Actona Group A/S

Smedegårdvej 6, DK-7500 Holstebro

Annual Report for
1 September 2022 - 31 August 2023

CVR No. 12 14 37 45

The Annual Report was presented and adopted at the Annual General Meeting of the company on 18/1 2024

Jesper Lund
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Actona Group A/S for the financial year 1 September 2022 - 31 August 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 August 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Holstebro, 18 January 2024

Executive Board

Jimmi Mortensen
CEO

Board of Directors

Jesper Lund Chairman	Jacob Brunsborg	Ole Lund Andersen

Independent Auditor's report

To the shareholders of Actona Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 September 2022 - 31 August 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Actona Group A/S for the financial year 1 September 2022 - 31 August 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”the Financial Statements”).

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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 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 Group´s and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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.

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 Group´s and the Parent 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 Group´s and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's report

Herning, 18 January 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh	Carsten Jensen
State Authorised Public Accountant	State Authorised Public Accountant
mne26783	mne10954

Company information

The Company	Actona Group A/S Smedegårdvej 6 DK-7500 Holstebro Telephone: + 45 96135111 Email: info@actonagroup.com Website: www.actonagroup.com CVR No: 12 14 37 45 Financial period: 1 September 2022 - 31 August 2023 Municipality of reg. office: Holstebro
Board of Directors	Jesper Lund, chairman Jacob Brunsborg Ole Lund Andersen
Executive Board	Jimmi Mortensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	2,855,896	2,685,604	2,425,308	1,835,782	1,886,778
Gross profit/loss	562,918	497,550	503,323	323,733	290,266
Profit/loss before depreciation, amortisation and financial income and expenses (EBITDA)	288,088	259,035	283,675	174,229	142,502
Profit/loss before financial income and expenses	203,638	225,769	271,467	165,603	133,749
Profit/loss of financial income and expenses	-24,484	-649	-4,980	1,496	2,421
Net profit/loss	127,298	168,780	208,485	130,493	107,169
Balance sheet					
Balance sheet total	1,535,105	1,756,358	706,920	614,257	554,625
Investment in property, plant and equipment	15,118	8,593	6,272	16,455	1,242
Equity	628,659	477,276	221,048	217,626	178,768
Number of employees	3,110	2,331	1,399	285	277
Ratios					
Gross margin	19.7%	18.5%	20.8%	17.6%	15.4%
EBIT	7.1%	8.4%	11.2%	9.0%	7.1%
EBITDA	10.1%	9.6%	11.7%	9.5%	7.6%
Return on assets	13.3%	12.9%	38.4%	27.0%	24.1%
Solvency ratio	41.0%	27.2%	31.3%	35.4%	32.2%
Return on equity	23.0%	48.3%	95.1%	65.8%	63.7%

*The figures from 2019/20 - 2018/19 includes only Parent figures.

Management's review

Key activities

Actona Group's main activity is design, production, trading and distribution of furniture for retailers in more than 90 countries.

Development in the year

The income statement of Actona Group for 2022/23 shows an EBITDA on DKK 288 mio. and profit before tax of DKK 179 mio. and at 31 August 2023 the balance sheet of Actona Group shows equity of DKK 629 mio.

During the previous year, Actona Group has made two major acquisitions: Theca A/S and SITS Sp. Z o.o. This year, the post-merger integration of the new upholstery production, with SITS and Flexlux brands in Poland and Lithuania respectively, has been a focus area.

The past year and follow-up on development expectations from last year

At the beginning of 2022/23 the expectations were to achieve a full year effect of the two acquisitions in 2021/22 and an increase in revenue to app. DKK 3 bn. for Actona Group in 2022/23 and EBIT of 7,5 % - 8,5 % before amortization of goodwill. These expectations have not fully been met especially due to a lot of well-known international challenges especially sharp increases in commodity prices, the war in Ukraine, high inflations and lower consumer demand.

The consolidated revenue increased 6% to DKK 2,9 bn., EBITDA was realised by 10,1% and EBIT was realised by 8,5 % before amortisation of goodwill.

The European furniture market is generally under pressure and the total volume has decreased by 20%. Actona Group has in 2022/23 been negatively impacted by low exchange rate of SEK and high exchange rate of PLN.

Based on the difficult market conditions, which have put both revenue and earnings under pressure, the result for the year is considered satisfactory, and Actona Group continues to follow the official strategy for Actona Group 2021-2025 "Sustainable Business".

