
Actona Company A/S

Smedegårdvej 6 A, Tvis, DK-7500 Holstebro

Annual Report for 1 September 2020 - 31 August 2021

CVR No 12 14 37 45

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
16/1 2022

Jesper Lund
Chairman of the General
Meeting



pwc

Contents

| | <u>Page</u> |
|--|-------------|
| Management's Statement and Auditor's Report | |
| Management's Statement | 1 |
| Independent Auditor's Report | 2 |
| Management's Review | |
| Company Information | 5 |
| Group Chart | 6 |
| Financial Highlights | 7 |
| Management's Review | 8 |
| Financial Statements | |
| Income Statement 1 September - 31 August | 11 |
| Balance Sheet 31 August | 12 |
| Statement of Changes in Equity | 14 |
| Notes to the Financial Statements | 15 |

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Actona Company A/S for the financial year 1 September 2020 - 31 August 2021.

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 financial position at 31 August 2021 of the Company and of the results of the Company operations for 2020/21.

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

Holstebro, 24 November 2021

Executive Board

Jimmi Mortensen
CEO

Board of Directors

Jesper Lund
Chairman

Jacob Brunsborg

Ole Lund Andersen

Independent Auditor's Report

To the Shareholder of Actona Company A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2021 and of the results of the Company's operations for the financial year 1 September 2020 - 31 August 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Actona Company A/S for the financial year 1 September 2020 - 31 August 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company 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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 financial statements that are free from material misstate-

Independent Auditor's Report

ment, 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.

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

Independent Auditor's Report

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.

Holstebro, 24 November 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Carsten Jensen
State Authorised Public Accountant
mne10954

Company Information

The Company

Actona Company A/S
Smedegårdvej 6 A
Tvis
DK-7500 Holstebro

Telephone: + 45 96135111
E-mail: info@actonacompany.com
Website: www.actonacompany.com

CVR No: 12 14 37 45
Financial period: 1 September - 31 August
Municipality of reg. office: Holstebro, Denmark

Board of Directors

Jesper Lund, Chairman
Jacob Brunsborg
Ole Lund Andersen

Executive Board

Jimmi Mortensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Hjaltensvej 16
DK-7500 Holstebro

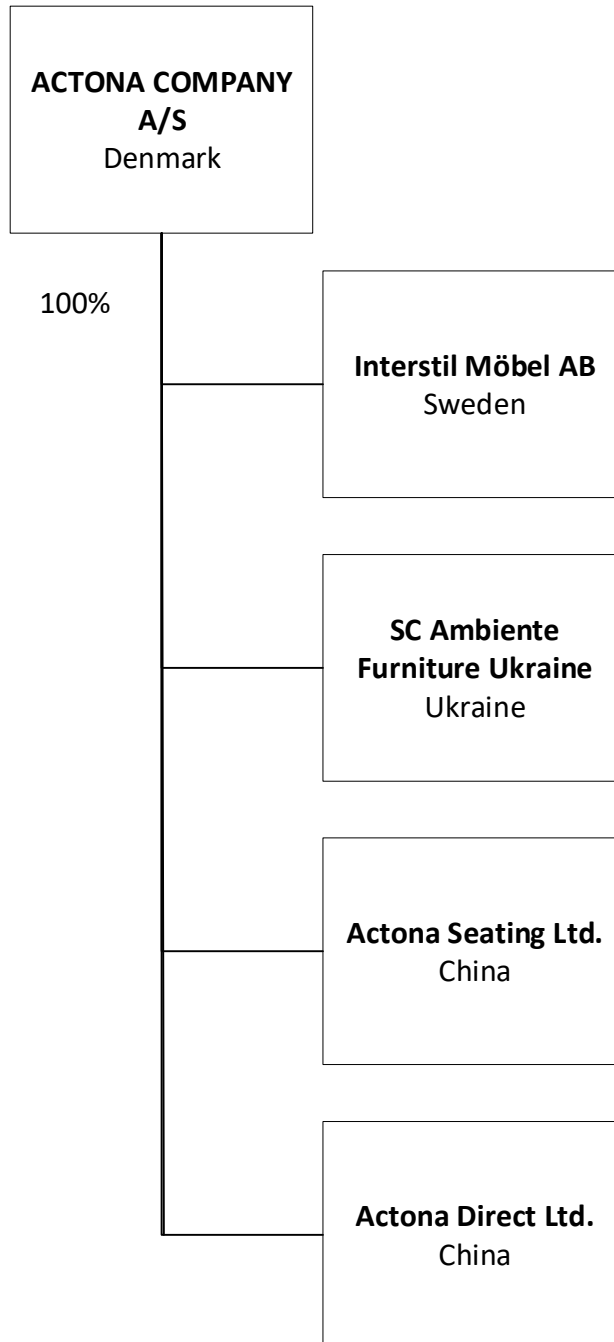
Lawyers

Kirk Larsen & Ascanius
Bredgade 67
DK-6900 Skjern

Bankers

Sydbank A/S
Dalgasgade 22
DK-7400 Herning

Group Chart



The Group Chart above shows only active companies.

