# &Tradition A/S

Kronprinsessegade 4 1306 København K

# Annual Report 2020

CVR no. 18169304

Annual General Meeting held the 14 April 2021

Mogens Madsen



# &Tradition A/S

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## **Management's Statement**

Today, the Board of directors and the Executive Board have considered and adopted the Annual Report of &Tradition A/S for the financial year 1 January 2020 - 31 December 2020.

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

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Group's and the Company's operations and the Group's and the Company's cash flows for the financial year 1 January 2020 - 31 December 2020.

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

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

København, 14 April 2021

Executive Board

Martin Kornbek Hansen

Manager

**Board of directors** 

Troels Holch Povisen

Chairman

Martin Kørnbek Hansen

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## **Independent Auditors' Report**

#### To the shareholders of &Tradition A/S

#### Opinion

We have audited the consolidated annual accounts and the annual accounts of &Tradition A/S for the financial year 1 January 2020 - 31 December 2020, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flows and notes, consolidated and for the company respectively. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2020 and of the results of the company's operations, consolidated and for the company respectively and cash flows for the financial year 1 January 2020 - 31 December 2020 in accordance with the Danish Financial Statements Act.

#### Basis of opinion

We conducted our audit in accordance with international standards on auditing and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditors' responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### The management's responsibility for the financial statements

Management is responsible for the preparation of consolidated financial statements and annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements and annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts and the annual accounts, management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts unless the management either intends to liquidate the group or the company or cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonable be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- \* Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

## **Independent Auditors' Report**

- \* Evaluate the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management.
- \* Conclude on the appropriateness of management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise 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 auditors' report to the related disclosures in the consolidated annual accounts the annual accounts 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 auditors' 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 consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.
- \* Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely reponsible 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 the internal control that we identify during our audit.

#### Statement on management's review

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated financial statements and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

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

Brande, 14 April 2021

**Partner Revision** 

Statsautoriseret revisionsaktieselskab

CVR-no. 15807776

Claus Lykke Jensen

State Authorised Public Accountant

mne10776

## **Company details**

Company

&Tradition A/S

Kronprinsessegade 4 1306 København K

CVR No.: 18169304

Date of formation: 21 September 1994

Registered office: København

Financial year: 1. januar 2020 - 31. december 2020

**Board of directors** 

Troels Holch Povlsen Martin Kornbek Hansen Søren Schøllhammer

**Executive Board** 

Martin Kornbek Hansen, Manager

**Auditors** 

Partner Revision

Statsautoriseret revisionsaktieselskab

Torvegade 22 7330 Brande

CVR-no.: 15807776

**Group enterprises** 

&Tradition Norway AS, Norge

## Management's Review

#### The Group's principal activities

The Group and &Tradition A/S principal activities are the design and sale of furniture, lighting and interior product including classic designs by Verner Panton, Viggo Boesen and Arne Jacobsen.

#### Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2020 - 31 December 2020 shows a result of DKK 45.234.230 and the Balance Sheet of the Group at 31 December 2020 a balance sheet total of DKK 163.804.976 and an equity of DKK 105.509.384.

The Company's Income Statement of the financial year 1 January 2020 - 31 December 2020 shows a gross profit of t.DKK 94.930 compared to last year of t.DKK 63,212 and the Company's net result after tax shows a profit of t.DKK 45,234 compared to last year of t.DKK 25,811.

This development in the net result after tax has to be compared to the fact that the Company in the annual report for 2019 expected a net result after tax in the range of DKK 35 to 40 million.

Management considers the net result after tax for the year for both the Group and the Company to be satisfactory and surpass expectations

#### Financial risks and use of financial instruments

#### Currency risks

The activities abroad have an effect on the result, the cash flows and the equity due to the development in the exchange rate and the interest rate for a number of currencies. It is the company's policy partially to hedge commercial currency risks. The hedging is primarily done by forward exchange contracts to partially hedge expected revenue and purchases within the next 12 months. The company does not enter into speculative currency positions.

Currency adjustment on investments in subsidiaries that are independent entities, is recognized directly in the equity. Currency risks related to this matter is not covered by hedging, as it is the company's view that hedging of long-term investments in subsidiaries is not an optimal solution, looking at it from an overall risk and cost perspective.

#### Interest rate risks

As the interest-bearing net debt does not represent a significant amount, moderate changes in the interest rate level will not have any significant direct effect on the result. Therefore no interest rate positions are entered into to hedge interest rate risks.

