economic variables (e.g. unemployment rates) etc. Management assesses the need for credit insurance or collateral on an ongoing basis.

The maximum exposure to credit risk of trade and other receivables at the end of the reporting period equals the carrying amounts, see note 16.

Receivables from group enterprises
The Group has receivables from group enterprises which mainly relates to day-to-day operations. The carrying amount is DKK 1,068 thousand, (30 April 2019: DKK 18,139 thousand, 1 May 2018: DKK 0 thousand). Credit risk from group enterprises is managed like counterparties from core operations as described above.

Cash
The carrying amount of cash is DKK 40,617 thousand, (30 April 2019: DKK 10,174 thousand, 1 May 2018: DKK 7,747 thousand). According to the Group's policy, cash is deposited at financial institutions with a high credit rating.

Liquidity risk
Liquidity risk is the risk of a loss or higher than expected costs to ensure the ability to fulfil the Group's short-term and long-term payment obligations. The Group aims to ensure that it is able to timely obtain the financing from both related and external counterparties.

30 April 2020	**Carrying amount**	**Total**	**< 1 year**	**1-5 years**	**> 5 years**
Revolving Credit Facility	119,312	119,312	119,312	-	-
Trade payables	96,935	96,935	96,380	555	-
Payables to group enterprises	-	-	-	-	-
Payables to shareholders and management	-	-	-	-	-
Other payables	61,233	61,233	61,233	-	-
Holiday allowances	15,364	15,364	-	15,364	-
Lease liabilities	58,074	60,910	26,061	34,809	40
Total	**350,918**	**353,754**	**302,986**	**50,728**	**40**

30 April 2019	**Carrying amount**	**Total**	**< 1 year**	**1-5 years**	**> 5 years**
Revolving Credit Facility	102,296	102,296	102,296	-	-
Trade payables	145,592	145,592	145,592	-	-
Payables to shareholders and management	296	296	296	-	-
Other payables	69,877	69,877	68,544	1,333	-
Lease liabilities	76,350	80,883	26,855	49,781	4,247
Total	**394,411**	**398,944**	**343,583**	**51,114**	**4,247**

1 May 2018	**Carrying amount**	**Total**	**< 1 year**	**1-5 years**	**> 5 years**
Revolving Credit Facility	62,432	62,432	62,432	-	-
Subordinate loan capital	5,293	5,293	0	5,293	
Trade payables	102,108	102,108	102,108	-	-
Payables to group enterprises	4,755	4,755	1,688	3,067	-
Payables to shareholders and management	14,007	14,007	14,007	-	-
Other payables	61,944	61,944	58,877	3,067	-
Lease liabilities	91,044	97,800	28,667	61,105	8,028
Total	**341,582**	**348,338**	**267,778**	**72,532**	**8,028**

Methods and assumptions of the maturity analysis
The maturity analysis is based on undiscounted cash flows which include estimated interest payments. The Revolving Credit Facility can be called by the bank on demand, hence the interest is deemed immaterial.

Interest rate risk
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's liabilities towards banks carrying floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings. Therefore, the Group's net interest rate risk exposure is limited at 30 April 2020, 30 April 2019 and 1 May 2018.

Interest rate sensitivity
The Group is primarily exposed to CIBOR 3M which is floored at zero percent. CIBOR 3M has been negative throughout the financial year and it is Management's assessment that it is uncertain whether a reasonable possible change in CIBOR 3M would lead to a positive interest rate fixing. Therefore, a reasonable possible change is assessed to have an immaterial impact on the Group's profit or loss and equity for the years ended 30 April 2020 and 30 April 2019. This assessment is based on recognised financial assets and liabilities at year-end.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency other than the Group entity's functional currency) and the Group's net investments in foreign subsidiaries.

The Group's net foreign currency risk exposure is limited as goods are sourced locally in each subsidiary's own currency at 30 April 2020, 30 April 2019 and 1 May 2018. However, Management assesses on an ongoing basis whether risk exposures exceed the risk limits.

Financial assets and liabilities

	30 April 2020 Carrying amount	30 April 2020 Carrying amount	1 May 2019 Carrying amount
Trade receivables	60,445	73,180	59,249
Receivables from group enterprises	1,068	18,139	-
Other receivables	2,318	4,357	4,043
Prepaid expenses	2,926		
Cash	40,617	10,174	7,747
Financial assets measured at amortised cost	**107,374**	**105,850**	**71,039**
Revolving Credit Facility	119,312	102,296	62,432
Trade payables	96,380	145,592	102,108
Payables to group enterprises	-	-	1,688
Payables to shareholders and management	-	296	14,007
Other payables	61,233	69,877	61,944
Lease liabilities	58,075	76,349	91,044
Financial liabilities measured at amortised cost	**335,000**	**394,410**	**333,222**

Since the Group's financial instruments measured at amortised cost are either short-term and/or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

19. Working capital changes

DKK'000	30 April 2020	30 April 2019
Increase (-)/decrease (+) in inventories	55,662	-24,255
Increase (-)/decrease (+) in receivables etc.	18,709	-12,921
Increase (+)/decrease (-) in current liabilities	-60,354	57,939
	14,017	**20,763**

20. Reconciliation of liabilities arising from financing activities

DKK'000	Other borrowings	Revolving Credit Facility	Lease liabilities	Total liabilities from financing activities
30 April 2020				
Liabilities at 1 May	3,010	102,296	76,350	181,656
Loan raised	14,896		7,958	22,854
Repayments	-	-	-26,103	-26,103
Change in Revolving Credit Facility, net	-	17,016	-	17,016
Foreign exchange rate movements	-	-	- 132	- 132
Other	-	-	-	-
Liabilities at 30 April	**17,906**	**119,312**	**58,073**	**195,291**
30 April 2019				
Liabilities at 1 May	10,227	62,432	91,044	163,703
Loan raised	-	-	9,769	9,769
Repayments	-7,217	-	-24,504	-31,721
Change in Revolving Credit Facility, net	-	39,864	-	39,864
Foreign exchange rate movements	-	-	41	41
Other	-	-	-	-
Liabilities at 30 April	**3,010**	**102,296**	**76,350**	**181,656**

