Actona Group A/S

Smedegårdvej 6, Tvis, DK-7500 Holstebro

Annual Report for 1 September 2021 - 31 August 2022

CVR No 12 14 37 45

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 17/1 2023

Jesper Lund
Chairman of the General Meeting

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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 2021 - 31 August 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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

Holstebro, 17 January 2023

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 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 2022 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 2021 - 31 August 2022 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 2021 - 31 August 2022, 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 Financials 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.

Independent Auditor's Report

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 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 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 and the Group'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 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Herning, 17 January 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

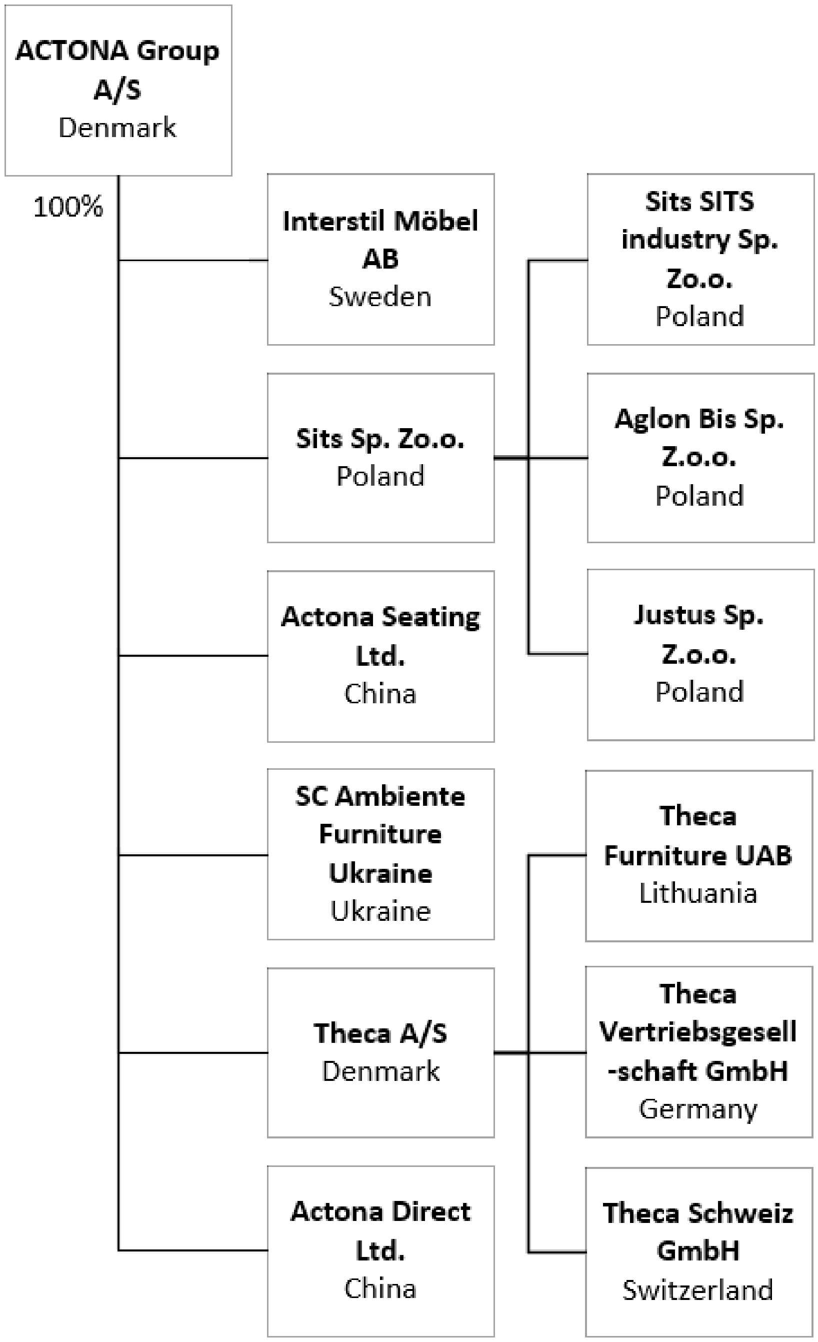
Henrik Kragh
State Authorised Public Accountant
mne26783

