



Midform A/S

Fynsvej 27
5500 Middelfart
CVR No. 16276138

Annual report 01.10.2019 - 30.09.2020

The Annual General Meeting adopted the
annual report on 04.12.2020

Lars Aaen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's extended review report	4
Management commentary	6
Income statement for 2019/20	7
Balance sheet at 30.09.2020	8
Statement of changes in equity for 2019/20	10
Notes	11
Accounting policies	15

Entity details

Entity

Midform A/S

Fynsvej 27

5500 Middelfart

CVR No.: 16276138

Registered office: Middelfart

Financial year: 01.10.2019 - 30.09.2020

Board of Directors

Lars Aaen

Claus Hansson

Anders Rosendahl Poulsen

Executive Board

Claus Hansson

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Midform A/S for the financial year 01.10.2019 - 30.09.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2020 and of the results of its operations for the financial year 01.10.2019 - 30.09.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Middelfart, 04.12.2020

Executive Board

Claus Hansson

Board of Directors

Lars Aaen

Claus Hansson

Anders Rosendahl Poulsen

Independent auditor's extended review report

To the shareholders of Midform A/S

Conclusion

We have performed an extended review of the financial statements of Midform A/S for the financial year 01.10.2019 - 30.09.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2020 and of the results of its operations for the financial year 01.10.2019 - 30.09.2020 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Kolding, 04.12.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Bjerregaard Nielsen

State Authorised Public Accountant
Identification No (MNE) mne29393

Management commentary

Primary activities

Through rational and cost effective operations, the Company delivers mould shaped, laminated components and solutions for the international furniture industry.

Development in activities and finances

The result for the year was a loss, which is considered unsatisfying by Management. The result is negatively impacted by the Covid-19 pandemic resulting in lower sales than expected. On a positive note the planned cost optimizing initiatives and higher efficiencies have improved earnings significantly.

Due to the loss, the company has a negative equity. The parent company has in fact supported the company during the year and will continue to do so in 2021/22.

The development after the balance sheet date follows the budgets and plans made.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		3,709,461	4,533,103
Staff costs	1	(3,824,928)	(6,688,936)
Depreciation, amortisation and impairment losses	2	(608,095)	(600,997)
Operating profit/loss		(723,562)	(2,756,830)
Income from investments in group enterprises		(333,903)	(211,172)
Other financial expenses	3	(479,113)	(426,065)
Profit/loss before tax		(1,536,578)	(3,394,067)
Tax on profit/loss for the year	4	260,859	700,374
Profit/loss for the year		(1,275,719)	(2,693,693)
Proposed distribution of profit and loss			
Retained earnings		(1,275,719)	(2,693,693)
Proposed distribution of profit and loss		(1,275,719)	(2,693,693)

Balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Completed development projects	6	199,116	365,056
Intangible assets	5	199,116	365,056
Land and buildings		10,147,493	10,462,450
Other fixtures and fittings, tools and equipment		106,935	334,929
Property, plant and equipment	7	10,254,428	10,797,379
Investments in group enterprises		0	47,495
Receivables from group enterprises		2,054,632	0
Other financial assets	8	2,054,632	47,495
Fixed assets		12,508,176	11,209,930
Raw materials and consumables		2,011,013	2,917,899
Work in progress		68,644	675,839
Manufactured goods and goods for resale		187,463	427,235
Inventories		2,267,120	4,020,973
Trade receivables		658,869	1,686,246
Receivables from group enterprises		2,653,095	1,404,308
Other receivables		142	97,309
Joint taxation contribution receivable		163,859	615,374
Prepayments		14,864	56,987
Receivables		3,490,829	3,860,224
Cash		1,693	105,356
Current assets		5,759,642	7,986,553
Assets		18,267,818	19,196,483

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital	9	1,900,000	1,900,000
Revaluation reserve		3,600,862	3,688,359
Other reserves		92,297	151,863
Retained earnings		(6,959,475)	(5,828,942)
Equity		(1,366,316)	(88,720)
Deferred tax		1,502,000	1,599,000
Provisions		1,502,000	1,599,000
Mortgage debt		4,019,354	4,429,099
Non-current liabilities other than provisions	10	4,019,354	4,429,099
Current portion of non-current liabilities other than provisions	10	415,275	418,718
Bank loans		91,443	208,957
Prepayments received from customers		70,013	132,709
Trade payables		413,932	1,068,768
Payables to group enterprises		12,794,428	10,968,676
Other payables		327,689	459,276
Current liabilities other than provisions		14,112,780	13,257,104
Liabilities other than provisions		18,132,134	17,686,203
Equity and liabilities		18,267,818	19,196,483
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Revaluation reserve DKK	Other reserves DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,900,000	3,688,359	151,863	(5,828,942)	(88,720)
Dissolution of revaluations	0	(87,497)	0	87,497	0
Other entries on equity	0	0	(76,367)	74,490	(1,877)
Tax of entries on equity	0	0	16,801	(16,801)	0
Profit/loss for the year	0	0	0	(1,275,719)	(1,275,719)
Equity end of year	1,900,000	3,600,862	92,297	(6,959,475)	(1,366,316)