21. Guarantees, contingent liabilities and collateral

DKK'000	30 April 2020	30 April 2019	1 May 2018
The following assets are provided as collateral in favour of credit institutions in the Group:			
Property, plant and equipment	59,981	86,897	102,298
Inventories	93,239	148,901	124,646
Trade receiveables	60,445	73,180	59,249
Carrying amount of assets held as collateral	**213,665**	**308,978**	**286,193**

Debt to the factoring company is secured on a receivables charge on unsecured claims relating to the sale of goods and services. Debt to the factoring company has been set off against the value of trade receivables

As security for commitments with clients and lessors, performance and payments guarantees of DKK 8,237 thousand (2018/19: DKK 8,256 thousand) have been provided through the bank.

Contingent liabilities

The Group participates in a Danish joint taxation arrangement where Holmris Holding A/S serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

22. Related parties

The Entity's related party exercising control is Holmris Holding A/S.

The ultimate owner is BWB Partners I K/S with a registered office in Kokkedal.

Related parties also comprise the members of the Board of Directors and the Executive Board as well as close family members of the members of the Board of Directors and the Executive Board as well as other senior executives.

Transactions with related parties:
Transactions with the Board of Directors and the Executive Board which comprise salaries, pension and other benefits are described in note 5.

Other transactions with group enterprises:

DKK'000	2019/20	2018/19
Financial income	348	-
Financial expenses	-	-239

23. Events after the balance sheet date

A financing solution was carried out in August 2020 to address the negative impact from temporary weak months following the outbreak of Covid-19 and secure a sufficiently financial buffer going forward. The solution which was supported by the company's bank, long-term lenders and its shareholders secured additional liquidity to the company of DKK 50m and extended financing agreements.

24. Adoption of new and amended Standards

The new and amended Standards and Interpretations that have been issued, but are not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended Standards and Interpretations, if applicable, when they become effective.

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- Interest Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Classification of Liabilities as Current or Non-current

The Group does not expect any material impact from the issued but not yet effective IFRS standards that have not been implemented.

Parent Company's income statement

DKK'000	Notes	2019/20	2018/19
Revenue	4	925,992	919,651
Cost of sales		-619,579	-607,704
Gross profit/(loss)		**306,413**	**311,947**
Other external expenses		-79,102	-83,875
Staff costs	5	-185,478	-186,805
Operating profit/(loss) before amortisation and depreciation		**41,833**	**41,267**
Amortisation and depreciation	7	-54,181	-37,887
Operating profit/(loss) before non-recurring items		**-12,348**	**3,380**
Non-recurring items	8	-27,295	-14,185
Income from investments in group enterprises		-112	4,500
Financial income	9	1,565	2,100
Financial expenses	10	-14,308	-9,728
Profit/(loss) before tax		**-52,498**	**-13,933**
Tax on profit/(loss)	11	3,377	988
Profit/(loss) for the financial year		**-49,121**	**-12,945**
Other comprehensive income/loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign enterprises		-	
Other comprehensive income/(loss)		**-**	**-**
Total comprehensive income/(loss)		**-49,121**	**-12,945**

Parent Company's statement of financial position

DKK'000	Notes	30 April 2020	30 April 2019	1 May 2018
ASSETS				
Goodwill		112,438	112,438	112,438
Acquired intagible assets		6,515	18,078	16,145
Completed development projects		4,392	3,243	1,917
Development projects in progress		1,620	6,671	1,421
Total intangible assets	12	**124,965**	**140,430**	**131,921**
Plant and machinery	13	392	1,473	6,059
Other fixtures, fittings and operating equipment	13	1,689	4,722	5,637
Leasehold improvements	13	2,012	2,859	2,939
Property, plant and equipment in progress	13	-	770	892
Right-of-use assets	14	50,217	66,658	80,127
Total property, plant and equipment		**54,310**	**76,482**	**95,654**
Investments in group enterprises	15	36,450	36,572	36,572
Deposits		3,083	3,623	3,012
Deferred tax	11	9,000	7,125	7,011
Total financial assets		**48,533**	**47,320**	**46,595**
Total non-current assets		**227,808**	**264,232**	**274,170**
Inventories	16	72,401	107,366	89,719
Trade receivables	17	33,345	31,451	32,132
Receivables from group enterprises		18,273	35,530	25,063
Other receivables	17	1,701	3,500	2,682
Joint taxation contribution receivable		3,125	1,611	0
Prepaid expenses		2,369	6,045	7,623
Cash and cash equivalents		27,886	6,225	4,671
Current assets		**159,100**	**191,728**	**161,890**
Total current assets		**159,100**	**191,728**	**161,890**
Assets		**386,908**	**455,960**	**436,060**

DKK'000	Notes	30 April 2020	30 April 2019	1 May 2018
EQUITY AND LIABILITIES				
Share capital		545	545	545
Other capital reserves		4,690	7,732	2,590
Retained earnings		42,562	88,641	106,728
Total equity		**47,797**	**96,918**	**109,863**
Deferred tax liabilities	11	0	0	2,100
Other provisions	18	4,165	250	1,711
Subordinate loan capital		-	0	5,293
Other payables	19	14,182	1,333	8,461
Lease liabilities	19	31,028	46,791	58,047
Total non-current liabilities		**49,375**	**48,374**	**75,612**
Current portion of long-term liabilities other than provisions	19	24,185	22,976	25,423
Revolving Credit Facility	19	113,379	67,671	51,699
Contract liabilities	4	9,963	10,562	6,838
Trade payables		74,417	116,153	80,008
Payables to group enterprises		16,116	42,389	25,177
Payables to shareholders and management		-	296	14,007
Joint taxation contribution payable	11	-	2,008	858
Other payables		51,676	48,613	46,575
Total current liabilities		**289,736**	**310,668**	**250,585**
Total liabilities		**339,111**	**359,042**	**326,197**
Equity and liabilities		**386,908**	**455,960**	**436,060**

