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## Announcement no. 2/2013

Herning, 8 March 2013
hb/ls

# ANNOUNCEMENT OF FINANCIAL RESULTS FOR THE FIRST NINE MONTHS OF 2012/2013 FOR BOCONCEPT HOLDING A/S

***BoConcept increased revenues in the third quarter of 2012/2013, but challenging market conditions in Europe continue to affect the level of activities in the franchise chain. We now expect moderate revenue growth in the 2012/2013 financial year and a slight reduction in store numbers due to additional closures. The number of new store openings as well as same-store-sales are expected to be at the lower end of the previous guidance range.***

**Third quarter of 2012/2013 (1 November 2012 to 31 January 2013)**

- Revenues increased by 3.0% from DKK 243.6 million last year to DKK 251.0 million this year
- Same-store-sales (order intake) were down by 1.0%
- The gross profit margin was 43.0%, compared with 45.4% last year
- EBIT amounted to DKK 4.7 million, corresponding to an operating margin (EBIT margin) of 1.9%, versus 4.5% last year
- Nine brand stores opened and eleven closed. The chain consists of 248 stores

**First three quarters of 2012/2013 (1 May 2012 to 31 January 2013)**

- Revenue was DKK 775.8 million, up 3.5% on last year
- Same-store-sales (order intake) were up by 4.3%
- The gross profit margin was 43.6%, the same level as last year
- EBIT was DKK 23.0 million compared with DKK 25.2 million last year
- Profit before tax was DKK 20.0 million compared with DKK 29.9 million last year
- 19 new brand stores opened and 26 closed. There are 14 stores in the pipeline for openings
- The balance sheet total was DKK 522.5 million at 31 January 2013
- Cash flow before instalments on long term debt totalled DKK 7.2 million, compared with DKK 4.9 million last year

**Forecast for the 2012/2013 financial year**

The third quarter of 2012/2013 was just as much of a challenge as we predicted in the report for the first six months of the financial year. However, launching a powerful collection and making a determined marketing push on several fronts now allow us to project a moderate increase in revenue.

- Revenue growth of approx. 2% on the 2011/2012 financial year is projected
- Same-store-sales (order intake) are expected to be approx. 3% in the original guidance range of 3-5%
- New store openings are expected to be at the bottom of the guidance range of 25-30, whereas the number of closures is expected to increase, corresponding to a net reduction of approx. five stores
- EBIT% on par with the 2011/2012 financial year

***Further information***

For further information contact President & CEO Torben Paulin or CFO Hans Barslund, on tel. +45 70 13 13 66.

## 2012/2013 FINANCIAL HIGHLIGHTS FOR THE GROUP

| | Q3 2012/13 | Q3 2011/12 | YTD 2012/13 | YTD 2011/12 | 1 May 2011 30 April 2012 |
|---|---|---|---|---|---|
| **Income statement (millions of Danish Kroner)** | | | | | |
| Revenue | 251.0 | 243.6 | 775.8 | 749.5 | 1,022.2 |
| Gross profit | 107.8 | 110.5 | 338.4 | 326.5 | 451.6 |
| Profit(loss) before interest and depreciation (EBITDA) | 12.4 | 19.7 | 46.2 | 53.3 | 75.5 |
| Profit(loss) before net financials (EBIT) | 4.7 | 11.0 | 23.0 | 25.2 | 36.7 |
| Financial items | (1.1) | 2.5 | (3.0) | 4.8 | 2.8 |
| Profit(loss) before tax | 3.6 | 13.5 | 20.0 | 29.9 | 39.6 |
| Profit(loss) after tax | 1.6 | 10.0 | 13.8 | 21.9 | 25.6 |
| | | | | | |
| **Balance sheet details (in millions of Danish Kroner)** | | | | | |
| Non-current assets | | | 239.5 | 252.4 | 244.7 |
| Current assets | | | 283.0 | 303.4 | 296.9 |
| Balance sheet total | | | 522.5 | 555.8 | 541.6 |
| Equity at the end of the reporting period | | | 229.1 | 222.6 | 224.9 |
| Interest-bearing debt | | | 85.4 | 116.0 | 86.8 |
| | | | | | |
| **Cash flow (in millions of Danish Kroner)** | | | | | |
| Cash flow from operating activity | | | 29.1 | 25.0 | 53.1 |
| Cash flow from investment activities | | | (21.9) | (20.0) | (21.2) |
| Of this amount, investments in property, plant and equipment | | | (11.0) | (8.8) | (10.2) |
| Cash flow before financing activities | | | 7.2 | 4.9 | 31.9 |
| | | | | | |
| **Financial ratios** | | | | | |
| Operating margin, percentage | 1.9 | 4.5 | 3.0 | 3.4 | 3.6 |
| Return on net assets (for the period), percentage | | | 4.5 | 4.7 | 7.0 |
| Earnings per share before tax | 1.2 | 4.7 | 7.0 | 10.5 | 11 |
| Book value | | | 80 | 78 | 79 |
| Return on equity before tax, percentage | | | 8.8 | 14.1 | 12.0 |
| Equity interest, percentage | | | 43.9 | 40.1 | 41.5 |
| Average number of full-time employees | | | 575 | 581 | 579 |
| | | | | | |
| **Stock market ratios** | | | | | |
| Dividend, DKK million | | | 0.0 | 0.0 | 5.7 |
| Market price | | | 105.5 | 83.5 | 112 |
| Share capital, DKK million | | | 28.6 | 28.6 | 28.6 |
| Price/book value | | | 1.3 | 1.1 | 1.4 |
| Price/earnings ratio | | | 21.8 | 10.9 | 12.5 |

The interim financial statements, which have not been audited, cover the period from 1 May to 31 January 2013.

The accounting policies applied in these interim financial statements are the same as those applied in the 2011/2012 annual report.