Notes

1 Staff costs

	2019/20	2018/19
	DKK	DKK
Wages and salaries	3,817,417	6,478,401
Other social security costs	(2,252)	123,986
Other staff costs	9,763	86,549
	3,824,928	6,688,936
Average number of full-time employees	4	6

2 Depreciation, amortisation and impairment losses

	2019/20	2018/19
	DKK	DKK
Amortisation of intangible assets	165,940	175,564
Depreciation of property, plant and equipment	504,655	448,475
Profit/loss from sale of intangible assets and property, plant and equipment	(62,500)	(23,042)
	608,095	600,997

3 Other financial expenses

	2019/20	2018/19
	DKK	DKK
Financial expenses from group enterprises	218,070	171,486
Other interest expenses	261,043	254,579
	479,113	426,065

4 Tax on profit/loss for the year

	2019/20	2018/19
	DKK	DKK
Change in deferred tax	(97,000)	(85,000)
Refund in joint taxation arrangement	(163,859)	(615,374)
	(260,859)	(700,374)

5 Intangible assets

	Completed development projects DKK
Cost beginning of year	1,245,644
Cost end of year	1,245,644
Amortisation and impairment losses beginning of year	(880,588)
Amortisation for the year	(165,940)
Amortisation and impairment losses end of year	(1,046,528)
Carrying amount end of year	199,116

6 Development projects

The products that forms the basis of the capitalized development projects are still produced and sold by the company and the company will continue to market and sell the products. No impairments have been identified.

7 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	10,846,212	8,593,063
Disposals	0	(1,306,310)
Cost end of year	10,846,212	7,286,753
Revaluations beginning of year	6,000,000	0
Revaluations end of year	6,000,000	0
Depreciation and impairment losses beginning of year	(6,383,762)	(8,258,134)
Depreciation for the year	(314,957)	(189,698)
Reversal regarding disposals	0	1,268,014
Depreciation and impairment losses end of year	(6,698,719)	(7,179,818)
Carrying amount end of year	10,147,493	106,935

8 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	882,258	0
Additions	0	2,342,917
Cost end of year	882,258	2,342,917
Impairment losses beginning of year	(834,763)	0
Exchange rate adjustments	(1,877)	0
Share of profit/loss for the year	(333,903)	0
Investments with negative equity value depreciated over receivables	288,285	(288,285)
Impairment losses end of year	(882,258)	(288,285)
Carrying amount end of year	0	2,054,632

Investments in subsidiaries	Registered in	Equity interest %
Midform sp. Z.O.O	Poland	100

9 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	1,900	1000	1,900,000
	1,900		1,900,000

The contributed capital has not been divided into classes.

10 Non-current liabilities other than provisions

	Due within 12 months 2019/20 DKK	Due within 12 months 2018/19 DKK	Due after more than 12 months 2019/20 DKK	Outstanding after 5 years 2019/20 DKK
Mortgage debt	415,275	418,718	4,019,354	2,381,749
	415,275	418,718	4,019,354	2,381,749

11 Unrecognised rental and lease commitments

	2019/20 DKK	2018/19 DKK
Liabilities under rental or lease agreements until maturity in total	14,708	102,953

12 Assets charged and collateral

Assets charged and collateral - Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises production equipment and machinery appurtenant to the properties.

Bank debt and other credit institutions are secured by way of deposited mortgage deed registered to the mortgagor on the property of totally DKK 7,200k nominal.

The carrying amount of mortgaged properties is DKK 10,147k.

Bank debt is secured by way of a company pledge with security in an allmoneys mortgage of DKK 17,000k comprising unsecured receivables from sale of goods and services, inventories of raw materials, semi-manufactured goods and finished goods, fixtures and fittings etc. and operating equipment as well as goodwill, domain names and intellectual rights.

The carrying amount of inventories pledged is DKK 2,267k.

The carrying amount of other fixtures and fittings, etc. pledged is DKK 107k.

The carrying amount of trade receivables pledged is DKK 519k.

The Company has issued a guarantee of payment for bank debt in other Danish group enterprises. The debt is 0k per 30.09.2020.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of fixed asset investments and liabilities are recognised in the income statement as financial income or financial expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue for the year (revenue), cost of sales for the year to achieve revenue for the year (cost of sales) and operating and maintenance expenses for the year on property, plant and equipment as well as sales and administrative expenses (other external expenses).

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial expenses

Other financial expenses comprise interest expenses, realised and unrealised capital losses on transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Parent and all of the Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives of the assets. The amortisation period is 2-5 years. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings are measured at cost with addition of revaluation, and for buildings, less accumulated depreciation and impairment losses. Revaluation is calculated on the basis of regular, independent fair value measurements. Land is not depreciated.

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost minus estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-25 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Estimated useful lives and residual values are reassessed annually.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

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

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.