

Gabriel Holding A/S

Annual report

2018-19



Gabriel[®]

Gabriel Holding A/S achieves 18% revenue growth and an increase of 12% in profit before tax

Selected financial ratios

- Revenue increased to DKK 708.2 million (DKK 601.1 million)
- Operating profit (EBIT) was DKK 61.9 million (DKK 55.0 million), an increase of 13%
- Operating margin was 8.7% (9.2%)
- Profit before tax was DKK 62.9 million (DKK 56.1 million), an increase of 12%
- Profit after tax was DKK 49.0 million (DKK 43.4 million)
- Return on invested capital (ROIC) before tax was 22.7% (28.1%)
- Earnings per share (EPS) increased to DKK 25.9 (DKK 23.0)
- Cash flows from operating activities in the period were DKK 43.8 million (DKK 40.2 million)
- The Board of Directors proposes a dividend of DKK 10.50 per DKK 20 share.

Summary

The Group's revenue increased by 18% to DKK 708.2 million in the financial year. Organic growth amounted to 11% and the acquired growth is attributable to the acquired businesses Grupo RYL S.A. de C.V. in Mexico and UAB Baltijos Tekstilė in Lithuania.

The export share was 89% compared to 90% last year.

Growth achieved for the year derives from upholstery fabrics for contract furniture and from the business unit FurnMaster, which supplies products and services that belong to the next link in the value chain, e.g. cutting, sewing, upholstering and assembly of furniture components.

The 12% increase in profit before tax is a result of continued major growth in almost all the Group's business areas.

In the annual report for the 2017/18 financial year, management had expected an increase of 10-20% in profit before tax. These expectations were maintained throughout the year, however with the indication that the profit would ultimately lie in the upper end of the range indicated.

Earnings performance in the Group has generally followed the increase in revenue for the year, but acquisition costs, continued start-up costs in the FurnMaster units in Lithuania and the USA and the purchase of Grupo RYL in Mexico mean that the growth in profit ultimately stands at 12%.

The Group's total profit after tax was DKK 49.0 million (DKK 43.4 million).

Subsequent events

On 6 November 2019 the subsidiary, Gabriel A/S, signed a provisional share purchase agreement with the owner of the German textile solutions manufacturer, Visiotex GmbH, under which 100% of the share capital will be taken over if the outcome of the planned due diligence process is as expected.

Expectations for the future

The global market for contract furniture is expected to be stable to slightly decreasing in 2019/20. New products within all areas have been well received and momentum is generally good in the Group's business units.

Based on the Group's acquisitions and continued outreach activities, and its constantly increasing efforts in development and sales initiatives, revenue growth of the order of 15-20% is expected.

It should be noted that the expectations are based on a stable to slightly decreasing market and that the Group's expected revenue growth could be affected by economic fluctuations on the Group's primary markets.

Shifts in the product mix, and continued start-up and adjustment costs, mean that profit before tax is expected to increase by 10-15% in the financial year.

Management therefore expects growth in revenue of the order of 15-20% and an increase in profit before tax of the order of 10-15% for the 2019/20 financial year.

The Board of Directors recommends that the general meeting of Gabriel Holding A/S, to be held on 12 December 2019, should approve the following:

- to pay a dividend of DKK 10.50 per DKK 20 share;
 - to re-appoint Jørgen Kjær Jacobsen, Hans O. Damgaard, Søren B. Lauritsen and Pernille Fabricius as board members appointed by the general meeting; and
 - to re-appoint KPMG Statsautoriseret Revisionspartnerselskab as auditors.
- The annual report is recommended for adoption at the company's general meeting, to be held at the company's office in Aalborg at 2:00 p.m. on Thursday, 12 December 2019.

The official annual report is published on the company's website and the printed version of the report will be available by 3 December 2019 at the company's office.

Financial highlights *

for the Group

FINANCIAL HIGHLIGHTS	Unit	2018/19	2017/18	2016/17	2015/16	2014/15
Revenue	DKK million	708,2	601,1	494,0	392,8	337,7
Growth	%	17,8	21,7	26,2	16,6	18,8
Of which exports	DKK million	633,3	540,1	449,2	355,0	301,5
Export percentage	%	89	90	91	90	89
Operating profit (EBIT)	DKK million	61,9	55,0	45,4	40,1	27,4
Net finance income and costs	DKK million	-1,3	-1,4	-2,8	-1,8	-0,1
Profit before tax	DKK million	62,9	56,1	45,7	42,8	27,3
Tax	DKK million	-13,9	-12,7	-10,4	-8,5	-5,8
Profit after tax	DKK million	49,0	43,4	35,3	34,3	21,5
Cash flows from:						
Operating activities	DKK million	43,8	40,2	26,6	34,8	19,7
Investing activities	DKK million	-80,2	-37,9	-49,6	-9,2	-30,9
Financing activities	DKK million	35,7	-10,4	18,1	-13,4	-3,6
Cash flows for the year	DKK million	-0,7	-8,1	-4,9	12,2	-14,8
Investments in property, plant and equipment	DKK million	25,2	19,1	16,0	8,3	27,4
Depreciation, amortisation and impairment losses	DKK million	19,2	17,8	13,2	10,0	9,9
Equity	DKK million	281,2	249,6	221,0	201,6	178,1
Statement of financial position total	DKK million	562,3	433,9	398,3	289,7	278,4
Invested capital	DKK million	349,1	204,4	195,0	122,3	233,5
Working capital	DKK million	166,3	135,1	100,5	81,6	73,9
Average number of employees	Number	855	517	404	292	238
Revenue per employee	DKK million	0,8	1,2	1,2	1,3	1,4
FINANCIAL RATIOS						
Gross margin	%	40,1	39,5	41,5	41,0	40,3
Operating margin (EBIT margin)	%	8,7	9,2	9,2	10,2	8,1
Return on invested capital (ROIC) before tax	%	22,7	28,1	28,8	24,1	12,6
Return on invested capital (ROIC) after tax	%	17,7	21,7	22,2	19,3	9,9
Earnings per share (EPS)	DKK	25,9	23,0	18,7	18,2	11,4
Return on equity	%	18,5	18,4	16,7	18,1	12,5
Equity ratio	%	50,0	57,6	55,5	69,6	64,0
Book value per share at year end	DKK	149	132	117	107	94
Market price at year end	DKK	712	608	475	570	199
Price/book value	DKK	4,8	4,6	4,1	5,3	2,1
Price earnings (PE)	DKK	27,5	26,5	25,5	31,4	17,5
Price cash flow (PCF)	DKK	30,7	28,6	33,7	31,0	19,1
Proposed dividend per DKK 20 share	DKK	10,50	9,50	7,65	7,25	5,50
Dividend yield	%	1,5	1,6	1,6	1,3	2,8
Payout ratio	%	41	41	41	40	48

Financial ratios are calculated in accordance with CFA Society Denmark's "Recommendations & Financial Ratios 2015".

Please see page 79 for definitions of financial ratios.

*) Financial ratios have been restated for discontinued operations.



The Executive Board of Gabriel Holding A/S.
CEO Anders Hedegaard Petersen and CCO Claus Møller.



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Gabriel profile

Mission

Innovation and value-adding partnerships are fundamental values of Gabriel's mission statement.

Gabriel is a niche company which, in the entire value chain from concept to furniture user, develops, manufactures and sells upholstery fabrics, components, upholstered surfaces and related products and services. Gabriel develops its services to be used in fields of application where product features, design and logistics have to meet invariable requirements, and where quality and environmental management must be documented.

Vision

Gabriel is to be the preferred development partner and supplier to selected leading international manufacturers and major users of upholstered furniture, seats and upholstered surfaces.

Gabriel will achieve Blue Ocean status through an innovative business concept, patents, licences, exclusivity agreements or similar rights.

Gabriel will have the status of an attractive workplace and partner company for competent employees and companies.

Financial targets

Gabriel aims to achieve:

- return on invested capital (ROIC) averaging at least 15% before tax;
- an increasing average operating margin (EBIT margin);
- an average annual increase in earnings per share of at least 15%; and
- an average annual increase in revenue of at least 15%.

In years with acquisitions or major business start-ups, management accepts a temporary decrease in the achievement of its financial targets, provided that the company on average meets the targets over a five-year period.

Strategy

Gabriel is growing with the largest market participants. Gabriel's growth is based on close development partnerships and trading with approximately 70 selected major leading customers in a global strategy.

Gabriel strives to obtain the largest possible share of the selected strategic customers' purchase of furniture fabrics, other components and services in the value chain. The FurnMaster Business Unit realises the commercial potential of the links of the value chain deriving from furniture fabrics, e.g. cutting, sewing and upholstering of furniture components.

Human resources

Gabriel must be able to attract and retain staff globally, with the right skills and knowledge to create innovation and growth. Gabriel gives priority to the use, development and sharing of knowledge and skills by everyone.

All employees are familiarised with Gabriel's vision, strategy, targets and activity plans and regularly updated on their work situation. This takes place in employee development dialogues and employee meetings. It ensures that all employees work towards clear goals and in defined areas of responsibility, and stimulates their professional and personal development.

Company structure

The Gabriel Group consists of three operating companies, the development company ZenXit A/S and the property company Gabriel Ejendomme A/S.

The three operating companies, Gabriel A/S in Europe, Gabriel Asia Pacific in Asia and Gabriel North America Inc. in the USA, ensure that the Group's overall goals of innovating and adding value are achieved with appropriate regional adjustments.

Four core processes are central to the three operating companies. The core processes are based on the Group's strategy, and key performance indicators (KPI) have been set for each process:

- Key Account Management (KAM)
- Logistics
- Product and process innovation
- Price competitiveness

The activities of the Gabriel Group companies are described below:

Gabriel Holding A/S

Gabriel Holding A/S is the Group's parent company and responsible for general management. The Group has traded as three independent operating companies since 2015. As a consequence, central group functions were transferred from the operating company Gabriel A/S with effect from 1 October 2016.

The Executive Board of Gabriel Holding A/S consists of CEO Anders Hedegaard Petersen and CCO Claus Møller. General management of the central areas Design and Product Development, Quality and CSR and Business Development is also placed in Gabriel Holding A/S and carried out by managers in each of the areas.

Gabriel Asia Pacific

Gabriel Asia Pacific was established in 2003. Trading as Gabriel (Tianjin) International Trading Co. Ltd., it is engaged in development of the Asian region. Gabriel Asia Pacific is an important part of the total strategy: to service global contract furniture manufacturers and distributors and make innovative and competitive products for all markets. The company also works closely with the region's interior decoration and design companies by providing service to construction projects, including the supply of fabric for offices, hotels, airports, universities, theatres and concert halls. In addition to the company's Regional Head Office in Beijing, there have been offices in Shanghai, Guangzhou, Hong Kong and Shenzhen, as well as Singapore and Thailand, for a number of years. In 2019, a sales office also opened in Chengdu. There is strong focus on continuing recruiting and, in particular, on expanding sales resources in China and the Asia Pacific region as a whole.

In the year under review, new products were developed and regular deliveries established to new strategic customers in Europe, the USA and Asia. New development projects and potential customers are in the pipeline, and local efforts are being intensified continuously.

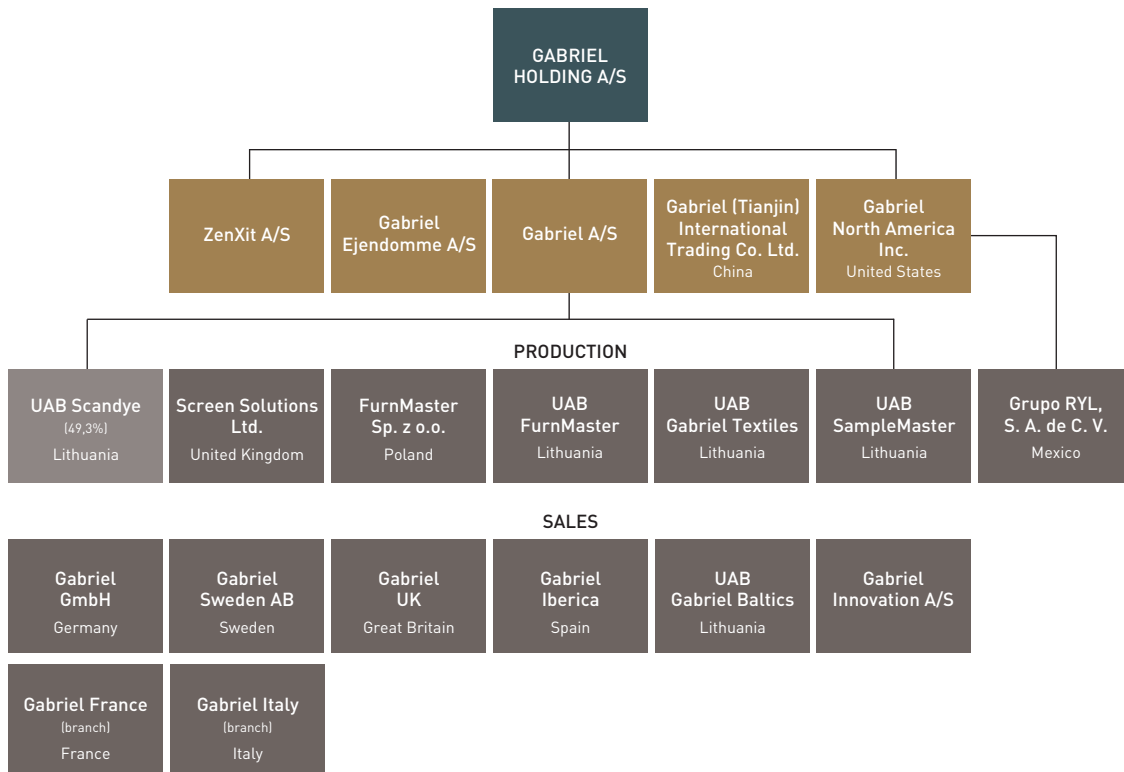
The Asian market is generally price-sensitive, but its leading players are showing increasing interest in Gabriel Asia Pacific, which serves the niche for highly improved furniture fabrics and related textile products. These have to meet indispensable design and quality requirements. Product environmental and energy-related sustainability must be documented. Prices must be competitive, and delivery times short.

Gabriel North America Inc.

Gabriel North America Inc. was established in spring 2015 as part of the Group's growth strategy. The company is a natural consequence of Gabriel's increasing level of activity on the North American market. Prior to the establishment of the operating company, Gabriel had set up storage and delivery facilities in the USA in 2014.

Gabriel A/S opened a sales office in Grand Rapids, Michigan in 2015 and has boosted its resources for sales and customer service regularly to serve the Group's customers on the American market.

Gabriel Group 2019



In August 2016, the first steps were taken to establish a FurnMaster unit in the USA. A lease was thus entered into which makes approximately 3,000 m² of production premises available in Grand Rapids. The unit was established as planned. In addition to cutting, sewing and upholstery, the unit produces the wooden components that are part of the solutions sold.

As was the case in Europe, the FurnMaster unit is estimated to have major potential, and is well underway with the realisation thereof.

FurnMaster Mexico, (Grupo RYL S.A. de C.V.)

As FurnMaster's potential in the USA was identified and developed, the possibilities of establishing a similar unit in Mexico were explored. The result was that the operating company Gabriel North America Inc. acquired the Mexican furniture manufacturer Grupo RYL S.A. de C.V. in 2018/19.

The shares in the Mexican company were thus bought to support the Group's growth in FurnMaster's activities in North America.

Gabriel A/S

Gabriel A/S undertakes the Group's European sales and development activities and a range of group functions. The vision of Gabriel A/S is to be the preferred development partner and supplier to selected leading international manufacturers and major users of upholstered furniture, seats and upholstered surfaces. To ensure that vision becomes reality, Gabriel A/S has established independent sales companies in Germany, England, Sweden and Lithuania and branches in France, Spain and Italy. In addition, Gabriel is represented by dedicated key account managers on the industry's other core markets in Europe.

The sales force of Gabriel A/S is responsible for selling all Group products and services aimed at the key players on the European markets.

The upholstery company UAB FurnMaster

The operating company Gabriel A/S established the subsidiary UAB FurnMaster in Lithuania during the 2012/13 financial year.

UAB FurnMaster is an important contributor to the Group's growth, and management continues to have great expectations for further activities and production optimisation in the years to come.

The upholstery company FurnMaster Sp. z o.o.

The operating company, Gabriel A/S, established the subsidiary FurnMaster Sp. z o.o. in Poland during the 2014/15 financial year.

The production unit is central to the growth plans for FurnMaster. Production agreements were concluded with several new European customers during the year and potential customers are showing keen interest in FurnMaster's production.

Screen Solutions Ltd

In November 2016, Gabriel A/S acquired 100% of the share capital of the screen manufacturer Screen Solutions Ltd in England.

Screen Solutions Ltd is recognised as one of Europe's leading suppliers of screens, office partitions etc. for the furniture industry. It traded primarily under the established brands Screen Solutions and Acoustic Comfort. The company underwent a transformation with a view to utilising its dynamic development and production platform as a strong partner for Gabriel's key accounts.

The purchase of the shares in the English company was part of the Group's increased focus on expanding the services and products offered globally to its primary customer segments. The purchase also supports the continued strengthening of Gabriel's presence in Great Britain.

UAB Gabriel Textiles

The operating company Gabriel A/S acquired the subsidiary UAB Baltijos Tekstilė during the 2018/19 financial year. Gabriel and Baltijos Tekstilė (BTC) have worked together since 1998. Gabriel's looms were subsequently transferred to BTC in connection with outsourcing of production from Aalborg. Since then, BTC has been the main weaving partner in the European production and has produced the majority of the sales promotion materials that are marketed via Gabriel's business unit, SampleMaster.

The aim of purchasing the shares in the Lithuanian company was to support the Group's growth in both the fabric business and SampleMaster and to ensure continued, highly reliable supply and competitiveness.

Since the takeover, the company has been split up for the purpose of combining fabric production in the company UAB Gabriel Textiles, development and production of sales promotion materials in the company UAB SampleMaster and the sales activities in the Baltic region in the sales company UAB Gabriel Baltics.

UAB SampleMaster

Following the purchase of the partner company Baltijos Tekstilė, the activities concerning the Group's SampleMaster production were hived off into a separate company, UAB SampleMaster. This meant that the Group's European sale, development and production of sample materials were combined under the management of the Danish SampleMaster business unit.

ZenXit A/S

Work has been in progress for a number of years to mature the ZenXit material, which is an alternative to PU foam. Over the years the work has resulted in a few ongoing customer relationships, but overall, it has taken longer than expected to fully develop and mature the product. The work with the ZenXit material and the search for a sustainable alternative to PU foam will continue and is a frequent theme in the development work with the Group's Key Accounts.

Gabriel Ejendomme A/S – Gabriel Erhvervspark

Gabriel Ejendomme A/S was established as an independent unit in 2011, and the Group head office in Aalborg was transferred to the company. The main activity is to develop and let the office facilities in Aalborg to internal and external tenants.

In March 2016, management began the process of selling the business park Gabriel Erhvervspark at the best possible price. Gabriel Erhvervspark comprises an office block with floor area of approximately 6,100 square metres, modern meeting and canteen facilities for tenants including Gabriel, and the possibility of a major expansion of office floor space.