Parent Company's statement of changes in equity

DKK'000	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 May 2019	545	7,732	88,641	96,918
Profit/loss for the year	-	-	-49,121	-49,121
Transfer to reserves	-	-3,042	3,042	-
Comprehensive income for the year				
Exchange rate adjustments	-	-		
Other comprehensive income	-	-	-	-
Equity at 30 April 2020	**545**	**4,690**	**42,562**	**47,797**

DKK'000				
Equity at 1 May 2018	545	2,590	106,728	109,863
Profit/loss for the year	-		-12,945	-12,945
Transfer to reserves		5,142	-5,142	0
Comprehensive income for the year				
Exchange rate adjustments	-	-	0	0
Other comprehensive income	-	-	-	-
Equity at 30 April 2019	**545**	**7,732**	**88,641**	**96,918**

Share capital

Share capital consists of 545 shares of DKK 1,000 each.

Parent Company's statement of cash flows

DKK'000	Notes	2019/20	2018/19
Operating profit /loss		-12,348	3,380
Amortisation, depreciation and impairment losses		53,915	40,335
Non-recurring items		-27,295	-14,185
Other provisions		5,611	-2,316
Working capital changes	20	-28,737	44,470
Cash flow from ordinary operating activities		**-8,854**	**71,684**
Interest received (income)		1,565	2,100
Interest paid (expenses)		-14,308	-9,728
Income taxes refunded (paid)		-2,019	-1,686
Cash flow from operating activities		**-23,616**	**62,370**
Investments in intangible assets		-5,219	-16,415
Investments in property, plant and equipment		-2,268	-5,369
Sale of property, plant and equipment		500	754
Acquisition of enterprises		0	0
Other investments		0	7
Cash flows from investing activities		**-6,987**	**-21,023**
Changes in other borrowings long-term borrowings		13,425	-7,217
Change in Revolving Credit Facility, net		45,707	15,972
Payment of principal portion of lease liabilities		-22,520	-21,191
Dividends received		0	4,500
Changes in loans to group enterprises		15,948	-18,139
Repayment of payables to shareholders and management		-296	-13,711
Cash flows from financing activities		**52,264**	**-39,786**
Cash flows for the year		21,661	1,561
Cash at 1 May		6,225	4,664
Cash and cash equivalents at 30 April		**27,886**	**6,225**

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1. Summary of significant accounting policies

Accounting policies

The accounting policies of the Holmris B8 Group and the Parent Company are identical except for the situations mentioned below.

Situations, where the accounting policies of the Parent Company deviate from those of the Group

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company financial statements. If an indication of impairment exists, then an impairment test is performed as described in the accounting policies for the consolidated financial statements. If the carrying amount exceeds the recoverable amount, investments are written down to such lower amount.

If distributions are made from reserves other than retained earnings of subsidiaries, such distribution will reduce the cost of the investments if the distribution is in the nature of a repayment of the Parent Company's investment.

Distribution of profits accumulated by subsidiaries is recognised as income in the Parent Company's income statement in the financial year in which the dividend is declared. If an amount is distributed exceeding the subsidiary's comprehensive income for the period, then an impairment test is performed.

Other intangible assets

Other intangible assets comprise development projects completed and in progress with related intangible assets acquired.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. The cost of development projects comprises costs that are directly and indirectly attributable to the development projects.

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

2. First-time adoption of IFRS

IFRS 1, First-time Adoption of International Financial Reporting Standards, sets out the transitional rules for when IFRSs are applied for the first time. The Parent Company is required to select accounting policies in accordance with IFRS valid at its first IFRS reporting date and apply those policies retrospectively. The Standard sets out certain mandatory exceptions to retrospective application and certain optional exemptions. The Parent Company has applied the mandatory exemptions and certain optional exemptions as set out below:

Use of carrying amount under previous GAAP at the transition date as deemed cost. The Entity has elected to use carrying value under the previous GAAP as deeemed cost for investments in subsidiaries on transition to IFRS. This has not resulted in any adjustments in the opening IFRS statement of financial position. This has also resulted in a change of accounting policy: Effective from 1 May 2018 investments in subsidiaries will be recognised at cost instead of at equity value.

The effects of IFRS adoption for the consolidated income statement and statement of financial position, and a reconciliation between net profit for the year according to previous DK GAAP and IFRS, are presented below:

DKK'000		30 April 2019	1 May 2018
Total equity under DK GAAP		**91,784**	**109,799**
Adjustmens to equity to conform with IFRS:			
Goodwill	(a)	16,407	-
Leases (IFRS 16)	(b)	-1,431	-
Leases (Finance lease reversal)	(c)	-1,284	64
Investments in subsidiaries (IFRS adjustments)	(d)	-4,658	-
Other adjustment		-3,900	-
Total equity under IFRS		**96,918**	**109,863**

DKK'000		2018/19
Profit for the year under DK GAAP		**-17,761**
Adjustmens to profit for the year to conform with IFRS:		
Goodwill	(a)	16,407
Leases (IFRS 16)	(b)	-1,431
Leases (Finance lease reversal)	(c)	-1,348
Investments in subsidiaries	(d)	-4,912
Other adjustment		-3,900
Comprehensive income for the year under IFRS		**-12,945**

(a) As part of the transition to IFRS, goodwill amortisation of DKK 16,407 thousand has been reversed. Goodwill amortisation has been reversed as goodwill with an indefinite useful life is not amortised according to IFRS, but is subject to an annual impairment test. For further information, see note 11.