Carsten Jensen
State Authorised Public Accountant
mne10954

Company Information

The Company	Actona Group A/S Smedegårdvej 6 Tvis DK-7500 Holstebro Telephone: + 45 96135111 E-mail: info@actonagroup.com Website: www.actonagroup.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 Platanvej 4 DK-7400 Herning

Group Chart



Group Chart per 31 August 2022

Financial Highlights

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

	Group				
	2021/22	2020/21	2019/20*	2018/19*	2017/18*
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	2.685.604	2.425.308	1.835.782	1.886.777	1.733.109
Gross profit/loss	497.550	503.320	323.735	290.266	243.413
Profit/loss before depreciation, amortisation and financial income and expenses	259.035	283.675	174.229	142.502	100.495
Profit/loss before financial income and expenses	225.769	271.468	165.166	133.749	81.552
Net financials	-649	-4.980	1.496	2.421	-19.903
Net profit/loss for the year	168.780	208.485	130.493	107.169	44.419
Balance sheet					
Balance sheet total	1.756.358	706.921	614.260	554.628	490.056
Equity	477.276	221.047	217.625	178.768	157.716
Cash flows					
Cash flows from:					
investment in property, plant and equipment	-8.592	-6.272	-16.455	-1.242	-3.516
Number of employees, average	2.331	1.399	285	277	280
Ratios					
Gross margin	18,5%	20,8%	17,6%	15,4%	14,0%
Profit margin	8,4%	11,2%	9,0%	7,1%	4,7%
Return on assets	12,9%	38,4%	26,9%	24,1%	16,6%
Solvency ratio	27,2%	31,3%	35,4%	32,2%	32,2%
Return on equity	48,3%	95,1%	65,8%	63,7%	25,2%

*The figures from 2019/20 - 2017/18 includes only Parent figures.

Management's Review

For the first year the Annual Report includes the consolidated accounts for the Actona Group.

Key activities

The 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 the Actona Group for 2021/22 shows a profit of DKK 169 mio., and at 31 August 2022 the balance sheet of the Actona Group shows equity of DKK 477 mio.

During the year Actona Group has made 2 major acquisitions. From January 2022 Actona took over all shares in the Danish company Theca A/S, which has upholstery production in Lithuania. At the end of July 2022 Actona took over the Polish upholstery production company SITS, Sp. Zo.o.

The company's name has been changed from Actona Company A/S to Actona Group A/S.

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

At the beginning of 2021/22 the expectations were to achieve a revenue and net profit at a similar level as the year before. These expectations have not fully been met especially due to a lot of well-known international challenges for instance sharp increases in commodity prices, the war in Ukraine, high inflation and lower consumer demand.

The consolidated revenue increased 11% to DKK 2,7 billions, but the net profit went down with 19% compared to 2020/21.

The european market is generally under pressure and the total volume has been reduced to the level of 2019.

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 the Actona Group 2021-2025 "Sustainable Business" with a target setting of DKK 4 billion in revenue, and EBIT of 12,5% before amortisation of goodwill in 2025.

Management's Review

Use of financial instruments

Special 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

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

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

Interest rate risks

The long-term loans from mortgage credit institutes DKK 102,1 million 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

The Actona Group 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

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

Actona Group wish to be the point of reference within the business for the segment of high-quality furniture with attractive prices and a wide consumer appeal. Through large scale advantages Actona Group offer 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.

Management's Review

Targets and expectations for the year ahead

Especially due to full year effect of the two acquisitions in 2021/22, Actona Group expects an increase in turnover to between DKK 3,0 - 3,3 billions for the Actona Group in 2022/23 and EBIT of 7,5 % - 8,5 % before amortisation of goodwill.

Intellectual capital resources

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

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

Data Ethics

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

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.

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 2021/22 for LLG A/S, CVR no. 86001519, which can be obtained from www.cvr.dk.

Statement of the underrepresented gender according to §99b:

The 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 year 2024.

At management levels (other than the Board of Directors) the female representation was 37%. With the current level we are close to reaching the balanced gender composition.

Management's Review

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.

Within the next financial year Actona Group A/S aims towards a balanced gender distribution in management positions.