In October 2018, management signed a letter of intent with the pension group PenSam with a view to selling the entire share capital of its fully-owned subsidiary, Gabriel Ejendomme A/S. Management's desire to find a suitable buyer and obtain a satisfactory price for the company was fulfilled in the letter of intent on the basis of which PenSam wanted to carry out a due diligence process.

Following due diligence, however, PenSam required a price reduction. Gabriel's management found no reason for acceding to this requirement and therefore withdrew from the above-mentioned letter of intent.

The dye works, UAB Scandye

UAB Scandye was established in 2003, and in 2006 Gabriel A/S became co-owner of the company. UAB Scandye is the Gabriel Group's main dye works and finishing plant in Europe. Gabriel's ownership interest is 49.3%. UAB Scandye performs dyeing, finishing and inspection for Gabriel and a number of external customers.

Spain



From Paris to Stockholm, Gothenburg and Grand Rapids – Gabriel is moving closer to customers all over the globe. Barcelona and Milan are the latest additions to our global network of sales offices.



Italy



Financial review

The Group's sales activities and development in revenue

The Group's revenue increased by 18% to DKK 708.2 million in the financial year. Organic growth amounted to 11% and the acquired growth is attributable to the acquired businesses Grupo RYL S.A. de C.V. in Mexico and UAB Baltijos Tekstilė in Lithuania.

The export share was 89% compared to 90% last year.

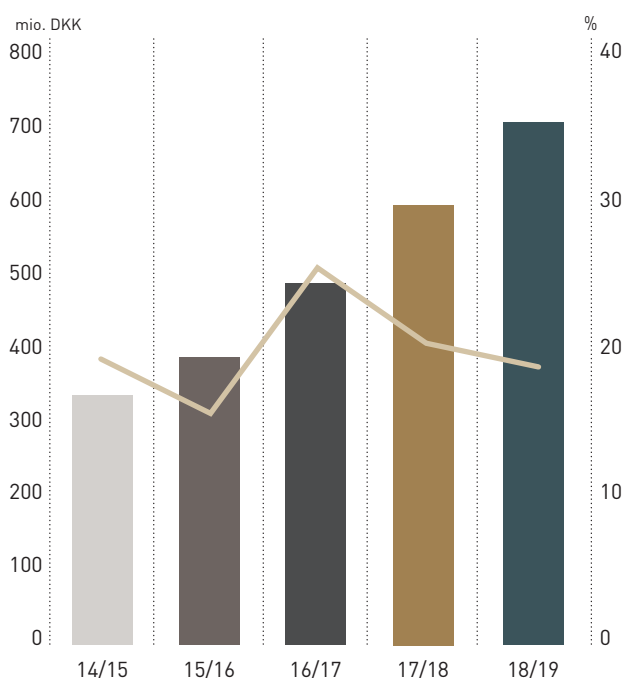
In the annual report for 2017/18, management had expected an increase in revenue of 10-20% in the 2018/19 financial year. These expectations were maintained throughout the year, however with the indication that revenue and profit would ultimately lie in the upper end of the range indicated.

Revenue in the fourth quarter was DKK 188.0 million (DKK 150.5 million), an increase of 25%. Organic growth in the quarter was 10%.

In management's assessment, global demand was stable over the year.

Revenue by year

■ Revenue in DKK million
— Growth in %



The Group has achieved high growth rates for a number of years. These growth rates have been realised as a result of implementing major customer projects with long and complex time frames.

The timing of this type of project is difficult to forecast and thus creates uncertainty about the expectations for future interim profits.

Growth achieved for the year derives from upholstery fabrics for contract furniture and from the business unit FurnMaster, which supplies products and services that belong to the next link in the value chain, e.g. cutting, sewing, upholstering and assembly of furniture components.

Group furniture fabric sales continue to make a positive contribution to revenue development, reflecting the fact that furniture fabrics are the most important product area. Based on continuing global investments in sale and development, management expects growth to continue in the furniture fabrics area.

As expected, the Group's upholstery business, FurnMaster, contributed satisfactory growth rates in the financial year. The business unit now comprises upholstery units in Lithuania, Poland, the USA and Mexico.

The two well-established FurnMaster units in Poland and Lithuania accounted for a significant share of the Group's growth in the year. Management is regularly considering initiatives to ensure continued growth in these two units by means of focused sales efforts, bigger facilities and staff increases.

The FurnMaster unit in the USA also achieved satisfactory growth rates. In April 2019, it was supplemented by the acquisition of the upholstery company Grupo RYL in Monterrey, Mexico.

The business unit SampleMaster, which develops, produces and sells sales promotion materials, realised a decline in revenue mainly resulting from a decline in project revenue.

As expected, a part of the acquired Screen Solutions potential is realised through the Group's FurnMaster units. The development in this revenue was positive, as expected, while revenue in England was below expectations. The main reason was the challenging market situation in England resulting from the prolonged Brexit process.

Gabriel's growth strategy of "growing with the largest market participants" ensures that effort is targeted on selected key accounts, all of which are globally leading furniture manufacturers and large-scale consumers of upholstered surfaces. The strategy is working and management examines opportunities and regularly launches activities which will contribute to continued growth.

Attention is focused in particular on constantly increasing activities within sales, product development, business development and acquisitions. In addition to increases in resources, investments in new tools, business processes etc. ensure continuous improvement in productivity. The initiatives are organised in the Group's three vertical markets (Asia, America and Europe) with overall coordination through selected group functions.

As the sales process for Gabriel Erhvervspark was put on hold in February 2019, rental income is again included in revenue for the period and in the comparative figures.

The Group frequently participates in relevant fairs. Scandinavia's Stockholm Furniture Fair was held in February 2019, and Europe's biggest contract furniture fair, Orgatec, was held in Cologne, Germany, in October 2018. The Group experienced a positive response from the market's leading furniture manufacturers, designers and product developers at both fairs.

This year also saw record activity at the company's sales offices in Aalborg, Denmark, in Beijing, Shanghai, Guangzhou, Hong Kong, Shenzhen and Chengdu, China, in Singapore, in Bangkok, Thailand, in Grand Rapids, USA, in Stockholm and Gothenburg, Sweden, in Paris, France, in London, UK, in Barcelona, Spain and in Bingen near Frankfurt, Germany.

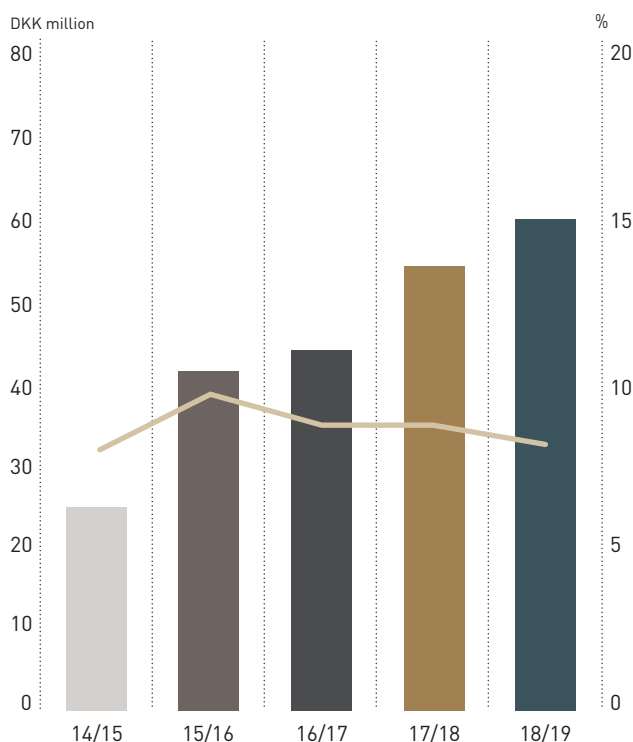
During the year, an office also opened in Milan, Italy.

The Group's earnings

Operating profit (EBIT) was DKK 61.9 million for the financial year (compared to DKK 55.0 million last year), an increase of 13%. Operating margin (EBIT margin) was 8.7% (9.2%).

Profit before tax

■ Profit in mio. DKK
— Operating margin in %



EBIT in the fourth quarter was DKK 12.6 million (DKK 13.9 million), a decline of 9%, primarily as a result of shifts in the product mix.

Profit before tax was DKK 62.9 million for the financial year (DKK 56.1 million), an increase of 12%.

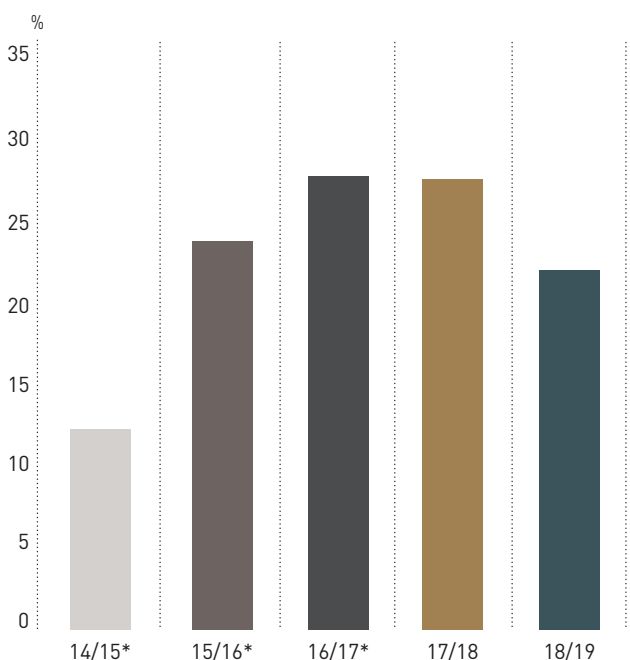
In the annual report for the 2017/18 financial year, management had expected an increase of 10-20% in profit before tax. These expectations were maintained throughout the year, however with the indication that the profit would ultimately lie in the upper end of the range indicated.

The 12% increase in profit before tax is a result of continued major growth in almost all the Group's business areas. The development in profit in the Group has generally followed the increase in revenue for the year, but acquisition costs, continued start-up costs in the FurnMaster units in Lithuania and the USA and the purchase of Grupo RYL in Mexico have negatively affected earnings.

The Group's total profit after tax was DKK 49.0 million (DKK 43.4 million).

Return on invested capital (ROIC) before tax

■ Return on invested capital in %



*Comparative figures for 14/15, 15/16 and 16/17 have not been restated to reflect discontinued operations.

Comments on the individual items are given on the following pages.

Cost of sales – gross margin

The Group's realised gross margin in 2018/19 was 40.1% (39.5%). Shifts in the customer and product mix and productivity improvements were the main reasons for the increase.

Wages and salaries for the Group's employees in production are included in cost of sales and specified in notes 3 and 5.

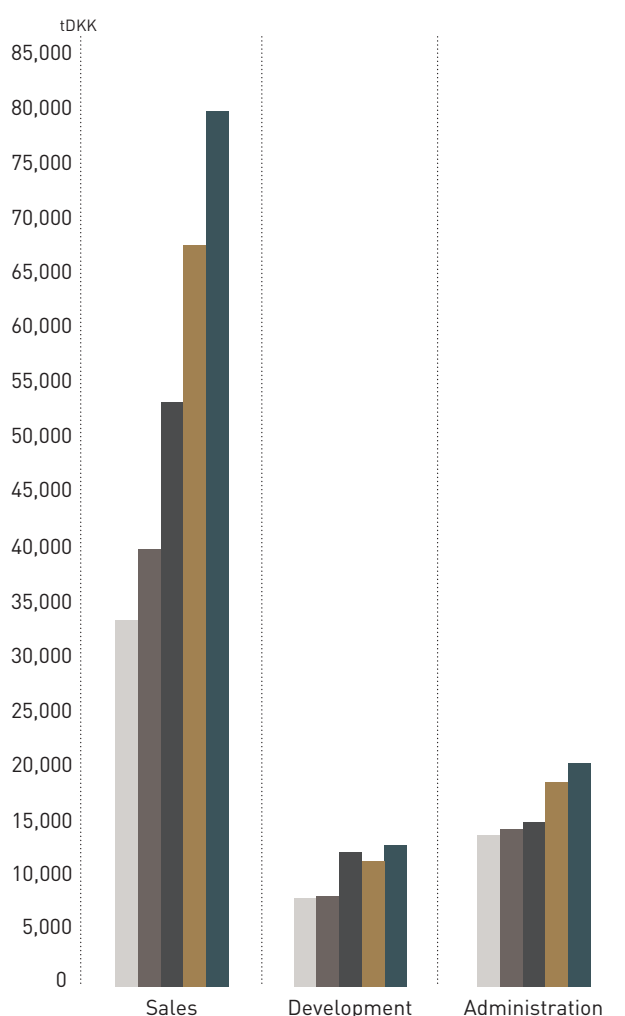
Other external costs

The Group's other external costs increased by 26.3% to DKK 89.7 million (DKK 71.0 million).

The increase is primarily attributable to costs from the acquired businesses and the increased level of activity. The acquired businesses thus accounted for approximately 30% of the increase. The remainder is primarily attributable to the establishment or extension of showrooms and to acquisition and adjustment costs in relation to the acquisition of businesses.

Distribution of staff costs

2014/15 2015/16 2016/17 2017/18 2018/19



Staff costs

The Group's staff costs increased by 19.1% to DKK 114.9 million (DKK 96.4 million).

The acquired businesses accounted for approximately 24% of the increase, and the increase in global sales staff accounted for most of the remaining increase.

The Group's staff costs are distributed over administration, sales and development, which accounted for 19%, 69% and 12% respectively in 2018/19.

The average number of employees for the financial year was 855, 645 of whom were in production, 117 in sales/development and 93 in administration. In 2017/18, the average number of employees was 518 with 351 in production, 102 in sales/development and 64 in administration. The number of employees in the Group at the end of the 2018/19 financial year was 1,126 (879 of whom were in production, 155 in sales/development and 92 in administration).

Depreciation, amortisation and impairment losses

Consolidated depreciation, amortisation and impairment losses in the Group were DKK 19.2 million, compared to DKK 17.8 million last year.

In addition to depreciation, amortisation and impairment losses from the acquired businesses, the main reason for the increase is amortisation of intangible assets including development projects and impairment losses on project material regarding the property in Aalborg.

Share of profit after tax in joint venture

Profit for the year includes a total DKK 2.3 million share of the profit from the investment in UAB Scandye (DKK 2.5 million). The small decrease is attributable to general increases in costs in Lithuania and in chemicals and dyes.

Finance income and costs

Finance income and costs show net costs of DKK 1.3 million (DKK 1.4 million). Finance income and costs are affected negatively by increased drawing on credit facilities but positively by foreign exchange rate movements. See notes 6 and 7 for further specification.

Tax on profit for the year

Tax on profit for the year was DKK 13.9 million (DKK 12.7 million). The Group's total tax rate decreased from 22.6% to 22.1% as a result of shifts in shares of profit between Group companies, which are influenced by major differences in tax rates in the countries in question.

Gabriel Ejendomme A/S – Gabriel Erhvervspark

As a result of management's decision on 7 February 2019 to put the sale of the subsidiary Gabriel Ejendomme A/S on hold, the activity "letting of office facilities" is again classified as a continuing operation. In this context management has decided to realise depreciation of buildings for 2017/18 by restating the comparative figures for 2017/18. See note 23 for a further specification.

Statement of financial position and cash flows

The Group's statement of financial position and cash flows are generally affected by additions from the acquired businesses and by the continued development of customer relationships in the company's FurnMaster business units.

When new customer relationships are initiated, FurnMaster's corporate model has a negative effect on the Group's statement of financial position and cash flows, since taking over inventories of components is often part of the model.

The consolidated statement of financial position total was DKK 562.3 million, compared to DKK 433.9 million on 30 September 2018.

Intangible assets were DKK 88.9 million on 30 September 2019, of which goodwill from the acquisition of Screen Solutions Ltd, UAB Baltijos Tekstilė and Grupo RYL accounted for the biggest share (DKK 47.0 million).

Property, plant and equipment amounted to DKK 146.1 million on 30 September 2019, compared to DKK 48.5 million in the previous year. DKK 79.2 million of the increase is attributable to the fact that the Group's head office premises are again classified as a continuing operation. In addition, the increase is primarily attributable to additions from acquisitions (DKK 13.2 million) and to purchases of plant, fixtures and fittings and equipment in connection with capacity expansions in production and the establishment of sales offices.

Other non-current assets were DKK 41.0 million on 30 September 2019 compared to DKK 31.4 million on 30 September 2018. Non-current assets thus amounted to DKK 275.9 million on 30 September 2019, compared to DKK 133.7 million in the same period last year. The increase in other non-current assets is primarily attributable to the increased tax assets described in note 19. On the basis of the possibilities of utilisation, the Group's corporate models and market potentials, the recognised tax loss carryforwards are expected to be utilised within 3-5 years and are therefore fully recognised.

In 2019, the Group's net working capital increased from DKK 135.1 million on 30 September 2018 to DKK 166.3 million on 30 September 2019. The net working capital on 30 September 2019 equals 23.5% of revenue for the year, compared to 22.5% on 30 September 2018. The aim is to continuously improve the proportionate working capital.

The Group's inventories amounted to DKK 135.1 million on 30 September 2019, compared to DKK 102.2 million on 30 September 2018, an increase of 32%. Receivables increased by 19.1% to DKK 103.6 million on 30 September 2019 (DKK 87.0 million on 30 September 2018). Prepayments were DKK 7.8 million on 30 September 2019 and cash and cash equivalents increased to DKK 39.8 million (DKK 28.0 million). Current assets were thus DKK 286.3 million on 30 September 2019, compared to DKK 220.7 million on 30 September 2018.

The Group's equity amounted to DKK 281.2 million on 30 September 2019, compared to DKK 250.0 million on 30 September 2018. Non-current liabilities were DKK 40.0 million, compared to DKK 13.8 million on 30 September 2018. Current liabilities were DKK 241.1 million on 30 September 2019, compared to DKK 143.7 million on 30 September 2018. Total liabilities were thus DKK 281.1 million on 30 September 2019, compared to DKK 157.5 million on 30 September 2018. The increase was 78% and primarily attributable to an increase in amounts owed to credit institutions and the change in classification of the property operation.

Cash flow from operating activities in the period was positive by DKK 43.8 million, compared to DKK 40.2 million in the same period last year. The increase is primarily attributable to the increased operating profit before depreciation/amortisation despite an increase in funds tied up in inventories and receivables while the funds tied up in trade and other payables decreased. In addition, the Group's tax payments were DKK 16.2 million compared to DKK 11.5 million last year.

Total investments in property, plant and equipment were DKK 25.2 million, compared to 18.5 million in the same period last year.

The Group paid dividends of DKK 18.0 million in December 2018, and dividends of DKK 19.8 million are recognised for the 2018/19 financial year.

Product development, business development and innovation

Based on the Group's mission, Gabriel is a niche company which, in the entire value chain from concept to furniture user, develops, manufactures and sells upholstery fabrics, components, upholstered surfaces and related products and services. This places great demands on product development, business development and innovation throughout the value chain.

Gabriel regularly expands its global efforts within product and business development and innovation with a view to constantly improving the Group's total growth potential. Among the results of business development and innovation are the establishment of the operating company in the USA and the establishment and development of the FurnMaster business units.