Special risks - operating risks and financial risks

Market risks

Actona Group has no specific market risks apart from normal risk from raw material price developments, freight rates and general market risks relating to international demands for furniture in an unsecure world.

Foreign exchange risks

Actona Group’s activities abroad imply that profit, cash flows, and equity are affected by the development in exchange rates of a number of currencies.

As a main rule, currency risks relating to purchase and sales of furniture or investments in foreign subsidiaries are not hedged. In Actona Group’s opinion, current currency hedging will not be optimal based on overall risk and cost considerations.

Interest rate risks

The long-term loans from mortgage and other credit institutions of DKK 105 mio. bear a fixed rate of interest.

Interest on short term bank loans and cash pool agreement is calculated on basis of short-term interest rates and are exposed to a risk if rates are rising.

Credit risks

Actona Group endeavors to insure all its trade receivables to cover losses due to inability to pay. Despite this and efficient credit management, the granting of credit is, however, subject to ordinary commercial risk.

Strategy

The vision for Actona Group is to be the most value-adding global furniture partner.

Actona Group wishes to be the point of reference within the industry, especially concerning high-quality furniture with attractive prices and a wide consumer appeal. Through large scale advantages Actona Group offers a wide range of solutions designed to meet requirements throughout the value chain from design of the product ranges over logistics solutions to price/quality level and services.

Targets and expectations for the year ahead

Actona Group expects to realize revenue and profit in line with 2022/23 level.

Intellectual capital resources

Readiness and adaptability are key strategic priorities of Actona Group. Therefore, Actona Group is constantly seeking to obtain new knowhow.

Actona Group obtains its unique knowhow primarily through the Group's permanent staff and its strategic business partners within product development.

Statement of corporate social responsibility

Statement of Corporate Social Responsibility is covered by CSR statement for the Lars Larsen Group and can be viewed in the Management Review in the Annual Report 2022/23 for LLG A/S, CVR no. 86001519, which can be obtained from www.cvr.dk.

Statement on gender composition, cf. section 99b of the Financial Statements Act

Actona Group A/S has a policy on gender equality, addressing our work related to balanced gender composition at management levels in the company.

The Board of Directors consists of three male board members. The Board of Directors aim for male and female board members to be represented equally by the end of 2025/26.

The 2022/23 goal for gender representation at the Board of Directors has not been achieved as the General Assembly chose not to replace any of the current board members.

At Group Management level (other than the Board of Directors) the female representation was 25%.

Actona Group A/S strives to be an attractive workplace with equal opportunity for all employees. We will continue our work to further support the development towards balanced gender representation at management levels throughout the organization. To achieve that ambition, we will work actively with the Group Gender Equality Policy and Human Resource programs, while ensuring that recruitment is based on qualifications and competences.

Actona Group aims to towards a representation of the underrepresented gender of 33% at both two management levels below the Board of Directors by the end of 2025/26.

Statement on data ethics

Actona Group has adopted a policy for Data Ethics, which applies for all companies within Actona Group and has been prepared in accordance with §99d of the Danish Financial Statements Act.

Management's review

The policy covers use of al type of data and thus not limited to the use and protection of personal data and complements the principles of transparency and data minimization in the data protection as well as rules on integrity and confidentiality.

The policy supplements policies on handling of personal data, use of cookies etc. and is aimed at customers, guests, visitors to our website, current and potential partners and employees.

It is essential that all can trust our way of using data.

Income statement 1 September 2022 - 31 August 2023

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Revenue		2,855,896	2,685,604	1,594,926	2,178,126
Other operating income		1,632	1,411	978	978
Expenses for raw materials and consumables		-2,036,954	-2,031,919	-1,157,121	-1,679,421
Other external expenses		-257,656	-157,546	-97,569	-100,772
Gross profit		**562,918**	**497,550**	**341,214**	**398,911**
Staff expenses	1	-274,829	-238,515	-149,907	-174,597
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-84,451	-33,266	-10,946	-10,213
Profit/loss before financial income and expenses		**203,638**	**225,769**	**180,361**	**214,101**
Income from investments in subsidiaries	2	0	0	2,165	6,123
Financial income	3	12,480	5,666	584	2,798
Financial expenses	4	-36,964	-6,315	-17,430	-3,195
Profit/loss before tax		**179,154**	**225,120**	**165,680**	**219,827**
Tax on profit/loss for the year	5	-51,856	-56,340	-38,382	-51,047
Net profit/loss for the year	6	**127,298**	**168,780**	**127,298**	**168,780**