Income Statement 1 September - 31 August

	Note	Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Revenue		**2.685.604**	**2.425.308**	**2.178.126**	**2.374.029**
Other operating income		1.411	1.242	978	992
Expenses for raw materials and consumables		-2.031.919	-1.847.107	-1.679.421	-1.836.273
Other external expenses		-157.546	-76.123	-100.772	-74.885
Gross profit/loss		**497.550**	**503.320**	**398.911**	**463.863**
Staff expenses	1	-238.515	-219.645	-174.597	-186.116
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-33.266	-12.207	-10.213	-9.606
Profit/loss before financial income and expenses		**225.769**	**271.468**	**214.101**	**268.141**
Income from investments in subsidiaries	2	0	0	6.123	1.858
Financial income	3	5.666	2.222	2.798	2.222
Financial expenses	4	-6.315	-7.202	-3.195	-5.368
Profit/loss before tax		**225.120**	**266.488**	**219.827**	**266.853**
Tax on profit/loss for the year	5	-56.340	-58.003	-51.047	-58.368
Net profit/loss for the year		**168.780**	**208.485**	**168.780**	**208.485**

Balance Sheet 31 August

Assets

		Group		Parent	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Software		6.316	0	0	0
Goodwill		382.041	0	0	768
Prepayment		2.000	0	2.000	0
Intangible assets	6	**390.357**	**0**	**2.000**	**768**
Land and buildings		330.372	94.943	82.745	88.599
Other fixtures and fittings, tools and equipment		83.178	9.778	7.181	5.224
Leasehold improvements		2.634	0	0	0
Property, plant and equipment in progress		5.442	0	0	0
Property, plant and equipment	7	**421.626**	**104.721**	**89.926**	**93.823**
Investments in subsidiaries	8	0	0	952.765	34.135
Other receivables	9	7.679	5.771	5.921	5.771
Fixed asset investments		**7.679**	**5.771**	**958.686**	**39.906**
Fixed assets		**819.662**	**110.492**	**1.050.612**	**134.497**
Inventories	10	**430.692**	**225.010**	**179.280**	**202.105**
Trade receivables		239.278	228.359	89.668	128.897
Receivables from group enterprises		65.988	40.666	71.208	157.352
Other receivables		49.831	23.801	1.325	1.331
Deferred tax asset	14	49.774	0	0	0
Corporation tax		0	696	0	696
Prepayments	11	8.974	4.623	5.874	4.623
Receivables		**413.845**	**298.145**	**168.075**	**292.899**
Cash at bank and in hand		**92.159**	**73.274**	**10.212**	**64.765**
Currents assets		**936.696**	**596.429**	**357.567**	**559.769**
Assets		**1.756.358**	**706.921**	**1.408.179**	**694.266**

Balance Sheet 31 August

Liabilities and equity

	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
		TDKK	TDKK	TDKK	TDKK
Share capital	12	967	967	967	967
Retained earnings		476.309	220.080	476.309	220.080
Equity		**477.276**	**221.047**	**477.276**	**221.047**
Provision for deferred tax	14	6.024	3.180	3.632	3.180
Provisions		**6.024**	**3.180**	**3.632**	**3.180**
Mortgage loans		102.131	47.737	42.812	47.737
Long-term debt	15	**102.131**	**47.737**	**42.812**	**47.737**
Mortgage loans	15	4.916	5.159	4.916	5.159
Credit institutions		87.194	0	0	0
Prepayments received from customers		989	0	0	0
Trade payables		228.221	149.126	103.742	136.792
Payables to group enterprises		653.244	110.885	666.137	120.368
Corporation tax		51.222	56.022	51.152	59.158
Other payables		145.141	113.765	58.512	100.825
Short-term debt		**1.170.927**	**434.957**	**884.459**	**422.302**
Debt		**1.273.058**	**482.694**	**927.271**	**470.039**
Liabilities and equity		**1.756.358**	**706.921**	**1.408.179**	**694.266**

Distribution of profit	13
Contingent assets, liabilities and other financial obligations	18
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Statement of Changes in Equity