Gabriel's product and process innovation system from concept to upholstered product continued to be a high-priority core process in 2018/19. Investments in innovation and development were DKK 17.7 million (compared to DKK 15.0 million in the previous financial year), equivalent to 2.5% of revenue. New products and solutions are being developed in coordination with the Group's most important customers. These coordinated initiatives are helping to increase the accuracy of targeting and reduce the time-to-market of products, solutions and services launched.

Product development and innovation are coordinated centrally but take place in the three operating companies and in all of Gabriel's strategic business units, which collectively support the Group's core process of "product and process innovation". The individual units' market potentials are identified, developed and capitalised as the value of a joint, coordinated effort is utilised and targeted on the market's leading furniture manufacturers.

For a number of years, Gabriel has set targets for launching a substantial number of new fabrics on the world market. In 2018/19, the portfolio of globally competitive fabrics was expanded. Ten new fabrics were thus launched and two existing products updated with a view to securing further growth. FurnMaster, Screen Solutions and SampleMaster realised a major number of new customer acquisitions, many of which were a result of development work.

The DesignMaster business unit in Aalborg and the development department in Beijing regularly perform design-based development and consultancy activities based on customers' and end-users' wishes and needs. This requires a thorough understanding of the market and targeted research based on time to market of 3-18 months.

The Group also works on a number of product innovation tasks with time-to-market of more than 18 months.

These development projects offer significant – however uncertain – potential earnings. The projects are focused on the development of technical fabrics and related products expected to be used primarily within Gabriel's existing value chain.

Targeted communication of Gabriel's innovation and development strategy has forged close relationships with selected furniture manufacturers' designers, development teams and decision makers.

Please go to www.gabriel.dk for product news or to sign up for Gabriel's newsletters.

Outlook

The global market for contract furniture is expected to be stable to slightly decreasing in 2019/20. New products within all areas have been well received and momentum is generally good in the Group's business units.

Based on the Group's acquisitions and continued outreach activities, and its constantly increasing efforts in development and sales initiatives, revenue growth of the order of 15-20% is expected.

It should be noted that the expectations are based on a stable to slightly decreasing market and that the Group's expected revenue growth could be affected by economic fluctuations on the Group's primary markets.

Shifts in the product mix, and continued start-up and adjustment costs, mean that profit before tax is expected to increase by 10-15% in the financial year.

Management therefore expects growth in revenue of the order of 15-20% and an increase in profit before tax of the order of 10-15% for the 2019/20 financial year.



Select

With its sophisticated simplicity and strong functional properties, Select is an attractive fabric with broad appeal.

Special risks

The nature of Gabriel's business area entails a number of commercial and financial risks of importance to the Group's future. Management makes an effort to counter and minimise any risks manageable by the company's own actions. Gabriel's policy is also not to engage in active speculation in financial instruments. Risk management only hedges against risks arising directly from the Group's operations, investments and financing.

The competitive situation

Gabriel is a niche company, primarily concerned with customers and areas of use where product features and design have to meet invariable requirements and where quality and environmental management must be documented. Gabriel is a well-known global brand within its niche. Gabriel's activities are constantly directed towards developing and consolidating a position as the preferred supplier of upholstery fabrics and associated components to strategically selected international contract furniture manufacturers. This is done via a consistent development of Blue Ocean products and services within the value chain. The company constantly strives to strengthen its competitiveness via ongoing development of the corporate model, so that Gabriel is in the best possible position to satisfy the market's requirements and structural development.

Customers and markets

Gabriel targets its product development at selected key account customers. 89% of the company's revenue derives from exports, mainly to European countries, but increasingly also to overseas countries such as the USA and China.

Products

Relying on its corporate model, Gabriel aims at diversifying risks by offering new product solutions along a large part of the value chain. This takes place in co-operation with strategically designated key account customers by developing furniture fabrics, components and services for future use.

Raw materials

To accommodate any fluctuations in raw materials prices during the year, Gabriel strives, on the basis of projected future production, to meet its requirements by entering into short-term or long-term supply agreements with the Group's primary suppliers.

Currency risk

The Group hedges currency risks, considering projected future cash flows and projected future exchange rate movements. Sales to customers in Europe are generally invoiced in euros or the customer's currency.

Currency risks generated by income are thus limited, as most income is invoiced in euro.

The company's most important purchases are settled in Danish kroner, euros or US dollars. To ensure an optimum interest rate level and to match financing in euro, the Group has raised a mortgage loan and entered into lease agreements denominated in euro. Bank financing is in the form of open lines of credit denominated in euro or Danish kroner.

Please see note 24 for a more detailed description of currency risks.

Interest rate risks

The Group's bank debt is an open floating-rate operating credit, while the mortgage lending to Gabriel Ejendomme A/S is an adjustable-rate loan denominated in euro and subject to adjustment every five years. The bond portfolio consists primarily of short-dated bonds denominated in Danish kroner, adjusting interest to the going rate. Group financial receivables carry a contractual fixed interest rate throughout their lifetime.

Please see note 24 for a more detailed description of interest rate risks.

Credit risks

In line with Group credit risk policy, all major customers and other business partners are regularly credit-rated. Credit risk management is based on internal credit lines for customers. Group trade receivables are distributed across numerous customers, countries and markets, ensuring a high degree of risk diversification.

Financial resources

The Group regularly assesses the need for adjusting its capital structure. The Group continues to have an undrawn line of credit with its banks and the possibility of increasing it if necessary. The Group is thus judged to have adequate liquidity to ensure the ongoing financing of future operations and investments.

Places of business

The Group performs its activities in China and other places. The performance of activities in China involves risks which are not normally present on European and American markets. Tax and other legislation is characterised by frequent changes which can result in risks. The Group is seeking to minimise these risks via regular contact with its partners and use of local advisers.

Insurance

Gabriel's policy is to take out insurance against risks of material importance to the financial position of the Group. The policy sets guidelines for the Group's insurance matters. The Group's insurance-related risks are assessed annually in partnership with insurance brokers. Insurance has thus been taken out against operating losses and product liability etc. The company has also taken out all-risk insurance covering the Group's property, plant and equipment and inventories in Denmark and abroad.

Environmental risks

Certifications for the Environmental Management Standard ISO 14001, the EU Ecolabel scheme, Cradle to Cradle, Oeko-Tex and the Quality Management Standard ISO 9001 ensure that neither the activities nor the company's products are associated with any significant environmental risks. The objectives of Gabriel's environmental policy are to prevent spillage/accidents and to ensure that the company's products do not contain any substances which are hazardous to health.

IT risks

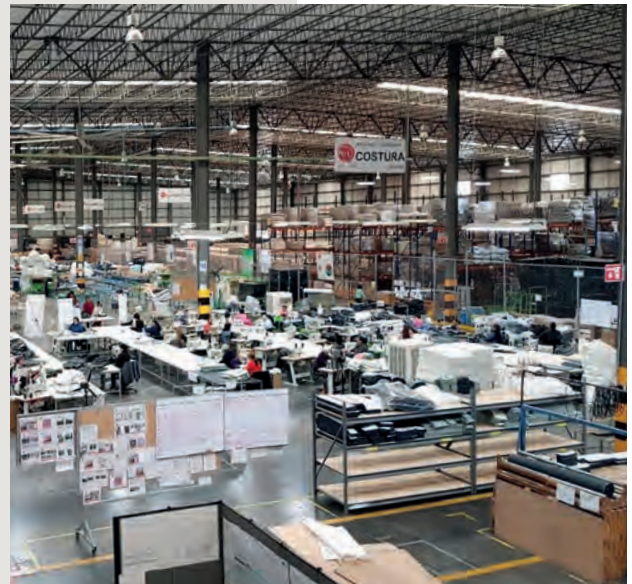
The Group has chosen to outsource the operation of its IT platform to external service partners, ensuring regular updating of security systems and minimising the risk of a major operational breakdown.

Trade risks

The majority of raw materials, semi-finished products and finished goods used by Gabriel are available from alternative sources in the event of non-delivery by the usual suppliers.

Contingency plans

In accordance with its quality and environmental management systems, Gabriel continuously develops its contingency plans and communicates these to its staff. Gabriel holds regular first aid and firefighting courses, and all areas have prepared an operational contingency plan in case of spillage/accidents.



Mexico



Lithuania

Gabriel is continuing its global expansion, and the latest acquisitions in the company's global strategy are the fabric manufacturer UAB Baltijos Tekstilė in Lithuania and the Mexican furniture manufacturer Grupo RYL.



Corporate Governance

Statement on corporate governance

Nasdaq Copenhagen A/S has adopted a set of corporate governance recommendations, most recently revised in November 2017. The recommendations on corporate governance can be obtained from the Committee on Corporate Governance's website, corporategovernance.dk.

Companies must actively consider these recommendations and, in particular, provide explanations where their practice deviates from the recommendations. Management believes that Gabriel essentially complies with the recommendations on corporate governance. On the "comply or explain" principle, it is a matter for the company itself to assess whether to follow the recommendations, or, where this is not appropriate or desirable, to explain why not.

Gabriel Holding A/S has prepared the statutory statement on corporate governance for the 2018/19 financial year as per section 107b of the Danish Financial Statements Act. The statement is available on the Group's website www.gabriel.dk/en/investor/Corporate-Governance.

The statement covers the company's work relating to the recommendations on corporate governance. It describes the main elements of the Group's internal control and risk management system in connection with the presentation of the accounts, and presents the Group's top organs of management and their composition. The statement also covers the overall conclusions on the Board of Directors' annual self-evaluation and a description of all board committees including meetings and main activities during the year.

The individual recommendations and whether Gabriel complies with them are detailed on the Group's website (see the link above).

Statement on sustainability

Sustainability is a part of Gabriel's business strategy, and the Group has always given top priority to the desire to act responsibly towards customers, staff, business connections and the external environment. Gabriel has prepared its statutory statement on sustainability for the 2018/19 financial year in accordance with Section 99a of the Danish Financial Statements Act. The report can be viewed or downloaded at www.gabriel.dk/en/investor/reports/csr-and-environmental-reports.

Gabriel is a global company producing furniture fabrics etc. in several countries. It uses suppliers from Europe and China and exports the products all over the world. Gabriel focuses on developing its core business and meeting the strategic challenges in an economical and socially responsible way. Sustainability work has always had the management's attention and forms a natural part of the work of all employees in the Group.

Sustainability plays a central role for Gabriel and means taking responsibility for adding value which contributes to positive development in society. Gabriel endorses the principles of the UN Global Compact. Emphasis is placed on the following areas:

- Gabriel develops and manufactures products and services with consideration for the safety and health of users. Throughout the production process, we aim to minimise our environmental and climate impact and to ensure animal welfare.
- We provide a safe and good working environment throughout the supply chain and always comply with country-specific laws and Gabriel's own requirements and standards in the area. These requirements comprise specific technical specifications and matters specified in Gabriel's Code of Conduct.
- Continuous development of skills and jobs for all employees is accorded a high priority.
- Gabriel supports students by providing practical training, and participates in training projects which benefit both the students and the company.
- Gabriel communicates sustainability openly and supports the propagation of sustainability as a managerial activity.

Gender balance

Gabriel believes in diversity among its employees. Specifically, it believes that an approximately equal distribution of the sexes contributes to a positive working environment and strengthens the Group's performance and competitiveness.

The Gabriel Group reassessed its targets for the under-represented sex in 2019 and will continue to work on increasing the number of female managers. It was decided to maintain the specific targets for the Board of Directors and Executive Board in future. The target for the share of the under-represented sex on the Board of Directors is thus 25% (the target was met for 2018/19), and the target for the Executive Board is 30% (the share of the under-represented sex on the Executive Board is currently 0%). The target for middle management is 40% (it is currently 32%), but the Board of Directors' overall policy remains to choose candidates for vacant positions on the basis of the candidate's expertise rather than gender.

The statutory statement on gender balance in accordance with section 99b of the Danish Financial Statements Act is available at www.gabriel.dk/en/investor/Corporate-Governance.

The Board of Directors and the Executive Board regularly evaluate the expertise required and, for the purpose of meeting the goal of more female managers, the Group will launch a number of initiatives to facilitate the development of female managers. The Board of Directors and the Executive Board believe that targets of 30% for the Executive Board and 40% for middle management are ambitious but realistic. The Board of Directors and the Executive Board will make an active effort to increase the number of women nominated as candidates for directorships and executive positions in the future.

The Gabriel Group's staff turnover is relatively low, and the turnover in both executives and other managerial positions in the Group has been limited, which naturally impedes progression. The Group is making a targeted effort to develop career opportunities etc. as a way of attracting a larger number of qualified female candidates, and placing emphasis on internal initiatives to retain and develop female talent.

Vivid

Create a light, airy expression and superior seating experiences with mesh fabric Vivid designed specifically for office chair backs.



Shareholder information

Share capital

Gabriel Holding A/S's share capital consists of 1,890,000 shares of par value DKK 20 each. Gabriel has one share class, and no shares have been given special rights. All shares are freely negotiable securities. Gabriel Holding A/S is listed on Nasdaq Copenhagen A/S under the ticker symbol GABR and the ID code DK0060124691. The share is included on the Small Cap Index.

Gabriel Holding seeks to maintain a satisfactory level of information for investors and analysts so that the share price does not become subject to sudden movements, but always reflects the company's expected development.

The following shareholders own shares conferring a minimum of 5% of the voting rights pertaining to the share capital, or shares with a minimum nominal value of 5% of the share capital:

- Katt Holding ApS, Højbjerg
- Matlau Holding ApS, Skanderborg
- Marlin Holding ApS, Malling
- Fulden Holding ApS, Beder
- GAB Invest ApS, Aalborg
- Chr. Augustinus Fabrikker A/S, Copenhagen
- Poul H. Lauritsen Holding ApS, Højbjerg

The company's annual general meeting on 15 December 2015 authorised the Board of Directors to continue acquiring the company's treasury shares up to a total nominal value of DKK 7.7 million, the equivalent of 20% of its share capital, against a fee which corresponds to the buy price listed on the stock exchange at the time of acquisition, plus or minus a margin of 10%. The authorisation is valid for five years from the date of the general meeting.

Share price trend

The 2018/19 financial year opened with a share price of DKK 608 and closed on 30 September 2019 with a price of DKK 712. Total market capitalisation of the company's shares was DKK 1,346 million on 30 September 2019.

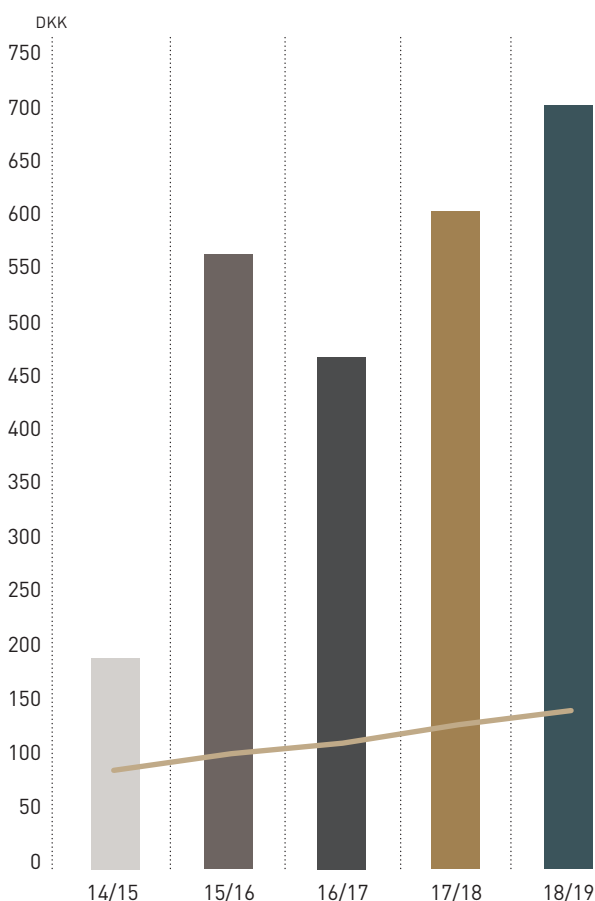
Capital management

The Group regularly assesses the need for adjusting its capital structure. A high equity ratio has always been a top priority of Gabriel in order to maximise room for manoeuvre in all situations. The Group's equity ratio was 50.0% on 30 September 2019 compared to 57.6% on the same date last year. There is a continuing focus on regular reduction of the Group's working capital.

The Group aims at providing its shareholders with a regular return on their investments, while maintaining an appropriate equity level to ensure the company's future development. The Board of Directors proposes that a dividend of DKK 10.5 per share be distributed for 2018/19, equivalent to total dividends of DKK 19.8 million. The dividend amounts to 7.1% of equity and 40.5% of profit for the year after tax paid for the Group.

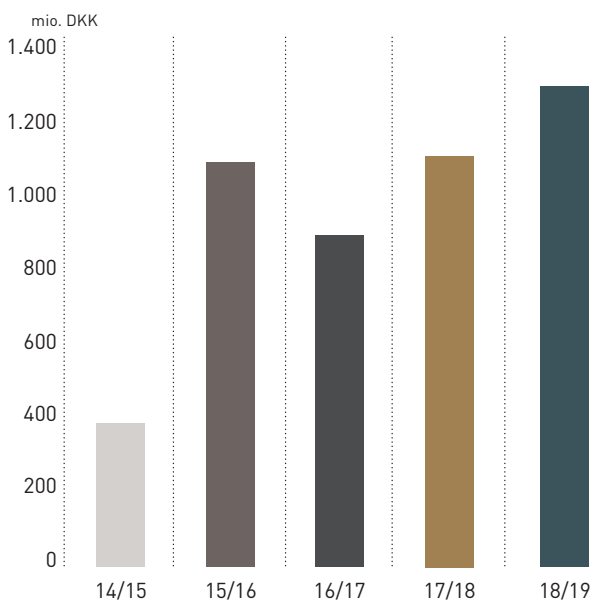
Price/Book value

■ Market price per share in DKK
 ■ Book value per share in DKK

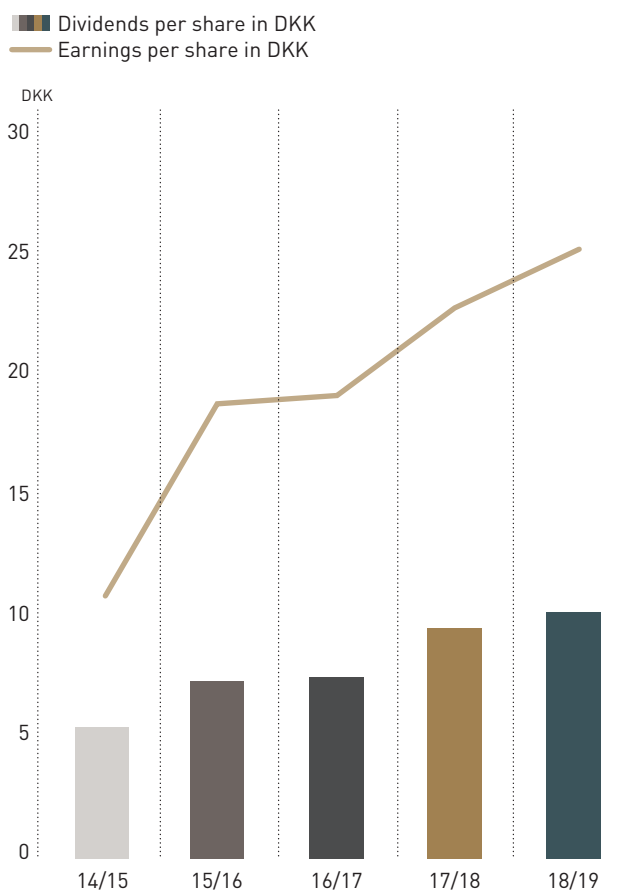


Market capitalisation end of year

■ Market capitalisation in DKK million



Share dividends and earnings per share



Against this background, the present capital resources are deemed adequate in the present economic climate.

