



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode:	01.01.2018 - 31.12.2018
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### 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:	James Tate
Dato for fastsettelse av årsregnskapet:	20.06.2019

### Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert  
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

*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	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	1,3,7	363 029 000	356 525 000
Annen driftsinntekt	1	-2 000	103 000
<b>Sum inntekter</b>		<b>363 027 000</b>	<b>356 628 000</b>
<b>Kostnader</b>			
Varekostnad	7	216 558 000	214 045 000
Lønnskostnad	4	13 239 000	12 334 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	40 411 000	40 053 000
Annen driftskostnad		17 637 000	18 428 000
<b>Sum kostnader</b>		<b>287 845 000</b>	<b>284 860 000</b>
<b>Driftsresultat</b>		<b>75 182 000</b>	<b>71 768 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap	7	10 565 000	0
Renteinntekt fra foretak i samme konsern	7	719 000	1 511 000
Annen finansinntekt		1 287 000	1 710 000
<b>Sum finansinntekter</b>		<b>12 571 000</b>	<b>3 221 000</b>
Rentekostnad til foretak i samme konsern	7	0	5 158 000
Annen rentekostnad		3 137 000	356 000
<b>Sum finanskostnader</b>		<b>3 137 000</b>	<b>5 514 000</b>
<b>Netto finans</b>		<b>9 434 000</b>	<b>-2 293 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>84 616 000</b>	<b>69 475 000</b>
Skattekostnad på ordinært resultat	8	16 649 000	16 689 000
<b>Ordinært resultat etter skattekostnad</b>		<b>67 967 000</b>	<b>52 786 000</b>
<b>Årsresultat</b>		<b>67 967 000</b>	<b>52 786 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		67 968 000	52 786 000
<b>Sum overføringer og disponeringer</b>		<b>67 968 000</b>	<b>52 786 000</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
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## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling	5	4 124 000	1 996 000
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	5,11	6 883 000	8 678 000
Goodwill	5,11	223 640 000	260 619 000
<b>Sum immaterielle eiendeler</b>		<b>234 647 000</b>	<b>271 293 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom		241 000	286 000
Maskiner og anlegg	5	412 000	322 000
<b>Sum varige driftsmidler</b>		<b>653 000</b>	<b>608 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	6,11	178 228 000	173 474 000
Lån til foretak i samme konsern	7	28 672 000	20 513 000
Andre fordringer		3 000	0
<b>Sum finansielle anleggsmidler</b>		<b>206 903 000</b>	<b>193 987 000</b>
<b>Sum anleggsmidler</b>		<b>442 203 000</b>	<b>465 888 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		-15 000	0
<b>Sum varer</b>		<b>-15 000</b>	<b>0</b>
<b>Fordringer</b>			
Kundefordringer		11 208 000	7 322 000
Andre fordringer		2 068 000	1 560 000
Konsernfordringer		20 946 000	36 937 000
<b>Sum fordringer</b>		<b>34 222 000</b>	<b>45 819 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	10	365 000	447 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>365 000</b>	<b>447 000</b>



## Balanse

Beløp i: NOK	Note	2018	2017
Sum omløpsmidler		34 572 000	46 266 000
<b>SUM EIENDELER</b>		<b>476 775 000</b>	<b>512 154 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	9	15 030 000	15 030 000
Annen innskutt egenkapital	9	90 000 000	90 000 000
<b>Sum innskutt egenkapital</b>		<b>105 030 000</b>	<b>105 030 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	9	207 905 000	139 937 000
<b>Sum opptjent egenkapital</b>		<b>207 905 000</b>	<b>139 937 000</b>
<b>Sum egenkapital</b>		<b>312 935 000</b>	<b>244 967 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	8	12 084 000	11 608 000
<b>Sum avsetninger for forpliktelser</b>		<b>12 084 000</b>	<b>11 608 000</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>12 084 000</b>	<b>11 608 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		2 003 000	1 523 000
Betalbar skatt	8	14 939 000	12 160 000
Skyldige offentlige avgifter		677 000	586 000
Kortsiktig konserngjeld	7,10	132 045 000	239 345 000
Annen kortsiktig gjeld		2 091 000	1 964 000
<b>Sum kortsiktig gjeld</b>		<b>151 755 000</b>	<b>255 578 000</b>
<b>Sum gjeld</b>		<b>163 839 000</b>	<b>267 186 000</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>476 774 000</b>	<b>512 153 000</b>



To the General Meeting of IMG Group AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of IMG Group AS, which comprise the balance sheet as at 31 December 2018, the income statement and cash flow statement 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 2018, 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.

