

# Quarterly Report

1 May – 31 July 2015 / Announcement no. 8/2015

# Financial Highlights

FROM BOCONCEPT HOLDING A/S'  
QUARTERLY REPORT – Q1 2015/2016

In the first quarter of 2015/2016, BoConcept significantly increased its revenues and same-store-sales. The operating profit was considerably improved resulting from revenue growth, lower provisions for bad debts, foreign exchange rate changes, sale of a store and improved efficiency. We are maintaining our financial forecast for the 2015/2016 financial year.

## **First quarter of 2015/2016 (1 May 2015 to 31 July 2015):**

- Revenue was DKK 306.9 million, up by 14.9% on last year
- Same-store-sales (order intake) were up by 16%
- The gross profit was 40.2%, compared with 42.1% last year
- EBIT was DKK 29.4 million, versus a previous-year loss of DKK 5.6 million: a result of e.g. lower provisions for bad debts
- After the opening of four new brand stores and closure of two, the chain consisted of a total of 255 stores at 31 July 2015
- The balance sheet totalled DKK 518.3 million at 31 July 2015
- Cash flow before instalments on long-term debt was an inflow of DKK 29.8 million, compared with an outflow of DKK 31.1 million last year

## **Forecast for the 2015/2016 financial year**

In view of the robust progress made in the first quarter of 2015/2016, BoConcept's management is maintaining its focus on the implementation of Horizon 16/17 aimed at increasing earnings in the chain and the group.

We are also maintaining our latest forecast for the 2015/2016 financial year, as follows:

- Revenue growth of about 2%
- An EBIT percentage of about 4%, significantly lower provisions for bad debts and lower expenses for collection updates

# Financial Highlights & Key Figures

	Q1 2015/16	Q1 2014/15	Year to date 2015/16	Year to date 2014/15	1 May 2014- 30 April 2015
<b>Income statement in DKK million</b>					
Revenue	306,9	267,2	306,9	267,2	1.147,5
Gross profit	123,3	112,6	123,3	112,6	465,7
Profit before special items, financial income and expenses, depreciation and amortisation (EBITDA)	37,4	3,6	37,4	3,6	50,0
Profit/loss before special items (EBIT before special items)	29,4	(5,6)	29,4	(5,6)	15,1
Profit/loss from operating activities (EBIT)	29,4	(5,6)	29,4	(5,6)	(50,7)
Financing, net	(0,1)	(1,9)	(0,1)	(1,9)	(7,9)
Profit/loss before tax and minority interests	29,3	(7,5)	29,3	(7,5)	(58,6)
Profit/loss after tax	24,1	(6,1)	24,1	(6,1)	(57,1)
<b>Balance sheet in DKK million</b>					
Non-current assets			210,8	245,8	216,7
Current assets			307,5	352,9	309,5
Balance sheet total			518,3	598,7	526,2
Equity, end of period			181,6	204,7	157,3
Interest bearing debt			102,6	163,4	117,3
<b>Cash flow in DKK million</b>					
Cash flow from operating activities			25,7	(27,3)	18,6
Cash flow from investing activities			4,1	(3,8)	(13,2)
Cash of which invested in property, plant and equipment			(1,0)	(0,6)	(8,2)
Cash flow before financing activities			29,8	(31,1)	5,4
<b>Financial ratios</b>					
Operating margin (EBIT% before special items)	9,6	(2,1)	9,6	(2,1)	1,3
Return on invested capital (ROIC)			12,1	(1,7)	5,2
Cash flows in % of revenue			9,7	(11,6)	0,5
Net working capital in % of revenue			5,9	11,3	5,6
Earnings per share of DKK 10	8,4	(2,1)	8,4	(2,1)	(20,0)
Return on equity			15,2	(3,5)	(31,1)
Equity ratio, %			35,0	34,2	29,9
Book value per share of DKK 10			63,5	72,0	55,0
Average number of employees, full-time			599	632	612
<b>Stock market ratios</b>					
Dividend, DKK million			0,0	0,0	0,0
Market price			137,0	90,0	92,0
Share capital, DKK million			28,6	28,6	28,6
Price/book value			2,2	1,5	1,7
Price/earnings ratio			16,2	N/A	N/A

The interim financial statements, which have not been audited, cover the period from 1 May to 31 July 2015.

The accounting policies applied in these interim financial statements are the same as those applied in the 2014/2015 annual report.

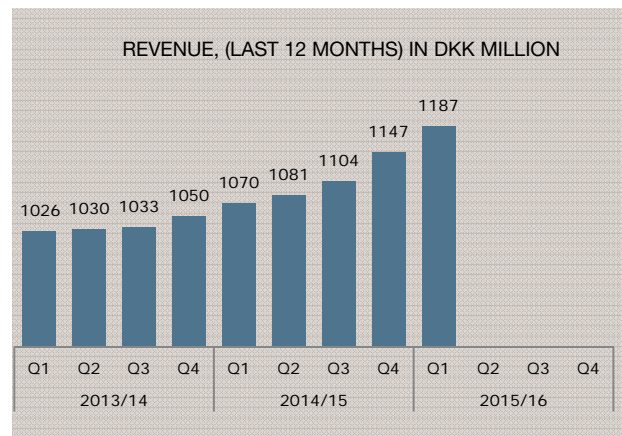
# Revenue Development

## MARKED REVENUE GROWTH

BoConcept Holding (BoConcept) generated revenue of DKK 306.9 million for the first quarter of 2015/2016, up by 14.9% on the corresponding period last year. Changes in foreign exchange rates – in particular an increase in USD, CNY and GBP – boosted revenues by 8.0%, while brand stores reported a 6.4% revenue growth.