Financial calendar 2019/20

- 14.11.2019 Annual report 2018/19
- 12.12.2019 Annual general meeting
- 18.12.2019 Distribution of dividends
- 30.01.2020 Q1 report 2019/20
- 30.04.2020 Interim report H1 2019/20
- 20.08.2020 Q3 report 2019/20
- 12.11.2020 Annual report 2019/20
- 10.12.2020 Annual general meeting

Annual general meeting

The annual general meeting will be held at the company's office in Aalborg at 2:00 p.m. on Thursday, 12 December 2019.

Company announcements in the 2018/19 financial year

- 15.11.18 Annual report 2017/18: "Gabriel Holding A/S realises organic growth of 21% in revenue and an increase of 22% in profit before tax."
- 20.11.18 Notice of annual general meeting of Gabriel Holding A/S.
- 11.12.18 Disclosure of transactions in the shares of Gabriel Holding A/S by managers and persons closely associated with them.
- 11.12.18 Election of employee representative to the Board of Directors of Gabriel Holding A/S.
- 13.12.18 Minutes of the annual general meeting of Gabriel Holding A/S.
- 27.12.18 Gabriel A/S has today acquired the share capital in the fabric manufacturer UAB Baltijos Tekstilė in Lithuania.
- 31.01.19 Interim report, Q1 2018/19: "Gabriel Holding A/S delivers growth of 14% in revenue and an increase of 16% in profit before tax from continuing operations, as expected for the first quarter."
- 07.02.19 Gabriel Holding A/S puts the sale of Gabriel Ejendomme A/S subsidiary on hold.
- 28.02.19 Gabriel signs Letter of Intent concerning the acquisition of the share capital in the Mexican furniture manufacturer Grupo RYL S.A. de C.V.
- 15.04.19 Gabriel North America Inc. has today acquired the share capital in the Mexican furniture manufacturer Grupo RYL S.A. de C.V.
- 09.05.19 Interim report, H1 2018/19: "Gabriel Holding A/S realises solid revenue growth, increases profit before tax and maintains expectations for the year."
- 22.08.19 Interim report, Q3 2018/19: "Gabriel Holding A/S realises growth of 15% in revenue and earnings."
- 28.08.19 Disclosure of transactions in the shares of Gabriel Holding A/S by persons discharging managerial responsibilities and persons closely associated with them.
- 25.09.19 Financial calendar for the 2019/20 financial year.

Investor Relations

Gabriel Holding A/S endeavours to maintain a satisfactory and uniform level of information for investors and analysts, so that the share price records steady progress and always reflects the company's expected development.

Gabriel's website www.gabriel.dk is the stakeholders' primary source of information. It is regularly updated with new and relevant information on Gabriel's profile, activities, industry and results.

Investor relations contact:
Anders Hedegaard Petersen, CEO
Phone: +45 9630 3100

Company information

Board of Directors



Jørgen Kjær Jacobsen
Chairman (age 67)
Joined the Board of Directors
in 2010 (D)

Executive positions

Raskier A/S
Raskier Ejendomme ApS

Directorships

Roblon A/S (CM)
Nordjyske Holding A/S (CM)
MEDF Holding A/S (CM)
Carpet Invest A/S
Egebjerggaard A/S
BKI Foods A/S
Raskier A/S
Raskier Ejendomme ApS

Commercial foundations

Mads Eg Damgaards
Familiefond (CM)
Aalborg Stiftstidendes Fond (CM)



Pernille Fabricius
Chair of the audit committee
(age 53)
Joined the Board of Directors
in 2016 (I)

Executive positions

John Guest, London

Directorships

Netcompany Group A/S (VC)
MT Højgaard A/S
MT Højgaard Holding A/S
Royal Greenland A/S



Hans Olesen Damgaard
Vice-Chairman (age 54)
Joined the Board of Directors
in 2015 (I)

Directorships

LIFA A/S
Manini & Co. Holding A/S
Thygesen Textile Solutions A/S
egetæpper A/S (VC)
Inspari A/S
Stibo A/S



Søren Brahm Lauritsen
(age 52)
Joined the Board of Directors
in 2010 (D)

Executive positions

ONE Marketing A/S

Directorships

ONE Marketing A/S (CM)
ONE Prediction A/S (CM)
GAB Invest ApS

Executive Board



**Anders Hedegaard
Petersen,
CEO**
(age 43)
Employed in 2004
CEO since 2011

External executive positions

KAAN ApS

Directorships

GAB Invest ApS (CM)
Vrå Damp Holding A/S (CM)
Vrå Dampvaskeri A/S (CM)
Dansk Fashion & Textile (VC)



Rikke Lyhne Jensen
Elected by the employees
(age 31)
Joined the Board of Directors
in 2018 (D)



**Claus Møller,
CCO**
(age 53)
Employed in 2010

Executive positions

GAB Invest ApS

Directorships

Food Solutions ApS (CM)
ShopConcept A/S
GAB Invest ApS

D = Dependent member

I = Independent member

CM = Chairman

VC = Vice-chairman

Passion

With its vibrant colour landscape, the wool fabric Passion gives a contemporary twist to the classic Nordic design tradition.



Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the 2018/19 annual report of Gabriel Holding A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 September 2019 and of the results of the Group's and the parent company's operations

and cash flows for the financial year 1 October 2018 – 30 September 2019.

Further, in our opinion, the management commentary gives a fair review of the development in the Group's and the parent company's activities and financial matters, of the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Group and the parent company face.

We recommend that the annual report be adopted at the annual general meeting.

Aalborg, 14 November 2019

Executive Board



Anders Hedegaard Petersen
CEO



Claus Møller
CCO

Board of Directors




Jørgen Kjær Jacobsen
Chairman



Hans Olesen Damgaard
Vice-Chairman



Søren Brahm Lauritsen



Pernille Fabricius
Chair of the audit committee



Quinten van Dalm
Employee representative



Rikke Lyhne Jensen
Employee representative



Thrill

Create warm and
harmonious indoor spaces
with screens clad in Thrill.

Independent auditor's report

To the shareholders of Gabriel Holding A/S

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 September 2019 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 October 2018 – 30 September 2019 in accordance with International Financial Reporting Standards as adopted by the EU and with the additional disclosure requirements in the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the audit committee and the Board of Directors.

What we have audited

The consolidated financial statements and the parent company financial statements of Gabriel Holding A/S for the financial year 1 October 2018 – 30 September 2019. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes, including accounting policies for the Group as well as for the parent company (the "financial statements"). The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

We declare that, to the best of our knowledge, the prohibited non-audit services referred to in Article 5(1) of Regulation (EU) 537/2014 were not provided and that we remained independent in conducting the audit.

Appointment as auditor

We were appointed auditors of Gabriel Holding A/S for the first time on 11 December 2014 for the 2014/15 financial year. We have been re-appointed annually by motion passed by the general meeting for a total consecutive engagement of five years up to and including the 2018/19 financial year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the 2018/19 financial year. We addressed these matters while forming our opinion of the financial statements as a whole in the context of our audit, and do not provide a separate opinion on these key audit matters.

Recognition and valuation of UAB Baltijos Tekstilė and Grupo RYL

In December 2018, Gabriel A/S bought UAB Baltijos Tekstilė (Lithuania) and in April 2019, Grupo RYL S.A. de C.V. (Mexico) was bought via the American subsidiary for a total acquisition price of DKK 56.7 million. The purchases and related goodwill and intangible assets are judged to be significant for the consolidated financial statements.

The assets, liabilities and contingencies acquired in connection with the purchases of the businesses must be identified and valued at fair value. In stating the fair values of the identified intangible assets, management has applied a number of assumptions of expected future cash flows and the applied discount rate. In addition, a deferred tax asset for Grupo RYL has been valued in relation to tax loss carryforwards.

Given the uncertainty of estimates related to the valuation of the assets in the pre-acquisition balance sheet, including in particular customer relationships, deferred tax asset and the related goodwill, this has been a focal point in our audit.

Please refer to note 22 to the consolidated financial statements for a description of the recognition and valuation of the acquired businesses, note 28 concerning accounting estimates and judgments and note 30 for the Group's accounting policies for business combinations.

How our audit addressed the recognition and valuation of UAB Baltijos Tekstilė and Grupo RYL

For the purpose of our audit, the procedures we carried out included the following:

- We obtained an understanding of the activities of the acquired entity, including by audit visits, and assessed whether acquired assets, liabilities and contingencies were identified in accordance with the requirements laid down in IFRS.
- We have reconciled the recognition to underlying documentation, including purchase agreements, valuations of intangible assets and pre-acquisition balance sheets for acquired businesses.
- We have examined and assessed the valuations of the identified assets, liabilities and contingencies with special emphasis on the valuation of the identified intangible assets and the deferred tax asset. This included assessing the reasonableness and documentation of the models and assumptions applied. We also assessed the reasonableness of growth expectations and earnings compared to the historic development and market expectations in order to reflect relevant risks.

- We have examined the information on recognition and valuation of the acquisition of the companies in the consolidated financial statements and assessed whether the IFRS disclosure requirements are met.

Valuation of goodwill and intangible assets

Goodwill and associated intangible assets recognised in connection with acquiring the businesses Screen Solutions, UAB Baltijos Tekstilė and Grupo RYL amount to DKK 64.8 million and are judged to be significant in the consolidated financial statements.

In preparing the impairment test of goodwill, management has made a number of assumptions about cash-flow generating units (CGUs), expected future cash flows and the applied discount rates for the cash-flow generating units.

Given the uncertainty of estimates related to the valuation of goodwill and intangible assets, this has been a focal point in our audit.

Please refer to note 10 to the consolidated financial statements for a description of the impairment test for goodwill and associated intangible assets, note 28 concerning accounting estimates and judgments and note 30 for the Group's accounting policies for impairment testing.

How our audit addressed the valuation of goodwill and intangible assets

For the purpose of our audit, the procedures we carried out included the following:

- We have assessed the Group's internal controls for the preparation of impairment tests including budget and projections.
- We have checked that the valuation model used to carry out the impairment test of goodwill was appropriate and in accordance with the requirements of IAS 36, including in the determination of cash-flow generating units and allocation of goodwill.
- We have assessed whether there is an indication of impairment of other intangible assets in the form of customer relationships and product technology assets relating to acquired businesses.
- We have assessed whether the assumptions used in the impairment test were reasonable, in particular the development in revenue and earnings, the discount rate and the sensitivity of key assumptions.
- We have examined the information in the consolidated financial statements and assessed whether the IFRS disclosure requirements are met.

Valuation of deferred tax assets

Deferred tax assets concerning the group companies Gabriel North America, UAB Baltijos Tekstilė and Grupo RYL are judged to be significant in the consolidated financial statements, partially because the companies realised losses in 2018/19.

Management has assessed the value of the tax assets on the basis of the possibilities of their utilisation and expectations for earnings in the next five years.

Given the uncertainty of estimates related to the valuation of the tax assets, this has been a focal point in our audit.

Please refer to note 19 to the consolidated financial statements for a description of the basis for recognition and valuation of deferred tax assets, note 28 concerning accounting estimates and judgments and note 30 for the Group's accounting policies for deferred tax.

How our audit addressed the valuation of deferred tax assets

For the purpose of our audit, the procedures we carried out included the following:

- We have assessed whether the assumptions used in management's expectations for the companies' earnings in the next five years are reasonable and whether it has been convincingly documented that the tax assets can be utilised.
- We have also examined the information in the consolidated financial statements and assessed whether the disclosure requirements are met.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, we consider whether the management commentary includes the disclosures required by the Danish Financial Statements Act.

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material mis-statement, 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 mis-statement when one exists. Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

- Identify and assess the risks of material mis-statement of the financial statements, whether due to fraud or error. We 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 mis-statement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent company's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting in preparing

the financial statements and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the parent company to cease trading as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or the 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 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, and other matters.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Steffen S. Hansen
State Authorised Public
Accountant
MNE32737

Aalborg, 14 November 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25578198



Kristoffer A. Staun
State Authorised Public
Accountant
MNE45106



Spin

Made from Trevira CS polyester, mesh fabric Spin stands out from the crowd with its exceptional flame retardant properties.

Income statement

for the year 01.10.2018 - 30.09.2019

Note	tDKK	CONSOLIDATED		PARENT COMPANY	
		2018/19	*2017/18	2018/19	2017/18
1	Net revenue	708.199	601.106	10.500	9.000
2	Other operating income	2.300	2.798	-	-
3	Cost of sales	-424.451	-363.624	-	-
4	Other external costs	-89.651	-70.999	-3.770	-1.990
5	Staff costs	-114.879	-96.436	-11.948	-12.420
2	Other operating costs	-426	-49	-97	-
10/11	Depreciation/amortisation and impairment losses on intangible assets and property, plant and equipment	-19.192	-17.787	-203	-125
	Operating profit (EBIT)	61.900	55.009	-5.518	-5.535
13	Share of profit after tax in joint venture	2.339	2.489	-	-
6	Finance income	1.654	903	28.530	20.567
7	Finance costs	-2.978	-2.306	-35	-2.027
	Profit before tax	62.915	56.095	22.977	13.005
8	Tax on profit for the year	-13.933	-12.656	940	1.096
	Profit for the year	48.982	43.439	23.917	14.101
9	Earnings per share (DKK):				
	Earnings per share (EPS), basic	25,9	23,0		
	Earnings per share (EPS-D), diluted	25,9	23,0		

*Comparative figures have been restated in connection with the presentation of property activities as a continuing operation as described in note 23.

Statement of comprehensive income

for the year 01.10.2018 - 30.09.2019

Note	tDKK	CONSOLIDATED		PARENT COMPANY	
		2018/19	*2017/18	2018/19	2017/18
	Profit for the year	48.982	43.439	23.917	14.101
	Other comprehensive income not reclassified to the income statement:				
	Exchange rate adjustment on translation of foreign entities	757	-345	-	-
	Tax on other comprehensive income	-211	-71	-	-
	Other comprehensive income after tax	546	-416	-	-
	Total comprehensive income	49.528	43.023	23.917	14.101

*Comparative figures have been restated in connection with the presentation of property activities as a continuing operation as described in note 23.

Statement of financial position

Assets at 30.09.2019

Note	tDKK	CONSOLIDATED		PARENT COMPANY	
		2018/19	*2017/18	2018/19	2017/18
	Non-current assets				
10	Intangible assets:				
	Goodwill	46.970	27.049	-	-
	Acquired product technology assets	5.195	5.910	-	-
	Customer relationships	12.603	-	-	-
	Development projects in progress	7.845	8.017	-	-
	Completed development projects	9.531	6.579	-	-
	Software	6.748	6.170	-	-
		88.892	53.725	-	-
11	Property, plant and equipment:				
	Land and buildings	89.474	12.450	-	-
	Improvements to premises	11.644	6.476	-	-
	Plant, fixtures and fittings and equipment	44.951	29.594	2.218	550
		146.069	48.520	2.218	550
	Other non-current assets:				
12	Investments in subsidiaries	-	-	68.794	37.862
12	Amounts owed by subsidiaries	-	-	16.187	14.998
13	Investments in joint venture	30.165	29.137	-	-
14	Amounts owed by joint venture	-	-	-	-
19	Deferred tax assets	10.791	2.301	-	-
		40.956	31.438	84.981	52.860
	Total non-current assets	275.917	133.683	87.199	53.410
	Current assets				
15	Inventories	135.101	102.241	-	-
16	Receivables	103.639	87.032	47.009	37.619
	Prepayments	7.830	3.468	16	55
26	Cash and cash equivalents	39.775	27.978	610	0
	Total current assets	286.345	220.719	47.635	37.674
23	Assets held for sale	-	79.467	-	30.932
	Total assets	562.262	433.869	134.834	122.016

*Comparative figures have been restated in connection with the presentation of property activities as a continuing operation as described in note 23.

Statement of financial position

Equity and liabilities at 30.09.2019

Note	tDKK	CONSOLIDATED		PARENT COMPANY	
		2018/19	*2017/18	2018/19	2017/18
	Equity				
18	Share capital	37.800	37.800	37.800	37.800
	Translation reserve	-1.177	-1.723	-	-
	Retained earnings	224.697	195.560	31.417	27.345
	Proposed dividends	19.845	17.955	19.845	17.955
	Total equity	281.165	249.592	89.062	83.100
	Liabilities				
	Non-current liabilities				
19	Deferred tax	10.947	5.838	48	21
20	Credit institutions	24.943	6.441	-	-
20	Lease liabilities	4.140	1.540	407	-
	Total non-current liabilities	40.030	13.819	455	21
	Current liabilities				
20	Credit institutions	146.557	73.823	-	211
20	Lease liabilities	2.118	2.140	1.421	453
	Amounts owed to subsidiaries	-	-	39.650	32.003
	Trade payables	46.261	33.609	175	57
	Amounts owed to joint venture	1.615	1.065	-	-
	Corporation tax	12.083	10.089	-	-
22, 26	Other payables	32.433	22.878	4.071	6.171
	Deferred income	-	105	-	-
	Total current liabilities	241.067	143.709	45.317	38.895
	Total liabilities	281.097	157.528	45.772	38.916
23	Liabilities related to assets held for sale	-	26.749	-	-
	Total equity and liabilities	562.262	433.869	134.834	122.016

*Comparative figures have been restated in connection with the presentation of property activities as a continuing operation as described in note 23.