(b) Implementation of IFRS 16 has resulted in an increase in assets at 1 May 2018 by DKK 80,127 thousand and an equivalent increase in lease liabilities. At 30 April 2019, the increase amounts to DKK 66,658 thousand for right-of-use assets and DKK 68,090 thousand for lease liabilities. The profit for 2018/19 has declined by DKK 1,431 thousand following the implementation of IFRS 16, and operating profit before amortisation and depreciation has increased by DKK 950 thousand in the same period.

(c) As part of the transition, the leases previously recognised as finance leases according to IAS 17 have been derecognised and have instead been measured according to IFRS 16. This derecognition has resulted in a decrease in assets at 1 May 2018 by DKK 9,853 thousand and a decrease in lease liabilities by DKK 9,917 thousand. At 30 April 2019, the decrease amounts to DKK 14,817 thousand for finance leases and DKK 13,533 thousand for lease liabilities. The profit for 2018/19 has decreased by DKK 1,348 thousand.

(d) As part of the transition to IFRS, the fixed asset investments in subsidiaries have been recognised and measured according to the deemed cost method. A reversal of revaluations has been performed resulting in a decrease in assets at 30 April 2019 by DKK 4,659 thousand, a similar decrease in equity, and the profit for 2018/19 has declined by DKK 4,912 thousand.

Reclassifications

In addition to the changes in accounting policies, reclassifications and adjustments to the presentation have been carried out, including assets being presented as current and non-current assets, compared to the previous presentation as fixed and current assets, and provisions are no longer being presented as a separate group in the statement of financial position, but are included in current and non-current liabilities.

Estimates

The significant accounting estimates and judgments at 1 May 2018 and 30 April 2019 are consistent, in all material respects, with those made at the same dates in accordance with previous DK GAAP. See note 3 for an overview of significant accounting estimates and judgments.

Change of accounting policies

With the transition to IFRS, the Entity has elected to change its accounting policies relating to the investments in subidiaries from the equity method to the cost metod. This has not resulted in any adjustment as the value recognised in the opening IFRS statement of financial position corresponds to deemed cost as described above.

3. Significant accounting estimates and judgements

Significant accounting estimates

As part of the preparation of the parent company financial statements, Management makes a number of accounting estimates and judgements as well as assumptions as a basis for recognising and measuring the Parent Company's assets, liabilities, income and expenses. The estimates, judgements and assumptions made are in all respects, except for the situations described below, similar to the ones for the Holmris B8 Group described in note 2 to the consolidated financial statements.

Situations where the significant accounting estimates of the Parent Company deviate from those of the Group: Impairment test of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of the cash-generating units representing the investments in subsidiaries. The value-in-use calculation requires Management to estimate
the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of the cash flows. Where the present value of the expected cash flows will not
exceed the carrying amount of investments in subsidiaries, a material impairment loss may arise. The key assumptions used in the impairment tests are disclosed in note 12.

4. Revenue and contract assets and liabilities

DKK'000	2019/20	2018/19
Revenue by business activity		
Office interior solutions	925,992	919,561
Hospitality	-	-
	925,992	**919,561**
Revenue by country		
Denmark	791,174	741,152
Other countries	134,818	178,409
	925,992	**919,561**

Contract assets and liabilities

Contract balances	30 April 2020	30 April 2019
Contract assets		
Current contract assets	-	-
	-	**-**
Contract liabilities		
Current contract liabilities	9,963	10,562
	9,963	**10,562**

The Parent Company has decided to use the practical expedient provided in the IFRSs and has therefore not disclosed the amount of the remaining performance obligation for contracts that qualify for invocing.

5. Staff costs

DKK'000	2019/20	2018/19
Salaries and wages	158,185	153,422
Pension contributions	13,279	20,891
Other social security costs	2,662	517
Other staff costs	11,352	11,975
	185,478	**186,805**
Average number of employees	348	369

2019/20	Salary and pension	Bonus	Benefits and other related expenses	Total
Remuneration to Executive Board	3,867	-	-	3,867
Remuneration to Board of Directors	626	-	-	626
			-	**3,867**

2018/19				
Remuneration to Executive Board	3,774	-	-	3,774
Remuneration to Board of Directors	550	-	-	550
	4,324	**-**	**-**	**4,324**

6. Share-based payments

Common stock warrants

In 2018, Holmris Holding A/S issued 55,000 D-share warrants to directors of the Company. The holders of the warrants have paid fair market value and therefore no compensation expense is recognised. The warrants give the holders the right (without a pre-emption right for the Company's existing shareholders) to subscribe for 1 D-shares in the Company with a par value of one Danish Krone, by cash contribution at exercise.

The D-share warrants expire at the earlier of (i) a change of control of the Group or an IPO or (ii) the period from 1 April 2023 to 15 April 2023.

The development in outstanding warrants can be specified as follows:

	Number of warrants	
	30 April 2020	30 April 2019
Outstanding at 1 May	45,000	-
Granted during the period	-	55,000
Forfeited during the period	-	-10,000
Exercised during the period	-	-
Outstanding 30 April	45,000	45,000
Weighted average remaining contractual life (months)	35	47

7. Amortisation and depreciation

DKK'000	2019/20	2018/19
Amortisation, intangible assets	-23,542	-8,134
Depreciation of property, plant and equipment	-4,614	-1,814
Profit/loss from sale of intangible assets and property, plant and equipment	-27	188
Leasing of property, plant and equipment	-23,131	-22,620
Impairment of intercompany receiveables	-2,867	-5,507
	-54,181	**-37,887**

8. Non-recurring items

DKK'000	2019/20	2018/19
Non-recurring items:		
Costs related to restructuring activities	-	14,185
Optimization of synergies and restructuring costs	11,464	-
Premises costs related to consolidation on fewer physical locations	15,831	-
Total non-recurring Items	**27,295**	**14,185**

Impact of non-recurring items on operating profit

If non-recurring items had been recognised in operating profit before non-recurring items, they would have been included in the following line items:

Other external expenses	12,049	8,397
Staff costs	15,246	5,788
Total non-recurring items	**27,295**	**14,185**

In 2019/20, the Company continued the integration of B8 A/S which was acquired in 2018 including harvesting of synergies related to combining two large production facilities on one location and streamlining systems and processes (including termination of employees). Towards the end of 2019/20, following the outbreak of Covid-19, additional actions were carried out to mitigate a scenario where the activity level would remain low following the Covid-19 situation for an extended period, even though signs of a relatively rapid order intake rebound were seen. These actions included increased outsourcing of production to existing and new partners in Denmark and abroad as well as adjustments to the geographical footprint and organizational setup (including termination of employees) to increase flexibility and agility as well as to improve operational KPIs related to quality and delivery performance.