REVENUE TREND		
(in DKK million)	Q1	Year to date
<b>Actual 2014/15</b>	<b>267,2</b>	<b>267,2</b>
Exchange rate effect	21,5	21,5
Net change, brand stores	17,1	17,1
Net change, studios	1,1	1,1
<b>Actual 2015/16</b>	<b>306,9</b>	<b>306,9</b>

The revenue growth generated by the chain was attributable to a higher level of activity and an improvement over the previous year's delivery service, which was affected by the large-scale collection launch. Due to the latter, the order books were down by approximately DKK 27 million at the end of July 2015 compared with last year.



## IMPRESSIVE GROWTH IN SAME-STORE-SALES

BoConcept took advantage of the stable market conditions prevailing in the first quarter of 2015/2016 to increase its activity level in its core and growth markets and in four of the group's five regions.

In our core markets, we have experienced a satisfactory trend in the first quarter of 2015/2016, even though several stores continue to be under financial pressure. In France, BoConcept continues to grow revenues in the face of tough market conditions, primarily through promotional activities. As a result, revenue and same-store-sales generally saw an increase in the first quarter of 2015/2016.

In Germany, the stable progress experienced over the past many quarters continues. Same-store-sales are helped along by a tight concept implementation, and the continual opening of new stores generates new revenues in that market. Sales conditions are stable and continue to be supported by traffic-generating activities.

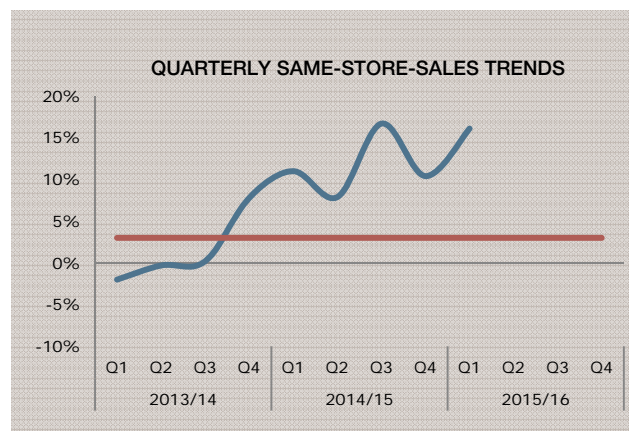
Japan experienced stable sales, still driven by growth in our own stores, which enjoyed a satisfactory increase in same-store-sales.

The growth markets continue to prosper as well. In the UK, market conditions are favourable, especially in and around London. The group enjoys significant growth due to strict adherence to its concept, implementation of best practices and heavy marketing.

In the USA, the level of activity was affected by a reduction in the number of stores relative to last year, so revenues are down in dollar terms but remain stable, and same-store-sales are growing.

China enjoyed significant revenue growth in the first quarter of 2015/2016, driven by higher same-store-sales, a higher number of stores and rising foreign exchange rates. New stores are still high on the agenda, but there is a slowdown in the market, which in turn reduces the expansion rate.

Total same-store-sales rose by 16.0% in the first quarter of 2015/2016, compared with 11.0% last year. Same-store-sales have experienced growth for six consecutive quarters, and the most recent figures emphasise the strong momentum created by last year's collection launch, which involved attractive entry points, a new store concept and a revamped communications platform. With a few adjustments, we will adhere to the commercial set-up and basic product mix making up the 2016 collection, but we will be continuing previous years' high level of marketing activity to support brand promotion and traffic to our stores.



## REVENUE TRENDS IN THE REGIONS AND VARIOUS PRINCIPAL MARKETS

(in DKK million)	2015/16		Index	2014/15		Index
	Q1	Q1		2015/16	2014/15	
<b>Europe</b>	<b>162</b>	<b>142</b>	<b>115</b>	<b>162</b>	<b>142</b>	<b>115</b>
France	41	30	134	41	30	134
Germany	38	35	109	38	35	109
UK	22	15	142	22	15	142
<b>Middle East &amp; Africa</b>	<b>11</b>	<b>12</b>	<b>93</b>	<b>11</b>	<b>12</b>	<b>93</b>
<b>North America</b>	<b>42</b>	<b>37</b>	<b>112</b>	<b>42</b>	<b>37</b>	<b>112</b>
USA	35	31	111	35	31	111
<b>Latin America</b>	<b>19</b>	<b>18</b>	<b>106</b>	<b>19</b>	<b>18</b>	<b>106</b>
<b>Asia</b>	<b>73</b>	<b>59</b>	<b>124</b>	<b>73</b>	<b>59</b>	<b>124</b>
China	23	15	153	23	15	153
Japan	30	30	100	30	30	100
<b>Total</b>	<b>307</b>	<b>267</b>	<b>115</b>	<b>307</b>	<b>267</b>	<b>115</b>

### DYNAMIC COLLECTION LAUNCH AND DIFFERENTIATED MARKETING TO CREATE THE FRAMEWORK FOR GROWTH

BoConcept implemented a dynamic product launch strategy in 2015. Under the new concept, new items are added and phased out on a regular basis over the course of the year as opposed to two set times a year.