Balance sheet 31 August 2023

Assets

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Acquired other similar rights		14,550	6,316	4,483	0
Goodwill		342,393	382,041	0	0
Prepayment		0	2,000	0	2,000
Intangible assets	7	**356,943**	**390,357**	**4,483**	**2,000**
Land and buildings		343,936	330,372	75,627	82,745
Other fixtures and fittings, tools and equipment		76,521	83,178	5,921	7,181
Leasehold improvements		2,584	2,634	0	0
Property, plant and equipment in progress		5,203	5,442	0	0
Property, plant and equipment	8	**428,244**	**421,626**	**81,548**	**89,926**
Investments in subsidiaries	9	0	0	960,248	952,765
Other receivables	10	10,222	7,679	8,680	5,921
Fixed asset investments		**10,222**	**7,679**	**968,928**	**958,686**
Fixed assets		**795,409**	**819,662**	**1,054,959**	**1,050,612**
Inventories	11	**311,672**	**430,692**	**120,669**	**179,280**
Trade receivables		204,124	239,278	85,917	89,668
Receivables from group enterprises		37,835	65,988	44,584	71,208
Other receivables		40,089	49,831	948	1,325
Deferred tax asset	12	40,005	49,774	0	0
Prepayments	13	11,407	8,974	5,875	5,874
Receivables		**333,460**	**413,845**	**137,324**	**168,075**
Cash at bank and in hand		**94,564**	**92,159**	**5,442**	**10,212**
Current assets		**739,696**	**936,696**	**263,435**	**357,567**
Assets		**1,535,105**	**1,756,358**	**1,318,394**	**1,408,179**

Balance sheet 31 August 2023

Liabilities and equity

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Share capital	14	967	967	967	967
Other reserves		17,374	0	0	0
Retained earnings		610,318	476,309	627,692	476,309
Equity		**628,659**	**477,276**	**628,659**	**477,276**
Provision for deferred tax	12	28,465	6,024	4,612	3,632
Provisions		**28,465**	**6,024**	**4,612**	**3,632**
Mortgage loans		38,535	42,812	38,535	42,812
Credit institutions		46,221	59,319	0	0
Long-term debt	15	**84,756**	**102,131**	**38,535**	**42,812**
Mortgage loans	15	4,465	4,916	4,465	4,916
Credit institutions	15	16,692	87,194	0	0
Lease obligations	15	1,379	0	0	0
Prepayments received from customers		753	989	0	0
Trade payables		192,057	228,221	115,274	103,742
Payables to group enterprises		405,680	653,244	417,944	666,137
Corporation tax		34,210	51,222	37,571	51,152
Other payables		137,989	145,141	71,334	58,512
Short-term debt		**793,225**	**1,170,927**	**646,588**	**884,459**
Debt		**877,981**	**1,273,058**	**685,123**	**927,271**
Liabilities and equity		**1,535,105**	**1,756,358**	**1,318,394**	**1,408,179**

Contingent assets, liabilities and other financial obligations	18
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Statement of changes in equity

Group

	Share capital	Other reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 September	967	0	476,310	477,277
Exchange adjustments	0	17,374	-539	16,835
Fair value adjustment of hedging instruments, end of year	0	0	787	787
Tax on adjustment of hedging instruments for the year	0	0	-173	-173
Other equity movements	0	0	6,635	6,635
Net profit/loss for the year	0	0	127,298	127,298
Equity at 31 August	**967**	**17,374**	**610,318**	**628,659**

Parent company

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 September	967	476,310	477,277
Exchange adjustments relating to foreign entities	0	16,835	16,835
Fair value adjustment of hedging instruments, end of year	0	787	787
Tax on adjustment of hedging instruments for the year	0	-173	-173
Other equity movements	0	6,635	6,635
Net profit/loss for the year	0	127,298	127,298
Equity at 31 August	**967**	**627,692**	**628,659**