Group

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 September	967	299.792	300.759
Net effect from merger and acquisition under the uniting of interests method	0	-79.713	-79.713
Adjusted equity at 1 September	967	220.079	221.046
Cash capital increase	0	85.000	85.000
Exchange adjustments relating to foreign entities	0	-1.572	-1.572
Fair value adjustment of hedging instruments, for the year	0	2.537	2.537
Tax on adjustment of hedging instruments for the year	0	-558	-558
Other equity movements	0	2.043	2.043
Net profit/loss for the year	0	168.780	168.780
Equity at 31 August	**967**	**476.309**	**477.276**

Parent

	Share capital	Retained earnings	Total
Equity at 1 September	967	299.792	300.759
Net effect from merger and acquisition under the uniting of interests method	0	-79.713	-79.713
Adjusted equity at 1 September	967	220.079	221.046
Cash capital increase	0	85.000	85.000
Exchange adjustments relating to foreign entities	0	-1.572	-1.572
Fair value adjustment of hedging instruments, for the year	0	2.537	2.537
Tax on adjustment of hedging instruments for the year	0	-558	-558
Other equity movements	0	2.043	2.043
Net profit/loss for the year	0	168.780	168.780
Equity at 31 August	**967**	**476.309**	**477.276**

Cash Flow Statement 1 September - 31 August

		Group	
	Note	2021/22	2020/21
		TDKK	TDKK
Net profit/loss for the year		168.780	208.485
Adjustments	16	88.626	77.256
Change in working capital	17	60.522	157.271
Cash flows from operating activities before financial income and expenses		**317.928**	**443.012**
Financial income		5.666	2.222
Financial expenses		-6.477	-7.202
Cash flows from ordinary activities		**317.117**	**438.032**
Corporation tax paid		-56.648	-39.694
Cash flows from operating activities		**260.469**	**398.338**
Purchase of intangible assets		-2.169	-111
Purchase of property, plant and equipment		-8.592	-6.272
Fixed asset investments made etc		-1.908	0
Sale of property, plant and equipment		0	415
Business acquisitions		-858.288	0
Cash flows from investing activities		**-870.957**	**-5.968**
Repayment of mortgage loans		-30	-5.158
Repayment of payables to group enterprises		-129	-16.036
Repayment of other long-term debt		0	-390.000
Raising of loans from group enterprises		542.490	0
Cash capital increase		85.000	0
Other adjustments		2.042	0
Cash flows from financing activities		**629.373**	**-411.194**
Change in cash and cash equivalents		**18.885**	**-18.824**
Cash and cash equivalents at 1 September		73.274	92.098
Cash and cash equivalents at 31 August		**92.159**	**73.274**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		92.159	73.274
Cash and cash equivalents at 31 August		**92.159**	**73.274**

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
1 Staff expenses				
Wages and salaries	214.487	197.937	156.160	164.408
Pensions	9.972	9.414	9.838	9.414
Other social security expenses	10.410	4.588	4.953	4.588
Other staff expenses	3.646	7.706	3.646	7.706
	238.515	**219.645**	**174.597**	**186.116**
Including remuneration to the Board of Directors and the Executive Board	**6.526**	**5.492**	**6.526**	**5.492**
Average number of employees	**2.331**	**1.399**	**304**	**315**

2 Income from investments in subsidiaries

Share of profits of subsidiaries			28.505	6.864
Share of losses of subsidiaries			-7.402	-4.689
Amortisation of goodwill			-15.515	0
Change in intercompany profit om inventories purchased within the Group			535	-317
			6.123	**1.858**

3 Financial income

Interest received from group enterprises	0	1.215	0	1.215
Other financial income	3.371	1.007	2.798	1.007
Exchange adjustments	2.295	0	0	0
	5.666	**2.222**	**2.798**	**2.222**

Notes to the Financial Statements

		Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
4	**Financial expenses**				
	Interest paid to group enterprises	1.323	2.321	1.323	2.321
	Other financial expenses	3.016	3.192	1.872	3.047
	Exchange loss	1.976	1.689	0	0
		6.315	**7.202**	**3.195**	**5.368**
5	**Tax on profit/loss for the year**				
	Current tax for the year	54.126	58.514	51.153	58.879
	Deferred tax for the year	2.852	-588	452	-588
	Adjustment of tax concerning previous years	-80	507	0	507
		56.898	**58.433**	**51.605**	**58.798**
	which breaks down as follows:				
	Tax on profit/loss for the year	56.340	58.003	51.047	58.368
	Tax on changes in equity	558	430	558	430
		56.898	**58.433**	**51.605**	**58.798**