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#### *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.

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#### *Other information*

Management is responsible for the other information. The other information comprises information in the annual report, except 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.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - IMG Group AS

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## *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.

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## *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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

## *Report on Other Legal and Regulatory Requirements*

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### *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, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

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### *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.

(2)



Independent Auditor's Report - IMG Group AS

Bergen, 20 June 2019  
**PricewaterhouseCoopers AS**

Fredrik Gabrielsen  
State Authorised Public Accountant  
(This document is signed electronically)

(3)



IMG Group AS - Revisors uavhengige beretning

**Signers:**

<i>Name</i>	<i>Method</i>	<i>Date</i>
Gabrielsen, Fredrik	BANKID_MOBILE	2019-06-21 08:40

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**EKORNES<sup>®</sup>**

IMG Group AS

Company reg. 913 499 980

*Financial statements*

**2018**

*Oluf*



## Board of directors' report – IMG Group AS 2018

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 be the parent in the IMG Group of companies, the company also sell furniture to subsidiaries and directly to customers. Ekornes AS owns all shares in IMG Group AS. For more information, please refer to the board of directors' report for Ekornes AS.

The company has office address Sykkylvsvegen 125, 6230 Sykkylven. The company has 13 employees.

The company had net operating revenues of NOK 363,0 million in 2018 vs. NOK 356,6 million in 2017. The profit before tax was NOK 84,6 million vs. NOK 69,5 million in 2017. The equity at December 31st is NOK 312,9 million, which comprise 66 % of the total balance. The result after tax is NOK 68,0 million. Current year's earnings are proposed transferred to other equity.

The cash flow from operations are positive with NOK 109,2 million. Sound revenues and lean cost management set forth an acceptable cash flow.

The company has given NOK 5,8 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 and are included in the consolidated financial statements of Ekornes AS, located at Ikornnes N-6222. The consolidated financial statements of Ekornes AS can be obtained at [www.ekornes.com](http://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

In IMGs Asian production apparatus there was 1 injury with absence in 2018. 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 2018.

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

### Organization and staff

At the end of 2018 the company has 13 employees, most of them located at the head office in Sykkylven, Norway. The company has in 2018 had limited sick leave with no one on extended leave.

The IMG Group had at the end of the year 773 employees, the majority are located at IMGs production facilities in Thailand and Vietnam.

### Equality

Of the 13 employees in the company, 4 are woman. The managing director of the company is male. The board of directors consist of 3 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 AS.

#### **Financial risk**

The company bears most of the currency risk in the combined IMG Group with purchases in USD and EUR, and sales in local currencies to subsidiaries and customers. The USD exposure is partially 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. Most 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 2019 the order situation was satisfactory. The board expects growth in 2019 based on market potential, especially in China and the US. However, the start to the year was challenging, but the situation has improved significantly towards the summer. There is normally uncertainty when assessing future events. At date IMG has opened its new production and distribution facility in Panevėžys, Lithuania. This factory is a vital 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 AS.

Sykkylven, 20th June 2018

Olav Holst-Dyrnes,

chairman of the board

Trine-Marie Høgen,

member of the board

James Tate,

general manager



<b>INCOME STATEMENT</b>			
<b>IMG Group AS</b>			
Figures in NOK 1000			
<b>Operating income and operating expenses</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Sales revenues	1, 3, 7	363 029	356 525
Other operating income	1	-2	103
<b>Total operating income</b>		<b>363 027</b>	<b>356 627</b>
Cost of materials	7	216 558	214 045
Personnel expenses	4	13 239	12 334
Depreciation of operating and intangible assets	5	40 411	40 053
Other operating expenses		17 637	18 428
<b>Total operating expenses</b>		<b>287 844</b>	<b>284 859</b>
Operating profit		75 182	71 768
<b>Financial income and expenses</b>			
Income from subsidiaries	7	10 565	0
Interest income from group companies	7	719	1 511
Other financial income		1 287	1 710
Interest expense to group companies	7	0	5 158
Other financial expenses		3 137	356
<b>Net financial items</b>		<b>9 434</b>	<b>-2 293</b>
Profit before tax		84 617	69 475
Tax expense	8	16 649	16 689
<b>Profit after tax</b>		<b>67 968</b>	<b>52 786</b>
<b>Distributed as follows</b>			
Allocated to other equity		67 968	52 786
<b>Total distributed</b>		<b>67 968</b>	<b>52 786</b>