Cash flow statement 1 September 2022 - 31 August 2023

	Note	Group 2022/23	2021/22
		TDKK	TDKK
Result of the year		127,298	168,780
Adjustments	16	177,322	88,626
Change in working capital	17	146,829	60,522
Cash flow from operations before financial items		**451,449**	**317,928**
Financial income		774	5,666
Financial expenses		-35,474	-6,477
Cash flows from ordinary activities		**416,749**	**317,117**
Corporation tax paid		-58,869	-56,648
Cash flows from operating activities		**357,880**	**260,469**
Purchase of intangible assets		-11,255	-2,169
Purchase of property, plant and equipment		-15,118	-8,592
Fixed asset investments made etc		-2,543	-1,908
Sale of property, plant and equipment		1,319	0
Business acquisition		0	-858,288
Cash flows from investing activities		**-27,597**	**-870,957**
Repayment of mortgage loans		-4,728	-59,349
Repayment of loans from credit institutions		-83,600	59,190
Reduction of lease obligations		1,379	0
Repayment of payables to group enterprises		-247,564	542,490
Cash capital increase		0	85,000
Other adjustments		6,635	2,042
Cash flows from financing activities		**-327,878**	**629,373**
Change in cash and cash equivalents		**2,405**	**18,885**
Cash and cash equivalents at 1 September		92,159	73,274
Cash and cash equivalents at 31 August		**94,564**	**92,159**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		94,564	92,159
Cash and cash equivalents at 31 August		**94,564**	**92,159**

Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

1. Staff Expenses

	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Wages and salaries	242,177	214,487	132,711	156,160
Pensions	9,738	9,972	9,266	9,838
Other social security expenses	19,891	10,410	4,907	4,953
Other staff expenses	3,023	3,646	3,023	3,646
	274,829	**238,515**	**149,907**	**174,597**
Including remuneration to the Executive Board and Board of Directors	**6,300**	**6,526**	**6,300**	**6,526**
Average number of employees	**3,110**	**2,331**	**262**	**304**

	Parent company	
	2022/23	2021/22
	TDKK	TDKK

2. Income from investments in subsidiaries

	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Share of profits	42,204	28,505
Share of losses	0	-7,402
Amortisation of goodwill	-39,648	-15,515
Change in intercompany profit on inventories purchased within the Group	-391	535
	2,165	**6,123**

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

3. Financial income

	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Interest received from group enterprises	0	0	80	0
Other financial income	12,480	5,666	504	2,798
	12,480	**5,666**	**584**	**2,798**

Notes to the Financial Statements

4. Financial expenses

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	14,091	1,323	14,091	1,323
Other financial expenses	22,873	4,992	3,339	1,872
	36,964	**6,315**	**17,430**	**3,195**

5. Income tax expense

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	40,285	54,126	37,575	51,153
Deferred tax for the year	11,303	2,852	980	452
Adjustment of tax concerning previous years	0	-80	0	0
Adjustment of deferred tax concerning previous years	441	0	0	0
	52,029	**56,898**	**38,555**	**51,605**
thus distributed:				
Income tax expense	51,856	56,340	38,382	51,047
Tax on equity movements	173	558	173	558
	52,029	**56,898**	**38,555**	**51,605**

6. Profit allocation

	Parent company	
	2022/23	2021/22
	TDKK	TDKK
Retained earnings	127,298	168,780
	127,298	**168,780**

Notes to the Financial Statements

7. Intangible fixed assets

Group

	Acquired other similar rights	Goodwill	Prepayment
	TDKK	TDKK	TDKK
Cost at 1 September	30,294	399,745	2,000
Exchange adjustment	1,081	0	0
Additions for the year	11,255	0	0
Disposals for the year	-231	-2,192	0
Transfers for the year	2,000	0	-2,000
Cost at 31 August	44,399	397,553	0
Impairment losses and amortisation at 1 September	23,978	17,704	0
Exchange adjustment	1,695	0	0
Amortisation for the year	4,407	39,648	0
Reversal of amortisation of disposals for the year	-231	-2,192	0
Impairment losses and amortisation at 31 August	29,849	55,160	0
Carrying amount at 31 August	**14,550**	**342,393**	**0**
Amortised over		10 years	

Parent company

	Acquired other similar rights	Prepayment
	TDKK	TDKK
Cost at 1 September	0	2,000
Additions for the year	3,670	0
Transfers for the year	2,000	-2,000
Cost at 31 August	5,670	0
Impairment losses and amortisation at 1 September	0	0
Amortisation for the year	1,187	0
Impairment losses and amortisation at 31 August	1,187	0
Carrying amount at 31 August	**4,483**	**0**

