



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	913 499 980
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	IMG GROUP AS
Forretningsadresse:	Sykkylvsvegen 125 6230 SYKKYLVEN

Regnskapsår

Årsregnskapets periode:	01.01.2017 - 31.12.2017
-------------------------	-------------------------

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Trond Veibust
Dato for fastsettelse av årsregnskapet:	03.05.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.10.2020



Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1,3,7	356 525 000	320 875 000
Annen driftsinntekt	1	103 000	320 000
Sum inntekter		356 628 000	321 195 000
Kostnader			
Varekostnad	7	214 045 000	196 333 000
Lønnskostnad	4	12 334 000	5 023 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	40 053 000	37 218 000
Annen driftskostnad		18 428 000	13 387 000
Sum kostnader		284 860 000	251 961 000
Driftsresultat		71 768 000	69 234 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	7	0	2 181 000
Renteinntekt fra foretak i samme konsern	7	1 511 000	2 106 000
Annen finansinntekt		1 710 000	165 000
Sum finansinntekter		3 221 000	4 452 000
Rentekostnad til foretak i samme konsern	7	5 158 000	6 176 000
Annen rentekostnad		356 000	2 146 000
Sum finanskostnader		5 514 000	8 322 000
Netto finans		-2 293 000	-3 870 000
Ordinært resultat før skattekostnad		69 475 000	65 364 000
Skattekostnad på ordinært resultat	8	16 689 000	15 345 000
Ordinært resultat etter skattekostnad		52 786 000	50 019 000
Årsresultat		52 786 000	50 019 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		52 786 000	50 019 000
Sum overføringer og disponeringer		52 786 000	50 019 000



Resultatregnskap

Beløp i: NOK	Note	2017	2016
---------------------	-------------	-------------	-------------



Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	5	1 996 000	1 781 000
Goodwill	5,11	260 619 000	297 597 000
Kunderelasjoner	5,11	8 678 000	10 474 000
Sum immaterielle eiendeler		271 293 000	309 852 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5	286 000	0
Maskiner og anlegg	5	322 000	511 000
Sum varige driftsmidler		608 000	511 000
Finansielle anleggsmidler			
Investering i datterselskap	6,11	173 474 000	151 426 000
Lån til foretak i samme konsern	7	20 513 000	59 854 000
Sum finansielle anleggsmidler		193 987 000	211 280 000
Sum anleggsmidler		465 888 000	521 643 000
Omløpsmidler			
Varer			
Varer		0	10 000
Sum varer		0	10 000
Fordringer			
Kundefordringer		7 322 000	8 667 000
Andre fordringer		1 560 000	465 000
Konsernfordringer	7	36 937 000	45 506 000
Sum fordringer		45 819 000	54 638 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	10	446 000	13 930 000
Sum bankinnskudd, kontanter og lignende		446 000	13 930 000



Balanse

Beløp i: NOK	Note	2017	2016
Sum omløpsmidler		46 265 000	68 578 000
SUM EIENDELER		512 153 000	590 221 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	9	15 030 000	15 030 000
Overkurs	9	90 000 000	90 000 000
Sum innskutt egenkapital		105 030 000	105 030 000
Opptjent egenkapital			
Annen egenkapital	9	139 937 000	87 152 000
Sum opptjent egenkapital		139 937 000	87 152 000
Sum egenkapital		244 967 000	192 182 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	11 608 000	8 394 000
Sum avsetninger for forpliktelser		11 608 000	8 394 000
Annen langsiktig gjeld			
Langsiktig konserngjeld	7	0	162 170 000
Sum annen langsiktig gjeld		0	162 170 000
Sum langsiktig gjeld		11 608 000	170 564 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	10	186 961 000	0
Leverandørgjeld		1 523 000	2 474 000
Betalbar skatt	8	12 160 000	16 429 000
Skyldige offentlige avgifter		586 000	179 000
Kortsiktig konserngjeld	7	52 384 000	56 943 000
Avsetning earn-out	5,11	0	150 000 000
Annen kortsiktig gjeld		1 964 000	1 450 000
Sum kortsiktig gjeld		255 578 000	227 475 000



Balanse

Beløp i: NOK	Note	2017	2016
Sum gjeld		267 186 000	398 039 000
SUM EGENKAPITAL OG GJELD		512 153 000	590 221 000



Skattedirektoratet

Saksbehandler Rune Tystad	Deres dato 13.11.2015	Vår dato 25.11.2015
Telefon 977 59 464	Deres referanse Lars Inge Solnørdal Jakobsen	Vår referanse 2015/1093038

IMG GROUP AS
Postboks 251
6230 SYKKYLVEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for IMG Group AS, org.nr. 913 499 980

Vi viser til brev av 13. november 2015 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for IMG Group AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering IMG Group AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger de regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

IMG Group AS er morselskap for selskapene som produserer og forhandler varer under IMG® varemerket både i Norge og internasjonalt. Selskapet er heleid av og inngår i konsernregnskapet til Ekornes ASA.