IMG Group AS

Side 1



<b>BALANCE SHEET</b>			
<b>IMG Group AS</b>			
Figures in NOK 1000			
<b>Assets</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Software and licenses	5	4 124	1 996
Customer relations	5, 11	6 883	8 678
Goodwill	5, 11	223 640	260 619
<b>Total intangible assets</b>		<b>234 646</b>	<b>271 293</b>
<b>Tangible assets</b>			
Buildings and land		241	286
Equipment and vehicles	5	412	322
<b>Total tangible assets</b>		<b>653</b>	<b>608</b>
<b>Financial fixed assets</b>			
Shares in subsidiaries	6, 11	178 228	173 474
Loan to group companies	7	28 672	20 513
Other long-term receivables		3	0
<b>Total financial fixed assets</b>		<b>206 902</b>	<b>193 987</b>
<b>Total fixed assets</b>		<b>442 202</b>	<b>465 888</b>
<b>Current assets</b>			
Inventories		-15	0
Accounts receivables		11 208	7 322
Other short-term receivables		2 068	1 560
Current receivables Group	7	20 946	36 937
Cash and bank deposits	10	365	447
<b>Total current assets</b>		<b>34 572</b>	<b>46 266</b>
<b>Total assets</b>		<b>476 774</b>	<b>512 153</b>
<b>IMG Group AS</b>			<b>913 499 980</b>



## BALANCE SHEET

## IMG Group AS

Figures in NOK 1000

Equity and liabilities	Note	2018	2017
<b>Equity</b>			
<b>Paid-up equity</b>			
Share capital	9	15 030	15 030
Share premium reserve	9	90 000	90 000
<b>Total paid-up equity</b>		<b>105 030</b>	<b>105 030</b>
<b>Retained earnings</b>			
Other equity	9	207 905	139 937
<b>Total retained earnings</b>		<b>207 905</b>	<b>139 937</b>
Total equity		312 935	244 967
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	8	12 084	11 608
<b>Total non-current liabilities</b>		<b>12 084</b>	<b>11 608</b>
<b>Current debt</b>			
Trade creditors		2 003	1 523
Tax payable	8	14 939	12 160
Public duties payable		677	586
Current liabilities Group	7, 10	132 045	239 345
Other current debt		2 091	1 964
<b>Total current liabilities</b>		<b>151 756</b>	<b>255 578</b>
Total liabilities		163 839	267 186
<b>Total equity and liabilities</b>		<b>476 774</b>	<b>512 153</b>

20.06.2019

The board of IMG Group AS

Olav Holst-Dyrnes  
chairman of the boardTrine-Marie Hagen  
member of the boardJames Robert Tate  
general Manager

IMG Group AS

913 499 980



## CASH FLOW STATEMENT

### IMG Group AS

Figures in NOK 1 000

	2018	2017
<b>Cash flow from operating activities</b>		
Profit before tax	84 617	69 475
Tax paid	-12 160	-16 429
Depreciation expense	40 411	40 054
Changes in inventory	15	10
Changes in accounts receivables	-3 886	1 345
Changes in supplier debt	480	-951
Effect of currency changes	-282	23
<b>Net cash flow from operating activities</b>	<b>109 195</b>	<b>93 527</b>
<b>Cash flow from investing activities</b>		
Investments in fixed assets	-192	-572
Sale of intangible assets	0	-1 268
Investments in intangible assets	-3 591	0
Changes in intra-group receivables and payables	7 832	47 910
Changes in other intra-group receivables and payables	-3	0
Investments in shares, group contributions	-502	-18 044
<b>Net cash flow from investing activities</b>	<b>3 544</b>	<b>28 026</b>
<b>Cash flow from financing activities</b>		
Repayment of internal long term debt	0	186 961
Net payment overdraft	-104 265	0
Payment of internal short term debt	-3 288	-6 440
Payments of other debt (short/long)	0	-162 170
Payment of group contribution	-5 268	-3 387
Payment of dividends	0	-150 000
<b>Net cash flow from financing activities</b>	<b>-112 821</b>	<b>-135 036</b>
<b>Net cash flow for the period</b>	<b>-82</b>	<b>-13 483</b>
Cash and bank deposits at beginning of period	447	13 930
<b>Cash and bank deposits at end of period</b>	<b>365</b>	<b>447</b>
<b>As shown in the financial statements</b>		
Cash and bank deposits	365	447

*Drift*



## ACCOUNTING PRINCIPLES 31.12.2018

### Note 1: Accounting principles

The company was registered at 27.03.2014. The company's place of business i 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 2018. 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 AS, 6222 Ikornes. The consolidated financial statements of Ekornes AS 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. No material transactions or agreements with related parties were concluded during the 2018 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 AS 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 AS, through equity and intra-group loans.



## Note 3: Sales revenues

(Figures in NOK 1 000)	2018	2017
Scandinavia	70 163	85 487
Australia	63 511	70 383
New Zealand	18 799	23 771
USA/Canada	174 175	137 580
Asia	28 515	26 409
Europe	7 383	10 947
Other	482	1 948
<b>Total sales revenues</b>	<b>363 029</b>	<b>356 525</b>

## Note 4: Payroll expenses

Payroll expenses (Figures in NOK 1 000)	2018	2017
Salary	10 267	8 587
Bonus	393	1 186
National insurance contributions	1 328	1 382
Pension costs	408	386
Other personell expenses	843	793
<b>Total</b>	<b>13 239</b>	<b>12 334</b>

Average number of full-time equivalents 13      12

## Salary to general manager (Figures in NOK 1000)

	2018	2017
The general manager has received the following benefits*:		
Salary	2 062	1 010
Bonus	110	122
Pension cost	43	53
Other remuneration	109	21
<b>Total</b>	<b>2 324</b>	<b>1 207</b>

## Remuneration to auditor (excl. VAT):

Audit fee	222	351
Other services	0	10
Tax advisory services	2	11
<b>Total</b>	<b>224</b>	<b>373</b>

None of the board members received any 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 2018 was TNOK 471 (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
<b>Acquisition cost and normal depreciations</b>						
Acquisition cost 01.01	369 788	14 365	4 380	326	461	389 320
+/- reclassification	0	0	600	0	-535	65
+ additions current year	0	0	2 888	0	736	3 624
- disposals current year	0	0	0	0	7	7
<b>Cost at 31.12.</b>	<b>369 788</b>	<b>14 365</b>	<b>7 868</b>	<b>326</b>	<b>656</b>	<b>393 002</b>
<b>Accumulated depreciation 01.01.</b>	<b>109 169</b>	<b>5 687</b>	<b>2 384</b>	<b>40</b>	<b>137</b>	<b>117 417</b>
+ depreciation current year	36 979	1 796	1 463	45	129	40 411
- acc. depreciation on assets sold during the year	0	0	103	0	22	125
<b>Accumulated depreciation 31.12.</b>	<b>146 147</b>	<b>7 483</b>	<b>3 744</b>	<b>85</b>	<b>244</b>	<b>157 703</b>
<b>Book value 31.12.</b>	<b>223 640</b>	<b>6 883</b>	<b>4 124</b>	<b>241</b>	<b>412</b>	<b>235 300</b>
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.