6 Intangible assets

Group

	Software	Goodwill	Prepayment
	TDKK	TDKK	TDKK
Cost at 1 September	973	2.193	0
Exchange adjustment	89	0	0
Net effect from merger and acquisition	29.193	0	0
Additions for the year	406	397.552	2.000
Disposals for the year	-367	0	0
Cost at 31 August	30.294	399.745	2.000

Notes to the Financial Statements

6 Intangible assets (continued)

Group

	Software	Goodwill	Prepayment
	TDKK	TDKK	TDKK
Impairment losses and amortisation at 1 September	974	1.425	0
Exchange adjustment	82	0	0
Net effect from merger and acquisition	22.193	0	0
Amortisation for the year	1.096	16.279	0
Impairment and amortisation of sold assets for the year	-367	0	0
Impairment losses and amortisation at 31 August	23.978	17.704	0
Carrying amount at 31 August	**6.316**	**382.041**	**2.000**
Amortised over	3-5 years	10 years	

Parent

	Goodwill	Prepayment
	TDKK	TDKK
Cost at 1 September	2.193	0
Additions for the year	0	2.000
Cost at 31 August	2.193	2.000
Impairment losses and amortisation at 1 September	1.425	0
Amortisation for the year	768	0
Impairment losses and amortisation at 31 August	2.193	0
Carrying amount at 31 August	**0**	**2.000**
Amortised over	10 years	

Notes to the Financial Statements

7 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	201.040	32.381	5.918	0
Net effect from merger and acquisition	276.514	176.263	5.757	5.442
Additions for the year	1.666	6.793	133	0
Disposals for the year	0	-3.101	0	0
Cost at 31 August	479.220	212.336	11.808	5.442
Impairment losses and depreciation at 1 September	107.045	22.681	5.723	0
Net effect from merger and acquisition	33.472	101.479	3.232	0
Depreciation for the year	8.331	8.061	219	0
Reversal of impairment and depreciation of sold assets	0	-3.063	0	0
Impairment losses and depreciation at 31 August	148.848	129.158	9.174	0
Carrying amount at 31 August	**330.372**	**83.178**	**2.634**	**5.442**
Depreciated over	25 years	3-8 years		

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Parent

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK
Cost at 1 September	191.257	19.378	210.635
Additions for the year	1.657	3.892	5.549
Disposals for the year	0	-534	-534
Kostpris at 31 August	192.914	22.736	215.650
Impairment losses and depreciation at 1 September	102.658	14.154	116.812
Depreciation for the year	7.511	1.935	9.446
Reversal of impairment and depreciation of sold assets	0	-534	-534
Impairment losses and depreciation at 31 August	110.169	15.555	125.724
Carrying amount at 31 August	**82.745**	**7.181**	**89.926**
Depreciated over	25 years	3-15 years	

Notes to the Financial Statements

8 Investments in subsidiaries

	Parent 2022 TDKK	Parent 2021 TDKK
Cost at 1 September	76.616	62.071
Additions for the year	912.036	14.545
Cost at 31 August	988.652	76.616
Value adjustments at 1 September	-42.481	-21.171
Exchange adjustment	-1.572	2.111
Net profit/loss for the year	21.103	2.175
Dividend to the Parent Company	0	-25.279
Fair value adjustment of hedging instruments for the year	2.043	0
Amortisation of goodwill	-15.515	0
Change in intercompany profit on inventories	535	-317
Value adjustments at 31 August	-35.887	-42.481
Carrying amount at 31 August	**952.765**	**34.135**
Positive differences arising on initial measurement of subsidiaries at net asset value	381.997	0

Notes to the Financial Statements

8 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Actona Seating Ltd.	China	TCNY 10.260	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%
Sits Sp. zo.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%

9 Other fixed asset investments

	Group	**Parent**
	Other receiv-ables	Other receiv-ables
	TDKK	TDKK
Cost at 1 September	5.771	5.771
Net effect from merger and acquisition	1.758	0
Additions for the year	150	150
Cost at 31 August	7.679	5.921
Carrying amount at 31 August	**7.679**	**5.921**

Notes to the Financial Statements

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
10 Inventories				
Raw materials and consumables	197.086	24.844	0	0
Work in progress	13.454	2.711	0	0
Finished goods and goods for resale	217.730	197.455	179.280	202.105
Prepayments for goods	2.422	0	0	0
	430.692	**225.010**	**179.280**	**202.105**

11 Prepayments

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

12 Share capital

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.