'The new launch strategy benefits us in many ways. We can increase the product launch rate. The development and distribution process is smoother; there will be a continuous inflow of new products, which draws more shoppers into our stores; and we can have a much greater impact in the media when branding and PR go hand in hand with a continuous flow of new and exciting products,' says Helle Vangsgaard, BoConcept's head of Brand & Concept.

The new launch strategy will not change the launch of a large-scale global marketing campaign with the motto 'WE MAKE THE MOST OUT OF YOUR SPACE' in September 2015, when the catalogue for the 2016 collection comes out.

'Publication of the new catalogue for the 2016 collection will take place as usual, supported by a huge promotional campaign to create awareness of our brand and products. Unlike before, when we used a one-size-fits-all approach, the campaign will be adapted to individual core and growth markets. This will allow us to better match the needs and potential of our key markets, and, with this new approach, we can communicate more effectively and address various segments in different ways. This should attract more attention, improve differentiation and generate more sales per square metre,' says Helle Vangsgaard.

## CONTINUED FOCUS ON STORE CONSOLIDATION

BoConcept Brand Stores generated about 96% of group revenues for the first quarter of 2015/2016; the remaining 4% was produced by BoConcept Studios.

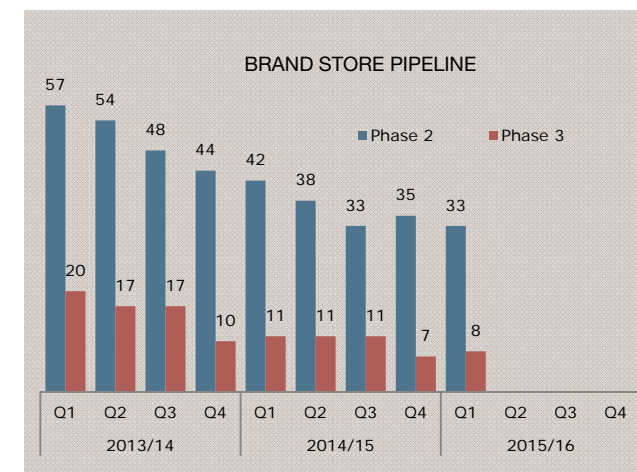
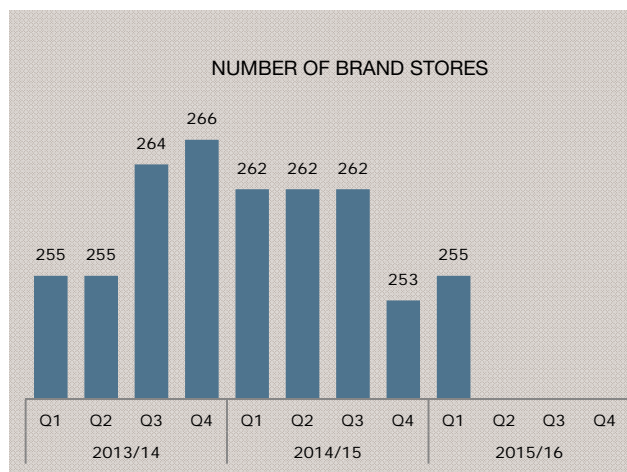
During the reporting period, the Business Development department has been focusing on the implementation of Horizon 16/17, which involves a continuing assessment of the potential of a number of critical stores in need of refranchising or other adjustments, along with implementation of announced store closures. Of 24 store closures, 20 were closed in the past financial year, one closed in the first quarter of 2015/2016, and the remainder will close in the next quarter.

The first quarter of 2015/2016 saw the opening of four new brand stores in Austria, Spain, New Zealand and Peru, three of them by existing franchisees. At the end of July 2015, the chain consisted of 255 stores.

The pipeline reflects our previous focus on consolidation as opposed to expansion. In future, Business Development will gradually start rebuilding the pipeline, based on our newly developed recruitment and store opening model.

At the end of the first quarter of 2015/2016, there was a total of eight stores in the pipeline, and 33 stores in Phase 2. Franchisees are showing renewed interest in opening new stores in France, and store openings will be continuing in Germany.