9. Financial income

DKK'000	2019/20	2018/19
Financial income arising from subsidiaries	1,325	935
Interest income	1	4
Exchange rate adjustments	239	1,036
Financial income	-	125
Total financial income	**1,565**	**2,100**

10. Financial expenses

DKK'000	2019/20	2018/19
Financial expenses from subsidiaries	3,054	1,257
Interest expenses	7,435	6,077
Exchange rate adjustments	1,302	2
Financial expenses	2,517	2,392
Total financial expenses	**14,308**	**9,728**

11. Taxation including current and deferred tax

DKK'000	2019/20	2018/19
Current tax	0	-856
Changes in deferred tax	-1,870	-114
Adjustment previous year	-1,507	-18
Total	**-3,377**	**-988**
Reconciliation of tax expense and the profit multiplied by domestic tax rate for 2018/19 and 2019/20:		
Profit before tax	-52,498	-13,933
Tax computed as statutory 22% tax rate (2018/19: 22%)	-11,550	-3,065
Other adjustment	-858	858
Utilisation of previously unrecognised tax losses	11,855	
Utilisation of tax losses (gains) from companies within the joint taxation contribution	-3,125	
Non-deductible expenses	513	1,087
Adjustment previous year	7	-968
Income tax at the effective income tax rate of 22 % (2018/19: 22%)	**-3,158**	**-2,088**
Income tax expense reported in the income statement	**-3,377**	**-988**

Reconciliation of deferred tax assets, net

DKK'000	30 April 2020	30 April 2019
Deferred tax at 1 May	7,125	7,011
Deferred tax for the year recognised in the income statement	1,870	114
Deferred tax at 30 April	**8,995**	**7,125**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	8,995	7,125
Deferred tax (liability)	-	-
	8,995	**7,125**
Deferred tax concerns:		
Intangible assets	4,590	2,745
Property, plant and equipment	-1,699	-289
Fixed asset investments	-	-
Inventories	-666	-814
Receivables	-	-
Provisions	1,289	-
Liabilities other than provisions	2,789	-
Tax loss carry forwards	2,692	5,483
Other deductible temporary differences	-	-
	8,995	**7,125**

Deferred tax:

Management has evaluated the measurement of deferred tax assets on the basis of budgets and forecasts and expected future income for the period 2019/20-2023/24. Deferred tax assets are expected to be utilised against future positive income over the next 3-5 years. Since the calculation of expected future taxable income for the coming years is subject to significant estimation and judgment, the valuation of the recognised deferred tax asset is inherently subject to uncertainty.

12. Total intangible assets

DKK'000	Goodwill	Acquired intangible assets	Completed development projects	Development projects in progress
30 April 2020				
Cost at 1 May	112,438	56,671	5,266	6,671
Reclassification	-	-429	8,852	-5,051
Additions	-	561	4,658	-
Cost at 30 April	**112,438**	**56,803**	**18,776**	**1,620**
Amortisation at 1 May	-	-38,593	-2,023	-
Reclassification	-	2,566	-3,081	
Amortisation	-	-6,357	-3,969	-
Impairment		-7,904	-5,311	
Amortisation at 30 April	**0**	**-50,288**	**-14,384**	**0**
Carrying amount at 30 April	**112,438**	**6,515**	**4,392**	**1,620**
30 April 2019				
Cost at 1 May	112,438	46,424	3,373	1,421
Reclassification	-	1,041	-	-
Additions	-	9,206	2,073	7,539
Disposals	-	-	-180	-2,289
Cost at 30 April	**112,438**	**56,671**	**5,266**	**6,671**
Amortisation at 1 May	-	-30,279	-1,456	-
Reclassification	-	-927	-	-
Amortisation	-	-7,387	-747	-
Disposals	-	-	180	-
Amortisation at 30 April	**0**	**-38,593**	**-2,023**	**0**
Carrying amount at 1 May	**112,438**	**16,145**	**1,917**	**1,421**
Carrying amount at 30 April	**112,438**	**18,078**	**3,243**	**6,671**

Goodwill

At 30 April 2020, goodwill amounted to DKK 112 million (2018/19: DKK 112 million) for the Company. The Company has on 30 April in 2020 and 2019 performed impairment testing of the carrying amount of goodwill at the end of the financial year based on value in use. Impairment testing is performed each year based on the budgets or business plans approved by the Board of Directors.

The Parent Company has determined that the Parent Company itself represents the only identifyable CGU. As this is the case, then the carrying amount of goodwill and development projects in progress is allocated thereto. The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of the expected future free cash flow, with the carrying amount of the individual cash-generating units.

Budgets and projections for the 2020-2029 period are based on business plans and external market surveys, assessing risks associated with key parameters and incorporating these in expected future free cash flows. A ten-year period as opposed to a shorter period is used to make sure that assumptions are modelled as detailed as possible. The value for the period after 2029 takes into account the real growth and inflation expectations, which is described below.