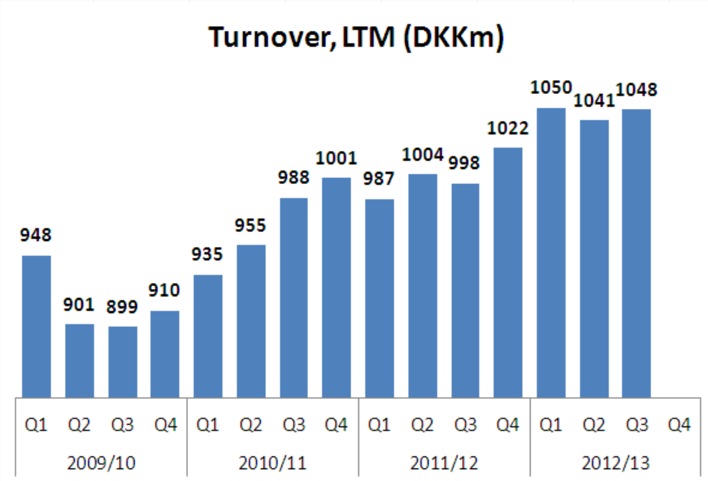
## MARKET TRENDS

### Moderate revenue growth in volatile markets

BoConcept Holding's (BoConcept's) revenue in the third quarter of 2012/2013 totalled DKK 251.0 million, compared with DKK 243.6 million in the same period of last year, up by 3.0%. This improvement is attributable to higher sales in existing and new brand stores as well as a higher level of activity in the Norwegian studios. The foreign currency effect on revenue was neutral during the quarter.

| Revenue trends | DKK million |
|---|---|
| Actual, third quarter 2011/2012 | 243.5 |
| Foreign currency effect | 0.0 |
| Net change, brand stores | 2.8 |
| Net change, studios | 4.7 |
| Actual, third quarter 2012/2013 | 251.0 |

| Revenue trends | DKK million |
|---|---|
| Actual, 2011/2012, year to date | 749.5 |
| Foreign currency effect | 22.3 |
| Net change, brand stores | (7.5) |
| Net change, studios | 11.5 |
| Actual, 2012/2013, year to date | 775.8 |




Group revenue was DKK 775.8 million in the year to date, which represents growth at 3.5% relative to last year. Rising USD and JPY rates are the main reason for this increase, whereas a net decrease in number of stores by ten compared with the same time last year reduced brand store revenue by DKK 7.5 million.

### Negative market trends in France continue

The situation prevailing from November 2012 to January 2013 did not convince us that Europe and the USA were close to overcoming the macro-economy challenges. The threat of economic recession is still looming, impacting consumer behaviour and continuing to reduce the demand for durable consumer goods.

| Revenue by region (DKK million) | 2012/13 Q3 | 2011/12 Q3 | Index | 2012/13 YTD | 2011/12 YTD | Index |
|---|---|---|---|---|---|---|
| **Europe** | ***163.5*** | ***161.9*** | ***101.0*** | ***489.7*** | ***491.4*** | ***99.7*** |
| *France* | 40.4 | 42.0 | 96.2 | 118.2 | 124.4 | 95.0 |
| *Germany* | 28.3 | 25.5 | 111.0 | 84.3 | 79.3 | 106.3 |
| **Middle East + Africa** | **7.1** | **7.0** | **101.4** | **20.2** | **22.8** | **88.6** |
| **North America** | ***27.0*** | ***24.7*** | ***109.3*** | ***96.4*** | ***84.8*** | ***113.7*** |
| *USA* | 23.6 | 22.5 | 104.9 | 85.5 | 74.9 | 114.2 |
| **Latin America** | ***10.6*** | ***10.1*** | ***105.0*** | ***34.2*** | ***30.2*** | ***113.2*** |
| **Asia + Australia** | ***42.6*** | ***39.9*** | ***106.8*** | ***135.2*** | ***120.4*** | ***112.3*** |
| *Japan* | 30.4 | 29.9 | 101.7 | 93.8 | 85.4 | 109.8 |
| **Total** | **250.8** | **243.6** | **103.0** | **775.7** | **749.6** | **103.5** |

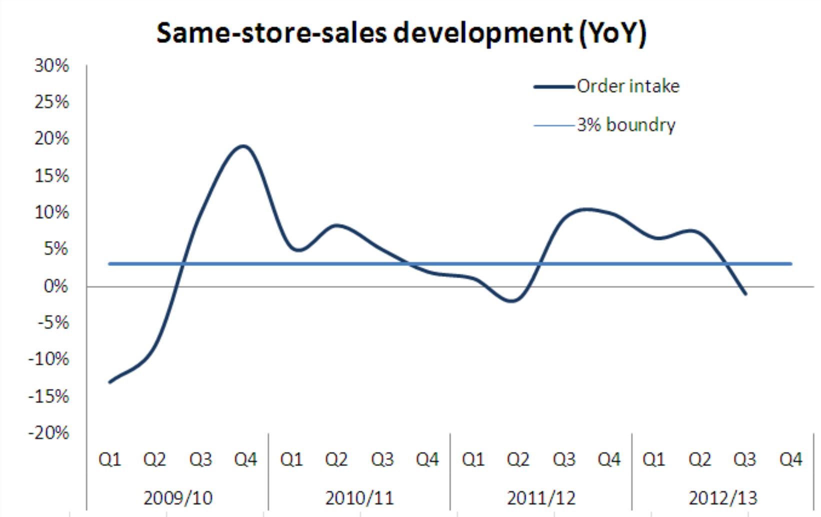
The effect on demand is felt strongly in France, where a lack of consumer confidence in economic stability considerably reduces consumer propensity to spend, and, retail sales are declining as a result. BoConcept has managed to maintain and increase its market share, but not enough to avoid a drop in sales.

BoConcept is continually consolidating its position in Germany, and the stores there generate a highly satisfactory level of increasing activity. The tendency towards hesitant consumer behaviour dominating the preceding quarters continues to prevail, but the momentum remained satisfactory in the third quarter of 2012/2013.

In the Scandinavian countries (with the exception of Norway) and the United Kingdom, markets remain under pressure, with no prospect of improvement for the time being. This is also true of Southern Europe, where market conditions remain unfavourable and resources go into consolidating stores that hold potential and closing down the other activities. Overall, Southern Europe accounted for less than 7% of group revenue in the first three quarters of 2012/2013.

The American market kept up its momentum due to greater consumer propensity to spend and improved brand store performance. In Japan, progress continued in the third quarter of 2012/2013, however, at a slightly lower rate than in the preceding quarters. Helped along by solid growth in China and the launch of a new store in Australia, the group's revenue share in Asia and Australia continues to grow month by month. This is true of Latin America as well, where the BoConcept brand is enthusiastically received and the market potential is deemed to be exceedingly attractive, despite the fact that the region's contribution to the total revenues of the group remains moderate.

**Market slowdown affects same-store-sales**
While BoConcept's revenue rose in the third quarter of 2012/2013, same-store-sales in terms of order intake fell by 1.0% during the period, corresponding to a total increase of 4.3% year to date.




The trend in same-store-sales over the past quarter testifies to tougher market conditions in several key markets. Traffic and basket size are thus under pressure in Central and Southern Europe, whereas trends are more favourable in the USA, Japan and the growth regions.

Management takes the view that the massive marketing campaign in connection with the launch of BoConcept's 60th anniversary collection strengthened the brand and improved sales conditions. Unfortunately, the effect will be short-lived in a market like the current one. With this in mind, BoConcept has been concentrating on activities that have an effect in the following three areas.

First, we have increased our marketing budgets in collaboration with franchisees in selected markets.

Second, we have increased promotional activities, and our promotional activities in connection with the Effect collection currently being launched serve to further boost that effort.

Third, we have introduced attractive promotional offers on selected items.

We expect to see the full effect of these measures in the coming financial year, but we are already seeing increased store traffic.

**Urban living suppliers**

BoConcept and car manufacturer 'smart' – both known for their innovative urban and trendsetting design focusing on functionality, comfort and high quality – have entered into an extraordinary design collaboration. The outcome is the 'smart fortwo' BoConcept signature style, a unique special edition of the smart car, and 'smartville', a ground-breaking collection with several new design icons from BoConcept, which will be launched as part of its 2013 Effect collection.

'The co-branding and design project with smart is a communication and product merger between two strong global brands in different industries that will widen the framework of exposure of the individual products and give access to new potential customers. It is exactly the kind of progressive marketing that is called for at a time when a location on the right street corner is not enough to create store traffic,' says Palle Larsen, Marketing Director for BoConcept.

The smartville collection, which has the same design line, materials and racy design expression as the fortwo BoConcept signature style, consists of an armchair and a masculine yet comfortable sofa, which – in true BoConcept style – can be mixed and matched as you please. The collection is finished off by a coffee table and a broad range of accessories.

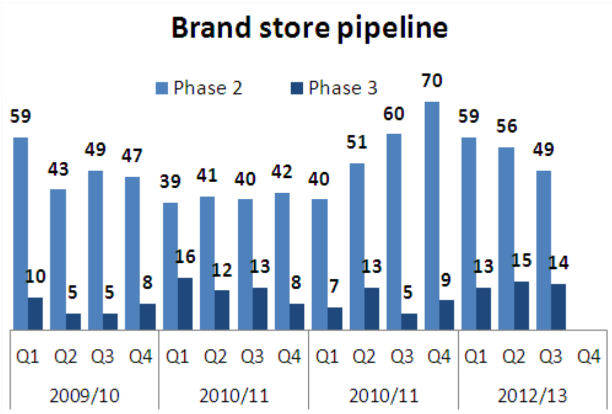
Smartville and the fortwo BoConcept signature style will be launched through a massive global online, print and event-driven marketing campaign in February 2013. The collaboration and its products have already caused a great deal of buzz in the international interior design media where it has been very favourably received.

## Active involvement in the opening of new stores

The group opened nine brand stores in France, England, Canada and other countries in the third quarter of 2012/2013 and closed eleven in the same period: six in China as a result of concept adjustment and five in Europe, primarily due to restructuring. At the end of 2013, the chain totalled 248 BoConcept Brand Stores, accounting for approximately 93% of revenue, and 46 studios, primarily in Norway.

| | YTD | YTD | 31 January 2013 | | | Pipeline 31 January 2013 | |
|---|---|---|---|---|---|---|---|
| | Openings | Closures | Stores | Own stores | Studios | Phase 2 | Phase 3 |
| **Europe** | **11** | **16** | **144** | **16** | **46** | **20** | **5** |
| *France* | 1 | 1 | 31 | | | 4 | |
| *Germany* | 1 | 0 | 15 | | | 3 | 2 |
| *UK* | 2 | 1 | 13 | 1 | 4 | 5 | |
| *Spain* | 1 | 4 | 13 | 4 | 1 | | |
| *Denmark* | 1 | 2 | 8 | 6 | | | |
| *Sweden* | 0 | 2 | 5 | 3 | 1 | 2 | |
| *Norway* | 0 | 0 | 0 | | 15 | | |
| **Middle East + Africa** | **0** | **2** | **9** | | | **3** | **5** |
| **North America** | **1** | **2** | **27** | **2** | | **3** | **1** |
| *USA* | 0 | 2 | 23 | 2 | | 3 | |
| **Latin America** | **1** | **0** | **19** | | | **4** | **1** |
| **Asia** | **6** | **6** | **49** | **4** | | **19** | **2** |
| *Japan* | 0 | 0 | 19 | 4 | | 3 | |
| *China* | 4 | 6 | 15 | | | 6 | 1 |
| **Total** | **19** | **26** | **248** | **22** | **46** | **49** | **14** |

We closed a number of stores that failed to adhere to our concept and cleared the pipeline of obsolete prospects in the third quarter of 2012/2013. This resulted in a higher number of closures in the first nine months of the financial year than originally estimated. As previously announced, the number of store openings will be highest in the second half of the financial year; we expect to open another five to seven in the fourth quarter of 2012/2013.