Financial Highlights

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

| | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|--|-----------|-----------|-----------|-----------|-----------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Revenue | 2.374.030 | 1.835.782 | 1.886.777 | 1.733.109 | 1.227.298 |
| Gross profit/loss | 464.016 | 323.735 | 290.266 | 243.413 | 202.611 |
| Profit/loss before financial income and expenses | 268.294 | 165.166 | 133.749 | 81.552 | 87.525 |
| Net financials | -148 | 1.496 | 2.421 | -19.903 | 13.104 |
| Net profit/loss for the year | 209.499 | 130.493 | 107.169 | 44.419 | 81.983 |
| Balance sheet | | | | | |
| Balance sheet total | 652.904 | 614.260 | 554.628 | 490.056 | 627.634 |
| Equity | 300.759 | 217.625 | 178.768 | 157.716 | 194.381 |
| Number of employees | 315 | 285 | 277 | 280 | 218 |
| Ratios | | | | | |
| Gross margin | 19,5% | 17,6% | 15,4% | 14,0% | 16,5% |
| Profit margin | 11,3% | 9,0% | 7,1% | 4,7% | 7,1% |
| Return on assets | 41,1% | 26,9% | 24,1% | 16,6% | 13,9% |
| Solvency ratio | 46,1% | 35,4% | 32,2% | 32,2% | 31,0% |
| Return on equity | 80,8% | 65,8% | 63,7% | 25,2% | 38,4% |

Management's Review

Key activities

As previous years, the Company's main activity has consisted in design, production, trading and distribution of furniture for retailers in more than 90 countries.

Development in the year

Net profit for the year was DKK 209 million and the balance sheet at 31. August 2021 showed an equity of DKK 301 million.

Torben Villadsen stepped down at the end of 2020 after 6 years as CEO. Jimmi Mortensen is the new appointed CEO from 2021, and introduce together with the management the new target setting of 4 billion in revenue, and EBIT of 12,5% in 2025.

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

When starting the year 2020/21 the expectations were to increase revenue and continue our profitable growth journey. These expectations have been more than fulfilled even though, the Covid-19 pandemic has had major misalignment between supply and demand.

The revenue increased 29% and net profit 61% compared to 2019/20.

Special risks

Market risks

Actona Company A/S has no specific market risks apart from normal risk from raw material price developments, freight rate adjustments and general market risks. During 2020/21 the covid-19 pandemic has had a higher impact on the market situation within the furniture branch as it has had for many other branches.

Foreign exchange risks

Due to activities in various countries, results, cash flows and equity are affected by changes in a number of currencies.

According to the Company's foreign exchange policy, efforts are made to hedge partly against commercial foreign exchange exposure.

Management's Review

Interest rate risks

The long-term loans from mortgage credit institutes, DKK 48 million, bear a fixed rate of interest. Based on the floating rate debt, moderate changes in the level of interest will not have any material, direct effect on earnings.

Credit risks

The Company endeavors to insure all its trade receivables in order 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

Actona Company's vision is to achieve a position as one of the world's most attractive suppliers of furniture.

We wish to be the point of reference within the business for the segment for high-quality furniture with attractive prices and a wide consumer appeal. Through large-scale advantages, Actona Company offer a wide range of solutions designed to meet requirements throughout the value chain from design of the range of products over logistics solutions to price/quality level and services.

As part of new strategy sustainable business the future growth journey of Actona Company will be based on organic growth and acquisitions. The first acquisition has been made with the signing of Theca A/S to consolidate the upholstery market will be closed in January 2022.

Targets and expectations

For the year ahead Actona Company A/S expects a revenue and profit at similar level as achieved in 2020/21. For the following years we again expect an increasing activity and profit.

Intellectual capital resources

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

The Company obtains its unique knowhow primarily through the Company'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 Group and can be viewed in the Management Review in the Annual Report 2020/21 for LLG A/S, CVR no. 86001519, which can be obtained from www.cvr.dk.