*Dust*



## Note 6: Shares in subsidiaries

Shares in subsidiaries IMG Group AS (Figures in NOK 1 000)	Business office	Shareholding	Voting share	Book value
<b>Directly owned:</b>				
IMG (Thailand) LIMITED	Chacheongsao	100 %	100 %	37 247
IMG Skandinavia AS	Sykkylven	100 %	100 %	22 468
IMG Holdco AS	Sykkylven	100 %	100 %	54 134
IMG AS	Sykkylven	100 %	100 %	2 920
IMG Australia Pty Ltd	Victoria	100 %	100 %	30 783
IMG USA Inc.	Corona	100 %	100 %	28 531
IMG Europe GmbH	Hamburg	100 %	100 %	502
IMG New Zealand LTD.	Auckland	100 %	100 %	1 642
<b>Total shares in subsidiaries</b>				<b>178 227</b>
<b>Indirectly owned:</b>				
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 2,772 million in group contribution to IMG Skandinavia AS, NOK 0,032 million to IMG Holdco AS and NOK 2,717 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. As for non-current receivables with subsidiaries no specific repayment plan exist. IMG Group AS owes NOK 82,7 million to Ekornes AS related to the overdraft group account mentioned in note 10. This overdraft facility, then total of NOK 186,96 million, was in 2017 classified as Liabilities to financial institutions.

Comparative figures has been restated and classified as Group liabilities

Transactions with subsidiaries (Figures in NOK 1 000)	2018	2017
Sales of goods	261 228	263 644
Purchase of goods	216 558	214 045
Management fee	5 508	4 000
Interest income	719	1 511
Interest expense	0	5 158
Dividend income	10 565	0
Group contribution with tax effect	5 521	5 268



## Note 8: Tax and temporary differences

(Figures in NOK 1 000)	2018	2017
<b>Tax payable:</b>		
Profit before tax	84 617	69 475
Permanent differences	-9 686	1 958
Changes in temporary differences	-5 362	-15 498
Changes in inventory	15	0
Tax base	69 583	55 935
Tax payable on profit for the year	16 004	13 424
<b>Tax expense:</b>		
Tax payable of profit for the year	16 004	13 424
Gross change in deferred tax	672	3 215
Changes payable tax from previous years	-35	50
Tax expense:	16 640	16 689
	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Tax payable on the balance sheet:</b>		
Tax payable on profit for the year	16 004	13 424
Effect of Group contribution	-1 270	-1 264
Tax payable on the balance sheet:	14 734	12 160
Group contribution	5 521	5 268
Temporary differences linked to:		
- Non-current assets/liabilities	55 817	50 470
Deferred tax not recognised last year	0	0
Total temporary differences	55 817	50 470
Deferred tax liability (asset)	12 280	11 608
Deferred tax liability (asset) not recognised	0	0
Effect of reduced tax rate	-558	-505

## Note 9: Shareholder's equity

Number of shareholders at 31.12. 1 Ekornes AS 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	139 937	244 967
Profit after tax			67 977	67 977
Other			0	0
Total equity at 31.12.	15 030	90 000	207 914	312 944

## 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 AS 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.

At year end the company's bank holdings were TNOK 365, the rest is classified as current liability Group. All the Norwegian subsidiaries are included in a global cash pool solution with DNB.

The bank deposits of TNOK 365 are restricted to the payment of employee tax deductions.

## Note 11: Purchase of subsidiaries and intangible assets

As of 1.11.2014 Ekornes AS 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 AS 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 received an additional payout NOK 150 million paid in 2017.



## Minutes from board meeting in IMG Group AS

Date/time: 20.06.2019/16:30  
Place: Skype for Business  
Participating: Olav Holst-Dyrnes, Trine-Marie Hagen, James Tate, Trond Vadset Veibust

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### 1. Approval of summons

Summons was approved.

### 2. Review of 2018 financial results, including review of HSE and internal control

Trond took the board through the 2018 financial results of the company. The board noted that operating cash flow is positive in 2018 by NOK 109,2 million.

There are no reported, health, safety or environmental incidents in the company in 2018, neither is the board aware of any such incidents in 2018. The board enquired about recent health and safety improvements at the company's production facilities. Trond noted that especially in Thailand there has been a positive improvement under Ove Johnny's stewardship. James noted that the Vietnam facility had a recent supplier audit where IMG scored very well.

The board noted that several steps has been taking towards improving the internal control in the company, a production system has been introduced has been in 2018.

### 3. Orientation of status of IMG and the expectations for 2018

James updated the board on order intake by market year-to-date. After a poor start the order situation has improved substantially. IMG are now at par against last year measuring by budget rates. However, the market conditions are tough in several key areas like the US and Australia, and pricing has been used more than in previous years to instigate sales. The board thanked James for the update.