All produksjon av varer under IMG® varemerket skjer ved selskapets fabrikker i Thailand og Vietnam, organisert i egne datterselskap. Salget av produktene skjer gjennom egne datterselskaper lokalisert i inn- og utland. Selskapet er svært internasjonalt rettet, og det meste av kommunikasjon foregår på engelsk.

Omsetningsmessig er størsteparten av omsetningen i IMG Group AS konsernintern, til datterselskaper både i inn- og utland. I tillegg er det en del direkteomsetning til større utenlandske sammenslutninger. IMG Group AS har ingen direkte kunder i Norge utover datterselskaper.

Selskapets årsregnskap anses ikke å ha spesiell allmenn interesse i Norge, da selskapet som frontes utad i Norge, er det heleide salgsselskapet som forhandler varer under IMG® varemerket. Imidlertid er IMG Group AS' regnskap flittig brukt utenfor landets grenser, spesielt knyttet opp mot søknadsprosesser/lisensprosesser ved selskapets fabrikker i Asia. All kommunikasjon her foregår på Engelsk.

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet har en aksjonær og at eierkretsen derfor er begrenset. Det er videre vektlagt at selskapet er svært internasjonalt rettet, at det meste av kommunikasjon foregår på engelsk og at selskapet ikke har noen direkte kunder i Norge utover datterselskaper.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



To the General Meeting of IMG Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IMG Group AS showing a profit of NOK 52 786 thousand. The financial statements comprise the balance sheet as at 31 December 2017, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap*



Independent Auditor's Report - IMG Group AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement 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 misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

(2)



Independent Auditor's Report - IMG Group AS



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 Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 26 February 2018
PricewaterhouseCoopers AS


Fredrik Gabrielsen
State Authorised Public Accountant



EKORNES[®]

IMG Group AS

Company reg. 913 499 980

Financial statements

2017



Board of directors report for IMG Group AS 2017

IMG Group AS ("the company") is the parent company in the IMG Group of companies. The purchase and subsequent establishment of the IMG Group was performed at 1.11.2014. In addition to being the parent in the IMG Group of companies, the company also sell furniture to subsidiaries and directly to customers. Ekornes ASA owns all shares in IMG Group AS. For more information, please refer to the board of directors report for Ekornes ASA.

The company has office address Sykkylvsvegen 125, 6230 Sykkylven. The company has 12 employees.

The company had net operating revenues of NOK 356,6 million in 2017 vs. NOK 321,2 million in 2016. The profit before tax was NOK 69,5 million vs. NOK 65.4 million in 2016. The equity at December 31st is NOK 245,0 million, which comprise 48 % of the total balance. The result after tax is NOK 52,8 million. Current year's earnings are proposed transferred to other equity.

The cash flow from operations are negative with NOK 54,4 million. The reason for negative operating cash flow in 2017 was payment of NOK 150 million to the previous owners of IMG as part of an earn-out agreement. Apart from that the main reason for the difference towards the operating profit is the depreciation expense which is significant due to depreciation of goodwill.

The company has given NOK 5,3 million in group contributions to subsidiaries. The net amount after tax has been booked as an increase in value of the shareholdings in these companies.

IMG Group AS does not prepare consolidated financial statements, but are included in the consolidated financial statements of Ekornes ASA, place of business Ikorntnes N-6222. The consolidated financial statements of Ekornes ASA can be obtained at www.ekornes.com.

The board of directors confirm that the financial statements are prepared presuming that the company is a going concern.

Health, safety and environment

At the Thailand factory there was three category 1 injuries in 2017, there is a continued focus to reduce this figure to zero. Apart from this, there has been no serious health, safety or environment incidents in the company or its subsidiaries in 2017.

As for IMG Group AS' business, this has little effect on the environment.

Organization and staff

At the end of 2017 the company has 12 employees, most of them located at the head office in Sykkylven, Norway. The company has in 2017 had limited sick leave with no one on extended leave.