Management's Review

Statement on gender composition

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 year 2024.

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

At management levels (other than the Board of Directors) the female representation was 38%.

Actona Company 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 equal 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.

Income Statement 1 September - 31 August

| | Note | 2020/21 TDKK | 2019/20 TDKK |
|--|------|------------------|------------------|
| Revenue | | 2.374.030 | 1.835.782 |
| Other operating income | | 992 | 1.095 |
| Expenses for raw materials and consumables | | -1.836.273 | -1.444.036 |
| Other external expenses | | -74.733 | -69.106 |
| Gross profit/loss | | 464.016 | 323.735 |
| Staff expenses | 1 | -186.116 | -149.506 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | -9.606 | -9.063 |
| Profit/loss before financial income and expenses | | 268.294 | 165.166 |
| Income from investments in subsidiaries | 2 | 1.858 | 2.981 |
| Financial income | 3 | 1.024 | 1.502 |
| Financial expenses | | -3.030 | -2.987 |
| Profit/loss before tax | | 268.146 | 166.662 |
| Tax on profit/loss for the year | 4 | -58.647 | -36.169 |
| Net profit/loss for the year | | 209.499 | 130.493 |

Balance Sheet 31 August

Assets

| | Note | 2021 TDKK | 2020 TDKK |
|--|------|----------------|----------------|
| Goodwill | | 768 | 1.206 |
| Intangible assets | 5 | 768 | 1.206 |
| Land and buildings | | 88.599 | 95.966 |
| Other fixtures and fittings, tools and equipment | | 5.224 | 4.847 |
| Property, plant and equipment | 6 | 93.823 | 100.813 |
| Investments in subsidiaries | 7 | 34.135 | 40.900 |
| Other receivables | 8 | 5.771 | 5.760 |
| Fixed asset investments | | 39.906 | 46.660 |
| Fixed assets | | 134.497 | 148.679 |
| Inventories | 9 | 202.105 | 143.681 |
| Trade receivables | | 128.897 | 141.810 |
| Receivables from group enterprises | | 116.686 | 82.087 |
| Other receivables | | 1.305 | 1.448 |
| Prepayments | 10 | 4.623 | 4.434 |
| Receivables | | 251.511 | 229.779 |
| Current asset investments | | 26 | 23 |
| Cash at bank and in hand | | 64.765 | 92.098 |
| Currents assets | | 518.407 | 465.581 |
| Assets | | 652.904 | 614.260 |

Balance Sheet 31 August

Liabilities and equity

| | Note | 2021 TDKK | 2020 TDKK |
|--|------|----------------|----------------|
| Share capital | 11 | 967 | 967 |
| Retained earnings | | 299.792 | 86.658 |
| Proposed dividend for the year | | 0 | 130.000 |
| Equity | | 300.759 | 217.625 |
| Provision for deferred tax | 12 | 3.180 | 3.768 |
| Provisions | | 3.180 | 3.768 |
| Mortgage loans | | 47.737 | 52.894 |
| Long-term debt | 13 | 47.737 | 52.894 |
| Mortgage loans | 13 | 5.159 | 5.162 |
| Trade payables | | 136.791 | 175.711 |
| Payables to group enterprises | | 9.483 | 48.045 |
| Corporation tax | | 59.158 | 35.999 |
| Other payables | | 90.637 | 75.056 |
| Short-term debt | | 301.228 | 339.973 |
| Debt | | 348.965 | 392.867 |
| Liabilities and equity | | 652.904 | 614.260 |
| Subsequent events | 14 | | |
| Distribution of profit | 15 | | |
| Contingent assets, liabilities and other financial obligations | 16 | | |
| Related parties | 17 | | |
| Accounting Policies | 18 | | |

Statement of Changes in Equity

| | Share capital | Retained earnings | Proposed dividend for the year | Total |
|---|---------------|-------------------|--------------------------------|----------------|
| | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 September | 967 | 86.658 | 130.000 | 217.625 |
| Ordinary dividend paid | 0 | 0 | -130.000 | -130.000 |
| Exchange adjustments relating to foreign entities | 0 | 2.111 | 0 | 2.111 |
| Fair value adjustment of hedging instruments | 0 | 1.954 | 0 | 1.954 |
| Tax on adjustment of hedging instruments | 0 | -430 | 0 | -430 |
| Net profit/loss for the year | 0 | 209.499 | 0 | 209.499 |
| Equity at 31 August | 967 | 299.792 | 0 | 300.759 |