To accelerate expansion and attract new franchisees, our market organisations are actively looking for suitable candidates among both current and potential franchisees, as well as our own qualified store managers.

We have also begun using 'location involvement' - BoConcept's co-financing model for new stores - and this has improved the quality of the pipeline in its early phases, e.g. in Germany, where we expect the number of stores to increase in the next few quarters. Management has also decided to use the group's sound capital base in support of the expansion, for example by opening more own stores in Japan – and in other markets having external franchisees acquire them after a short period of time or by entering into partnerships with franchisees who lack a strong capital base themselves.

We entered into such a partnership with a franchisee in Moscow in the third quarter of 2012/2013. Over the next two years, the franchisee in question will be expanding the number of stores by six to realise the massive growth potential in Moscow. BoConcept will provide part of the financing in connection with the store openings, an amount corresponding to roughly DKK 10 million, to be repaid within 36 months of the date of opening.

## PROFIT TRENDS

Lower gross profit and higher marketing costs have reduced the operating profit in the quarter. The quarter included non-recurring costs of DKK 1.8 million and a neutral currency effect on the profit.

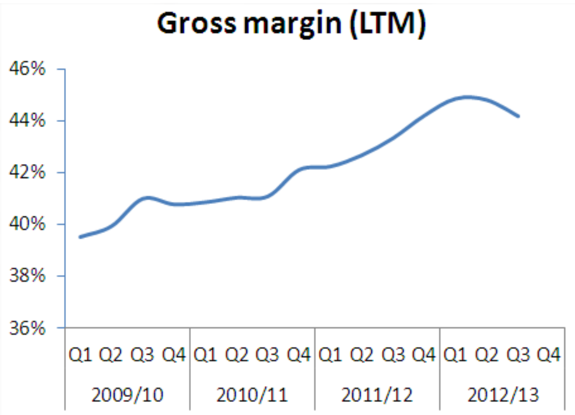
| DKK'000 | Q3 2011/12 | Business model and optimisation | Non-recurring costs | Currency | Q3 2012/13 |
|---|---|---|---|---|---|
| Revenue | 243,5 | 7,5 | 0,0 | 0,0 | 251,0 |
| Cost of sales | -133,0 | -9,9 | 0,0 | -0,2 | -143,1 |
| Gross profit(loss) | 110,5 | -2,4 | 0,0 | -0,2 | 107,9 |
| Capacity costs | -99,4 | -2,2 | -1,8 | 0,2 | -103,2 |
| Operating profit(loss) | 11,1 | -4,6 | -1,8 | 0,0 | 4,7 |
| % of revenue | 4,6% | | | | 1,9% |

Rising foreign currency rates contributed to an increase in the operating profit, whereas higher production and capacity costs reduced profit for the first nine months of the year. This combined with higher provisions for losses on receivables meant that BoConcept did not achieve the 25% marginal earnings contributions that the business model would normally warrant. Year to date non-recurring costs related to closing of own stores as well as establishment of new distribution set-up in the USA comprise DKK 6.5 million.

| DKK'000 | YTD 2011/12 | Business model and optimisation | Non-recurring costs | Currency | YTD 2012/13 |
|---|---|---|---|---|---|
| Revenue | 749,5 | 4,0 | 0,0 | 22,3 | 775,8 |
| Cost of sales | -423,0 | -3,6 | 0,0 | -10,8 | -437,4 |
| Gross profit(loss) | 326,5 | 0,4 | 0,0 | 11,5 | 338,4 |
| Capacity costs | -301,3 | -1,7 | -6,5 | -5,9 | -315,4 |
| Operating profit(loss) | 25,2 | -1,3 | -6,5 | 5,6 | 23,0 |
| % of revenue | 3,4% | | | | 3,0% |

### Gross profit affected by the inventory adjustment

BoConcept's gross profit margin was 43.0% in the third quarter of 2012/2013, compared with 45.4% last year.



The decline in gross profit margin relative to last year totals DKK 5.9 million, of which DKK 4.2 million are non-recurring costs related to inventory (DKK -1.2 million in IPO costs attributable to inventory reductions, DKK -1.0 million attributable to foreign currency fluctuations, and DKK -2.0 million attributable to increase in provisions for coming product discontinuances). The remaining DKK 1.7 million is attributable to price trends and product/market mix.

For the first nine months of the 2012/2013 financial year, BoConcept achieved a gross profit margin of 43.6%, which roughly corresponds to last year's level. The foreign currency effect has been 0.2 percentage points in the year to date, and the reduction in number of own stores increased the gross profit margin by 0.1 percentage points. As a result of higher production costs, underlying operations contribute to a 0.3-percentage-point decline in gross profit.

After the first nine months of 2012/2013, the sourcing ratio was 77% of revenue.

**Non-recurring costs and currency effect increase capacity costs**
Total capacity costs amounted to DKK 103.2 million in the third quarter of 2012/2013, corresponding to 41.1% of revenue, which is on par with last year.

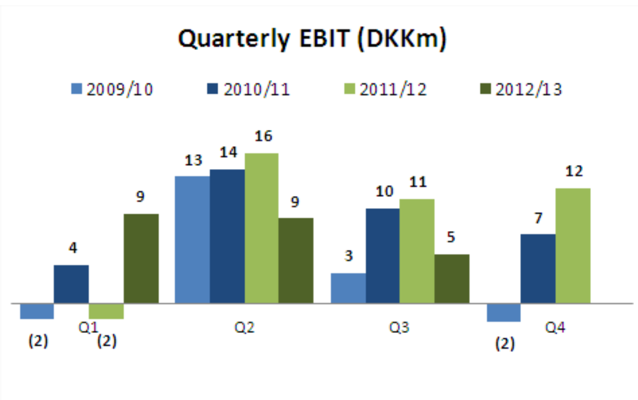
In the first nine months of 2012/2013, capacity costs totalled DKK 315.4 million, compared with DKK 301.3 million last year. The increase consists of DKK 6.5 million non-recurring costs, DKK 5.9 million currency effect as well as increased marketing costs, both in connection with the launch of the 2013 collection and the Effect collection in February and March 2013.

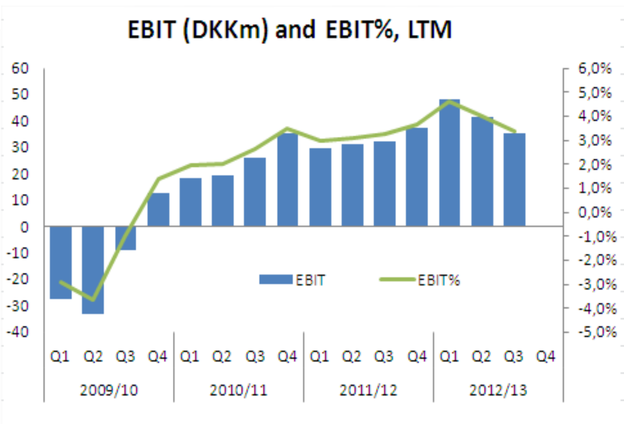
In the third quarter of 2012/2013, distribution costs were marginally higher than last year and accounted for 32.6% of revenue. Distribution costs year to date rose by DKK 9.0 million to reach DKK 252.9 million, including losses and provisions for debtors of DKK 13.9 million, which is up DKK 1.3 million on the same period last year.

Administrative expenses fell to DKK 19.6 million in the third quarter of 2012/2013, compared with DKK 20.3 million last year, whereas the item was DKK 56.0 million in the first nine months of 2012/2013 and on par with the same period last year.

Outsourcing of the warehouse function in the USA continued into the third quarter of 2012/2013 and is expected to end in the summer of 2013. Changes in the national American organisation incurred costs of DKK 1.8 million in the third quarter of 2012/2013, which are recognised under 'other operating expenses'. The latter expense item totalled DKK 6.5 million in the first nine months of the 2012/2013 financial year.

**EBIT decline**
The operating profit (EBIT) was DKK 4.7 million in the third quarter of 2012/2013, resulting in an operating margin (EBIT margin) of 1.9%, versus 4.5% last year. EBIT for the first nine months of 2012/2013 amounted to DKK 23.0 million, corresponding to 3.0% of revenue: it represents a small decline from last year's figure of 3.4%, but within the expected range.



Financials represented a net cost item of DKK 3.0 million in the first nine months of 2012/2013 compared with an income item of DKK 4.8 million last year due to foreign currency fluctuations on the balance sheet total, resulting in a DKK 3.4 million expense as opposed to DKK 5.0 million in income last year.

BoConcept's pre-tax profit was DKK 20.0 million in the first nine months of 2012/2013, compared with DKK 29.9 million last year, a result that management considers unsatisfactory in itself, but nevertheless acceptable under the current circumstances.

## BALANCE SHEET TOTAL

BoConcept's total assets stood at DKK 522.5 million at 31 January 2013, which is a DKK 33.3 million decline on last year and DKK 19.1 million less than at the beginning of the financial year.

**Net working capital improved relative to last year**
The group's net working capital totalled DKK 107.2 million at 31 January 2013 compared with DKK 114.9 million last year at the same time, corresponding to 10.3% and 11.5% respectively of the revenue of the past 12 months.

Compared to the same period last year, inventories are DKK 13.7 million lower, as last year's level was characterised by massive inventory build-up in connection with the launch of the Effect collection, fewer stores and higher USD rates.

Receivables were DKK 126.8 million, corresponding to DKK 4.4 million less than last year. At the end of the first nine months of 2012/2013, debtor days were 47 compared with 46 last year.

Trade payables were DKK 76.1 million after the first nine months of the financial year, which is on par with last year's figure.

**Financial backing in proactive support of growth plan**
BoConcept Holding's equity was DKK 229.1 million at 31 January 2013, corresponding to an equity ratio of 43.9%.

The group's interest-bearing debt stood at DKK 85.4 million at the balance sheet date. This amount breaks down into DKK 47.1 million in long-term liabilities and DKK 38.4 million in short-term liabilities respectively. Interest-bearing debt has been reduced by DKK 30.6 million since last year.

The group had DKK 14.5 million in cash at the balance sheet date and unused credit facilities totalling DKK 85.7 million. Management deems the group's financial resources to be adequate and regularly considers specific measures to proactively support the group's strategic growth targets.


**Focus on Location Involvement**

Opening a new BoConcept Brand Store typically requires a franchisee to invest about EUR 400,000 in furniture, fitting out the premises, signs, lighting, IT, marketing, rent etc. Financing is usually a combination of the franchisee's own funds and a bank loan.

However, the global economic crisis of recent years has made it very difficult for the retail segment to obtain financing. To solve the problem and accelerate the expansion of the franchise chain, BoConcept has introduced the concept of 'Location Involvement', in which we offer to co-finance up to half of the investment required to open a store for a period of up to 36 months, an offer available to eligible potential franchisees in selected markets.

Since 2010, BoConcept has helped provide start-up financing for fifteen stores (eight new stores, three relocations, as well as four ownership changes) through the Location Involvement programme: the majority of the stores are located in the USA and North-Western Europe. This investment totalled DKK 13 million, with DKK 11.1 million outstanding today. In addition, we have committed ourselves to providing financing amounting to DKK 2.5 million for two new stores.

In the years ahead, BoConcept will utilise the group's sound capital base and access to highly motivated franchisees and attractive locations to open more stores through co-financing solutions that also include BoConcept financing franchisee investments in leases and store fittings for a short period of time until the franchisee is able to take over.

## CASH FLOW

**Increased cash flow despite higher tax payments**
Cash flow from operating activities for the first three quarters of 2012/2013 was DKK 29.1 million, versus DKK 25.0 million at the same time last year. The improvement was due to a reduction in working capital, which was effected in the face of tax payments of DKK 11.6 million (re. 2011/2012) compared with DKK 1.2 million last year.

After net investments of DKK 21.9 million, cash flow before repayments of long-term debt amounted to DKK 7.2 million, corresponding to 0.9% of revenue versus DKK 4.9 million and 0.7% of revenue last year.

## EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Neither the supervisory board nor the executive board is aware of any events after 31 January 2013 which will materially influence the financial position of the group.

## FORECAST FOR 2012/2013

**Moderate growth, but more store closures in the short term**
As was expected, the turmoil and uncertainty characterising Western economies continue to set the agenda, postponing a gradual turnaround in the sales conditions for the retail trade, both in regions affected directly and those affected indirectly. As a result, consumer scepticism is growing, which has an impact on store traffic.

Nevertheless, BoConcept managed to boost activities in the 2012/2013 financial year through increased sales in new brand stores and by focusing on revenue-generating measures and successful collection launches. Against this backdrop – and even though we are not expecting market conditions to improve in the next few months – management is making a moderate upward adjustment to revenue projections for the financial year. Conversely, management is reducing its estimated net number of brand store openings, since a higher than anticipated number of stores have had to be closed as a result of failing to adhere to the concept. The number of new store openings is expected to be at the bottom of the guidance range of 25-30 stores. We maintain the remainder of our most recent guidance, as expectations for same-store-sales are expected to be at approx. 3% in the original guidance range of 3-5%.

Our forecast is based on the current exchange rates and market conditions.

**Forecast for the 2012/2013 financial year**

| | Forecast 2012/2013 | Actual 2011/2012 |
|---|---|---|
| Revenue | Approx. 2% | 2% (DKK 1,022 million) |
| Same-store-sales (order intake) | Approx. 3% | 5% |
| Change, brand stores | Approx. 25 openings (net reduction of approx. 5) | 23 openings (net addition: (1)) |
| EBIT margin | At 2011/2012 level | 3.6% |
| Cash flow as a percentage of revenue | 2% | 3.1% |
| Investments | DKK 30 million | DKK 26 million |

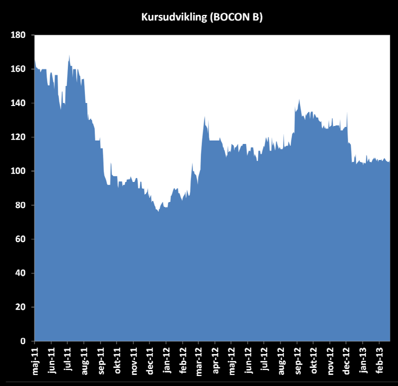
## INVESTOR INFORMATION

### Stock exchange announcements from 1 May 2012 to 31 January 2013

| | |
|---|---|
| 07.05.2012 | Management change in BoConcept Holding A/S |
| 22.06.2012 | Announcement of 2011/2012 financial results |
| 06.08.2012 | Notice of general meeting in BoConcept Holding A/S |
| 29.08.2012 | Quarterly review, first quarter of 2012/2013 |
| 29.08.2012 | Revised articles of association |
| 05.12.2012 | Report for the first six months of 2012/2013 |
| 08.01.2013 | Finance calendar |

### Vocabulary

| | |
|---|---|
| Brand store: | BoConcept store |
| Same-store-sales: | Revenue trend compared with sales trend in one particular store from one year to the next |
| Traffic: | Number of visitors/customers in the store |
| Hit rate: | The share of potential customers finding a product to buy |
| Basket size: | The size of the individual order |
| Pipeline: | Phase 2 = Potential openings by approved franchisees<br>Phase 3 = Stores for which contracts to open have been signed |




### Investor contact
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Telephone: (+45) 7013 1366

### Further information
For additional information on BoConcept and subscription to investor news please go to www.boconcept.com/IR

This announcement of quarterly financial results was prepared in Danish and translated into English. In case of inconsistencies between the Danish announcement and the English translation, the Danish shall prevail.

### *Disclaimer*
*This announcement contains forward-looking statements and expectations to e.g. profit, balance sheet total and cash flow. BoConcept Holding stresses that the above forecast is subject to considerable uncertainty with respect to the level of activity we will see in the future due to dramatically reduced market transparency and revenue visibility. The revenue generated by the franchise chain and BoConcept will thus be sensitive to fluctuations in macro-economic factors such as GNP growth, home sales, consumer confidence, and disposable income trends. Should these variables deteriorate, the franchise chain will have even tougher sales conditions to contend with, and thus management's expectations with respect to future financial trends may not be achieved.*

## MANAGEMENT STATEMENT

The supervisory and executive boards today considered and adopted the interim report of BoConcept Holding A/S for the period 1 May 2012 to 31 January 2013.

The interim report is presented in accordance with IAS 34'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies. The interim report has not been audited or reviewed.

We consider the accounting policies applied expedient and the estimates adequate. Furthermore, in our view, the overall presentation of the interim report gives a true and fair view of the company's financial affairs. In our opinion, the interim report gives a true and fair view of the group's assets, liabilities and financial position and of the results of the group's operations and cash flow for the reporting period.

Herning, 8 March 2013

*Executive board*

| | | |
|---|---|---|
| Torben Paulin<br>CEO | Hans Barslund<br>CFO | Troels Dyrup Petersen<br>COO |

*Supervisory board*

| | |
|---|---|
| Viggo Mølholm<br>Chairman | Ebbe Pelle Jacobsen<br>Deputy Chairman |
| Rolf Eriksen | Morten Windfeldt Jensen |
| Poul Brændgaard | Joan Bjørnholdt Nielsen |

## CONSOLDIATED INCOME STATEMENT

| | 01.10. - 31.01. 2012/2013 DKK '000 | 01.10. - 31.01. 2011/2012 DKK '000 | 01.05. - 31.01. 2012/2013 DKK '000 | 01.05. - 31.01 2011/2012 DKK '000 |
|---|---|---|---|---|
| **Revenue** | 250.967 | 243.569 | 775.792 | 749.532 |
| Production costs | -143.124 | -133.027 | -437.427 | -423.029 |
| **Gross profit** | 107.843 | 110.542 | 338.365 | 326.503 |
| Distribution costs | -81.758 | -79.274 | -252.943 | -243.909 |
| Administrative expenses | -19.565 | -20.257 | -56.008 | -56.604 |
| Other operating income | 0 | 0 | 84 | 0 |
| Other operating expenses | -1.814 | 24 | -6.524 | -835 |
| **Operating profit/loss** | 4.706 | 11.035 | 22.974 | 25.155 |
| Financial income | 1.294 | 3.557 | 3.210 | 8.109 |
| Financial expenses | -2.437 | -1.073 | -6.230 | -3.316 |
| **Operating profit/loss before tax** | 3.563 | 13.519 | 19.954 | 29.948 |
| Tax on profit/loss for the year | -1.963 | -3.487 | -6.139 | -8.087 |
| **Profit/loss for the period** | 1.600 | 10.032 | 13.815 | 21.861 |

**Earnings per share**

| | | | | |
|---|---|---|---|---|
| Earnings per share | 0,56 | 3,54 | 4,87 | 7,72 |
| Earnings per diluted share | 0,56 | 3,53 | 4,86 | 7,70 |

### Consolidated total income

| | | | | |
|---|---|---|---|---|
| Profit/loss for the period | 1.600 | 10.032 | 13.815 | 21.861 |
| Revaluation of hedging instruments | 194 | 0 | -599 | 0 |
| Foreign currency translation, foreign units | -4.341 | 3.070 | -3.495 | 5.422 |
| | -2.547 | 13.102 | 9.721 | 27.283 |
| **Broken down as follows:** | | | | |
| BoConcept Holding A/S shareholders | -2.547 | 13.102 | 9.721 | 27.283 |

## Consolidated Balance Sheet

| Q3 | 31.01.13 DKK'000 | 31.01.12 DKK'000 | 30.04.12 DKK'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | 7.887 | 10.509 | 8.204 |
| Master rights | 34.507 | 32.279 | 34.505 |
| Software | 18.290 | 17.347 | 18.839 |
| Intangible assets in progress | 2.544 | 3.638 | 1.855 |
| **Total intangible assets** | 63.228 | 63.773 | 63.403 |
| Land and buildings | 72.660 | 78.762 | 77.139 |
| Leasehold improvements | 11.392 | 11.383 | 9.364 |
| Plant and machinery | 17.169 | 22.920 | 21.525 |
| Fixtures and operating equipment | 8.173 | 10.336 | 10.023 |
| Property, plant and equipment in progress | 3.502 | 1.945 | 2.322 |
| **Total property, plant and equipment** | 112.896 | 125.346 | 120.373 |
| Deferred tax | 31.658 | 36.537 | 33.899 |
| Other financial assets | 15.850 | 7.222 | 8.158 |
| Deposits | 15.873 | 19.511 | 18.866 |
| **Total other non-current assets** | 63.381 | 63.270 | 60.923 |
| **Total non-current assets** | 239.505 | 252.389 | 244.699 |
| Inventories | 122.038 | 135.729 | 124.098 |
| Trade receivables | 126.823 | 131.184 | 135.533 |
| Other receivables | 19.649 | 19.151 | 21.867 |
| Cash | 14.469 | 17.305 | 15.385 |
| **Total current assets** | 282.979 | 303.369 | 296.883 |
| **TOTAL ASSETS** | 522.484 | 555.758 | 541.582 |

| | 31.01.13 DKK'000 | 31.01.12 DKK'000 | 30.04.12 DKK'000 |
|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | |
| Share capital | 28.621 | 28.621 | 28.621 |
| Translation reserve | -2.625 | 922 | 870 |
| Hedging reserve | -599 | 0 | 0 |
| Retained earnings | 203.742 | 193.056 | 189.657 |
| Dividend proposed | 0 | 0 | 5.724 |
| **Total equity** | 229.139 | 222.599 | 224.872 |
| Deferred tax | 46.580 | 46.024 | 46.613 |
| Employee debentures | 2.674 | 2.674 | 2.674 |
| Mortgage credit institutions and banks | 44.390 | 54.890 | 52.093 |
| **Total non-current liabilities** | 93.644 | 103.588 | 101.380 |
| Mortgage credit institutions and banks | 38.372 | 58.449 | 32.076 |
| Trade payables | 76.100 | 78.121 | 84.977 |
| Prepayment form customers | 21.453 | 27.072 | 22.155 |
| Income tax payable | 5.375 | 7.449 | 11.014 |
| Other payables | 58.401 | 58.480 | 65.108 |
| **Total current liabilities** | 199.701 | 229.571 | 215.330 |
| **Total liabilities** | 293.345 | 333.159 | 316.710 |
| **TOTAL LIABILITIES AND EQUITY** | 522.484 | 555.758 | 541.582 |