The IMG Group had at the end of the year 728 employees, the majority are located at IMGs production facilities in Thailand and Vietnam.

Equality

Of the 12 employees in the company, 3 are woman. The managing director of the company is male. The board of directors consist of 2 people, amongst whom 1 is a woman. Both the board of directors and management are aware that society expects measures implemented to promote equality in the



workplace, and it is the objective of the company and the board to meet those expectations in the long-term.

The company place great emphasis on meeting the objective of the Anti-Discrimination and Accessibility Act.

For more information relating to this subject, please refer to the board of directors report of Ekornes ASA.

Financial risk

The company bears most of the currency risk in the combined IMG Group with purchases in USD, and sales in local currencies to subsidiaries and customers. The USD exposure is partial hedged by sales to end customers in the same currency. No financial instruments are used to reduce the currency risk.

The company's debtor risk is limited. To the majority of the external customers have cash against documents as payment term, i.e. no goods are delivered before payment is received.

The business going forward

Going into 2018 the order situation was satisfactory. The board expects growth in 2018 based on market potentials and the order situation at the start of the year. However, there is normally uncertainty when assessing future events.

IMG is currently in the planning phase of building a new factory in Panevėžys, Lithuania. This factory is a major step in making IMG more attractive in the European and Scandinavian furniture markets.

The financial situation for the IMG in general and the company is good. The company is funded through an overdraft facility in DNB guaranteed by Ekornes ASA.

Sykkylven,

Olav Holst-Dyrnes

chairman of the board

Trine-Marie Hagen

member of the board

James Tate

general manager



INCOME STATEMENT			
Img Group AS			
Figures in NOK 1000			
Operating income and operating expenses	Note	2017	2016
Sales revenues	1, 3, 7	356 525	320 875
Other operating income	1	103	320
Operating Income		356 627	321 195
Raw materials and consumables used	7	214 045	196 333
Payroll expenses	4	12 334	5 023
Depreciation and amortisation expense	5	40 053	37 218
Other operating expenses		18 428	13 387
Operating expenses		284 859	251 961
Operating profit		71 768	69 234
Financial income and expenses			
Income from subsidiaries and other group entities	7	0	2 181
Interest income from group entities	7	1 511	2 106
Other financial income		1 710	165
Interest expense to group entities	7	5 158	6 176
Other financial expenses		356	2 146
Net financial income and expenses		-2 293	-3 870
Profit before tax		69 475	65 364
Tax expense	8	16 689	15 345
Profit after tax		52 786	50 019
Distributed as follows			
To other equity		52 786	50 019
Total distributed		52 786	50 019



BALANCE SHEET			
Img Group AS			
Figures in NOK 1000			
Assets	Note	2017	2016
Fixed assets			
Intangible fixed assets			
Software and licenses	5	1 996	1 781
Customer relations	5, 11	8 678	10 474
Goodwill	5, 11	260 619	297 598
Total intangible assets		271 293	309 852
Tangible fixed assets			
Buildings and land		286	0
Equipment and vehicles	5	322	511
Total tangible fixed assets		608	511
Financial fixed assets			
Shares in subsidiaries	6, 11	173 474	151 426
Loans to group companies	7	20 513	59 854
Total financial fixed assets		193 987	211 280
Total fixed assets		465 888	521 643
Current assets			
Inventories		0	10
Accounts receivables		7 322	8 667
Other receivables		1 560	465
Current receivables Group	7	36 937	45 506
Cash and bank deposits	10	447	13 930
Total current assets		46 266	68 578
Total assets		512 153	590 221
Img Group AS		913 499 980	



BALANCE SHEET			
Img Group AS			
Figures in NOK 1000			
Equity and liabilities	Note	2017	2016
Equity			
Restricted equity			
Share capital	9	15 030	15 030
Share premium reserve	9	90 000	90 000
Total restricted equity		105 030	105 030
Retained earnings			
Other equity	9	139 937	87 152
Total retained earnings		139 937	87 152
Total equity		244 967	192 182
Liabilities			
Non-current liabilities			
Deferred tax	8	11 608	8 393
Non-current liabilities Group	7	0	162 170
Total non-current liabilities		11 608	170 564
Current liabilities			
Liabilities to financial institutions	10	186 961	0
Trade creditors		1 523	2 474
Tax payable	8	12 160	16 429
Public duties payable		586	179
Accrual Earn-out	5, 11	0	150 000
Current liabilities Group	7	52 384	56 943
Other short term liabilities		1 964	1 451
Total current liabilities		255 578	227 476
Total liabilities		267 186	398 039
Total equity and liabilities		512 153	590 221
The board of Img Group AS Sykkylven,			
_____ Olav Holst-Dyrnes chairman of the board	_____ Trine-Marie Hagen member of the board	_____ James Robert Tate general Manager	
Img Group AS		913 499 980	