When calculating the recoverable amount of goodwill, a discount rate of 10.5% after tax is assumed. The discount rate is based on a risk-free interest rate of 0.0% (2019: 0.0%). The discount rate has been determined based on the Cost of Capital model. The risk-free interest rate, the market risk premium and the beta factor are determined using external sources. The impairment tests performed at April 2020 indicate significantly higher value in use of the assets compared to the carrying amounts, and the impairment tests are therefore not sensitive to changes in the significant conditions and factors.

Key assumptions from the impairment testing of goodwill are as follows:

	Value drivers based on average for the period 2020-2029	Value drivers based on average for the terminal period
Net sales growth	4.0%	2.0%
EBITDA margin	8.6%	10.0%
EBITA margin	7.8%	9.8%
Intangible assets/Sales	9.0%	0.0%
Property, plant and	1.3%	1.5%
NWC/Sales	5.8%	6.6%
ROIC (beginning of year invested	56.4%	114.4%

Acquired intangible assets, completed development projects and development projects in progress
The intangible assets comprising Acquired intangible assets, completed development projects and development projects in progress have a total recoverable amount at 30 April 2020 of DKK 12,527 thousand and a carrying amount of DKK 25,752 thousand, resulting in an impairment loss of DKK 13,215 thousand at 30 April 2020.

As a consequence, and part of the plan initiated in April 2020 to outsource production, the ERP system and associated systems linked to this production site, have become obsolete and therefore the total carrying amount related to these assets were written down to a carrying amount of DKK 0 and thereby realizing the impairment loss of DKK 13,215 thousand.

The remaining recoverable amount at 30 April 2020 of DKK 12,527 thousand relate to development of new office furniture and business areas as well as optimisation of internal processes, supply chain and sales.
The development is proceeding as planned and is expected to be completed within 1-3 years. Both completed development projects and development projects in progress contribute or are expected to contribute significantly to the Group's earnings going forward.

13. Total property, plant and equipment

DKK'000	Plant and machinery	Other fix-tures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
30 April 2020				
Cost at 1 May	23,892	24,010	6,305	770
Reclassification	(587)	(3,335)	206	-
Additions	1,311	716	242	-
Disposals	-	(1,599)	(1,622)	(770)
Cost at 30 April	**24,616**	**19,792**	**5,131**	**0**
Depreciation at 1 May	-22,419	-19,288	-3,445	-
Reclassification	(292)	1,370	(34)	-
Depreciation	(1,513)	(1,358)	(1,160)	-
Disposals	-	1,173	1,520	-
Depreciation at 30 April	**-24,224**	**-18,103**	**-3,119**	**0**
Carrying amount at 30 April	**392**	**1,689**	**2,012**	**0**

DKK'000	Plant and machinery	Other fix-tures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
30 April 2019				
Cost at 1 May	29,244	31,971	5,787	892
Reclassification	-	-1,041	-	-
Additions	1,289	2,804	1,283	2,652
Disposals	-6,641	-9,724	-765	-2,774
Cost at 30 April	**23,892**	**24,010**	**6,305**	**770**
Depreciation at 1 May	-23,185	-26,334	-2,848	0
Reclassification	0	927		
Depreciation	-5,523	-3,429	-1,325	-
Reversals regarding disposals	6,289	9,548	728	-
Depreciation at 30 April	**-22,419**	**-19,288**	**-3,445**	**0**
Carrying amount at 1 May	**6,059**	**5,637**	**2,939**	**892**
Carrying amount at 30 April	**1,473**	**4,722**	**2,860**	**770**

14. Right-of-use assets

DKK'000	Leaseholds	Other fix-tures and fittings, tools and equipment	Vehicles
30 April 2020			
Cost at 1 May	57,745	16,613	14,921
Additions		3,325	4,330
Cost at 30 April	**57,745**	**19,938**	**19,251**
Depreciation at 1 May	-14,291	-3,666	-4,663
Depreciation	-13,236	-4,434	-5,461
Impairment	-966		
Depreciation at 30 April	**-28,493**	**-8,100**	**-10,124**
Carrying amount at 30 April	**29,252**	**11,838**	**9,127**
30 April 2019			
Cost at 1 May	57,745	10,946	11,436
Additions		5,667	3,485
Cost at 30 April	**57,745**	**16,613**	**14,921**
Depreciation at 1 May	-	-	-
Depreciation	-14,291	-3,666	-4,663
Depreciation at 30 April	**-14,291**	**-3,666**	**-4,663**
Carrying amount at 1 May	**57,745**	**10,946**	**11,436**
Carrying amount at 30 April	**43,454**	**12,947**	**10,258**

Carrying amounts of lease liabilities and movements during the period:

DKK'000	30 April 2020	30 April 2019
Cost at 1 May	68,090	80,127
Additions	7,656	9,152
Accrual of interest	1,884	2,379
Payments	-24,364	-23,570
Exchange rate adjustments	-40	2
Adjustments and revaluation	-	-
Cost at 30 April	**53,226**	**68,090**
Current	22,198	21,299
Non-current	31,028	46,791

The maturity analysis of lease liabilities is disclosed in note 19 (Financial risks).

The following amounts have been recognised in profit or loss:

DKK'000	2019/20	2018/19
Depreciation expense of right-of-use assets	23,131	22,620
Interest expense on lease liabilities	1,885	2,379
Expense relating to short-term leases (included in cost of sales)	2	11
Total amount recognised in profit or loss	**25,018**	**25,010**

The Parent Company had total cash outflow for leases of DKK 24,364 thousand (2018/19: DKK 23,570 thousand).

The Parent Company leases various properties, production equipment, equipment and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

As part of COVID-19 no rent concession has been received.

15. Fixed assets investments

DKK'000	Investments in subsidiaries	Deposits
30 April 2020		
Cost at 1 May	36,572	3,623
Additions	-	82
Disposals	-122	-622
Cost at 30 April	**36,450**	**3,083**
30 April 2019		
Cost at 1 May	36,572	3,012
Additions	-	611
Cost at 30 April	**36,572**	**3,623**

Investments in subsidiaries are being assessed on a recurring basis for any indication of the recoverable amount exceeding the carrying amount. There has not been any indication thereof during the years 2019/20 and 2018/19.