### 4. Approval of the annual accounts and board of director report

The board reviewed the board of directors' report and annual accounts for 2018. The board approved the annual accounts for IMG Group AS for 2018.

### 5. Summon of annual general meeting of IMG Group AS according to the Norwegian Companies Act § 5-7

The board summon to annual general meeting the 28th of June 2019, the meeting will take place at the company' headquarters in Sykkylvsvegen 125.

### 6. Other

No other items on the agenda and the meeting was adjourned.



Sykkylven 20<sup>th</sup> June 2019

Olav Holst-Dyrnes  
*chairman of the board*

Trine-Marte Hagen  
*member of the board*



IMG GROUP AS  
Sykkylvenvegen 125  
6120 Sykkylven  
NORWAY

www.img.no

PricewaterhouseCoopers AS  
Attn: Fredrik Gabrielsen  
Sandviksbodene 2a  
Bergen

20 June 2019

## Management representation letter

This representation letter is provided in connection with your audit of the financial statements of IMG Group AS for the year ended 31 December 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in all material aspects, in accordance with the framework(s) for financial reporting that is (are) established in the financial statements.

We confirm to the best of our ability and belief, that:

### *Financial statements and bookkeeping*

- We have fulfilled our responsibilities to ensure that the company's financial statements and the management of the company's financial affairs are subject to satisfactory control, including such internal control that we find necessary to enable the preparation of financial statements that do not contain material misstatement, whether due to fraud or error. We have also fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation of the financial statements and believe that the financial statements give a true and fair view of the company's financial position in accordance with the framework(s) for financial reporting that is (are) established in the financial statements.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the framework(s) for financial reporting that is (are) established in the financial statements.
- All events subsequent to the date of the financial statements and circumstances that require adjustment or disclosure, have been adjusted or disclosed.
- We have fulfilled our responsibilities to ensure 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 and have provided the auditor with all relevant information in that respect.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.

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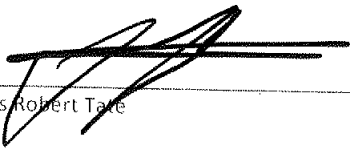


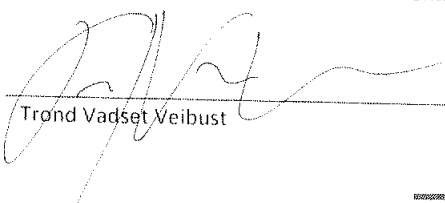
IMG GROUP AS  
Sylkehusvegen 129  
6230 Sylkehus  
NORWAY

www.img.no

*Information provided*

- We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters,
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the company from whom you considered it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company's financial statements communicated by employees, former employees, analysts, regulatory authorities or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the company's related parties and all the related party relationships and transactions that we are aware of.
- We have appropriately recorded or disclosed all obligations, including litigations, both actual and contingent, and have disclosed all information about all guarantees granted to third parties in the notes to the financial statements.
- The Company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.

  
James Robert Tate

  
Trond Vadset Veibust

\*\*\*\*\*



## 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](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto: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*



**Fullmakt**

Vi gir med dette fullmakt til Lars Inge Solnørdal Jakobsen, til kunne å stemme for våre aksjer på generalforsamling i IMG AS den 27.06.2019

Sykkylven, 20 Juni 2019.

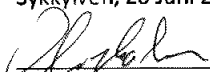
IMG Group AS/v Olav Holst-Dyrnes



**Fullmakt**

Vi gir med dette fullmakt til Lars Inge Solnørdal Jakobsen, til kunne å stemme for våre aksjer på generalforsamling i IMG HoldCo AS den 27.06.2019

Sykkylven, 20 Juni 2019.

  
\_\_\_\_\_  
IMG Group AS/v Olav Holst-Dyrnes



**Fullmakt**

Vi gir med dette fullmakt til Renate Karlsen, til kunne å stemme for våre aksjer på generalforsamling i  
IMG Skandinavia AS den 27.06.2019.

Sykkylven, 20 Juni 2019.

\_\_\_\_\_  
IMG Group AS/v Olav Holst-Dyrnes