CASH FLOW STATEMENT

IMG Group AS

Figures in NOK 1 000

	2017	2016
Cash flow from operating activities		
Profit before tax	69 475	65 364
Tax paid	-16 429	-10 400
Depreciation expense	40 053	37 218
Change in inventory	10	265
Changes in accounts receivables	1 345	-1 247
Changes in intra-group receivables	5 258	0
Changes in accounts payables	200	1 967
Changes in intra-group payables	-4 260	0
Changes in other current balance sheet items	248	-5 153
Payment earn-out	-150 000	
Effect of currency changes	-249	1 599
Net cash flow from operating activities	-54 348	89 613
Cash flow from investing activities		
Investments in non-current assets	-1 840	-1 001
Investments in shares / group contribution	-21 431	-3 387
Changes in intra-group receivables and payables	-	10 259
Changes in other receivables and payables	-285	773
Net cash flow from investing activities	-23 556	6 644
Cash flow from financing activities		
Repayment of internal long term debt	39 570	21 284
Payment of internal long term debt	-162 170	-125 412
Changes in other loans		-125
Receipts of payments for new equity		370
Net cash flow from financing activities	-122 601	-103 883
Net changes in cash and cash equivalents	-200 505	-7 626
Cash and bank deposits at beginning of period	13 930	20 058
Effect of currency changes on cash and bank deposits	61	1 498
Cash and bank deposits at end of period	-186 514	13 930
As shown in the financial statements		
Cash and bank deposits	447	
Liabilities to financial institutions	-186 961	



ACCOUNTING PRINCIPLES 31.12.2017

Note 1: Accounting principles

The company was registered at 27.03.2014. The company's place of business is Sykkylvsvegen 125, 6230 Sykkylven.

BASIC PRINCIPLES – ASSESSMENT AND CLASSIFICATION

The financial statements comprise the profit and loss account, the balance sheet, cash flow statement and notes to the financial statements. They have been prepared in accordance with the Accounting Act and generally accepted accounting practice in Norway, as applicable at 31 December 2016. The notes are an integral part of the financial statements for the year.

The financial statements are based on the fundamental principles of historic cost, comparability, going concern, and congruence. Transactions are recognised at the value of the consideration on the date of the transaction.

Assets/liabilities relating to the business cycle, and items falling due for payment within a year of the balance date, are classified as current. Current assets/liabilities are valued at the lower/higher of acquisition cost and fair value. Fair value is defined as the estimated future sales price, less anticipated sales costs. Other assets are classified as non-current assets. Non-current assets are valued at acquisition cost. Non-current assets, whose value fall over time, are depreciated. If the value of an asset is impaired and the impairment is not expected to be of a temporary nature, the value of the non-current asset is written down. Similar principles normally also apply to liabilities.

REVENUES & COSTS

Income from sale of goods are recognized at the fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales are taken to income when the company has delivered its products to the customers according to the agreed delivery term, and there are no unsatisfied commitments, which may influence the customer's acceptance of the product. Costs are matched with earned revenues according to the matching principle. Costs in relation to guarantee work are recognized as expenses when they occur.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as financial income and expenses.

TRADE RECEIVABLES

Trade receivables are recorded at face value, less deductions for anticipated bad debts.

PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment are recorded as assets on the balance sheet at the original acquisition cost plus appreciation, less deduction for accumulated depreciation. Depreciation is calculated in a straight line over the economic life of the asset on the basis of original acquisition cost plus appreciation.

INTANGIBLE ASSETS

Software, including implementation costs, are recorded as assets on the balance sheet as intangible assets. Goodwill customer relations arising from acquisitions is valued at acquisition cost less accumulated depreciations and write-downs due to impairment.

SUBSIDIARIES

Shares in subsidiaries is valued at the lowest of acquisition cost and fair value. IMG Group AS does not prepare consolidated financial statements, since IMG Group AS incl. subsidiaries is included in the consolidated financial statements of Ekornes ASA, 6222 Ikornes. The consolidated financial statements of Ekornes ASA are available at <http://ir.ekornes.com/>.

MATERIAL TRANSACTIONS

The effect of material transactions are shown on separate lines in the profit & loss and balance sheet, and/or commented in the notes.

RELATED PARTIES

Related parties are defined as group companies, major shareholders, directors of the Company or its subsidiaries, and senior executives. 6. No material transactions or agreements with related parties were concluded during the 2017 financial year or those years for which comparable figures are given, other than normal business transactions between group companies.

TAX

Deferred tax liabilities are calculated on the basis of temporary differences between the gains/losses recognised in the financial statements for the year and the gains/losses recognised for tax purposes. A nominal tax rate is used for calculation purposes. Positive and negative differences are set off against each other within the same period. A deferred tax asset arises if temporary differences give rise to a future tax deduction. The tax expense for the year comprises changes in deferred tax liabilities and deferred tax assets as well as tax payable for the financial year, adjusted for possible errors in previous years' calculations.

Note 2: Financial market risk

Ekornes ASA owns 100% of the shares in the company. IMG Group AS owns 100 % of the shares in the IMG factories and sales companies either directly or indirectly through other subsidiaries. The company also functions as the distribution channel for IMG merchandise World Wide. The company bears most of the currency risk in the combined IMG with purchases in USD, and sales in local currencies to subsidiaries and customers. The USD exposure is partial hedged by sales to end customers in the same currency. No financial instruments are used to reduce the currency risk. The company debtor risk is limited. To the majority of the external customers have cash against documents as payment term, i.e. no goods are delivered before payment is received.

The company is fully funded by its owner, Ekornes ASA, through equity and intra-group loans.



Note 3: Sales revenues

(Figures in NOK 1 000)	2017	2016
Skandinavia	85 487	90 898
Australia	70 383	59 613
New Zealand	23 771	20 788
USA/Canada	137 580	115 795
Asia	26 409	25 834
Europe	10 947	0
Other	1 948	7 947
Total sales revenues	356 525	320 875

Note 4: Payroll expenses

Payroll expenses (Figures in NOK 1 000)	2017	2016
Salary	8 587	4 035
Bonus	1 186	0
National insurance contributions	1 382	812
Pension costs	386	139
Other personnel expenses	793	37
Total	12 334	5 023

Average number of full-time equivalents	12	6
---	----	---

Salary to general manager (Figures in NOK 1000)

	2017	2016
The general manager has received the following benefits*:		
Salary	1 010	807
Bonus	122	0
Pension cost	53	16
Other remuneration	21	143
Total	1 207	966

Remuneration to auditor (excl. VAT):

Audit fee	351	187
Other services	10	0
Tax advisory services	11	105
Total	373	292

One of the board members received NOK 15 000 in remuneration, the two other board members receives no remuneration.

There is no bonus arrangement with the board members. The general manager has a bonus arrangement limited up to 25 % of his annual salary. Neither the managing director nor the board has any arrangement which entitles special remuneration should the working relationship end.

*General manager started 1.7.2017

Mandatory pension scheme

The company must, according to Norwegian law, establish a pension scheme for its employees. The company has pension schemes that are in compliance with Norwegian law. 9 people are included in these pension schemes. The recorded pension expense of 2017 was TNOK 370 (excl. VAT).

Note 5: Property, plant, equipment and intangible assets

(Figures in NOK 1 000)	Goodwill	Customer- relations	Software / licences	Buildings / offices	Equipment / vehicles	TOTAL
Acquisition cost and normal depreciations						
Acquisition cost 01.01	369 788	14 365	3 110	0	733	387 995
+/- reclassification	0	0	2	80	-82	0
+ additions current year	0	0	1 268	246	325	1 840
- disposals current year	0	0	0	0	515	515
Cost at 31.12.	369 788	14 365	4 380	326	462	389 320
Accumulated depreciation 01.01.	72 190	3 891	1 329	0	222	77 620
+ depreciation current year	36 979	1 796	1 055	40	184	40 053
- acc. depreciation on assets sold during the year	0	0	0	0	266	266
Accumulated depreciation 31.12.	109 169	5 687	2 384	40	139	117 407
Book value 31.12.	260 619	8 678	1 996	286	322	271 901
Depreciation rate	10 %	12,5 %	30 %	30 %	15-20%	

Included in the goodwill is the conditional earn-out agreement of NOK 150 million, this was settled in 2017.

A depreciation rate of 10 % is considered the best estimate of the economic life of goodwill estimated to be 10 years.