Notes to the Financial Statements

| | 2020/21 | 2019/20 |
|---|----------------|----------------|
| | TDKK | TDKK |
| 1 Staff expenses | | |
| Wages and salaries | 164.408 | 133.519 |
| Pensions | 9.414 | 8.160 |
| Other social security expenses | 4.588 | 3.985 |
| Other staff expenses | 7.706 | 3.842 |
| | 186.116 | 149.506 |
| | | |
| Executive Board and Board of Directors | 5.492 | 4.321 |
| | 5.492 | 4.321 |
| | | |
| Average number of employees | 315 | 285 |
| | | |
| 2 Income from investments in subsidiaries | | |
| Share of profits of subsidiaries | 6.864 | 6.208 |
| Share of losses of subsidiaries | -4.689 | -3.122 |
| Change in intercompany profit on inventories purchased within the Group | -317 | -105 |
| | 1.858 | 2.981 |
| | | |
| 3 Financial income | | |
| Interest received from group enterprises | 17 | 57 |
| Other financial income | 1.007 | 1.445 |
| | 1.024 | 1.502 |

Notes to the Financial Statements

| | <u>2020/21</u> TDKK | <u>2019/20</u> TDKK |
|---|------------------------|-------------------------|
| 4 Tax on profit/loss for the year | | |
| Current tax for the year | 59.158 | 36.002 |
| Deferred tax for the year | -588 | 770 |
| Adjustment of tax concerning previous years | 507 | 0 |
| | <u>59.077</u> | <u>36.772</u> |
| which breaks down as follows: | | |
| Tax on profit/loss for the year | 58.647 | 36.169 |
| Tax on changes in equity | 430 | 603 |
| | <u>59.077</u> | <u>36.772</u> |
| 5 Intangible assets | | <u>Goodwill</u> TDKK |
| Cost at 1 September | | <u>2.193</u> |
| Cost at 31 August | | <u>2.193</u> |
| Impairment losses and amortisation at 1 September | | 987 |
| Amortisation for the year | | <u>438</u> |
| Impairment losses and amortisation at 31 August | | <u>1.425</u> |
| Carrying amount at 31 August | | <u>768</u> |
| Amortised over | | <u>5 years</u> |

Notes to the Financial Statements

6 Property, plant and equipment

| | Land and buildings | Other fixtures and fittings, tools and equipment | Total |
|--|-----------------------|---|----------------------|
| | TDKK | TDKK | TDKK |
| Cost at 1 September | 191.130 | 18.456 | 209.586 |
| Additions for the year | 127 | 2.423 | 2.550 |
| Disposals for the year | 0 | -1.501 | -1.501 |
| Cost at 31 August | <u>191.257</u> | <u>19.378</u> | <u>210.635</u> |
| Impairment losses and depreciation at 1 September | 95.165 | 13.609 | 108.774 |
| Depreciation for the year | 7.493 | 1.675 | 9.168 |
| Reversal of impairment and depreciation of sold assets | 0 | -1.130 | -1.130 |
| Impairment losses and depreciation at 31 August | <u>102.658</u> | <u>14.154</u> | <u>116.812</u> |
| Carrying amount at 31 August | <u>88.599</u> | <u>5.224</u> | <u>93.823</u> |
| Depreciated over | <u>25 years years</u> | <u>3-6 years years</u> | |

Notes to the Financial Statements

| | 2021 TDKK | 2020 TDKK |
|--|----------------------|----------------------|
| 7 Investments in subsidiaries | | |
| Cost at 1 September | 62.071 | 62.071 |
| Additions for the year | 14.545 | 0 |
| Cost at 31 August | <u>76.616</u> | <u>62.071</u> |
| Value adjustments at 1 September | -21.171 | -7.570 |
| Exchange adjustment | 2.111 | -3.773 |
| Net profit/loss for the year | 2.175 | 3.086 |
| Dividend to the Parent Company | -25.279 | -12.809 |
| Change in intercompany profit on inventories | -317 | -105 |
| Value adjustments at 31 August | <u>-42.481</u> | <u>-21.171</u> |
| Carrying amount at 31 August | <u>34.135</u> | <u>40.900</u> |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Votes and ownership |
|---------------------------------|----------------------------|---------------|---------------------|
| Actona Hong Kong Ltd | British Virgin Islands | TUSD 50 | 100% |
| S.C. Ambiente Furniture Ukraine | Ukraine | TUAH 7.093 | 100% |
| Interstil Möbel AB | Sweden | TSEK 1.000 | 100% |
| Actona Direct Ltd. | China | TCNY 503 | 100% |
| Actona Seating Ltd. | China | TCNY 10.260 | 100% |

8 Other fixed asset investments

| | Other receiv- ables TDKK |
|-------------------------------------|--------------------------------|
| Cost at 1 September | 5.760 |
| Additions for the year | 11 |
| Cost at 31 August | <u>5.771</u> |
| Carrying amount at 31 August | <u>5.771</u> |

Notes to the Financial Statements

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|-----------------------|-----------------------|
| | TDKK | TDKK |
| 9 Inventories | | |
| Finished goods and goods for resale | 202.105 | 143.681 |
| | <u>202.105</u> | <u>143.681</u> |

10 Prepayments

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

11 Equity

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

There have been no changes in the share capital during the last 5 years.

12 Provision for deferred tax

| | | |
|-------------------------------|---------------------|---------------------|
| Property, plant and equipment | 4.200 | 5.028 |
| Fixed asset investments | -38 | -91 |
| Trade receivables | -1.098 | -1.098 |
| Other adjustments | 116 | -71 |
| | <u>3.180</u> | <u>3.768</u> |

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

Notes to the Financial Statements

13 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:

| | <u>2021</u> TDKK | <u>2020</u> TDKK |
|-----------------------|----------------------|----------------------|
| Mortgage loans | | |
| After 5 years | 27.104 | 32.260 |
| Between 1 and 5 years | 20.633 | 20.634 |
| Long-term part | <u>47.737</u> | <u>52.894</u> |
| Within 1 year | <u>5.159</u> | <u>5.162</u> |
| | <u>52.896</u> | <u>58.056</u> |

14 Subsequent events

As part of new strategy sustainable business the future growth journey of Actona Company will be based on organic growth and acquisitions. The first acquisition has been made with the signing of Theca A/S to consolidate the upholstery marked will be closed in January 2022.

Except for the above no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

| | <u>2020/21</u> TDKK | <u>2019/20</u> TDKK |
|----------------------------------|------------------------|------------------------|
| 15 Distribution of profit | | |
| Extraordinary dividend paid | 0 | 30.000 |
| Proposed dividend for the year | 0 | 130.000 |
| Retained earnings | <u>209.499</u> | <u>-29.507</u> |
| | <u>209.499</u> | <u>130.493</u> |

Notes to the Financial Statements

| | 2021 TDKK | 2020 TDKK |
|--|---------------|---------------|
| 16 Contingent assets, liabilities and other financial obligations | | |
| Charges and security | | |
| The following assets have been placed as security with mortgage credit institutes: | | |
| Land and buildings with a carrying amount of | 88.599 | 95.966 |
| Cash at bank and in hand | 7.747 | 7.747 |
| Contingent liabilities | | |
| The Danish enterprises 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 52.9 million, the Company has entered into interest rate swaps. At the balance sheet date, the contracts have a negative value of DKK 3.6 million that has been recognised in equity. | | |
| Rental contracts and Lease obligations | | |
| Total future payments: | | |
| Within 1 year | 11.847 | 11.541 |
| Between 1 and 5 years | 13.847 | 23.672 |
| | 25.694 | 35.213 |
| Commitment regarding lease of buildings with non-concellable periods up to 5 years | 20.807 | 30.487 |

Other contingent liabilities

LLG A/S has entered a cash pool agreement for Lars Larsen Group. As of 31 August 2021 mDKK 269 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.

Notes to the Financial Statements

17 Related parties

| | <u>Basis</u> |
|-----------------------------|--------------------------|
| Controlling interest | |
| A.C. Holding A/S | Brabrand, parent company |
| Kapital JH ApS | Brabrand, owner |
| 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 shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

A.C. Holding A/S, Brabrand

Consolidated Financial Statements

The company is included in the Group Annual Report of:

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

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Actona Company A/S for 2020/21 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 Financial Statements for 2020/21 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of LLG A/S, CVR-nr: 86001519, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of LLG A/S, CVR-nr: 86001519, the Company has not prepared a cash flow statement.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

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 retained earnings 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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Segments

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

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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 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 expenses comprise wages and salaries as well as payroll expenses.

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 Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish related companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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 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 | 3-6 years |

Notes to the Financial Statements

18 Accounting Policies (continued)

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 If so, an important test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

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. are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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. The net realisable

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

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.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

18 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

| | |
|------------------|--|
| Gross margin | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$ |
| Profit margin | $\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$ |
| Solvency ratio | $\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$ |
| Return on equity | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$ |