	2015/16		No. of stores 31 July 2015			Pipeline 31 July 2015	
	Openings	Closures	Stores	Of this own stores	Studios	Phase II	Phase III
<b>Europe</b>	<b>2</b>	<b>1</b>	<b>140</b>	<b>6</b>	<b>41</b>	<b>15</b>	<b>3</b>
France	0	0	32	1	0	8	0
Germany	0	0	28	0	0	2	3
UK	0	0	14	0	2	2	0
<b>Middle East &amp; Africa</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>
<b>North America</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>2</b>	<b>0</b>	<b>5</b>	<b>0</b>
USA	0	0	22	2	0	5	0
<b>Latin America</b>	<b>1</b>	<b>1</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>1</b>
<b>Asia &amp; Australia</b>	<b>1</b>	<b>0</b>	<b>54</b>	<b>16</b>	<b>0</b>	<b>3</b>	<b>3</b>
Japan	0	0	16	7	0	0	0
China	0	0	22	9	0	2	0
<b>Total</b>	<b>4</b>	<b>2</b>	<b>255</b>	<b>24</b>	<b>41</b>	<b>33</b>	<b>8</b>



## PROFIT DEVELOPMENT

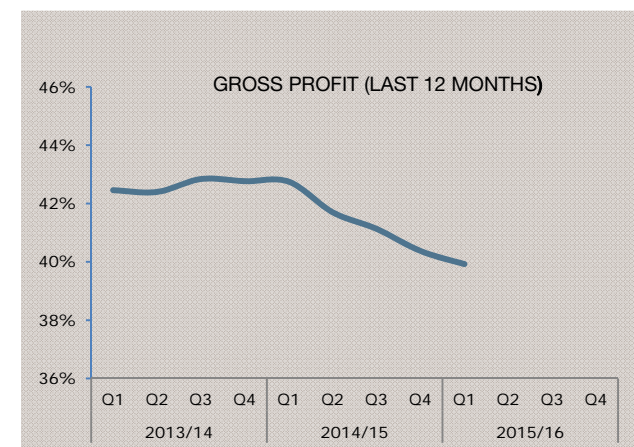
Higher revenues generated by brand stores combined with efficiency improvements and lower provisions for bad debts are the main drivers of improved profits, which were also boosted by the sale of a London store and the foreign exchange rate effect.

DKK'000	Q1 2014/15	Business model etc.	Net own stores	Currency	Special income and expenses	Q1 2015/16
Revenue	267,2	23,2	(5,0)	21,5	-	306,9
Production costs	(154,6)	(15,9)	-	(13,1)	-	(183,6)
Gross profit/loss	112,6	7,3	(5,0)	8,4	-	123,3
Capacity costs	(118,2)	14,5	8,3	(3,0)	4,5	(93,9)
EBIT before special items	(5,6)	21,8	3,3	5,4	4,5	29,4
as a % of revenue	(2,1%)	94,1%	-	-	-	9,6%
Special items	-	-	-	-	-	-
EBIT	(5,6)	21,8	3,3	5,4	4,5	29,4

### Gross profit affected by price changes and fewer own stores

In the first quarter of 2015/2016, the gross profit was 40.2%, which is on a par with the fourth quarter of 2014/2015 and the full 2014/2015 financial year, but lower than last year's 42.1%. Fewer own stores reduced the gross profit by 1.1 percentage points, while the introduction of a commercial collection with attractive entry prices reduced the gross profit by 0.6%. The gross profit for the first quarter of 2014/2015 also included expenses totalling DKK 8.3 million for obsolescence and discounted items in connection with the major collection update in September 2014.

The gross profit achieved in the first quarter was also affected by the sale to stores of catalogues, which have a lower contribution margin than our standard items.



GROSS PROFIT TREND		Q1
<b>2014/15</b>		<b>42,1%</b>
Exchange rate effect		(0,2%)
Own stores, net		(1,1%)
Prices and product mix		(0,6%)
<b>2015/16</b>		<b>40,2%</b>

**Greater efficiency and lower provisions reduced capacity costs considerably**

Distribution costs were cut from DKK 97.3 million (36.4% of revenue) last year to DKK 76.9 million (25.0% of revenue) for the first quarter of 2015/2016. The reasons for this were reduced costs for a collection launch this quarter – an item that affected distribution costs by DKK 4.7 million in the first quarter last year – along with a more efficient distribution model and lower provisions for bad debts, which were DKK 0.7 million in the first quarter of 2015/2016, versus DKK 10.3 million last year. The favourable trend was the result of, firstly, implementation of a revised credit policy that reduces our exposure to bad payers, and, secondly, our clear focus on reorganising the chain in an attempt to actively protect receivables from critical franchisees.

Administrative expenses were DKK 21.5 million, which is on a par with last year, but down from 7.8% of revenue last year to 7.0% this year.

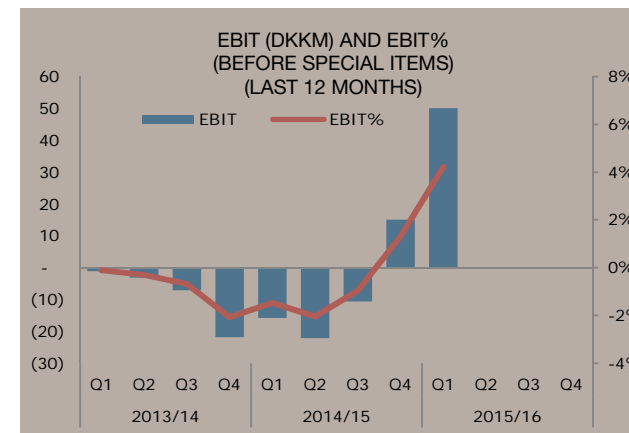
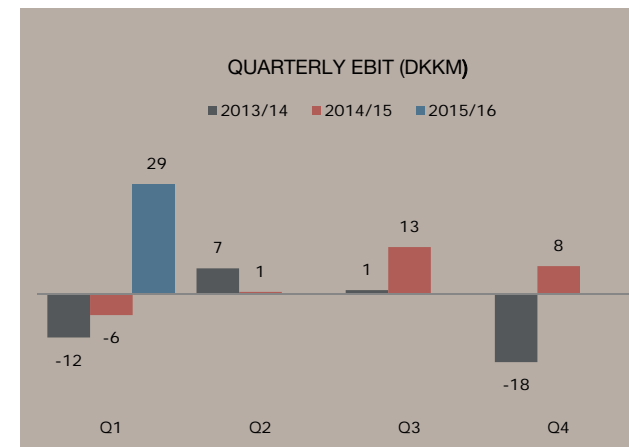
Other operating income of DKK 4.5 million represents the proceeds from the sale of BoConcept's own brand store in Tottenham Court Road in London (UK), which was sold to our local franchisee in the first quarter of 2015/2016.

**Significant boost in operating profit**

Accordingly, operating profit (EBIT) was DKK 29.4 million in the first quarter of 2015/2016 (EBIT percentage of 9.6%), compared with a loss of DKK 5.6 million last year.

Financial expenses for the first quarter of 2015/2016 were DKK 1.4 million, against DKK 3.2 million last year. The main reason for the change was a reduced foreign exchange rate effect on the balance sheet total.

After net financial expenses amounting to DKK 0.1 million, the group made a pre-tax profit of DKK 29.3 million for the first quarter of 2015/2016, compared with a loss of DKK 7.5 million last year. Profit for the reporting period was DKK 24.1 million after tax of DKK 5.2 million, versus last year's loss of DKK 6.0 million, which we consider to be excellent results.





## BALANCE SHEET

### Non-current assets unchanged from early May 2015

At 31 July 2015, assets totalled DKK 518.3 million, which is in line with the figure from the beginning of the financial year, but considerably lower than last year's DKK 598.7 million. The change in long-term assets from last year's DKK 35.0 million is attributable to the implementation of Horizon 16/17 in September 2014 and lower total investment than depreciation and amortisation charges.

### Significant reduction in net working capital

Net working capital was DKK 67.0 million at 31 July 2015, or 5.9% of revenue, compared with DKK 121.1 million, or 11.3% of revenue, at the same time last year when the collection switch-over tied more funds up in inventory and receivables.

At the balance sheet date, inventories represented DKK 144.6 million, compared with last year's figure of DKK 155.4 million. Inventories reflect the decline in the number of own stores. In addition, BoConcept held more than usual of its bestseller products in stock at the end of July 2015 in order to ensure quick delivery.

Receivables were DKK 135.5 million at the balance sheet date, versus DKK 174.5 million last year. The change is due to a reduction resulting from a write-down of receivables in connection with Horizon 16/17 in the second quarter of 2014/2015 combined with an increase due to increased revenues in the first quarter of 2015/2016. The number of debtor days was 37, compared with 49 last year and 43 for the full 2014/2015 financial year.

As a result of the higher level of activity, trade payables totalled DKK 114.8 million, versus DKK 101.5 million last year and DKK 122.2 million at the beginning of the financial year. Prepayments from customers were the same as last year.

### Increased earnings boost equity ratio

Equity was DKK 181.6 million at the balance sheet date, versus DKK 203.8 million last year. The equity ratio was 35.0% at 31 July 2015, compared with 29.9% at the beginning of the 2015/2016 financial year, an improvement assisted by the significantly enhanced operating profit for the first quarter of 2015/2016.

In the first quarter of 2015/2016, BoConcept reduced its interest-bearing debt, which amounted to DKK 102.6 million at the balance sheet date, compared with DKK 163.4 million last year and DKK 117.3 million at the beginning of May 2015. Outstanding liabilities can be broken down into non-current liabilities of DKK 63.2 million and current liabilities of DKK 39.4 million. The group had DKK 27.5 million in cash at the balance sheet date and unused credit facilities totalling DKK 74.7 million.

BoConcept expects to see additional improvements in its operating profit in the 2015/2016 financial year. Since the group's future investment requirements will be modest, we expect the group's equity ratio to improve and move closer to its long-term target of an equity ratio in the region of 40-50%.

## CASH FLOW

### Significant boost in cash flow

Cash flow from operating activities amounted to DKK 25.7 million in the first quarter of 2015/2016, which is a considerable improvement on last year, which saw a cash outflow from operating activities of DKK 27.3 million. This was mainly due to the significant improvement in operating profit and lower capital tie-up in working capital net.

In the first quarter of 2015/2016, net investments were negative by DKK 4.1 million, compared with positive net investments of DKK 3.8 million last year. Accordingly, cash flow before instalments on long-term debt totalled a cash inflow of DKK 29.8 million, compared with a cash outflow of DKK 31.1 million 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 July 2015 which will materially influence the financial position of the group.

## FORECAST FOR THE 2015/2016 FINANCIAL YEAR

### Unchanged forecast for the 2015/2016 financial year in view of satisfactory Q1 developments

In view of the robust progress made in the first quarter of 2015/2016, BoConcept's management is maintaining its focus on the implementation of Horizon 16/17 aimed at increasing earnings in the chain and the group.

We maintain our most recent forecast of revenue growth of about 2% as mentioned in our Stock Exchange Announcement no. 5/2015 of 30 June 2015. We also maintain our predictions that BoConcept will realise an operating margin (EBIT percentage) of about 4%, since collection update expenses and provisions for bad debts will be reduced to 2% of revenue at most.

The forecast presupposes unchanged market conditions and foreign exchange rates.

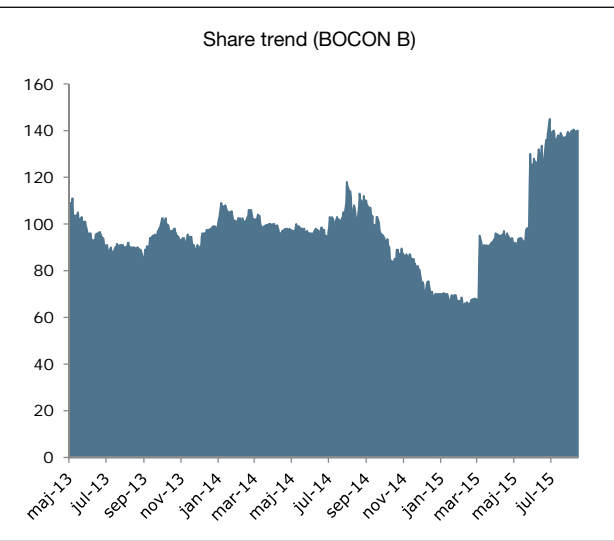
## INVESTOR INFORMATION

### Stock exchange announcements from 1 May 2015 to 31 July 2015:

27.05.2015	Update of forecast for the 2014/2015 financial year
30.06.2015	Announcement of 2014/2015 financial results
05.08.2015	Notice of general meeting of shareholders of BoConcept Holding A/S
14.08.2015	Notification of the acquisition or disposal of majority shareholdings

## FINANCIAL CALENDAR

27.08.2015	Annual general meeting
02.13.2015	First six months of 2015/2016
03.03.2016	First three quarters of 2015/2016



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### Investor contact

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### Further information

For additional information on BoConcept and to subscribe to investor news go to [www.boconcept.com/IR](http://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 forecasts relating, among other things, to 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 the senior management's expectations with respect to future financial trends may thus not be achieved.*

# Statement by The Executive & Supervisory Boards

The supervisory and executive boards today considered and adopted the interim report of BoConcept Holding A/S for the period 1 May to 31 July 2015.

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.

In our opinion, the interim report gives a true and fair view of the group's assets, liabilities and financial position at 31 July 2015 and of the results of the group's operations and cash flow for the period 1 May to 31 July 2015.

Further, in our opinion, the management commentary gives a fair review of the development in the group's operations and financial matters, the results of the group's operations for the reporting

period and the group's financial position as a whole and gives a true and fair description of the significant risks and uncertainties pertaining to the group.

Apart from the disclosures made in the interim report and the group's 2014/2015 annual report, there are no changes in the group's major risks and uncertainties. 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, 27 August 2015

## EXECUTIVE BOARD

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Torben Paulin  
CEO

Hans Barslund  
CFO

Peter Raupach Linnet  
COO

## SUPERVISORY BOARD

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Peter Thorsen  
Chairman

Viggo Mølholm  
Deputy chairman

Preben Bager

Henrik Burkal

Joan Bjørnholdt Nielsen\*

Poul Brændgaard\*

\* Employee representative



# Income Statement & Total Income

## Consolidated Accounts

	01.05- 31.07 2015/16 DKK'000	01.05- 31.07 2014/15 DKK'000	01.05 - 31.07 2015/16 DKK'000	01.05 - 31.07 2014/15 DKK'000
<b>Revenue</b>	306.900	267.191	306.900	267.191
Production costs	(183.586)	(154.624)	(183.586)	(154.624)
<b>Gross profit</b>	123.314	112.567	123.314	112.567
Distribution costs	(76.860)	(97.327)	(76.860)	(97.327)
Administrative expenses	(21.542)	(20.807)	(21.542)	(20.807)
Other operating income	4.533	0	4.533	0
Other operating expenses	0	(14)	0	(14)
<b>Operating profit/loss before special items (EBIT before special items)</b>	29.445	(5.581)	29.445	(5.581)
Special Items	0	0	0	0
<b>Profit/loss from operating activities (EBIT)</b>	29.445	(5.581)	29.445	(5.581)
Financial income	1.263	1.256	1.263	1.256
Financial expenses	(1.387)	(3.193)	(1.387)	(3.193)
<b>Profit/loss before tax</b>	29.321	(7.518)	29.321	(7.518)
Tax on profit/loss for the period	(5.187)	1.460	(5.187)	1.460
<b>Profit/loss for the period</b>	24.134	(6.058)	24.134	(6.058)
Broken down as follows:	24.134	(5.956)	24.134	(5.956)
Shareholders of BoConcept Holding A/S	0	(102)	0	(102)
Minority interests	24.134	(6.058)	24.134	(6.058)
Earnings per share	8,50	(2,08)	8,50	(2,08)
Diluted earnings per share	8,50	(2,08)	8,50	(2,08)
<b>Total income</b>				
Profit/loss for the period	24.134	(6.058)	24.134	(6.058)
Items that later can be recirculated to income statement:				
Revaluation of hedging instruments before tax	538	(557)	538	(557)
Settlement of hedging instruments	(138)	(117)	(138)	(117)
Foreign currency translation, foreign units	(249)	1.222	(249)	1.222
Tax on total income items	0	0	0	0
Total income for the period	24.285	(5.510)	24.285	(5.510)
<b>Broken down as follows:</b>				
Shareholders of BoConcept Holding A/S	24.285	(5.408)	24.285	(5.408)
Minority interests	0	(102)	0	(102)
Total income for the period	24.285	(5.510)	24.285	(5.510)

# Balance Sheet

## Consolidated Accounts

Q1	31.07.15 DKK'000	31.07.14 DKK'000	30.04.15 DKK'000
<b>ASSETS</b>			
Goodwill	14.679	17.016	12.574
Master rights	36.600	42.226	36.599
Software	22.258	19.324	24.570
Intangible assets in progress	1.231	8.175	798
<b>Total intangible assets</b>	<b>74.768</b>	<b>86.741</b>	<b>74.541</b>
Land and buildings	57.608	63.825	59.138
Leasehold improvements	9.064	22.720	14.605
Plant and machinery	15.336	16.320	16.776
Fixtures and operating equipment	4.720	6.890	5.484
Property, plant and equipment in progress	768	445	292
<b>Total tangible assets</b>	<b>87.496</b>	<b>110.200</b>	<b>96.295</b>
Deferred tax	11.494	8.878	12.424
Other financial assets	25.772	26.436	21.838
Deposits	11.275	13.522	11.631
<b>Total other non-current assets</b>	<b>48.541</b>	<b>48.836</b>	<b>45.893</b>
<b>Total non-current assets</b>	<b>210.805</b>	<b>245.777</b>	<b>216.729</b>
Inventories	144.560	155.388	151.252
Trade receivables	121.555	154.335	122.631
Other receivables	13.922	20.204	23.199
Cash and cash equivalents	27.457	22.953	12.416
<b>Total current assets</b>	<b>307.494</b>	<b>352.880</b>	<b>309.498</b>
<b>TOTAL ASSETS</b>	<b>518.299</b>	<b>598.657</b>	<b>526.227</b>

# Balance Sheet

## Consolidated Accounts

Q1	31.07.15 DKK'000	31.07.14 DKK'000	30.04.15 DKK'000
<b>LIABILITIES AND EQUITY</b>			
Share capital	28.621	28.621	28.621
Translation reserve	(2.373)	246	(2.036)
Hedging reserve	(1.636)	(6.960)	(2.124)
Retained earnings	157.000	182.839	132.866
Dividend proposed	0	0	0
Equity share, BoConcept Holding A/S shareholders	181.612	204.746	157.327
Minority interests	0	(943)	0
<b>Total equity</b>	<b>181.612</b>	<b>203.803</b>	<b>157.327</b>
Deferred tax	11.360	11.748	12.192
Other provisions	9.748	9.607	10.316
Mortgage credit institutions and banks	63.228	67.398	66.287
<b>Total non-current liabilities</b>	<b>84.336</b>	<b>88.753</b>	<b>88.795</b>
Employee bonds	0	1.299	0
Mortgage credit institutions and banks	39.384	95.956	51.001
Trade payables	114.759	101.481	122.197
Prepayment from customers	42.185	45.035	40.555
Income tax payable	1.070	(1.763)	0
Other payables	54.953	64.093	66.352
<b>Total current liabilities</b>	<b>252.351</b>	<b>306.101</b>	<b>280.105</b>
<b>Total liabilities</b>	<b>336.687</b>	<b>394.854</b>	<b>368.900</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>518.299</b>	<b>598.657</b>	<b>526.227</b>