List of subsidiaries owned be the Parent Company:	**Registered in:**	**Equity interest %**
Holmris Customized A/S	Silkeborg	100.0
Labofa A/S	Slagelse	100.0
Designbrokers Hospitality DK ApS	Copenhagen	100.0
Designbrokers Ltd.	Great Britain	100.0
Designbrokers Benelux B.V.	Netherlands	100.0
Designbrokers Sweden AB	Sweden	100.0
Designbrokers Norge AS	Norway	100.0
Holmris US, Inc.	USA	100.0
Holmris B8 AS	Norway	100.0

16. Inventories

DKK'000	30 April 2020	30 April 2019	01 May 2018
Raw materials and consumables	38,414	38,160	18,450
Work in progress	341	259	9,287
Manufactured goods and goods for	33,646	68,947	61,982
Inventories	**72,401**	**107,366**	**89,719**

Included in the income statement:
During 2019/20, DKK 619,579 thousand (2018/19: DKK 607,704 thousand) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.
During 2019/20, DKK 9,596 thousand (2018/19: 8,700 thousand) were recognised as write down of inventories carried at net realisable value. This is recognised in other external expenses.

Write-downs of inventories for the year	9,596	8,700	13,653
Cost of goods sold during the year	697,671	551,638	206,409

17. Trade receivables

DKK'000	30 April 2020	30 April 2019	01 May 2018
Trade receivables	31,577	30,408	30,340
Loss allowance	-1,382	-2,466	-1,113
Other receivables	3,150	3,509	2,905
Total trade receiveables	**33,345**	**31,451**	**32,132**

The average credit period for the sale of goods is 30 days.
The Parent Company holds a portfolio of trade receivables which meets the SPPI test. The trade receivables are either held to collect their cash flows whereas some receivables are subject to factoring arrangements. The factoring arrangement results in derecognition of the trade receivables and recognition of a separate asset representing the unpaid consideration from the factor.

Trade receivables
Trade receivables consist of trade receivables less considerations from the factoring agreements and are measured at amortised cost less provisions for expected credit losses. The Parent Company applies the simplified approach in order to measure lifetime expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors. Set out below is the movement in the allowance for expected credit losses:

	30 April 2020	30 April 2019
At 1 May	2,466	1,113
Provision for expected credit loss	1,382	2,466
Write-off	-2,466	-1,113
At 30 April	1,382	2,466

The expected credit losses generally relate to customers in Denmark. Customers based in Denmark amount to DKK 24,314 thousand (2018/19: 25,239) where 18% (2018/19: 12%) is overdue and is subject to impairment. Customers based outside of Denmark amount to DKK 7,263 thousand (2018/19: 5,169), where 52% (2018/19: 35%) is overdue and the expected credit loss amounts to DKK 1,382 thousand (2018/19: 2,466).

Receivables from group enterprises
For receivables from group enterprises the Company applies a simplified approach in calculating expected credit losses. Therefore, the Parent Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date.

During 2019/20 a receivable from a group enterprise has been impaired by an amount corresponding to DKK 2,867 thousand (2018/19: 5,507 thousand).

Other receivables
Other receivables consist of unpaid consideration from the factoring agreement. Under this arrangement, the Parent Company transfers the title to the individual receivable to the factor in exchange for cash consideration equalling 90% of the face value. The remaining 10% of the face value is paid once the underlying receivable is settled. The Parent Company collects the consideration on behalf of the factor until full payment has been received from the debtor.

As the full control and 90% of the credit risk are transferred, the Parent Company has concluded that all risks and rewards are neither transferred nor retained. Therefore, the Parent Company derecognises the trade receivables in their entirety and recognises separately the right of the remaining 10% from the factor. The maximum exposure to loss of the transferred assets equals the carrying amount. All of the factored trade receivables are subject to credit insurance and hence the majority of the counterparties are creditworthy. In addition, the short length of credit has led to the conclusion that the face value is a reasonable estimation of fair value.

18. Other provisions

DKK'000	30 April 2020	30 April 2019
Balance at 1 May	250	1,711
Additions	3,915	250
Repayments		-1,711
Other provisions at 30 April	**4,165**	**250**
Other provisions are expected to fall due as follows:		
0-1 year	4,165	250
1-5 years	0	0
Other provisions at 30 April	**4,165**	**250**

Main share of provisions are related to one specific contract entered into by the Hospitality segment with one specific customer for which a provision has been made to cover the obligation for Holmris B8 to fulfill this contract. The underperformance of the project is mainly driven by poor performance of one specific sub-supplier to the project. Holmris B8 expects to receive partial reimbursement from this sub-supplier.

19. Financial risk

For a description of the Parent Company's financial risks, including a description of the risk management policy, credit risk, liquidity risks, interest rate risks and foreign currency risks, see note 18 to the consolidated financial statements.