Notes to the Financial Statements

8. Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 September	501,258	212,336	11,808	5,442
Exchange adjustment	10,308	1,531	-713	-239
Additions for the year	1,331	12,852	935	0
Disposals for the year	0	-9,509	-206	0
Cost at 31 August	512,897	217,210	11,824	5,203
Impairment losses and depreciation at 1 September	148,847	129,158	9,174	0
Exchange adjustment	1,828	-626	-646	0
Depreciation for the year	18,286	20,722	918	0
Impairment and depreciation of sold assets for the year	0	-13,142	0	0
Reversal of impairment and depreciation of sold assets	0	4,577	-206	0
Impairment losses and depreciation at 31 August	168,961	140,689	9,240	0
Carrying amount at 31 August	**343,936**	**76,521**	**2,584**	**5,203**
Amortised over	25 years	3-8 years	5-10 years	

Notes to the Financial Statements

Parent company

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 September	192,914	22,736
Additions for the year	400	1,281
Disposals for the year	0	-2,294
Cost at 31 August	193,314	21,723
Impairment losses and depreciation at 1 September	110,169	15,555
Depreciation for the year	7,518	2,241
Reversal of impairment and depreciation of sold assets	0	-1,994
Impairment losses and depreciation at 31 August	117,687	15,802
Carrying amount at 31 August	**75,627**	**5,921**
Amortised over	25 years	3-15 years

	Parent company	
	2022/23	2021/22
	TDKK	TDKK

9. Investments in subsidiaries

	2022/23 TDKK	2021/22 TDKK
Cost at 1 September	988,652	76,616
Additions for the year	0	912,036
Disposals for the year	-40,065	0
Cost at 31 August	948,587	988,652
Value adjustments at 1 September	-35,887	-42,481
Exchange adjustment	16,835	-1,572
Net profit/loss for the year	42,204	21,103
Fair value adjustment of hedging instruments for the year	6,635	2,043
Amortisation of goodwill	-39,648	-15,515
Change in intercompany profit on inventories	-391	535
Reversals for the year of revaluations in previous years	21,913	0
Value adjustments at 31 August	11,661	-35,887
Carrying amount at 31 August	**960,248**	**952,765**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Actona Seating Ltd.	China	TCNY 10.260	100%
Actona Direct Ltd.	China	TCNY 503	100%
SITS Sp. Z.o.o.	Poland	TPLN 1.000	100%
SITS industry Sp. Z.o.o.	Poland	TPLN 5	100%
Aglon Bis Sp. Z.o.o.	Poland	TPLN 5	100%
Justus Sp. Z.o.o.	Poland	TPLN 10	100%
Theca A/S	Denmark	DKK 1.020	100%
Theca Furniture UAB	Lithuania	TEUR 3	100%
Theca Vertriebsgesellschaft GmbH	Germany	TEUR 50	100%
Theca Schweiz GmbH	Switzerland	TCHF 20	100%
S.C. Ambiente Furniture Ukraine	Ukraine	TUAH 7.093	100%

Notes to the Financial Statements

10. Other fixed asset investments

Group

	Other receivables
	TDKK
Cost at 1 September	7,679
Additions for the year	2,759
Disposals for the year	-216
Cost at 31 August	10,222
Carrying amount at 31 August	**10,222**

Parent company

	Other receivables
	TDKK
Cost at 1 September	5,921
Additions for the year	2,759
Cost at 31 August	8,680
Carrying amount at 31 August	**8,680**

11. Inventories

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	135,653	197,086	0	0
Work in progress	9,933	13,454	0	0
Finished goods and goods for resale	163,747	217,730	120,669	179,280
Prepayment for goods	2,339	2,422	0	0
	311,672	**430,692**	**120,669**	**179,280**

12. Deferred tax asset

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Deferred tax asset at 1 September	43,750	-3,180	-3,632	-3,180
Amounts recognised in the income statement for the year	-11,303	-2,852	-980	-452
Amounts recognised in equity for the year	-20,907	49,782	0	0
Deferred tax asset at 31 August	**11,540**	**43,750**	**-4,612**	**-3,632**
Recognised in the balance sheet as follows:				
Assets	40,005	49,774	0	0
Provisions	28,465	6,024	4,612	3,632
	11,540	**43,750**	**-4,612**	**-3,632**

13. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

14. Share capital

The share capital consists of 966,500 shares of a nominal value of TDKK 1. No shares carry any special rights.

15. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	18,728	22,713	18,728	22,713
Between 1 and 5 years	19,807	20,099	19,807	20,099
Long-term part	38,535	42,812	38,535	42,812
Within 1 year	4,465	4,916	4,465	4,916
	43,000	**47,728**	**43,000**	**47,728**
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	46,221	59,319	0	0
Long-term part	46,221	59,319	0	0
Within 1 year	0	0	0	0
Other short-term debt to credit institutions	16,692	87,194	0	0
Short-term part	16,692	87,194	0	0
	62,913	**146,513**	**0**	**0**

16. Cash flow statement - Adjustments

	Group	
	2022/23	2021/22
	TDKK	TDKK
Financial income	-12,480	-5,666
Financial expenses	36,964	6,315
Depreciation, amortisation and impairment losses, including losses and gains on sales	84,147	33,209
Tax on profit/loss for the year	51,856	56,340
Exchange adjustments	16,835	-1,572
	177,322	**88,626**

Notes to the Financial Statements

17. Cash flow statement - Change in working capital

	Group	
	2022/23	2021/22
	TDKK	TDKK
Change in inventories	119,020	11,815
Change in receivables	70,616	195,027
Change in trade payables, etc	-43,594	-148,858
Fair value adjustments of hedging instruments	787	2,538
	146,829	**60,522**

18. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a carrying amount of	75,627	82,745	75,627	82,745
Cash at bank and in hand	2	2,747	2	2,747
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	3,461	11,792	3,461	11,792
Between 1 and 5 years	4,142	9,959	4,142	9,959
	7,603	**21,751**	**7,603**	**21,751**
buildings with non-concellable periods up to 5 years	101,018	45,774	1,507	16,328

Notes to the Financial Statements

Other contingent liabilities

The Danish entreprises of the group are jointly and severally liable for the tax on the Group's jointly taxed income etc. The total amount is stated in the Annual Report of LLG A/S, which is the management company in the joint taxation.

In order to hedge the payment of interest on mortgage loans of DKK 43,6 million, the Company has entered into interest rate swaps. At the balance sheet date, the contracts have a negative value of DKK 0,3 million that has been recognised in equity.

LLG A/S has entered a cash pool agreement for Lars Larsen Group. As of 31 August 2023 mDKK 0 have been drawn. As a participant in the cash pool agreement Actona Company A/S has provided the credit institutions with a guarantee of payment as security for LLG A/S' obligations pursuant to the cash pool agreement.

As part of usual business, the company is a part to disputes and lawsuits. In such cases, it is assessed to what extent the cases may entail obligations for the company and the likelihood of this. The assessments are based on available information and legal assessments from advisers. It can be difficult to estimate the final outcome, which in the nature of the matter can differ significantly from the company's assessments.

19. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
LLG A/S	Brabrand, ultimate owner

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

LLG A/S

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

Name	Place of registered office
LLG A/S, CVR-nr: 86001519	Sødalsparken 18, 8220 Brabrand, Denmark

20. Fee to auditors appointed at the general meeting

	Group	
	2022/23	2021/22
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	860	360
Other assurance engagements	0	148
Tax advisory services	750	138
Non-audit services	2,175	15
	3,785	**661**
Other auditors		
Audit fee	1,245	255
Tax advisory services	147	69
Non-audit services	167	3,235
	1,559	**3,559**

Notes to the Financial Statements

21. Accounting policies

The Annual Report of Actona Group A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in TDKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Actona Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Notes to the Financial Statements

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

The entity is recognized as a single business unit, trading one type of product and operating on a single geographical market. As a result of this, it is not relevant to segment the revenue into business units and geographical markets.

Income statement

Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as administration expenses, etc

Staff expenses

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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish related companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	25 years
Other fixtures and fittings, tools and equipment	3-8 years

Leasehold improvements	5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of other receivables.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group’s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group’s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Notes to the Financial Statements

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
EBIT	Profit before financials x 100 / Revenue
EBITDA	Profit/loss before depreciation, amortisation and financial income and expenses x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity