



## **Schjerning Farver A/S**

Østerallé 21, 8400 Ebeltoft

**CVR no. 10 91 10 87**

**Annual report for the period  
1 January to 31 December 2023**

Adopted at the annual general meeting 8 February 2024

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Niels Løber  
Chairman

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## Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Schjerning Farver A/S for the financial year 1 January - 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

We recommend the annual report for adoption at the Annual General Meeting.

Ebeltoft, 19 January 2024

### Executive board

Irene Katballe

### Supervisory board

Roelof Guido Benning  
chairman

Michel Garard Hendricus Wessel    Niels Løber

Herman Cornelis Streefkerk

## Independent auditor's report

### *To the shareholder of Schjerning Farver A/S*

#### **Opinion**

We have audited the financial statements of Schjerning Farver A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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 and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

## Independent auditor's report

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

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 19 January 2024

**Baker Tilly Denmark**  
Godkendt Revisionspartnerselskab  
CVR no. 35 25 76 91

Ramazan Turan  
State Authorised Public Accountant  
mne32779

## Company details

The company	Schjerning Farver A/S Østerallé 21 8400 Ebeltoft CVR no.: 10 91 10 87 Reporting period: 1 January - 31 December 2023 Incorporated: 3 juli 1987 Domicile: Syddjurs kommune
Supervisory board	Roelof Guido Benning, chairman Michel Garard Hendricus Wessel Niels Løber Herman Cornelis Streefkerk
Executive board	Irene Katballe
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby
Lawyers	Bach Advokataktieselskab Bredegade 3 1260 København
Bankers	Sydbank Store Torv 12 8000 Aarhus C

## Management's review

### Business review

The activities of the company are to produce and sell environmentally friendly hobby colours.

### Financial review

The company's income statement for the year ended 31. december 2023 shows a loss of DKK 836.068, and the balance sheet at 31 December 2023 shows equity of DKK 4.605.371.

### Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.



## Income statement 1 January - 31 December

	Note	2023 DKK	2022 DKK
<b>Gross profit</b>		<b>5.486.212</b>	<b>2.329.678</b>
Staff costs	1	-6.059.384	-7.855.851
Depreciation of plant and machinery		-319.055	-282.782
<b>Profit/loss before net financials</b>		<b>-892.227</b>	<b>-5.808.955</b>
Financial costs	2	-170.958	-210.864
<b>Profit/loss before tax</b>		<b>-1.063.185</b>	<b>-6.019.819</b>
Tax on result for the year	3	227.117	1.318.187
<b>Profit/loss for the year</b>		<b>-836.068</b>	<b>-4.701.632</b>
<b>Recommended appropriation of profit/loss</b>			
Retained earnings		-836.068	-4.701.632
		<b>-836.068</b>	<b>-4.701.632</b>

## Balance sheet 31 December

	Note	2023 DKK	2022 DKK
<b>Assets</b>			
Plant and machinery	4	740.140	695.032
Other fixtures and fittings, tools and equipment	4	150.029	153.152
<b>Tangible assets</b>		<b>890.169</b>	<b>848.184</b>
<b>Total non-current assets</b>		<b>890.169</b>	<b>848.184</b>
Raw materials and consumables		6.555.820	4.282.832
Work-in-progress		1.108.664	757.140
Finished goods and goods for resale		1.512.662	1.629.545
<b>Inventories</b>		<b>9.177.146</b>	<b>6.669.517</b>
Trade receivables		4.794.962	3.035.955
Receivables from group enterprises		549.665	43.276
Other receivables		5.000	3.977
Deferred tax asset		1.672.349	1.445.232
Prepayments		15.215	110.924
<b>Receivables</b>		<b>7.037.191</b>	<b>4.639.364</b>
<b>Cash at bank and in hand</b>		<b>1.310.836</b>	<b>232.282</b>
<b>Total current assets</b>		<b>17.525.173</b>	<b>11.541.163</b>
<b>Total assets</b>		<b>18.415.342</b>	<b>12.389.347</b>

## Balance sheet 31 December

	Note	2023	2022
		DKK	DKK
<b>Equity and liabilities</b>			
Share capital		1.654.713	864.274
Retained earnings		2.950.658	-268.230
<b>Equity</b>	<b>5</b>	<b>4.605.371</b>	<b>596.044</b>
Payables to group enterprises		6.791.176	2.906.274
Other payables		866.871	904.048
<b>Total non-current liabilities</b>	<b>6</b>	<b>7.658.047</b>	<b>3.810.322</b>
Short-term part of long-term debet	6	525.000	1.425.000
Banks		2.198.163	1.593.180
Trade creditors		1.083.617	1.422.152
Payables to group enterprises		811.073	2.450.454
Other payables		1.534.071	1.082.923
Deferred income		0	9.272
<b>Total current liabilities</b>		<b>6.151.924</b>	<b>7.982.981</b>
<b>Total liabilities</b>		<b>13.809.971</b>	<b>11.793.303</b>
<b>Total equity and liabilities</b>		<b>18.415.342</b>	<b>12.389.347</b>
Rent and lease liabilities	7		
Mortgages and collateral	8		

## Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	864.274	0	-268.230	596.044
Cash capital increase	790.439	4.054.956	0	4.845.395
Net profit/loss for the year	0	0	-836.068	-836.068
Transfer from share premium account	0	-4.054.956	4.054.956	0
<b>Equity at 31 December</b>	<b>1.654.713</b>	<b>0</b>	<b>2.950.658</b>	<b>4.605.371</b>

## Notes

	2023	2022
	DKK	DKK
<b>1 Staff costs</b>		
Wages and salaries	11.148.614	11.949.704
Pensions	954.109	961.978
Other social security costs	50.709	20.712
Other staff costs	498.418	275.876
	<b>12.651.850</b>	<b>13.208.270</b>
Transfer to production wages	-6.592.466	-5.352.419
	<b>6.059.384</b>	<b>7.855.851</b>
Number of fulltime employees on average	31	33
<b>2 Financial costs</b>		
Interest paid to group enterprises	77.278	78.323
Other financial costs	64.805	32.459
Exchange loss	28.875	100.082
	<b>170.958</b>	<b>210.864</b>
<b>3 Tax on result for the year</b>		
Deferred tax for the year	-227.117	-1.318.187
	<b>-227.117</b>	<b>-1.318.187</b>

## Notes

### 4 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK
Cost at 1 January	7.061.075	180.661	7.241.736
Additions for the year	324.363	36.677	361.040
Cost at 31 December	7.385.438	217.338	7.602.776
Depreciation at 1 January	6.366.043	27.509	6.393.552
Depreciation for the year	279.255	39.800	319.055
Depreciation at 31 December	6.645.298	67.309	6.712.607
<b>Carrying amount at 31 December</b>	<b>740.140</b>	<b>150.029</b>	<b>890.169</b>

### 5 Equity

The share capital consists of 1.654.713 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2023	2022	2021	2020	2019
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January	864.274	500.000	500.000	500.000	500.000
Additions for the year	790.439	364.274	0	0	0
<b>Share capital</b>	<b>1.654.713</b>	<b>864.274</b>	<b>500.000</b>	<b>500.000</b>	<b>500.000</b>

## Notes

## 6 Long term debt

	Debt at 1 January	Debt at 31 december	Instalment next year	Debt outstanding after 5 years
	DKK	DKK	DKK	DKK
Payables to group enterprises	3.806.274	7.316.176	525.000	0
Other payables	904.048	866.871	0	0
	<b>4.710.322</b>	<b>8.183.047</b>	<b>525.000</b>	<b>0</b>

## 7 Rent and lease liabilities

Operating lease liabilities.  
Total future lease payments:

Within 1 year	361.172	336.238
	<b>361.172</b>	<b>336.238</b>

## 8 Mortgages and collateral

The company has, to the financial institution, issued the following:

Floating charge in the company's assets in the amount of DKK 4.250.000.

## Accounting policies

The annual report of Schjerning Farver A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2023 is presented in DKK

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### Income statement

#### Gross profit

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

#### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.



## Accounting policies

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

### Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

### Other operating income

The item Other operating income includes items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

### Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

### Depreciation

Depreciation comprise the year's depreciation of plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and allowances under the advance-payment-of-tax scheme, etc.

### Tax on result for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Accounting policies

### Balance sheet

#### Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Plant and machinery	5 - 10 years
Other fixtures and fittings, tools and equipment	5 years

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

#### Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

#### Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of inventories is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

## Accounting policies

### Receivables

Receivables are measured at amortised cost.

### Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

### Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

### Income tax and deferred tax

As management company, Schjerning Farver A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

### Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

## Accounting policies

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.