The tables below summarise the maturity profile of the Entity's financial liabilities based on contractual undiscounted payments:

30 April 2020	Carrying amount	Total	< 1 year	1-5 years	> 5 years
Revolving Credit Facility	113,379	113,379	113,379	-	-
Trade payables	74,417	74,417	74,417	-	-
Payables to group enterprises	16,116	16,116	16,116	-	-
Payables to shareholders and management	-	-	-	-	-
Holiday allowances	11,482	11,482		11,482	-
Other payables	56,361	56,361	53,661	2,700	-
Lease liabilities	53,226	55,878	23,477	32,370	31
Total	**324,981**	**327,633**	**281,050**	**46,552**	**31**

30 April 2019	Carrying amount	Total	< 1 year	1-5 years	> 5 years
Revolving Credit Facility	67,671	67,671	67,671	-	-
Trade payables	116,153	116,153	116,153	-	-
Payables to subsidiaries	42,389	42,389	42,389	-	-
Payables to shareholders and management	296	296	296	-	-
Other payables	51,624	51,624	50,291	1,333	-
Lease liabilities	68,090	72,349	23,063	45,079	4,207
Total	**346,223**	**350,482**	**299,863**	**46,412**	**4,207**

1 May 2018	Carrying amount	Total	< 1 year	1-5 years	> 5 years
Revolving Credit Facility	51,699	51,699	51,699	-	-
Trade payables	80,008	80,008	80,008	-	-
Payables to subsidiaries	25,177	25,177	25,177	-	-
Payables to shareholders and management	14,007	14,007	14,007	-	-
Other payables	49,641	49,641	46,575	3,066	-
Lease liabilities	80,127	86,287	24,477	53,897	7,913
Total	**300,659**	**306,819**	**241,943**	**56,963**	**7,913**

Methods and assumptions of the maturity analysis
The maturity analysis is based on undiscounted cash flows which include estimated interest payments. The Revolving Credit Facility can be called by the bank on demand, hence the interest is deemed immaterial.

Financial assets and liabilities

	30 April 2020 Carrying amount	30 April 2019 Carrying amount	1 May 2018 Carrying amount
Trade receivables	33,345	31,451	32,132
Receivables from subsidiaries	18,273	35,530	22,508
Other receivables	1,701	3,500	2,682
Prepaid expenses	2,369	6,045	7,623
Cash	27,886	6,225	4,671
Financial assets measured at amortised cost	**83,574**	**82,751**	**69,616**
Revolving Credit Facility	113,379	67,671	51,699
Trade payables	74,417	116,153	80,008
Payables to subsidiaries	16,116	42,389	25,177
Payables to shareholders and management	-	296	14,007
Other payables	56,361	51,624	49,641
Lease liabilities	53,226	68,090	80,127
Financial liabilities measured at amortised cost	**313,499**	**346,223**	**300,659**

Since the Group's financial instruments measured at amortised cost are either short-term and/or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

20. Working capital changes

DKK'000	30 April 2020	30 April 2019
Increase (-)/decrease (+) in inventories	34,964	-17,647
Increase (-)/decrease (+) in receivables etc.	1,844	-15,144
Increase (+)/decrease (-) in current liabilities	-65,545	77,261
	-28,737	**44,470**

21. Reconciliation of liabilities arising from financing activities

DKK'000	Other borrowings	Revolving Credit Facility	Lease liabilities	Total liabilities from financing activities
30 April 2020				
Liabilities at 1 May	3,010	67,671	68,090	138,771
Loan raised	13,425	-	7,656	21,081
Repayments	-		- 22,520	- 22,520
Change in Revolving Credit Facility, net	-	45,707	-	45,707
Foreign exchange rate movements	-	-	- 40	- 40
Other	-	-	-	-
Liabilities at 30 April	**16,435**	**113,378**	**53,186**	**182,999**
30 April 2019				
Liabilities at 1 May	10,227	51,699	80,127	142,053
Loan raised	-	-	9,152	9,152
Repayments	-7,217	-	-21,191	-28,408
Change in Revolving Credit Facility, net	-	15,972	-	15,972
Foreign exchange rate movements	-	-	2	2
Other	-	-	-	-
Liabilities at 30 April	**3,010**	**67,671**	**68,090**	**138,771**

22. Guarantees, contingent liabilities and collateral

DKK'000	30 April 2020	30 April 2019	1 May 2018
The following assets are provided as collateral in favour of credit institutions in the Parent Company:			
Property, plant and equipment	54,310	76,482	95,654
Investments in group enterprises	36,450	36,572	36,572
Inventories	72,401	107,366	89,719
Trade receivables	33,345	31,451	32,132
Carrying amount of assets held as collateral	**196,506**	**251,871**	**254,077**

The Parent Company has guaranteed group enterprises' debt to Sydbank. The maximum limit of the guarantee is DKK 130,000 thousand. Bank loans of group enterprises amount to DKK 90,221 thousand.
Debt to the factoring company is secured on a receivables charge on unsecured claims relating to the sale of goods and services. Debt to the factoring company has been set off against the value of trade receivables.

As security for commitments with clients and lessors, performance and payments guarantees of DKK 8,237 thousand (2018/19: DKK 8,256 thousand) have been provided through the bank.

Contingent liabilities

The Parent Company participates in a Danish joint taxation arrangement where Holmris Holding A/S serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

23. Related parties

The Entity's related parties exercising control is Holmris Holding A/S: Holmris B8 A/S is also included in the consolidated financial statements prepared for Holmris Holding A/S with a registered office in Viborg.

The ultimate owner is BWB Partners I K/S with a registered office in Kokkedal.
Related parties also comprise the members of the Board of Directors and the Executive Board as well as close family members of the members of the Board of Directors and the Executive Board as well as other senior executives.
Transactions with the Board of Directors and the Executive Board which comprise salaries, pension and other benefits are described in note 5.

Other transactions with group enterprises:

DKK'000	2019/20	2018/19
Sale of goods	37,143	38,163
Purchase of goods	-61,113	-47,558
Management fee	2,788	11,249
Sales commission to UK	-2,139	-2,125
Financial income from subsidiaries	1,325	935
Financial cost from subsidiaries	-3,054	-1,257

24. Events after the balance sheet date

A financing solution was carried out in August 2020 to address the negative impact from temporary weak months following the outbreak of Covid-19 and secure a sufficiently financial buffer going forward. The solution which was supported by the company's bank, long-term lenders and its shareholders secured additional liquidity to the company of DKK 50m and extended financing agreements.

25. Adoption of new and amended Standards

For a description of Standards issued but not yet effective see note 24 to the consolidated financial statements.