Note 6: Shares in subsidiaries

Shares in subsidiaries IMG Group AS (Figures in NOK 1 000)	Business office	Shareholding	Voting share	Book value
Directly owned:				
IMG (Thailand) LIMITED	Chacheongsao	100 %	100 %	37 247
IMG Skandinavia AS	Sykkylven	100 %	100 %	20 334
IMG Holdco AS	Sykkylven	100 %	100 %	54 109
IMG AS	Sykkylven	100 %	100 %	828
IMG Australia Pty Ltd	Victoria	100 %	100 %	30 783
IMG USA Inc.	Corona	100 %	100 %	28 531
IMG New Zealand LTD.	Auckland	100 %	100 %	1 642
Total shares in subsidiaries				173 474
Indirectly owned:				
IMGC Pty Ltd	Victoria	100 %	100 %	
IMG (Vietnam) CO.,LTD	Binh Duong	100 %	100 %	
IMG Lithuania UAB	Panevezys	100 %	100 %	

The company has provided NOK 3,898 million in group contribution to IMG Skandinavia AS, NOK 0,320 million to IMG Holdco AS and NOK 1,050 million to IMG AS. The net amount after tax has been booked as an increase in value of the shareholdings in the company.

Note 7: Intra-group balances and accounts

All intra-group balances are shown on separate lines on the balance sheet. The non-current liabilities to group companies was related to a long term loan with Ekornes ASA now repaid, see also note 10. As for non-current receivables with subsidiaries no specific repayment plan exist.

Transactions with subsidiaries (Figures in NOK 1 000)	2017	2016
Sales of goods	263 644	231 168
Purchase of goods	213 945	196 273
Management fee	4 000	4 000
Interest income	1 511	2 106
Interest expense	5 158	5 176
Dividend income	0	2 181
Group contribution with tax effect	5 268	2 540



Note 8: Tax and temporary differences

{Figures in NOK 1 000}	2017	2016
Tax payable:		
Profit before tax	69 475	65 364
Permanent differences	1 958	-2 134
Changes in temporary differences	-15 498	5 874
Tax base	55 935	69 103
Tax payable on profit for the year	13 424	17 276
Tax expense:		
Tax payable of profit for the year	13 424	17 276
Gross change in deferred tax	3 215	-1 931
Changes payable tax from previous years	50	0
Tax expense:	16 689	15 345
	31.12.2017	31.12.2016
Tax payable on the balance sheet:		
Tax payable on profit for the year	13 424	17 276
Effect of Group contribution	-1 264	-847
Tax payable on the balance sheet:	12 160	16 429
Group contribution	5 268	3 387
Temporary differences linked to:		
- Non-current assets/liabilities	50 470	34 971
Deferred tax not recognised last year	0	-451
Total temporary differences	50 470	34 971
Deferred tax liability (asset)	11 608	8 393
Deferred tax liability (asset) not recognised	0	0
Effect of reduced tax rate	-505	-350

Note 9: Shareholder's equity

Number of shareholders at 31.12. 1 Ekornes ASA owns all shares in the company.
 Total number of shares at NOK 15 030 1 000

Equity {Figures in NOK 1 000}	Share capital	Share premium reserve	Other equity	Total equity
Equity at 01.01.	15 030	90 000	87 152	192 182
Profit after tax			52 786	52 786
Other			0	0
Total equity at 31.12.	15 030	90 000	139 937	244 967

Note 10: Cash and cash equivalents

At the end of 2017 the company changed bank from Handelsbanken to DNB. Subsequent to the change to DNB, the long-term loan with Ekornes ASA was repaid and the company now obtain it's financing through the overdraft facility in place for the Ekornes Group. The total size of this facility is NOK 500 million. For more information refer to the 2017 Ekornes ASA Annual Report note 14.

At year end the company's bank holdings were negative with NOK 186,97 million, classified as a current liability. All the Norwegian subsidiaries are included in a global cash pool solution with DNB.

The company has NOK 447 163 in bank deposits restricted to the payment of employee tax deductions.

Note 11: Purchase of subsidiaries and intangible assets

As of 1.11.2014 Ekornes ASA bought the IMG Group, now organized as a fully owned sub-group of Ekornes. The transaction consisted of both purchase of stocks in subsidiaries and asset purchase. Ekornes ASA established IMG Group AS to serve as the parent company in the IMG Group. The purchase was settled in cash, in addition to the seller achieving an earn-out of NOK 150 million paid in 2017.