Statement of changes in equity

tDKK	CONSOLIDATED				
	Share capital	Translation reserve	Retained earnings	Proposed dividends	Total equity
2018/19					
Equity 01.10.18	37,800	-1,723	195,560	17,955	249,592
Comprehensive income for the year					
Profit 2018/19	-	-	29,137	19,845	48,982
Other comprehensive income					
Exchange rate adjustment on translation of foreign entities	-	757	-	-	757
Tax on other comprehensive income	-	-211	-	-	-211
Total other comprehensive income	-	546	-	-	546
Total comprehensive income	-	546	29,137	19,845	49,528
Transactions with shareholders					
Distributed dividends	-	-	-	-17,955	-17,955
Total transactions with shareholders	-	-	-	-17,955	-17,955
Equity 30.09.19	37,800	-1,177	224,697	19,845	281,165
2017/18					
Equity 01.10.17	37,800	-1,307	170,076	14,459	221,028
Comprehensive income for the year					
Profit 2017/18	-	-	27,224	17,955	45,179
*Adjustment of depreciation on assets held for sale	-	-	-1,740	-	-1,740
Other comprehensive income					
Exchange rate adjustment on translation of foreign entities	-	-345	-	-	-345
Tax on other comprehensive income	-	-71	-	-	-71
Total other comprehensive income	-	-416	-	-	-416
Total comprehensive income	-	-416	25,484	17,955	43,023
Transactions with shareholders					
Distributed dividends	-	-	-	-14,459	-14,459
Total transactions with shareholders	-	-	-	-14,459	-14,459
Equity 30.09.18	37,800	-1,723	195,560	17,955	249,592

tDKK	PARENT COMPANY			
	Share capital	Retained earnings	Proposed dividends	Total equity
2018/19				
Equity 01.10.18	37,800	27,345	17,955	83,100
Comprehensive income for the year				
Profit 2018/19	-	4,072	19,845	23,917
Total comprehensive income	-	4,072	19,845	23,917
Comprehensive income with shareholders				
Distributed dividends	-	-	-17,955	-17,955
Equity 30.09.19	37,800	31,417	19,845	89,062
2017/18				
Equity 01.10.17	37,800	31,199	14,459	83,458
Comprehensive income for the year				
Results 2017/18	-	-3,854	17,955	14,101
Total comprehensive income	-	-3,854	17,955	14,101
Comprehensive income with shareholders				
Distributed dividends	-	-	-14,459	-14,459
Equity 30.09.18	37,800	27,345	17,955	83,100

Cash flow statement

Note	tDKK	CONSOLIDATED		PARENT COMPANY	
		2018/19	*2017/18	2018/19	2017/18
	Cash flows from operating activities				
	Profit after tax	48.982	43.439	23.917	14.101
	Dividends from joint venture	1.310	1.467	-	-
	Adjustment for non-cash items:				
	Depreciation, amortisation and impairment losses	19.192	17.787	203	125
	Gains and losses on the disposal of non-current assets	-290	129	98	-
	Share of profit after tax in joint venture	-2.339	-2.489	-	-
	Finance income and costs	1.324	1.403	-28.495	-18.540
	Tax on profit for the year	13.933	12.656	-940	-1.096
	Cash generated from operations before changes in working capital and tax	82.112	74.392	-5.217	-5.410
	Changes in inventories	-23.899	-15.368	-	-
	Changes in receivables	-6.185	-11.628	6.689	2.633
	Changes in trade and other payables	10.917	6.537	-1.987	2.151
	Interest paid	-2.978	-2.306	-35	-27
	Interest received	93	53	266	259
	Corporation tax paid	-16.228	-11.526	-347	-3.349
		43.832	40.154	-631	-3.743
	Cash flows from investing activities				
22	Acquisition of subsidiaries	-46.917	-11.394	-	-
	Addition of intangible assets	-10.347	-9.196	-	-
	Addition of property, plant and equipment	-25.208	-18.468	-2.411	-
	Disposal of property, plant and equipment	2.227	988	443	-
	Capital contribution, subsidiaries	-	-	-	-2.000
	Instalment received from joint venture	-	174	-	-
		-80.245	-37.896	-1.968	-2.000
	Cash flows from financing activities				
	Dividends received			20.000	20.000
	External financing:				
	Increase in credit facility	55.000	7.500	-	-
	Repayment of debt to credit institutions	-4.726	-4.595	-209	-127
	Leasing	3.390	939	1.584	-
	Shareholders:				
	Dividends distributed	-17.955	-14.459	-17.955	-14.459
		35.709	-10.615	3.420	5.414
	Changes for the year in cash and cash equivalents	-704	-8.357	821	-329
	Opening bank loans/cash and cash equivalents	-2.486	5.947	-211	118
	Addition on acquisition of subsidiaries	-3.054	-	-	-
	Value adjustment of bank loans/cash and cash equivalents	425	-76	-	-
	Closing bank loans/cash and cash equivalents	-5.819	-2.486	610	-211
	Composed of:				
	Cash and cash equivalents	39.775	27.978	-	-
	Cash and cash equivalents from assets held for sale	-	77	-	-
	Drawing on credit facility at bank	-45.594	-30.541	610	-211
		-5.819	-2.486	610	-211

*Comparative figures have been restated in connection with the presentation of property activities as a continuing operation as described in note 23.

Notes to the financial statements

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Notes

to the financial statements

1 Segment information

The Gabriel Group is accountable for two business segments:

Fabrics, where all products concern furniture fabrics and related textile products. The products are sold to selected leading international manufacturers and key account customers specialising in upholstered furniture, seats and upholstered surfaces. Most of the activity is carried out by Gabriel A/S. The products for the individual business areas go through substantially the same production process, and the sales divisions have the same type of customers. In addition, the product distribution channels are the same.

Letting of office facilities by Gabriel Ejendomme A/S, which lets office premises in Gabriel Erhvervspark, Aalborg.

2018/19 tDKK	CONSOLIDATED			Group total
	Fabrics	Letting of offices	Elimination	
Total segment revenue	706.025	6.001	-3.827	708.199
Depreciation, amortisation and impairment losses	-16.332	-2.860	-	-19.192
Operating profit (EBIT)	63.151	-1.251	-	61.900
Share of profit after tax in joint ventures	2.339	-	-	2.339
Finance income	1.952	-	-298	1.654
Finance costs	-2.661	-615	298	-2.978
Segment profit before tax	64.781	-1.866	-	62.915
Addition of non-current assets	34.498	1.057	-	35.555
Segment assets	484.548	77.714	-	562.262
Segment liabilities	257.894	54.788	-31.585	281.097
2017/18				
tDKK				
Total segment revenue	598.709	6.225	-3.828	601.106
Depreciation, amortisation and impairment losses	-15.523	-2.264	-	-17.787
Operating profit (EBIT)	55.266	-257	-	55.009
Share of profit after tax in joint ventures	2.489	-	-	2.489
Finance income	1.198	-	-295	903
Finance costs	-1.912	-689	295	-2.306
Segment profit before tax	57.041	-946	-	56.095
Addition of non-current assets	27.040	624	-	27.664
Segment assets	354.401	79.468	-	433.869
Segment liabilities	211.790	54.616	-29.410	236.996

Major customers

Revenue from one customer, totalling DKK 105.3 million, accounts for more than 10% of Group revenue (2017/18: DKK 94.1 million).

1 Segment information

contd.

Geographical information

Geographical information specifies revenue by territory, based on the geographical location of the customers.

Revenue and non-current assets except financial assets etc. are distributed across markets as follows:

tDKK	CONSOLIDATED			
	Revenue		Non-current assets	
	2018/19	2017/18	2018/19	2017/18
Denmark, fabrics	72.698	58.638	29.115	25.943
Denmark, letting of office facilities	2.174	2.397	77.425	-
Germany	153.785	139.948	980	1.605
Other European countries	340.786	312.664	109.056	69.281
USA and Mexico	85.364	45.954	17.326	4.343
Asia	53.392	41.505	1.059	1.073
	708.199	601.106	234.961	102.245

tDKK	CONSOLIDATED		PARENT COMPANY	
	2018/19	2017/18	2018/19	2017/18
2 Other operating income				
Sales of services etc.	146	1.238	-	-
Gains on disposals of non-current assets	1.133	340	-	-
Other income	1.021	1.220	-	-
	2.300	2.798	-	-
Other operating costs				
Losses on disposals of non-current assets	-148	-16	-	-
Other costs	-278	-33	-	-
	-426	-49	-	-
3 Cost of sales				
Cost of sales for the year	-376.286	-334.704	-	-
Write-down of inventories for the year	-370	-349	-	-
Reversal of write-downs on inventories	349	551	-	-
Production wages etc.	-48.144	-29.122	-	-
	-424.451	-363.624	-	-
4 Other external costs				
Other external costs include fees for the auditors appointed by the general meeting as follows:				
Statutory audit services	-585	-320	-71	-71
Other assurance engagements	0	-15	0	0
Tax advice	-64	0	0	0
Other services	-57	-37	-39	-36
	-706	-372	-110	-107

tDKK	CONSOLIDATED		PARENT COMPANY		
	2018/19	2017/18	2018/19	2017/18	
5	Staff costs				
	Wages and salaries etc.	-150.468	-114.328	-11.009	-11.424
	Defined contribution pension schemes	-4.505	-4.243	-848	-870
	Other social security costs	-8.198	-6.535	-35	-47
	Other payroll-related costs	-3.226	-2.701	-56	-79
		-166.397	-127.807	-11.948	-12.420
	Payroll costs capitalised regarding development projects	3.374	2.249	-	-
	Payroll costs transferred to cost of sales	48.144	29.122	-	-
		-114.879	-96.436	-11.948	-12.420
	Remuneration of the Board of Directors of the parent company	-1.125	-1.180	-1.125	-1.180
	Remuneration of the Executive Board of the parent company	-5.983	-6.899	-5.983	-6.899
	Pension contributions for the parent company's Executive Board	-483	-589	-483	-589
	Remuneration of other managerial employees	-7.281	-6.832	-2.906	-2.821
	Pensions for other managerial employees	-332	-322	-250	-250
	Average number of employees	855	517	7	7
6	Finance income				
	Dividends from subsidiaries	-	-	27.295	20.000
	Interest income, cash etc.	93	49	-	-
	Interest income from subsidiaries	-	-	266	259
	Interest income from joint venture	-	4	-	-
	Net foreign exchange gain	1.561	850	969	308
		1.654	903	28.530	20.567
7	Finance costs				
	Interest expenses etc.	-2.056	-1.805	-35	-27
	Amortisation of borrowing costs	-29	-29	-	-
	Impairment write-down of investments in subsidiaries	-	-	-	-2.000
	Other finance costs	-893	-472	-	-
		-2.978	-2.306	-35	-2.027

	CONSOLIDATED		PARENT COMPANY	
	2018/19	2017/18	2018/19	2017/18
tDKK				
8 Tax on profit for the year				
Current tax	-17.808	-14.661	-	-
Joint taxation contribution	-	-	967	1.096
Adjustment of deferred tax	3.875	2.066	-27	-
Adjustment in respect of previous years	-	-61	-	-
	-13.933	-12.656	940	1.096
Tax on profit for the year is specified as follows:				
Computed tax on profit before tax, 22%	-13.842	-12.340	-3.450	-2.861
Tax effect of:				
Non-taxable income	-	-	-	-
Non-deductible costs	-584	-457	-10	-443
Non-taxable dividends	-	-	4.400	4.400
Share of profit after tax in joint venture	515	548	-	-
Adjustment for tax rates other than 22% on foreign subsidiaries	19	-539	-	-
Adjustment in respect of previous years	-41	132	-	-
	-13.933	-12.656	940	1.096
Effective tax rate	22,1%	22,6%	-4,1%	-8,4%
9 Earnings per share				
Profit for the year after tax	48.982	43.439		
Average number of shares	1.890.000	1.890.000		
Average number of treasury shares	-	-		
Average number of shares in circulation	1.890.000	1.890.000		
Earnings per share (EPS), basic	25,9	23,0		
Earnings per share (EPS-D), diluted	25,9	23,0		

CONSOLIDATED						
tDKK	Goodwill	Acquired product technology assets	Customer relationships	Completed internal development projects	Internal development projects in progress	Software
10 Intangible assets						
2018/19						
Cost at 01.10.2018	27.049	7.311	-	20.397	8.017	10.199
Value adjustment	83	23	-	2	-	-11
Addition by acquisition	19.838	-	13.786	-	-	94
Brought forward	-	-	-	3.703	-3.703	-
Additions during the year	-	-	-	2.314	5.829	1.514
Disposals during the year	-	-	-	-	-2.298	-
Cost at 30.09.2019	46.970	7.334	13.786	26.416	7.845	11.796
Amortisation at 01.10.2018	-	1.401	-	13.818	-	4.029
Value adjustment	-	9	4	1	-	-6
Disposals during the year	-	-	-	-	-2.298	-
Amortisation for the year	-	729	1.179	3.066	-	1.025
Impairment losses for the year	-	-	-	-	2.298	-
Amortisation at 30.09.2019	-	2.139	1.183	16.885	-	5.048
Carrying amount 30.09.2019	46.970	5.195	12.603	9.531	7.845	6.748
2017/18						
Cost at 01.10.2017	27.167	7.343	-	17.386	10.050	6.585
Value adjustment	-118	-32	-	3	-	4
Addition by acquisition	-	-	-	-	-	-
Brought forward	-	-	-	2.530	-2.530	-
Additions during the year	-	-	-	478	4.992	3.610
Disposals during the year	-	-	-	-	-4.495	-
Cost at 30.09.2018	27.049	7.311	-	20.397	8.017	10.199
Amortisation at 01.10.2017	-	673	-	11.141	-	3.059
Value adjustment	-	1	-	-	-	2
Disposals during the year	-	-	-	-	-4.495	-
Amortisation for the year	-	727	-	2.677	-	968
Impairment losses for the year	-	-	-	-	4.495	-
Amortisation at 30.09.2018	-	1.401	-	13.818	-	4.029
Carrying amount 30.09.2018	27.049	5.910	-	6.579	8.017	6.170

10 Intangible assets
contd.

Goodwill

The carrying amount of goodwill of DKK 47.0 million is allocated between the cash-generating units Screen Solutions (DKK 5.4 million), FurnMaster (DKK 21.7 million), UAB Gabriel Textiles (DKK 17.7 million) and Grupo RYL (DKK 2.1 million).

The allocation of goodwill between the cash-generating units UAB Gabriel Textiles and Grupo RYL is provisional and will be completed in 2019/20 on the basis of an analysis of synergy effects. An impairment test was therefore prepared as a standalone test for these two acquired businesses. Management thus considers that the actual margin is higher than computed.

The carrying amount of goodwill was impairment-tested using discounted cash flow models based on a "value in use" approach, on 2019/20 budgets approved by the Board of Directors and on projections for subsequent periods (a total of five years). Terminal value must be added to this.

Impairment testing of the cash-generating units compares the recoverable amount, equivalent to the net present value of the expected future free cash flow, with the carrying amounts of the individual cash-generating units.

The key assumptions are revenue growth, EBIT-margin and discount rate. The expected revenue growth for all CGUs is generally in line with the Group's realised growth (organic growth of 11% realised in 2018/19), taking into account the stage of the individual activities. The expected EBIT rates are also supported by the EBIT rates realised for comparable Group activities.

The discount rates (WACC) used to calculate net present value are after tax and reflect the risk-free interest rate plus specific risks in the individual geographical cash-generating units. Due to the capital structure that was assumed when computing WACC, the computed discount rate before tax is not significantly higher.

Growth equivalent to the inflation rate (1.5%) was recognised in the terminal period. Growth rates for the terminal value thus do not exceed the average long-term growth rate for the Group's products/markets.

Management prepared sensitivity analyses for the key assumptions.

Key assumptions and sensitivities are summarised as follows for cash-generating units:

	CONSOLIDATED				
	Discount rate (after tax)	Discount rate (before tax)	Av. annual revenue growth until terminal period	Av. EBIT rate until terminal period	Sensitivity revenue/ EBIT (minimum index)**
Screen Solutions (UK)* (2017/18)	11.1% (10.4%)	11.6% (11.3%)	3.0% (30%)	7% (9%)	92 (75)
FurnMaster (Poland/Lithuania)*	10,50%	11,10%	10,00%	10%	70
UAB Baltijos Tekstilė (Lithuania)	10,50%	11,10%	10,50%	9%	91
Grupo RYL (Mexico)	11,70%	12,90%	30,00%	7%	79

*Tested collectively in 2017/18.

**The sensitivity computed for revenue shows the minimum share of expected revenue that must be realised to avoid impairment charges.

10 **Intangible assets**
contd.

Screen Solutions (UK)

CGU comprises revenue from customers on the English market, royalties and sale of design services to the FurnMaster companies. In accordance with the business case, FurnMaster companies are selling and producing Screen Solutions products to the Group's major furniture customers. The English company receives royalty income which is also part of the impairment test for Screen Solutions. The impairment test is therefore also sensitive to the expected revenue development in the FurnMaster companies and the royalty income derived from it.

In management's view, greater revenue growth than assumed is possible for the English market but due to a general Brexit-related uncertainty, management considers that limited growth is more likely.

Management also sees opportunities for increased sales of acoustics products over and above revenue assumed.

Due to initiatives launched and the sales strategy, the company is expected to report profits from 2019/20.

On the basis of these assumptions, revenue and EBIT sensitivity is in the high end.

FurnMaster (Poland and Lithuania)

New customers, and expansion of existing customer relationships are expected to drive revenue growth, backed by a significant increase in the sale of Screen Solutions products. Strong growth over the last few years underpins the expectation that continued growth is realistic.

Production capacity has increased significantly in both Poland and Lithuania over the last few years.

As a result of the ample margin, probable changes in key assumptions are judged not to result in impairment charges.

UAB Gabriel Textiles (Lithuania)

BTC has been the main weaving partner in the European fabrics production for several years and has produced most of the sales promotion materials that are marketed via Gabriel's business unit SampleMaster.

The aim of purchasing the shares in the Lithuanian company was to support the Group's growth in both the fabric business and SampleMaster and to ensure a continued high reliability of supply, quality and competitiveness.

In accordance with the business case, management considers that the acquisition has a positive synergy effect on Gabriel's earnings from fabrics. In addition, part of the goodwill is related to the SampleMaster activities, which are also expected to have significant growth potential. On the reporting date, allocation of goodwill between cash-generating units had not been completed. The allocation will be made in 2019/20.

Growth assumed is in line with the generally expected revenue growth in the Group's sales of fabrics.

Production capacity increased significantly over the last few years and management considers that it supports the expected growth.

Overall, revenue and EBIT sensitivity is judged to be moderate.

Grupo RYL

The share capital in the Mexican company was acquired to support the Group's growth in North America, including to reduce production costs.

Based on the business case and planned takeover of the production activity from the American company, Grupo RYL will primarily sell to American customers via the parent company, Gabriel North America, with an expected positive effect on earnings in Gabriel North America. In 2019/20, management will therefore allocate a part of the goodwill between Grupo RYL and Gabriel North America. This strategy forms the basis for the expected significant revenue growth.

As a result of the ample margin, revenue and EBIT sensitivity is moderate.

10 Intangible assets

contd.

Development projects

A number of projects were closed in connection with a re-evaluation of the project portfolio, which resulted in impairment charges totalling tDKK 2,298 (2017/18: tDKK 4,554).

The Group also performed an impairment test on the carrying amounts of the recognised development projects. The test included an evaluation of the project development sequence, in the form of expenses paid and results obtained relative to the approved project and business plans. The values of a few finalised development projects will be maintained if sales are realised as expected in the coming years.

It was judged on this basis that the recoverable amount exceeds the carrying amount. No public subsidies were received in 2018/19, whereas tDKK 626 was received in 2017/18. The development projects in question have been fully amortised and finalised. No outstanding commitments remain.

tDKK	CONSOLIDATED			PARENT
	Land and buildings	Improvements to premises	Plant, fixtures, fittings and equipment	Plant, fixtures, fittings and equipment
11 Property, plant and equipment 2018/19				
Cost at 01.10.2018	13.449	8.859	55.746	852
Adjustment of assets held for sale	103.985	-	283	-
Value adjustment	-292	172	543	-
Addition by acquisition	-	1.579	11.602	-
Additions during the year	1.337	4.791	19.080	2.411
Disposals during the year	-	-	-4.625	-852
Cost at 30.09.2019	118.479	15.401	82.629	2.411
Depreciation at 01.10.2018	999	2.383	26.152	302
Adjustment of assets held for sale	24.830	-	210	-
Value adjustment	-24	34	76	-
Disposals during the year	-	-	-2.045	-312
Depreciation for the year	1.238	1.340	13.285	203
Impairment losses for the year	1.962	-	-	-
Depreciation at 30.09.2019	29.005	3.757	37.678	193
Carrying amount at 30.09.2019	89.474	11.644	44.951	2.218
of which assets held under finance leases	-	-	7.320	2.183
The carrying amount for land and buildings includes payment of tDKK 1,409 for leased land, which will be depreciated over the term of the lease until 2089.				
Residual values and useful lives of the Group's head office premises in Aalborg were reevaluated in 2018/19 by componentisation of the property. Depreciation of head office premises was DKK 0.9 million for the year and would have been DKK 2.2 million at unchanged residual value. Impairment losses for the year concern project material prepared for a potential extension to the head office building and that realisation of the project is expected to differ from the original plan.				
2017/18				
Cost at 01.10.2017	13.080	3.769	46.218	852
Value adjustment	108	-3	103	-
Addition by acquisition	-	-	-	-
Additions during the year	645	5.093	12.722	-
Disposals during the year	-384	-	-3.297	-
Cost at 30.09.2018	13.449	8.859	55.746	852
Depreciation at 01.10.2017	686	1.350	21.663	177
Value adjustment	8	-4	27	-
Disposals during the year	-	-	-811	-
Depreciation for the year	305	1.037	5.273	125
Impairment losses for the year	-	-	-	-
Depreciation at 30.09.2018	999	2.383	26.152	302
Carrying amount at 30.09.2018	12.450	6.476	29.594	550
Of which assets held under finance leases	-	-	4.321	550
The carrying amount for land and buildings includes payment of tDKK 1,461 for leased land, which will be depreciated over the term of the lease until 2089.				

tDKK	PARENT COMPANY	
	2018/19	2017/18
12 Investments in subsidiaries		
Cost at 01.10	75.794	73.794
Assets held for sale		-30.932
Capital contribution, subsidiaries	-	2.000
Cost at 30.09	75.794	44.862
Impairment write-down 01.10	7.000	5.000
Impairment write-down for the year	0	2.000
Cost at 30.09	7.000	7.000
Carrying amount at 30.09	68.794	37.862

Name and registered office	Stake	Share capital tDKK	Equity tDKK	Profit/loss for the year tDKK	Carrying amount tDKK
2018/19					
Gabriel A/S, Aalborg	100%	25.500	195.546	44.319	34.145
ZenXit A/S, Aalborg	100%	1.000	1.354	-691	2.500
Gabriel Ejendomme A/S, Aalborg	100%	1.000	21.423	-1.887	30.932
Gabriel (Tianjin), China	100%	1.587	30.586	8.921	1.211
Gabriel North America Inc., USA	100%	7	-15.708	-6.503	6
			233.201	44.159	68.794
2017/18					
Gabriel A/S, Aalborg	100%	25.500	180.404	46.441	34.145
ZenXit A/S, Aalborg	100%	1.000	2.045	-1.343	2.500
Gabriel (Tianjin), China	100%	1.547	21.130	7.212	1.211
Gabriel North America Inc., USA	100%	6	-8.251	-3.424	6
			195.328	48.886	37.862

The loss realised by Gabriel North America Inc. in 2018/19 was due to the continued start-up of new activities, including activities in Mexico on the purchase of Grupo RYL S.A. de C.V. For this reason, and on the basis of expectations for future earnings, management considered that there are no indicators of impairment.

There are no indicators of impairment for other investments.

Amounts owed by subsidiaries are tDKK 16,187 (tDKK 14,998 in 2017/18) and concern capital lent to Gabriel North America Inc. The loan is not expected to be repaid within the next five years.

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tDKK	CONSOLIDATED	
	2018/19	2017/18
Investments in joint ventures		
Cost at 01.10	13.811	13.811
Cost at 30.09	13.811	13.811
Adjustments at 01.10	15.326	14.303
Share of profit for the year	2.273	2.613
Dividends distributed	-1.310	-1.467
Intra-group profit	123	-66
Value adjustment, property	-58	-57
Adjustments for the year	1.028	1.023
Adjustments at 30.09	16.354	15.326
Carrying amount at 30.09	30.165	29.137

The Group holds 49.3% of the votes in UAB Scandye, Lithuania. UAB Scandye is owned together with two other shareholders. The shareholders' agreement provides that all material decisions concerning the company's activities must be unanimous, which means that all shareholders have a joint controlling interest. Given that all shareholders of UAB Scandye are entitled to a proportionate share of the company's net assets, the investment is accounted for as a joint venture.

Financial information for UAB Scandye in accordance with the Group's accounting policies:

Net revenue	42.776	42.504
Depreciation	-4.565	-4.776
Finance income	2	4
Finance costs	-27	-48
Tax on profit for the year	-171	-438
Profit/comprehensive income for the year	5.477	5.301
Non-current assets	35.932	40.155
Current assets	21.464	8.105
Cash and cash equivalents	15.251	6.761
Non-current liabilities	1.032	1.445
Non-current liabilities excluding trade and other payables	1.032	1.445
Current liabilities	5.101	5.994
Current liabilities excluding trade and other payables	414	431
Equity	51.263	48.339
Reconciliation of carrying amount at 30 September:		
The Group's share of equity	24.819	23.856
Value adjustment, property	805	863
Intra-group profit	-258	-381
Goodwill	4.799	4.799
Carrying amount at 30.09	30.165	29.137

Management has impairment-tested the carrying amount of goodwill. The test was based on the budget for 2019/20 and projection for the years 2020/21 to 2023/24 using projected cash flows and a discount rate after tax of 10.4%. The test has not resulted in any impairment and the margin is considerable. Probable changes in key assumptions are therefore judged not to result in impairment.

tDKK		CONSOLIDATED	
		2018/19	2017/18
14	Non-current amount owed by joint venture		
	Amount owed at 01.10	-	178
	Disposals	-	-178
	Carrying amount at 30.09	-	-
	The gross receivable is specified as follows:		
	Due within 1 year	-	-
	Due within 1-5 years	-	-
	Due after 5 years	-	-
	Unearned future financing income	-	-
	Total receivable	-	-
	The net receivable is specified as follows:		
	Due within 1 year	-	-
	Due within 1-5 years	-	-
	Due after 5 years	-	-
	Total receivable	-	-

The receivable arises from finance leasing of production equipment to UAB Scandye. At the end of the lease term, the lessee has the option of acquiring the production equipment. The assets leased out have been provided as collateral for the Group's receivables.

tDKK		CONSOLIDATED		PARENT COMPANY	
		2018/19	2017/18	2018/19	2017/18
15	Inventories				
	Raw materials and consumables	89.784	50.141	-	-
	Work in progress	6.485	8.616	-	-
	Finished goods and goods for resale	38.832	43.484	-	-
		135.101	102.241	-	-

Goods with a gross value of tDKK 9,061 (2017/18: tDKK 9,986) have been written down by tDKK 3,472 (2017/18: tDKK 3,488) to expected net realisable value.

16

tDKK	CONSOLIDATED		PARENT COMPANY	
	2018/19	2017/18	2018/19	2017/18
Receivables				
Trade receivables	89.143	75.620	-	-
Amounts owed by subsidiaries	-	-	32.369	24.312
Other receivables	14.496	11.413	14.640	13.307
	103.639	87.033	47.009	37.619

Credit risks associated with the individual receivables depend primarily on where the debtors are located. On the basis of the Group's internal credit rating procedures and external credit ratings, the creditworthiness of receivables not written down is assessed to be high and to pose a low risk of loss. See also note 24 for information on credit risks.

The Group's trade receivables are distributed as follows by geographical area:

Denmark	7.137	7.156
Europe	50.791	55.700
USA	19.153	7.295
Asia	3.830	4.309
Other countries	8.232	1.160
	89.143	75.620

The Group's trade receivables at 30 September 2019 include receivables totalling tDKK 673 (2017/18: tDKK 780), written down by tDKK 654 (2017/18: tDKK 710) Other external costs include bad debts of tDKK 225 net (2017/18: tDKK 9). Losses on trade receivables are due to customer bankruptcy or anticipated payment default.

Provisions for write-downs on trade receivables and loss rates are specified as follows:

	Loss rate	Trade receivables	Write-down	Total
Not overdue	0,0%	72.699	-	72.699
Up to 30 days	0,0%	10.045	-	10.045
Between 30 and 60 days	0,0%	2.674	1	2.673
Over 60 days	14,9%	4.379	653	3.726
	0,7%	89.797	654	89.143

Interest income arising from receivables written down is not recognised.

Write-downs of the Group's trade receivables are distributed as follows by geographical area:

	Loss rate	Trade receivables	Expected loss based on historical loss rates
Denmark	0,0%	7.137	-
Europe	1,3%	51.445	654
USA	0,0%	19.153	-
Asia	0,0%	3.830	-
Other countries	0,0%	8.232	-
		89.797	654

The Gabriel Group does not have a past record of major losses on trade receivables and losses are therefore also expected to be limited in future.

17 Research and development costs

The correlation between research and development costs incurred and expensed is specified as follows:

Research and development costs incurred	17.696	15.014
Development costs recognised as intangible assets	-8.143	-5.470
Research and development costs for the year recognised in the income statement under staff costs and other external costs	9.553	9.544

18 Share capital

	SHARES ISSUED			
	Number		Nominal value (tDKK)	
	2018/19	2017/18	2018/19	2017/18
1 October	1.890.000	1.890.000	37.800	37.800
30 September	1.890.000	1.890.000	37.800	37.800

The share capital comprises 1,890,000 shares of DKK 20 each. No shares carry special rights and the share capital is fully paid up.

Neither the Group nor the parent company holds treasury shares.

Capital management

The Group's ordinary activities still generate reasonable cash flows, enabling the Group to maintain solid financial resources. The Group regularly assesses the need for adjusting its capital structure. A high equity ratio has always been a top priority of Gabriel in order to maximise room for manoeuvre in all situations. The Group's equity ratio was 50% on 30 September 2019 (at 30 September 2018: 58%).

The Group wishes to provide its shareholders with regular returns on their investments, while maintaining an appropriate level of equity to ensure the company's future operations. The Board of Directors proposes that a dividend of DKK 10.5 per share be distributed for 2018/19 (DKK 9.5 in 2017/18), equivalent to total dividends of DKK 19.8 million (DKK 17.9 million in 2017/18).

Against this background, the present capital resources are deemed adequate in the present economic climate.

tDKK		CONSOLIDATED		PARENT COMPANY	
		2018/19	2017/18	2018/19	2017/18
19	Deferred tax				
	Deferred tax at 01.10	3.537	4.713	21	21
	Adjustment of assets held for sale	1.536	335		
	Addition on acquisition of subsidiaries	-865	-	-	-
	Exchange rate adjustment	-164	33	-	-
	Deferred tax for the year recognised in the income statement	-3.875	-2.066	27	-
	Adjustment in respect of previous years	-13	522	-	-
	Deferred tax at 30.09	156	3.537	48	21
	Deferred tax is recognised as follows in the statement of financial position:				
	Deferred tax assets	-10.791	-2.301	-	-
	Deferred tax liabilities	10.947	5.838	48	21
	Deferred tax at 30.09, net	156	3.537	48	21
	Deferred tax concerns:				
	Intangible assets	7.077	4.285	-	-
	Plant, fixtures and fittings and equipment	6.287	3.377	48	21
	Financial assets	-40	1	-	-
	Current assets	-800	-402	-	-
	Tax loss carryforwards	-12.103	-3.391	-	-
	Current liabilities	-265	-333	-	-
		156	3.537	48	21

19 **Deferred tax**
contd.

Deferred tax assets primarily concern the Group companies Gabriel North America (DKK 4.6 million), Grupo RYL (DKK 4.9 million) and Screen Solutions Ltd (DKK 1.1 million). The same is the case for tax loss carryforward.

All three companies realised losses in 2018/19, as expected, and management therefore made a detailed assessment of the possibilities of utilising the tax assets.

Gabriel North America and Grupo RYL

On the strength of major customer potential on the North and South American markets, including via the acquired production facility in Mexico and budgets/forecasts, management considered that there is every probability that the tax assets in the USA and Mexico can be utilised within the next five years and consequently fully recognised the value.

Budgets/forecasts have been prepared for Gabriel North America for the next five years. The expected earnings support utilisation within five years based on expected annual revenue growth in fabric sales of the order of 30% plus additional earnings from goods produced by Grupo RYL for American customers. The expectations for positive earnings are supported by the current positive earnings from fabric sales to American customers. This profit will increase via further growth. In addition, there is a strategic plan to move FurnMaster production activities to Grupo RYL. This will have a positive effect on the American company's earnings due to cost reductions and on Grupo RYL due to better utilisation of capacity. In accordance with a transfer pricing agreement, trading between the companies will give both companies positive earnings from sales.

Please see note 10 on impairment testing of goodwill and expected earnings for Grupo RYL. The expected development is supported by expanded as well as new customer partnerships, including by better capacity utilisation via the planned takeover of production activities from Gabriel North America, and other production optimisation initiatives.

Earnings realised to date in 2019/20 for both companies also support the expected development.

Screen Solutions

Via the potential for Screen Solutions products, management expects to continue to utilise tax losses in the English company within five years.

Please see note 10 on impairment testing and expected earnings for Grupo RYL.

Positive earnings for the English company are expected to be driven mainly by income from the FurnMaster companies' sale of Screen Solutions products. Customer agreements entered into in the 2018/19 financial year support expected sales. Intensified focus on revenue from fabrics in England is also planned with a view to increasing income from storage and logistics activities. Cost-cutting measures have also been implemented.

20

tDKK	CONSOLIDATED		PARENT COMPANY	
	2018/19	2017/18	2018/19	2017/18
Credit institutions				
Amounts owed to credit institutions relate to:				
Mortgage debt, mortgage lender	21.537	-	-	-
Mortgage debt, bank	6.869	7.223	-	-
Increase in credit facility (not regarded as cash or cash equivalents)	97.500	42.500	-	-
Drawing on credit facility at bank	45.594	30.541	-	211
Total carrying amount	171.500	80.264	-	211
Amounts owed to credit institutions were recognised in the statement of financial position as follows:				
Non-current liabilities	24.943	6.441	-	-
Current liabilities	146.557	73.823	-	211
Total carrying amount	171.500	80.264	-	211
Fair value is calculated at market value (level 1)	171.500	80.264	-	211
The mortgage debt falls due as follows:				
0-1 years	3.870	952		
1-5 years	13.493	3.618		
>5 years	13.020	3.510		

The Group has drawn an additional DKK 55 million on the credit facility during the financial year. As a result of the open credit, current liabilities to credit institutions are not expected to be repaid in the 2019/20 financial year. The Group still has undrawn credit facilities.

The mortgage debt to the mortgage bank is a floating-rate loan in EUR (F5) subject to annual adjustment. The current level of interest is 0.7307% p.a. with the principal of tEUR 5,290. Mortgage debt to bank comprises two loans: a floating-rate loan in EUR with interest at present of 2.4% p.a. and principal of tEUR 1,260 and a fixed-rate loan in EUR with interest of 3.3% and principal of tEUR 174.

The maturity analysis is based on all undiscounted cash flows, including estimated interest payments. Interest payments are estimated on the basis of existing market conditions.

tDKK	CONSOLIDATED			
	2018/19		2017/18	
Financial lease liabilities				
Financial lease liabilities are recognised as follows in the statement of financial position:				
	Minimum lease payment	Carrying amount	Minimum lease payment	Carrying amount
0-1 years	2.168	2.118	2.177	2.140
1-5 years	4.198	4.140	1.574	1.540
>5 years	-	-	-	-
	6.366	6.258	3.751	3.680
Interest component	-108	-	-62	-
Net present value of minimum lease payments	6.258	6.258	3.689	3.680

The lease liability concerns finance leasing of vehicles and plant and machinery. The residual terms of the contracts are 1-4 years.

21

tDKK		CONSOLIDATED			
		2018/19			
Cash flows from financing activities		Mortgage debt	Credit facility	Lease commitments	Changes in cash flows
1 October 2018		7.223	42.500	3.680	
Addition by acquisition		-	-	1.349	
Adjustment of assets held for sale		23.748	-	-	
Increase in credit facility		-	55.000		55.000
Repayment of debt to credit institutions		-2.565	-	-2.161	-4.726
Increase in lease commitments		-	-	3.390	3.390
30 September 2019		28.406	97.500	6.258	53.664

tDKK		CONSOLIDATED			
		2017/18			
Cash flows from financing activities		Mortgage debt	Credit facility	Lease commitments	Changes in cash flows
1 October 2017		8.016	35.000	4.370	
Increase in credit facility		-	7.500		7.500
Repayment of debt to credit institutions		-793	-	-1.629	-2.422
Increase in lease commitments		-	-	939	939
30 September 2018		7.223	42.500	3.680	6.017

Acquisition of subsidiaries**Acquisition of subsidiary after the statement of financial position date**

On 6 November 2019 the operating company, Gabriel A/S, signed a conditional share purchase agreement with the owner of the German textile solutions manufacturer, Visiotex GmbH, under which 100% of the share capital will be taken over if the outcome of the planned due diligence process is as expected. The price for the shares is agreed at EUR 2.5 million.

Acquisition of subsidiary – UAB Baltijos Tekstilė

On 27 December 2018 Gabriel A/S acquired 100% of the share capital in Lithuanian fabric manufacturer UAB Baltijos Tekstilė.

Gabriel and UAB Baltijos Tekstilė (BTC) have worked together since 1999. During the following years until 2003, the partnership was developed and Gabriel's looms were transferred to BTC as part of the outsourcing of production from Aalborg. Since then BTC has been the main weaving partner in the European production and has produced most of the sales promotion materials that are marketed via Gabriel's business unit SampleMaster.

The aim of purchasing the shares in the Lithuanian company is to support the Group's growth in both the fabric business and SampleMaster and to ensure continued highly reliable supply and competitiveness.

The acquisition price was EUR 4.0 million, EUR 3.6 million of which was paid in cash while the balance will be released in December 2019, unless any claims arising during the period can be made against the seller. No such claims had been identified at 30 September 2019.

In connection with the acquisition, the Group incurred transaction costs of DKK 0.5 million for legal and financial advisers etc. The costs were recognised as other external costs in the income statement for the first quarter of 2018/19.

In the period from acquisition on 27 December 2018 to September 2019 (9 months), BTC was included in profit after tax at DKK 0.0 million (including depreciation of plant and machinery and amortisation of customer relationships) and in revenue at DKK 10.5 million. When calculated pro-forma, as if BTC had been owned since 1 October 2018, revenue was DKK 14.0 million and profit for the year after tax was DKK 0.0 million.

tDKK	Fair value recognised on the date of acquisition
Intangible assets	102
Property, plant and equipment	6.415
Inventories	2.326
Receivables	2.327
Cash and cash equivalents	166
Credit institutions	-4.756
Deferred tax	-
Trade payables	-1.201
Corporation tax	-
Other payables	-1.726
Acquired net assets	3.653
Revaluation of plant and machinery to fair value	2.614
Customer relationships	7.617
Tax on the above	-1.535
Goodwill	17.707
Total acquisition price for the enterprise	30.056
Deferred conditional acquisition price, deposited as cash and cash equivalents and provided for under other payables	-3.006
Cash acquisition price, net	27.050

22 Acquisition of subsidiaries

contd.

The deferred conditional acquisition price must be released in December 2019 if no claims or liabilities arise concerning the time before the acquisition date. No such liabilities are expected and no provisions have thus been made to cover losses in the pre-acquisition balance sheet.

Assets, liabilities and contingencies in connection with the acquisition were identified and recognised in the pre-acquisition balance sheet at fair value.

The values recognised in the opening statement of financial position under other property, plant and equipment, including non-current assets, were reviewed by an external partner for determination of fair values, and DKK 2.6 million is attributable to revaluation of plant and machinery.

Other intangible assets, including brand, trademarks, customer relationships and existing customer contracts, are also valued at fair value. A value of DKK 7.6 million is attributable to customer relationships. The fair value of the acquired customer relationships is calculated by discounting expected earnings based on estimated useful lifetimes. The assessed intangible assets are recognised in the pre-acquisition balance sheet and amortised over the expected useful lives.

Goodwill on the date of acquisition is calculated at DKK 17.7 million. Goodwill represents the value of the company's product programme, the value of the existing staff, knowhow and the value of the expected synergies from combining the company with the Gabriel Group, in particular in respect of highly reliable supply and competitiveness.

Acquisition of subsidiary – Grupo RYL S.A. de C.V.

Gabriel acquired the Mexican furniture manufacturer Grupo RYL S.A. de C.V. (RYL) on 15 April 2019. The subsidiaries Gabriel North America Inc. (USA) and Gabriel A/S (Denmark) acquired 99% and 1% respectively of the company's share capital.

The acquisition price was USD 0.8 million, USD 0.3 million of which was paid in cash, while the balance will be released in April 2020 unless any claims arising during the period can be made against the seller. No such claims had been identified at 30 September 2019.

USD 3 million owed to the former owners will also be taken over.

The shares in the Mexican company are acquired to support growth in the Group's FurnMaster's activities in North America.

RYL is a well-established development and production unit and a subcontractor of the US furniture industry. The company had approximately 170 employees on the date of acquisition and revenue of USD 8 million in 2018, when loss before tax was USD 1.2 million.

In connection with the acquisition, the Group incurred transaction costs of DKK 0.5 million for legal and financial advisers etc. The costs were recognised as other external costs in the income statement for the third quarter of 2018/19.

In the period from acquisition on 15 April 2019 to September 2019 (five months), Grupo RYL was included in profit after tax at at negative DKK 2.2 million (including amortisation of customer relationships) and in revenue at DKK 28.6 million. When calculated pro-forma, as if Grupo RYL had been owned since 1 October 2018, revenue was DKK 11.4 million and the loss for the year after tax was DKK 5.3 million.

22 Acquisition of subsidiaries

contd.

tDKK	Fair value recognised on the date of acquisition
Property, plant and equipment	3.915
Inventories	9.415
Deferred tax	3.950
Receivables	8.095
Cash and cash equivalents	188
Trade payables	-4.202
Other payables	-1.006
Acquired net assets	20.355
Customer relationships	5.989
Tax on the above	-1.797
Goodwill	2.070
Total acquisition price for the enterprise	26.617
Deferred conditional acquisition price, deposited as cash and cash equivalents and provided for under other payables	-3.342
Cash acquisition price, net	23.275

The deferred conditional acquisition price must be released in April 2020 if no claims or liabilities arise concerning the time before the acquisition date. No such liabilities are expected and no provisions have thus been made to cover losses in the pre-acquisition balance sheet.

Other intangible assets, including brand, trademarks, customer relationships and existing customer contracts, are valued at fair value. A value of DKK 6.0 million is attributable to customer relationships. The fair value of the acquired customer relationships is calculated by discounting expected earnings based on estimated useful lives. The assessed intangible assets are recognised in the pre-acquisition balance sheet and amortised over the expected useful lives.

Goodwill on the date of acquisition is calculated at DKK 2.1 million. Goodwill represents the value of the existing staff and knowhow and, not least, the value of expected synergies from combining the company with the Gabriel Group.

Assets held for sale

On 7 February 2019 Gabriel's management decided to withdraw from the letter of intent with the pension group PenSam with a view to selling the entire share capital of Gabriel's fully-owned subsidiary Gabriel Ejendomme A/S. As a result the sale has been put on hold, and the activity "letting of office facilities" is again classified as a continuing operation. In consequence, comparative figures in the operating profit for 2017/18 and the Group's cash flows have been restated. The effect on the Group's income statement for 2017/18 is specified below.

tDKK	CONSOLIDATED		
	Financial statements 2017/18	Change	Adjusted 2017/18
Net revenue	598.709	2.397	601.106
Other operating income	3.725	-927	2.798
Other external costs	-71.536	537	-70.999
Depreciation/amortisation and impairment losses on intangible assets and property, p	-15.523	-2.264	-17.787
Operating profit (EBIT) from continuing operations	55.266	-257	55.009
Finance income	1.247	-344	903
Finance costs	-1.961	-345	-2.306
Profit before tax from continuing operations	57.041	-946	56.095
Tax on profit for the year from continuing operations	-12.864	208	-12.656
Profit for the year after tax from continuing operations	44.177	-738	43.439
Profit for the year from discontinued operations	1.002	-1.002	-
Profit for the year	45.179	-1.740	43.439

Buildings owned by Gabriel Ejendomme A/S were not depreciated in the financial statements for 2017/18 because of the classification then. Following the change to continuing operation, Gabriel's management chose to restate the comparative figures for 2017/18 with depreciation carried forward. Depreciation for 2017/18 is thus affected by a negative tDKK 2,231 and tax on profit for the period by tDKK 491 relating to deferred tax, i.e. by a negative tDKK 1,740 in total. The adjustment is also shown in the statement of changes in equity.

The composition of assets and liabilities held for sale is as follows in the comparative figures:

tDKK	*2017/18
Property, plant and equipment	79.228
Receivables	162
Cash and cash equivalents	77
Total assets held for sale	79.467
Deferred tax	1.543
Credit institutions	23.748
Trade payables	463
Corporation tax	200
Other payables	795
Liabilities related to assets held for sale	26.749

*Comparative figures have been restated in connection with the presentation of property activities as continuing operations as described in note 23.

24 Financial risks and financial instruments

Given its operations, investments and financing, the Group is exposed to a number of financial risks, including market (currency, interest rates and risks relating to raw materials), credit and liquidity. Gabriel's policy is not to engage in active speculation on financial risks. The Group's financial management thus covers only the management and reduction of the financial risks arising directly from its operations, investments and financing. The Group has a finance policy covering currency, investing, financing and credit policy relative to the Group's financial partners. The policy also describes approved financial instruments and risk limits.

The Group occasionally hedges currency risks, considering projected future cash flows and projected future exchange rate movements and decides whether each transaction qualifies for hedge accounting. The majority of sales in Europe, America and China are settled in the customer's currency, while the euro is primarily used for settlement with other international customers. Currency risks generated by income thus primarily concern USD and RMB but, as most income is invoiced in the Scandinavian currencies or euro and net income and cost items are equalled out as far as possible, the risk is judged to be relatively limited. Most of the Group's purchases are settled in Danish kroner, euro or US dollars.

Management monitors the Group's risk concentration broken down by customers, geographical areas, currencies, etc. Management also monitors whether the Group's risks are correlated, and whether the Group's risk concentration has undergone any changes.

Following the acquisitions in England and Mexico and the expansion of activities in North America, the Group's financial risk exposure to the currencies in those areas has increased. Except for the above, the Group's risk exposure and risk management have not changed materially since 2017/18.

The Group's categories of financial assets and liabilities are given below:

tDKK	CARRYING AMOUNT	
	2018/19	2017/18
Receivables	103.639	87.032
Cash and cash equivalents	39.775	27.978
Assets held for sale	-	239
Financial assets measured at amortised cost	143.414	115.249
Derivative financial instruments, liabilities	-	39
Hedging instruments measured at fair value, taken up to hedge future cash flows	-	39
Amounts owed to credit institutions	171.500	80.264
Financial lease liabilities	6.258	3.680
Trade payables	46.261	33.609
Amounts owed to joint venture	1.615	1.065
Other payables	32.433	22.878
Liabilities related to assets held for sale	-	24.211
Financial liabilities measured at amortised cost	258.067	165.707

The fair value of financial assets and liabilities is in line with the carrying amounts.

Derivative financial instruments in the form of forward exchange contracts entered into to hedge items on the statement of financial position and future transactions are recognised as current liabilities at a fair value of tDKK 0 (2017/18: at a negative tDKK 39). Forward exchange contracts are valued in accordance with generally recognised valuation techniques, based on relevant observable exchange rates and classified as level 2 "other input" under the fair value hierarchy.

24 Financial risks and financial instruments

contd.

Currency risk

The Group's foreign exchange positions in Danish kroner were as follows on 30 September 2019:

Currency (tDKK)	Cash and cash equivalents/ trade receivables	Bank loans/trade payables/credit institutions	Open forward contracts
DKK	2.365	-180.920	-
EUR	67.825	-36.806	-
SEK	2.998	-985	-
NOK	163	-9	-
GBP	4.455	-4.115	-
USD	29.414	-315	-
PLN	-	-	-
RMB	20.519	-434	-
MXN	65	-2.042	-
Other	1.115	-8	-
Abroad	126.554	-44.714	-

The Group's foreign exchange positions in Danish kroner were as follows on 30 September 2018:

Currency (tDKK)	Cash and cash equivalents/ trade receivables	Bank loans/trade payables/credit institutions	Open forward contracts
DKK	2.074	-88.188	-1.971
EUR	59.335	-22.204	-
SEK	4.808	-685	-
NOK	188	-26	-
GBP	6.781	-6.748	-
USD	13.484	-311	1.932
PLN	643	-438	-
RMB	15.573	-	-
Other	712	-26	-
Abroad	101.524	-30.438	1.932

The net position was computed recognising future transactions in foreign currency which are hedged via the above open forward contracts.

The Group has used forward exchange transactions to hedge its risks related to changes in cash flows resulting from exchange rate movements for both items on the statement of financial position and future transactions. Outstanding forward exchange contracts (gross) at 30 September 2019 of tDKK 0 (2017/18: tDKK 1,932) cannot be imputed to specific transactions and are thus recognised in the income statement, since the criteria for hedge accounting are not met.

A probable change in the exchange rates at 30 September 2019 may have an impact on results and equity, because of the currency exposure on this date. The Group also experienced major exchange rate fluctuations in the 2018/19 financial year, in particular attributable to the USD, GBP and RMB and, if this development continues in the next financial year, the effect will be as follows for selected, major currencies (a change in the opposite direction will have the opposite effect on profit for the year before tax and equity):

24 Financial risks and financial instruments

contd.

Currency exposure at 30 September 2019

Currency	Net position	Probable change in exchange rate	Effect on profit for the year before tax	Effect on equity
USD/DKK	29.099	-5%	-1.455	-1.135
EUR/DKK	31.019	-1%	-310	-242
RMB/DKK	20.085	-5%	-1.004	-753
GBP/DKK	340	-5%	-17	-14

Currency exposure at 30 September 2018

Currency	Net position	Probable change in exchange rate	Effect on profit for the year before tax	Effect on equity
USD/DKK	15.105	-5%	-755	-589
EUR/DKK	37.131	-1%	-371	-290
RMB/DKK	15.573	-5%	-779	-584
GBP/DKK	33	-5%	-2	-1

In 2018/19, the Group's foreign currency exposure is expected to be essentially unchanged relative to 2017/18.

Liquidity and interest rate risks

At 30 September 2019, the Group had net cash at bank of a negative DKK 5.8 million (2017/18: of a negative DKK 2.5 million) plus still undrawn lines of credit. The Group is thus judged to have adequate liquidity to ensure the ongoing financing of future operations and investments.

Ongoing operating credits are available to the Group. Mortgage loans are also taken out with mortgage lenders and banks. The loans are in euro and at floating rates of interest. Finance leasing agreements for vehicles and machinery were drawn up: in Danish kroner with a floating interest rate; and in euro with a fixed interest rate. The agreements have terms of one to four years.

Group financial receivables carry a contractual fixed interest rate throughout their lives. On this basis, an isolated rise or fall of one percentage point in the market rate is judged not to be of major significance for the Group's profit.

Risks relating to raw materials

The Group typically enters into cooperation agreements with its most important suppliers to ensure reliability of delivery and to lock prices. As indicated in note 26, Gabriel has concluded purchase agreements for raw material supplies for 2019/20. The Group is not exposed to any major price risks arising from its use of raw materials.

Credit risks

In line with Group credit risk policy, all major customers and other business partners are regularly credit rated. Credit risk management is based on internal credit lines for customers. Prompted by the financial crisis, the Group has intensified its focus on the approval of customer credit lines and strengthened its management and monitoring of customers. Group trade receivables are distributed across numerous customers, countries and markets, ensuring a high degree of risk diversification. On the basis of the Group's internal credit procedures, it is judged that the quality of the Group's trade receivables depends primarily on the debtor's home country. The creditworthiness of debtors from Scandinavia and the EU is usually higher than that of debtors from other countries.

The Group aims to reduce risk through efficient monitoring, follow-up and credit insurance of major foreign and domestic receivables or alternative collateral. Credit insurance was taken out for all major foreign and domestic receivables at 30 September 2019. The Group's trade receivables are usually paid no later than one to two months after delivery. The Group has a past record of minor bad debts and is usually exposed to only a limited risk of major losses. We refer to note 16.

25 **Operating leases**

At 30 September 2019, the Group held operating leases for vehicles with a minimum residual lease liability of tDKK 1,555 (2017/18: tDKK 859) of which tDKK 676 (2017/18: tDKK 350) is due within one year, while the rest is due within one to three years. An amount of tDKK 672 was expensed in the financial year as against tDKK 300 in 2017/18.

At 30 September 2019, the Group had entered into leases for its sales offices and production facilities in various countries. The rental periods expire in 2027 at the latest and the total minimum liability for future rent payments is tDKK 51,952 (2017/18: tDKK 42,197) of which tDKK 10,108 (2017/18: tDKK 7,352) is due within one year, while tDKK 10,720 (2017/18: tDKK 12,086) is due after five years.

The subsidiary Gabriel Ejendomme A/S entered into external leases that cannot be terminated for up to six years. The total rent in the fixed term is tDKK 8,875 (2017/18: tDKK 851).

26 **Contingent liabilities and collateral**

PARENT COMPANY

The parent company has issued a letter of subordination to the bankers of the subsidiary Gabriel A/S covering the subsidiary's current bank loans.

The parent company is jointly taxed with other Danish companies in the Gabriel Holding Group. In its capacity as the administrative company, the parent company has unlimited joint and several liability with the other companies in the joint taxation unit for Danish corporation taxes and withholding taxes on dividends and interest within the joint taxation unit. Any subsequent corrections to corporation and withholding taxes could result in a change in the amount of the company's liability.

CONSOLIDATED

As part of usual Group operations, the Group has entered into purchase agreements for future raw material supplies amounting to tDKK 25,986 (30 September 2018: tDKK 30,001) to ensure raw material supplies in 2019/20.

Land and buildings have been provided as collateral for mortgage debt to the mortgage bank. The carrying amount of land and buildings was tDKK 77,378 at 30 September 2019 (30 September 2018: tDKK 81,386), while mortgage debt to the mortgage bank was tDKK 21,537 (30 September 2018: tDKK 23,748). Collateral in land and buildings has been provided for bank debt to a bank in Poland. The carrying amount was tDKK 12,096 (30 September 2018: tDKK 12,450), while the debt to the bank was tDKK 6,869 (30 September 2018: tDKK 7,223).

Of the total cash and cash equivalents of tDKK 39,775, tDKK 6,348 is the amount deposited concerning the purchase of UAB Baltijos Tekstilė and Grupo RYL S.A. de C.V. The deposit is provided for under other payables.

27 Transactions with Group companies, major shareholders, Board of Directors and Executive Board

The parent company's related parties comprise subsidiaries and joint ventures, their Boards of Directors and Executive Boards. Related parties also comprise companies over which the above persons have significant influence. Gabriel Holding A/S has no related parties exercising control.

The parent company is jointly taxed with other Danish companies in the Gabriel Holding Group, which means that the parent company is liable for Danish corporation and withholding taxes etc. within the joint taxation unit. Please see note 26 for further information.

tDKK	PARENT COMPANY	
	2018/19	2017/18
Administration fee from subsidiaries	10.500	9.000
Interest income from subsidiaries	266	259
Rent from subsidiaries	333	-
Dividends from subsidiaries	27.295	20.000

Transactions with subsidiaries were eliminated in the consolidated financial statements in accordance with the accounting policy.

The related parties include a joint venture over which Gabriel exercises joint control. Trading with the joint venture business UAB Scandye comprised the following:

tDKK	CONSOLIDATED	
	2018/19	2017/18
Purchases from joint venture	38.038	40.782
Interest etc. from joint venture	-	4

Apart from the executives' and directors' remuneration disclosed in note 5, the Group and parent company did not engage in any transactions with the Board of Directors, Executive Board, executive employees, major shareholders or other related parties during the year.

28 Accounting estimates and judgments

The carrying amount of certain assets and liabilities is stated on the basis of management's estimated impact of future events on the value of these assets and liabilities at the statement of financial position date. Estimates of importance to the financial reporting mainly concern acquisitions of subsidiaries, valuation of goodwill and deferred tax assets. Estimates are also made when calculating write-downs for inventory obsolescence and impairment tests on development projects. In addition, estimates were made in 2017/18 for the classification of the property in Aalborg.

On acquisition of enterprises, the acquired identifiable assets, liabilities and contingencies are recognised at fair value, in accordance with the acquisition method. For a majority of the assets and liabilities acquired, no active market exists which can be used to determine the fair value. This applies in particular to acquired intangible assets. Methods typically used are based on the net present value of expected future cash flows, e.g. royalty payments or other expected net cash flows associated with an asset. Management therefore estimates the fair value of acquired assets, liabilities and contingencies. Depending on the nature of the item, the fair value may therefore be uncertain and could require subsequent adjustment. The fair values of identifiable assets, liabilities and contingencies associated with the purchase of UAB Baltijos Tekstilė and Grupo RYL S.A. de C.V. are shown in note 22.

In performing the annual impairment test of goodwill, or when there is an indication of impairment, an estimate is made of how the enterprise's individual cash-generating units, to which the goodwill relates, will be able to generate sufficient positive net cash flows to support the value of goodwill and other net assets of the unit. Estimates of future cash flows many years in the future will be subject to some degree of uncertainty. This uncertainty is reflected in the selected discount rate. Impairment testing is described in note 10.

Management assessed the recognised tax assets based on expected future earnings in the countries to which the tax assets relate. For recent losses, it also assessed whether there was a convincing basis for recognising the deferred tax assets. It concluded on the basis of budgets and projections of budgets that the recognised deferred tax assets can be used within three to five years. We refer to note 19.

The uncertainty of estimates of inventories is connected to write-downs to net realisable value. The need for write-downs is deemed to be unchanged and assessment is still based on the development within colour and product combinations and associated raw materials and consumables. Write-downs on inventories follow the Group's practice for write-downs, which includes an assessment of the inventory turnover ratio and possible losses as a result of obsolescence, quality problems and economic conditions. Total inventory write-down was tDKK 3,472 at 30 September 2019, compared to tDKK 3,488 last year.

Development projects in progress are impairment-tested at least once a year. Development projects are projects based on future expectations for fashion, colours and design, and the test is thus based on future expectations for customer and market demands. Innovation projects are established for the purpose of identifying new products within associated business areas. These circumstances form the basis for management's estimates of the recoverable amount of the ongoing development and innovation projects in the form of expected future net cash flows, including costs of completion.

Judgments made in applying accounting policies

In the application of accounting policies, management made the following judgments of major significance to the financial reporting:

This annual report again classifies the domicile in Aalborg as a continuing operation in accordance with the detailed description in note 23.

29 Subsequent events

Apart from the conditional purchase agreement for Visiotex GmbH described in note 22, no events of significance to the 2018/19 financial statements have occurred since the statement date.

30 Accounting policies

Gabriel Holding A/S is a limited liability company domiciled in Denmark. The financial section of the annual report for the period 01.10.2018-30.09.2019 comprises the consolidated financial statements for Gabriel Holding A/S and its subsidiaries (the Group) and separate parent company financial statements.

The consolidated financial statements and the parent company financial statements of Gabriel Holding A/S for 2018/19 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with the Danish disclosure requirements for listed companies.

The Board of Directors and the Executive Board discussed and approved the annual report for 2018/19 of Gabriel Holding A/S on 14 November 2019. The annual report will be presented to the shareholders of Gabriel Holding A/S for approval at the annual general meeting on 12 December 2019.

Basis for preparation

The consolidated financial statements and the parent company financial statements are presented in DKK rounded to the nearest DKK 1,000.

The accounting policies described below were applied consistently during the financial year and for the comparative figures, except the adjustment for presentation of the property activity as a continuing operation, as described in note 23. The comparative figures were restated for the following notes: 1, 2, 6, 7 and 8.

Comparative figures are not restated for standards to be implemented in the future.

Implementation of new standards and IFRICs

Gabriel Holding A/S has implemented the standards and IFRICs which entered into force for 2018/19, including:

- IFRS 9, Financial instruments (published 2014, effective from 1 January 2018) and
- IFRS 15, Revenue from contracts with customers (published 2014, effective from 1 January 2018).

The implementation has not affected recognition, measurement or presentation in the financial statements for 2018/19 and is not expected to affect the Gabriel Group in future periods.

IFRS 9, Financial instruments

IFRS 9 replaces IAS 39 for recognition and measurement of financial instruments.

The following are the most relevant changes compared to the existing accounting policies:

- New expected loss model for impairment replaces write-downs for losses on bad debts on impairment (incurred loss);
- Recognition of hedging instruments is adjusted to the enterprise's risk management method for financial and non-financial risks.

The implementation of the IFRS 9 expected loss model rather than the previous model where impairment losses were recognised when there was an indication of loss has not resulted in changes to the Group's write-downs for losses on bad debts.

The new method for recognition of hedging instruments has not affected the consolidated financial statements.

IFRS 15, Revenue from contracts with customers

IFRS 15 replaces the previous revenue standards (IAS 11 and IAS 18) and introduces a new model; together with an associated IFRIC, introduces for recognition and measurement of revenue from sales contracts with customers.

Management has established that the implementation of IFRS 15 does not result in changes to the recognised net revenue amount. The Gabriel Holding A/S Group has no refund liabilities and therefore has not identified any other contractual obligations.

30 Accounting policies

contd.

ACCOUNTING POLICIES APPLIED

Consolidated financial statements

The consolidated financial statements comprise the parent company Gabriel Holding A/S and subsidiaries over which Gabriel Holding A/S exercises control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. An investor is deemed to control another enterprise when the investor exercises control (power) over it, the possibility of or right to receive variable returns from it and the ability to affect the size of the returns through this control. When control is assessed in the terms of IFRS 10, an investee must be consolidated when the parent has de facto control over it, even if the parent does not own the majority of shares or votes.

On the basis of the absolute sizes of stakes and the other shareholders' proportionate stakes, including votes and mutual relationships, the Group's management considers its ownership interest to be sufficient to constitute de facto control.

Joint arrangements are activities or businesses over which the Group has a controlling interest, through cooperation agreements with one or more parties. Joint controlling interest means that decisions about the relevant activities require the unanimous consent of all parties holding a joint controlling interest. Joint arrangements are classified as joint ventures or joint operations. Joint operations are activities in which the participants have direct rights over assets and direct obligations for liabilities, while joint ventures are activities where the participants only have rights over the net assets.

The consolidated financial statements include the parent company Gabriel Holding A/S and the subsidiaries Gabriel A/S, Gabriel Ejendomme A/S, ZenXit A/S, Gabriel Innovation A/S, Gabriel (Tianjin) International Trading Co. Ltd., UAB FurnMaster, FurnMaster Sp. z o.o., Screen Solutions Ltd, Gabriel GmbH, Gabriel Sweden AB, Gabriel North America Inc., Gabriel Iberica SL., UAB Gabriel Textiles, UAB Gabriel Baltics, UAB SampleMaster and Grupo RYL S.A. de C.V. UAB Scandye is considered a joint venture and was recognised under investments in joint ventures in the annual report.

The consolidated financial statements were prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, prepared in accordance with the Group's accounting policies, with elimination of intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains on intra-group transactions. Unrealised gains on transactions with joint ventures are eliminated in proportion to the Group's ownership share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, unless impairment has occurred.

The items of subsidiaries are fully recognised in the consolidated financial statements. The non-controlling parties' share of the profit for the year, and of the equity in subsidiaries which are not 100% owned, is included as a part of the Group's result or equity, but shown

Business combinations

Enterprises acquired or formed during the year are included in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements until the date of disposal. Comparative figures are not restated for acquisitions.

The acquisition method is used on acquisitions of new businesses where the Gabriel Holding A/S Group gains control. The acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Deferred tax on the revaluations made is recognised.

The acquisition date is the date on which Gabriel Holding A/S effectively gains control of the acquired business.

Costs attributable to business combinations are recognised directly in the profit for the year when incurred.

30 Accounting policies

contd.

Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions. On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rates on the transaction date. Foreign exchange differences arising between the transaction date and the date of payment are recognised in profit or loss as finance income or finance costs. Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates applicable at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and on the date on which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as finance income or finance costs.

On recognition in the consolidated financial statements of subsidiaries with a functional currency other than the DKK, the income statements are translated at the exchange rates of the transaction date, and the items in the statement of financial position are translated at the exchange rates applicable at the end of the reporting period. An average exchange rate for each month is used as the transaction date exchange rate, unless this would significantly distort the presentation of the underlying transactions.

Foreign exchange differences arising on translation of the opening balance of equity of such foreign operations at the exchange rates applicable at the end of the reporting period, and on translation of the income statements from the exchange rates of the transaction date to the exchange rates applicable at the end of the reporting period, are recognised in other comprehensive income, in a separate translation reserve under equity.

On recognition in the consolidated financial statements of joint ventures with a functional currency other than the DKK, the share of profit/loss for the year is translated at average exchange rates. The share of equity, including goodwill, is translated at the exchange rates applicable at the end of the reporting period. Foreign exchange differences arising on the translation of the share of the opening equity of foreign joint ventures, at the exchange rates applicable at the end of the reporting period, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates applicable at the end of the reporting period, are recognised in other comprehensive income in a separate translation reserve under equity.

Derivative financial instruments

Derivative financial instruments are recognised and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively. Fair values for derivative financial instruments are measured on the basis of current market data and acknowledged valuation methods.

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

Changes in the fair value of derivative financial instruments designated as, and qualifying for recognition as, a hedge of future cash flows, and which effectively hedge changes in future cash flows, are recognised in equity under a separate reserve for hedging transactions until the hedged cash flows affect the results. At this time, any gain or loss regarding such hedging transactions is transferred from equity and recognised in the same item as the hedged item.

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

30 **Accounting policies**
contd.

INCOME STATEMENT

Net revenue

Revenue from the sale of goods for resale and finished goods is recognised as revenue, provided that delivery and transfer of risk to the buyer have taken place before the year end, that the income can be reliably measured, and that it is expected to be received. Rental income is accrued and recognised on a straight-line basis over the period, in accordance with contracts entered into.

Net revenue is measured ex VAT, taxes and discounts in relation to the sale.

The terms of payment in the Group's sales agreements with customers depend on the product, the performance obligation and the underlying customer relationship. Payment terms are typically 1-2 months.

The Group generally has no refund liabilities and only usual guarantee obligations on the sale of goods.

Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities of the enterprise, including gains on the sale of intangible assets and property, plant and equipment.

Public subsidies

Public subsidies comprise subsidies and financing of development projects. Public subsidies are recognised in the income statement under other operating income in step with payment/amortisation of the costs eligible for subsidy. In the statement of financial position, public subsidies are recognised under deferred income.

Cost of sales etc.

These costs include costs paid to achieve the year's net revenue, including direct and indirect costs of raw materials and consumables, goods for resale and energy etc.

The cost of sales etc. also includes direct and indirect costs of wages and consumables in connection with Group production.

Other external costs

Other external costs relate mainly to sales, distribution, maintenance, premises and administration.

Profit/loss from investments in joint ventures in the consolidated financial statements

The Group's proportionate share of the results after tax of the joint venture business is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

30 Accounting policies

contd.

Finance income and finance costs

Finance income and finance costs comprise interest income and expenditure, gains and losses as well as write-downs on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities and surcharges and refunds under the on-account tax scheme etc. Realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging arrangements are also included.

Dividends received from investments in subsidiaries are recognised in the parent company income statement in the financial year when the dividends are declared. If distributed dividends exceed comprehensive income for the relevant period, an impairment test is carried out.

Tax on profit for the year

Gabriel Holding A/S is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable incomes (full absorption with deduction for tax losses). The jointly taxed companies are included in the on-account tax scheme.

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

STATEMENT OF FINANCIAL POSITION

Goodwill

Goodwill is recognised at cost on initial recognition in the statement of financial position as described under Business combinations. Goodwill is subsequently measured at cost less cumulative impairment losses. Goodwill is not amortised.

Acquired product technology assets

Acquired product technology assets are acquired patents, technologies and trademarks in connection with the acquisition of a business. Assets are calculated at fair value on the acquisition date using the relief from royalty method, i.e. by discounting royalty savings through owning, rather than identifying the technology in question. Acquired product technology assets are amortised over an expected useful life of 10 years.

Development projects

Development costs comprise costs, salaries and amortisation which are directly or indirectly attributable to the company's development activities.

Clearly defined and identifiable development projects are recognised as non-current, intangible assets where there is evidence of the degree of technical utilisation, sufficient resources and a potential future market or development opportunities in the company. The company must intend to produce, market or use the project, the cost must be reliably measured and there must be sufficient assurance that future earnings will cover administrative, production, distribution and development costs.

Other development costs are recognised in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less cumulative amortisation and impairment losses and recoverable amount.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The usual amortisation period is five years.

30 Accounting policies

contd.

Property, plant and equipment

Land and buildings, plant and machinery, fixtures and fittings, and other plant and equipment are measured at cost less cumulative depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, suppliers, wages and salaries as well as borrowing costs arising from specific and general borrowing directly relating to the construction of the individual asset.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items which are depreciated separately.

The cost of finance leases is stated at the lower of fair value and the net present value of future minimum lease payments. When the net present value of the future lease payments is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor.

Subsequent costs arising, for example, from the replacement of components of property, plant and equipment, are recognised in the carrying amount of the relevant asset when it is probable that future economic benefits will flow to the Group. The components replaced will no longer be recognised in the statement of financial position and the carrying amount will be transferred to the income statement. All other ordinary costs of repair and maintenance will be recognised in the income statement as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components as follows:

Buildings	10-50 years
Improvements to premises	Term of the lease
Plant, fixtures and fittings and equipment	3-8 years
Land is not depreciated.	

Depreciation is calculated as residual value less impairment losses. Depreciation period and residual value are determined on the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When the depreciation period or the residual value is changed, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of non-current property, plant and equipment are determined as the difference between the selling price less cost of sale and the carrying amount on the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs.

Impairment test of non-current assets

The carrying amount of non-current assets is tested annually for indicators of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's net selling price less anticipated disposal costs or its value in use. The value in use is calculated as the net present value of forecast future cash flows from the asset or from the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of the net assets exceeds its recoverable amount.

Investments in joint ventures in the consolidated financial statements

Investments in joint ventures are measured according to the equity method.

Investments in joint ventures are measured in the statement of financial position as the Group's share of the enterprises' equity values, calculated in accordance with the Group's accounting policies, plus or minus the proportionate share of unrealised intra-group profits and losses and plus the carrying amount of goodwill. Investments in joint ventures are tested for impairment when there is an indication of impairment.

30 Accounting policies

contd.

Investments in subsidiaries in the parent company's financial statements

Investments in subsidiaries are measured at cost. Where the recoverable amount is lower than cost, investments are written down to this lower value.

A distribution of reserves other than profit from subsidiaries will reduce the cost of investments when the distribution is characterised as repayment of the parent company's investment.

Amounts owed by joint ventures

Amounts owed by joint ventures are attributable to lease contracts for assets of which the Group is the owner, but of which all major risks and maintenance liabilities are incumbent on the joint venture business. Finance leases are recognised in the statement of financial position at the net present value of future lease payments. The interest rate implicit in the lease is used for the calculation of the net present value.

Inventories

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

Goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages/salaries and indirect production overheads. Indirect production costs comprise indirect materials, wages/salaries and maintenance as well as depreciation of production equipment, buildings and equipment and factory administration and management.

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

Receivables

Receivables are measured at amortised cost. Write-down for bad debts is made using the simplified expected credit loss model, under which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the statement of financial position based on the expected loss over the receivable's life.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Translation reserve

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign enterprises from their functional currencies to Danish kroner.

Current tax and deferred tax

Current tax payable and receivable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the statement of financial position liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability.

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

30 Accounting policies

contd.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the statement of financial position date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Financial liabilities

Financial liabilities are recognised at the date of borrowing, as the net proceeds received, less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. The difference between the proceeds and the nominal value is accordingly recognised in the income statement as finance costs over the term of the loan. Financial liabilities include the capitalised residual obligation on finance leases measured at amortised cost.

Other liabilities are measured at net realisable value.

Leases

For accounting purposes, lease liabilities are divided into finance and operating leases.

Leases are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease liabilities is described under Property, plant and equipment and Financial liabilities respectively. Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

CASH FLOW STATEMENT

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

Cash flows from operating activities

Cash flows from operating activities are recognised as the share of profit/loss adjusted for non-cash operating items, changes in working capital and corporation taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses, of activities, of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not classified as cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise the raising of loans, repayment of interest-bearing debt, acquisition of treasury shares and payment of dividends to shareholders.

Bank loans/cash and cash equivalents

The item covers cash and cash equivalents and bank loans (overdraft facilities).

30 Accounting policies

contd.

SEGMENTS

The segment information was prepared in accordance with the Group's accounting policies and follows the internal management reporting.

Segment income and expenses and segment assets and liabilities comprise the items which are directly attributable to the individual segment and the items which can be allocated reliably to the individual segment.

Addition of non-current assets in the segment comprises non-current assets which are used directly in the segment's operation, including intangible assets and property, plant and equipment.

Presentation of discontinued operations

Discontinued operations form a significant part of a business if operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the business, and where the component has been disposed of, or is classified as held for sale, and the sale is expected to be completed within one year in accordance with a formal plan.

Profit after tax from discontinued operations and value adjustments after tax of associated activities and liabilities and profit/loss on sale are shown as a separate line in the income statement and comparative figures are restated.

31 New financial reporting regulations

On the date of publication of this annual report, a number of new or revised standards and IFRICs are available, which have not yet entered into force and are consequently not incorporated into the report. The new standards and IFRICs will be implemented as they become mandatory.

Except for IFRS 16, none of the new standards or IFRICs is deemed to influence financial reporting for the Group or the parent company.

IFRS 16 changes the Group's accounting treatment of operating leases. Leases are currently classified as either operating or finance leases. The implementation of IFRS 16 means that the operating leases, except for low-value assets and leases with a contract term of 12 months or less, are recognised as lease assets with a corresponding lease liability, similar to the current accounting treatment of finance leases.

Lease payments, which are currently classified as other external costs, will be divided into finance costs and repayment of lease liabilities. The lease asset will be depreciated over the term of the contract. A detailed assessment of IFRS 16 was made during the 2018/19 financial year and implementation will have a minor effect on the consolidated financial statements.

As of 1 October 2019, the effect on the statement of financial position will be DKK 63.1 million based on recognition of lease assets and lease liabilities. A small improvement of EBIT of DKK 0.8 million is also expected together with a minor increase in finance costs.

The implementation of IFRS 16 does not affect actual cash flows, but the presentation in the cash flow statement changes due to the division of lease payments into interest expenses and repayment of lease liabilities. The change will improve cash flows from operating activities whereas cash flows from financing activities will be affected negatively.

IFRS 16 was implemented using the modified retrospective method to determine the value of lease assets and corresponding lease liabilities on transition, adjusted for prepayments. As a result, the comparative figures will not be restated. We also expect to apply the exemption rules for excluding low-value assets and leases with contract terms of 12 months or less.

The Group's and the parent company's undiscounted operating lease liabilities at 30 September 2019 are given in note 25 to the consolidated and parent company financial statements on the basis of minimum lease payments in accordance with IAS 17. Under IFRS 16, lease agreements with extension options must be recognised and measured taking these options into account. This will impact property leases in particular, including the consequence of the conditional sales-and-leaseback agreement in note 23, and results in the liabilities recognised under IFRS 16 significantly exceeding the amounts given in the notes in accordance with IAS 17.

Definitions of financial ratios

Invested capital: Working capital plus property, plant and equipment and intangible assets, excluding goodwill, less provisions for liabilities and other non-current operating liabilities.

Working capital: Current assets less current liabilities, which are used or necessary for the Group's operation.

Operating margin: Operating profit (EBIT) as a percentage of net revenue.

Return on invested capital (ROIC): Operating profit (EBIT) as a percentage of average invested capital.

Earnings per share (EPS): Profit after tax divided by average number of shares.

Earnings per share, diluted (EPS-D): Profit after tax divided by average number of diluted shares.

Return on equity: Profit after tax as a percentage of average equity.

Equity ratio: Equity's share of total assets.

Book value per share at year end: Equity relative to share capital in per cent.

Market price at year end: Listed price of the shares on Nasdaq Copenhagen.

Price/book value: Market price relative to book value.

Price Earnings (PE): Market price relative to earnings per share.

Price Cash Flow (PCF): Market price relative to cash flow per share (excluding treasury shares).

Dividend yield: Yield relative to market price at year end.

Payout ratio: Yield relative to profit after tax.

Gabriel®

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