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
13 Distribution of profit				
Retained earnings	168.780	208.485	168.780	208.485
	168.780	**208.485**	**168.780**	**208.485**

Notes to the Financial Statements

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

14 Deferred tax asset

Intangible Assets	-77	-38	0	-38
Tangible Assets	2.174	4.294	4.144	4.294
Inventories	-527	-225	0	-225
Trade receivables	-2.216	-1.098	-1.100	-1.098
Other	-43.104	247	588	247
Transferred to deferred tax asset	49.774	0	0	0
	6.024	**3.180**	**3.632**	**3.180**

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

Deferred tax asset

Calculated tax asset	49.774	0	0	0
Carrying amount	**49.774**	**0**	**0**	**0**

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	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	22.713	27.104	22.713	27.104
Between 1 and 5 years	79.418	20.633	20.099	20.633
Long-term part	102.131	47.737	42.812	47.737
Within 1 year	4.916	5.159	4.916	5.159
	107.047	**52.896**	**47.728**	**52.896**

Notes to the Financial Statements

	Group	
	2021/22	2020/21
	TDKK	TDKK
16 Cash flow statement - adjustments		
Financial income	-5.666	-2.222
Financial expenses	6.315	7.202
Depreciation, amortisation and impairment losses, including losses and gains on sales	33.209	12.162
Tax on profit/loss for the year	56.340	58.003
Other adjustments	-1.572	2.111
	88.626	**77.256**

17 Cash flow statement - change in working capital

Change in inventories	11.815	-58.427
Change in receivables	195.027	213.798
Change in trade payables, etc	-148.858	-54
Fair value adjustments of hedging instruments	2.538	1.954
	60.522	**157.271**

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

18 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	330.372	94.943	82.745	88.599
Cash at bank and in hand	85.491	96.346	2.747	7.747

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	11.792	11.847	11.792	11.847
Between 1 and 5 years	959	13.847	959	13.847
	12.751	**25.694**	**12.751**	**25.694**
Commitment regarding lease of buildings with non-concellable periods up to 5 years	45.774	20.807	26.306	20.807

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 47,7 million, the Company has entered into interest rate swaps. At the balance sheet date, the contracts have a negative value of DKK 1,1 million that has been recognised in equity.

LLG A/S has entered a cash pool agreement for Lars Larsen Group. As of 31 August 2022 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.

Notes to the Financial Statements

19 Related parties

	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 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:

LLG A/S

LLPT Holding ApS, Brabrand

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

Notes to the Financial Statements

	Group	
	2021/22	2020/21
	TDKK	TDKK
20 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	360	305
Other assurance engagements	148	79
Tax advisory services	138	184
Other non-audit services	15	75
	661	**643**
Other auditors		
Audit fee	255	0
Tax advisory services	69	0
Other non-audit services	3.235	0
	3.559	**0**
	4.220	**643**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Actona Group A/S for 2021/22 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 and Parent Company Financial Statements for 2021/22 are presented in TDKK.

During the financial year Actona Group A/S merged with the companies A.C. Holding A/S and Kapital JH ApS with retrospective effect for accounting purposes at 1 September 2021 and as the continuing company.

As a result, the comparative figures are restated in accordance with the adjusted pooling-of-interests method ("koncernmetoden"). The effect of the merger for the parent company 2020/21 is a change in result for the year of MDKK 1, the equity of MDKK -79 and total assets of MDKK 41.

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

21 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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

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 Group.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 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 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 enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 10 years.

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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 TDKK 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 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Notes to the Financial Statements

21 Accounting Policies (continued)

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