Q3
# Consolidated cash flow statement

| | 1.5. - 31.10. 2012/2013 DKK'000 | 1.5. - 31.07. 2011/2012 DKK'000 |
|---|---|---|
| Revenue and other operating income | 775.876 | 749.532 |
| Operating expenses | -752.902 | -724.377 |
| Depreciation and amortisation | 23.201 | 28.144 |
| Change in net working capital | -3.716 | -30.999 |
| **Cash flow from operating activities before financ** | 42.459 | 22.300 |
| Interest income etc. | 3.210 | 7.208 |
| Interest paid | -4.971 | -3.316 |
| Income tax paid | -11.643 | -1.221 |
| **Cash flow from operating activities** | 29.055 | 24.971 |
| Acquisition of intangible assets | -7.629 | -11.007 |
| Sale of intangible assets | 0 | 0 |
| Acquisition of property, plant and equipment | -11.006 | -8.835 |
| Sale of property, plant and equipment | 68 | 125 |
| Acquisition of financial assets | -6.278 | -297 |
| Sale of financial assets | 2.993 | 1.039 |
| Acquisition of companies | 0 | -1.074 |
| Sale of companies | 0 | 0 |
| **Cash flow for investing activities** | -21.852 | -20.049 |
| **Cash flow before financing activities** | 7.203 | 4.922 |
| Instalments on long-term debt | -7.703 | -7.961 |
| Incuring of long-term debt | 0 | 0 |
| Shareholders: | | |
| Capital increase | 0 | 0 |
| Sale of treasury shares | 216 | 0 |
| Acquisition of treasury shares | 0 | 0 |
| Dividend paid | -5.670 | -5.661 |
| **Cash flow from financing activities** | -13.157 | -13.622 |
| **Cash inflow/outflow for the year** | -5.954 | -8.700 |
| Cash and cash equivalents less short-term bank debt, | -9.133 | -23.505 |
| Revaluation of cash and cash equivalents | -1.259 | 901 |
| **Cash and cash equivalents at year-end** | -16.346 | -31.304 |
| **The amount may be broken down as follows:** | | |
| Cash without restrictions | 14.469 | 17.305 |
| Short-term debt to credit institutions | -30.815 | -48.609 |
| | -16.346 | -31.304 |

## Consolidated equity movements

| | Share capital | Translation reserve | Hedging reserve | Retained earnings | Dividend proposed | Total |
|---|---|---|---|---|---|---|
| **Equity at 1 May 2011** | 28.621 | -4.500 | 0 | 169.812 | 5.724 | 199.657 |
| Acquisition of treasury shares | | | | 0 | | 0 |
| Sale of treasury shares | | | | 0 | | 0 |
| Distributed dividend | | | | 0 | -5.724 | -5.724 |
| Dividend proposed | | | | | 0 | 0 |
| Dividend treasury shares | | | | 63 | 0 | 63 |
| Costs of share options | | | | 1.320 | | 1.320 |
| Total earnings and costs for the period | | 5.422 | | 21.861 | | 27.283 |
| **Equity at 31 January 2012** | 28.621 | 922 | 0 | 193.056 | 0 | 222.599 |
| **Equity at 1 May 2012** | 28.621 | 870 | 0 | 189.657 | 5.724 | 224.872 |
| Acquisition of treasury shares | | | | 0 | | 0 |
| Sale of treasury shares | | | | 216 | | 216 |
| Distributed dividend | | | | 0 | -5.724 | -5.724 |
| Dividend proposed | | | | 0 | 0 | 0 |
| Dividend treasury shares | | | | 54 | | 54 |
| Costs of share options | | | | 0 | | 0 |
| Total earnings and costs for the period | | -3.495 | -599 | 13.815 | | 9.721 |
| **Equity at 31 January 2013** | 28.621 | -2.625 | -599 | 203.742 | 0 | 229.139 |

## 1. Accounting policies applied

The interim report has been prepared in accordance with IAS 34's 'Presentation of interim reports' as adopted by the EU. Further, the interim report has been prepared in accordance with the additional Danish disclosure requirements for interim reports of listed companies.

Except for the effect of new IAS/IFRSs implemented in the reporting period, accounting policies applied remain unchanged compared to the annual report for 2011/2012, to which reference is made.

The annual report for 2011/2012 contains a detailed description of the accounting policies applied.

### New IAS/IFRS implemented in the reporting period

No new standards and interpretations have been implemented during the reporting period.

For further information on the above-mentioned standards and interpretations, please see page 36 in the annual report for 2011/2012.

## 2. Estimates and judgements

The preparation of interim reports requires the management to make financial estimates and judgments affecting the accounting policies applied and the included assets, liabilities, earnings and expenditure. Actual results may differ from these estimates and judgments.

Material estimates made by the management by applying the group's accounting policies and the estimated insecurity involved are the same as the ones used in connection with the preparation of the annual report at 30 April 2012.

## 3. Segments

The identified reportable segment constitutes all of the group's external revenue, produced from the sale of furniture, home furnishings and accessories. The reportable segment is identified on the basis of the group's internal management structure, from which follows the duty to report to the main decision-makers, the executive board. As permitted under IFRS 8, the reportable segment is also a consolidation of the operational segments in the BoConcept group.

Profit, revenue and costs are recognised according to the same principles in the segment information and in the group's annual financial statements. Segment information may be gleaned from the group's income statement, balance sheet and cash flow statement.

## 4. Share-based payment

In 2005 the BoConcept group established a share option programme for the executive board and other executive members of staff. The annual report for 2008/2009 contains a description of the programme.

In August 2010 the BoConcept group established a warrants programme for the executive and supervisory boards as well as other executive members of staff. The annual report for 2011/2012 contains a detailed description of the warrants programme.

## 5. Tax on profit for the year

The group's effective tax rate for the reporting period in 2012/2013 is 28% - the same as for the same reporting period in 2011/2012.

The effective tax rate of 28% comprises tax on profit for the period of 25% and non-deductible costs and additional tax abroad as a result of international joint taxation of 3%.

## 6. Related parties

BoConcept's related parties have changed compared to the disclosures of the annual report for 2011/2012.

Viggo Mølholm has resigned as CEO and was elected as chairman of the board at the annual general meeting in August 2012.

Torben Paulin is appointed as new CEO, and Troels Dyrup Petersen is appointed as COO. Hans Barslund continues as CFO.

In the reporting period no extraordinary transactions were concluded with relating partners. No extraordinary transactions were concluded with relating partners in the same period last year either.