# Statement of Equity Movements

## Consolidated Accounts

<b>EQUITY</b>						
<b>Q1</b>	<b>Share capital</b>	<b>Hedging reserve</b>	<b>Trans- lation reserve</b>	<b>Retained earnings</b>	<b>Dividend proposed</b>	<b>Total</b>
<b>Equity at 1 May 2014</b>	28.621	(976)	(6.286)	188.897	0	210.256
Acquired minority interest				0		0
Sale of treasury shares					0	0
Distributed dividend					0	0
Dividend proposed					0	0
Dividend treasury shares					0	0
Total transactions with shareholders	28.621	(976)	(6.286)	188.897	0	210.256
Total income for the period		1.222	(674)	(6.058)		(5.510)
<b>Equity at 31 July 2014</b>	28.621	246	(6.960)	182.839	0	204.746
<b>Equity at 1 May 2015</b>	28.621	(2.124)	(2.036)	132.866	0	157.327
Sale of treasury shares				0		0
Distributed dividend					0	0
Dividend proposed					0	0
Dividend treasury shares					0	0
Total transactions with shareholders	28.621	(2.124)	(2.036)	132.866	0	157.327
Total income for the period		(249)	400	24.134		24.285
<b>Equity at 31 July 2015</b>	28.621	(2.373)	(1.636)	157.000	0	181.612



# Cash Flow Statement

## Consolidated Accounts

CASH FLOW STATEMENT (DKK'000)	01.05- 31.07	01.05- 31.07
	2015/16	2014/15
Revenue	307.199	267.191
Operating expenses	(281.988)	(272.772)
Adjustment for non-cash items	8.646	19.654
Change in net working capital	(7.722)	(38.436)
<b>Cash flow from operating activities before financial items</b>	<b>26.135</b>	<b>(24.363)</b>
Interest income etc.	1.263	1.256
Interest paid	(1.299)	(3.835)
Income taxes paid	(357)	(379)
<b>Cash flow from operating activities</b>	<b>25.742</b>	<b>(27.321)</b>
Acquisition of intangible assets	(839)	(1.815)
Sale of intangible assets	0	0
Acquisition of tangible assets	(959)	(620)
Sale of tangible assets	0	0
Acquisition of financial assets	0	(1.672)
Sale of financial assets	1.627	316
Acquisition of companies	0	0
Sale of companies	4.234	0
<b>Cash flow for investing activities</b>	<b>4.063</b>	<b>(3.791)</b>
<b>Cash flow before financing activities</b>	<b>29.805</b>	<b>(31.112)</b>
Instalments on long-term debt	(2.628)	(1.542)
Raising of long-term loans	0	0
Shareholders:		
Capital increase	0	0
Sale of treasury shares	0	0
Purchase of treasury shares	0	0
Dividend paid	0	0
<b>Cash flow from financing activities</b>	<b>(2.628)</b>	<b>(1.542)</b>
<b>Cash inflow/outflow for the period</b>	<b>27.177</b>	<b>(32.654)</b>
Cash and cash equivalents less short-term bank debt, beginning of the period	(27.889)	(31.712)
Revaluation of cash and cash equivalents	(88)	642
<b>Cash and cash equivalents, end of period</b>	<b>(800)</b>	<b>(63.724)</b>
<b>The amount may be broken down as follows:</b>		
Cash without restrictions	27.457	22.953
Short-term debt to credit institutions	(28.257)	(86.677)
	(800)	(63.724)

# Notes

## Consolidated Accounts

### **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 2014/2015, to which reference is made.

The annual report for 2014/2015 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 65 in the annual report for 2014/2015.

### **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 2015.

### **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. Tax on profit for the year**

The group's effective tax rate for the reporting period in 2015/2016 is 17%. The effective tax rate for the reporting period in 2014/2015 was 28%. The effective tax rate of 17% is made up of the 25% tax on the Danish profit for the reporting period plus taxes recognised abroad, which, due to the right to carry forward previously unrecognised losses for setoff against profits, will only be recognised in the amount corresponding to taxes paid.

### **5. Related parties**

BoConcept's related parties have not changed compared to the disclosures of the annual report for 2014/2015, to which reference is made. In the reporting period no extraordinary transactions were concluded with related partners. No extraordinary transactions were concluded with relating partners in the same period last year either.

# Notes

## Consolidated Accounts

### 6. Contingent liabilities

	<u>31.07.15</u>	<u>30.04.15</u>
<b>Contingent liabilities</b>		
Sub-lease agreements concerning store premises	10.036	10.294
<b>Contingent liabilities and security</b>		
Land and buildings recognised at:	57.608	63.825
Production, plant and machinery recognised at:	7.003	7.987
Are charged in addition to the mortgage debt of:	51.360	53.522
Subject to letter of indemnity of:	50.000	50.000
Security in the following BoConcept A/S assets:		
Goodwill, domain names and various rights	36.000	
Plant, operating equipment and machinery	8.711	
Inventory level	112.909	
Receivables and Location Involvement	125.024	
<b>Total</b>	<u>282.644</u>	<u>0</u>
Registered value of company security	<u>125.000</u>	<u>0</u>
Non-terminable operating leases are as follows:		
0-1 year	32.999	39.447
1-5 years	40.125	76.191
>5 years	5.456	29.580
	<u>78.580</u>	<u>145.218</u>

The group leases store premises and cars under operating leases. The leasing period is usually between three and ten years with the possibility of prolongation. BoConcept A/S has provided guarantee for franchisees' landlords for rent of DKK 36.6 million (last year DKK 3.5 million). BoConcept A/S has provided guarantee for bank loans raised by franchisees of DKK 11.7 million (last year DKK 7.9 million).



This report is available in Danish and English.  
In case of doubt, the Danish version shall apply.

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