#### Particular risks

Beyond ordinary occurring risk, no particular risks are considered to affect the Company except ordinary occurring risks.

#### **Environmental issues**

In order to reduce &Tradition's environmental impact and to help fight climate change &Tradition are operating at two levels. Firstly, we are working on lessening the impact from our products by moving from a linear to a circular approach. This entails creating the best quality product, which is designed for disassembly, using conscious materials. It also entails working closely with our suppliers in finding the best solutions to lessen the impact from the production. Secondly, we are evaluating ourselves and the impact we as a company have on the environment. We believe that every little action counts towards combatting climate change.

In order to lessen the environmental impact, a campaign named Getting Our Own House Straight was launched. Through this campaign, employees from the entire company help identify areas where improvement can be made both internally in the individual department, but also across the entire company. This has resulted in initiatives to reduce our environmental footprint that will be adopted and implemented in the company in the near future.

## Management's Review

To lessen the environmental impact of our furniture, we have implemented requirements that uses the EU Eco label as a guiding principle. As part of this we aim to keep materials as clean as possible so they can be reused or recycled. We have therefore phased out the use of some chemicals, for example unnecessary flame-retardants. We have also implemented the use of Oeko-tex 100 certified foams across most of our collection.

We also focus on using renewable materials such as wood and more sustainable materials such as recycled metal and recycled plastics. In January 2020 we obtained our FSC certification. The goal of &Tradition is to offer all our wooden products as FSC before the end of 2021. Currently we can offer 70% of our wooden furniture families in an FSC certified version.

This year &Tradition launched the environmentally-friendly chair Rely, which combines a lot of the initiatives that we are working on. This product is designed for disassembly which ensures it can be repaired for prolonged lifetime, components can be reused and at end-of-use the material can be recycled. The 100% recycled plastic, and the more eco-friendly powder coatings ensures that the environmental impact of the materials is similarly reduced.

#### Research and development activities

Beside the ordinary development of furniture and accessories and development for the Company's IT-platform, there are no research and development activities in the Company.

#### **Branches abroad**

All the Company's activities abroad operates as independent legal entities, which is why there are none branches abroad.

#### **Expectations for the future**

The growth in Group and Company revenue is expected to be between 15% and 30% and net result before tax for the Group in the range of 60 to 70 million DKK, and for the Company a net result before tax in the range of 60 to 70 million DKK.

#### Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

#### Statement on Corporate Social Responsibility

&Tradition A/S and the companies below are working actively to run a business with common sense and taking into account social responsibility.

The Company is actively working to contribute to a sustainable and environmentally conscious community. The company aims towards it and its employees having a positive influence not only on the local and national community, but also on an international level.

The Group are continuously working with the Code of Conduct in collaboration with suppliers, customers and others partners, and encourage suppliers to meet the same high standards that the Company itself represent in order to ensure that all production is carried out by people under decent working conditions.

#### Statutory report on human rights

&Tradition A/S and the companies below support and respect human rights. It is the Group's policy to ensure that human rights always are respected in relation to both employees and business associates.

Part of this effort is to ensure a safe and secure working environment for all employees in all countries where the Group is represented. This applies to both the physical and mental work environment. This is demonstrated not only by the natural compliance to legislation on the area but is also reflected in the Group's handbook for employees.

In relation to suppliers and business partners the Group expects that they all consider human rights to be important and that they all do business with a general high moral standard. A natural consequence of the Group's policy is to stop all collaboration with entities about which the Group has become aware, that human rights are not being treated respectfully.

## Management's Review

#### Statutory report on climate

As mentioned previously the Group aims continuously for contributing towards a greener future environment. The Group is trying to minimise the impact on the World's climate on several levels. Both by increasing the use of materials coming from sustainable sources, by working with suppliers that live up to the Code of Conduct and by developing durable and long-lasting products of a high quality.

#### Statutory report on the underrepresented gender

&Tradition A/S is governed by the rules on targets and policies for the gender composition of management.

&Tradition A/S aims to be a tolerant workplace without discrimination of any kind. Employees are hired only based on their skills and experience. Gender, religious belief, age, nationality or other such factors are not considered to be relevant for recruitment.

In order to comply with the legislation, despite the above, the target has been formulated with a gender mix of equal representation between women and men in the board of directors of &Tradition A/S.

In 2020 the target for the underrepresented gender in the board of directors of &Tradition A/S is 20%. On the other management levels, &Tradition A/S also has an equal gender distribution.

	2020	2019	2018	2017	2016
-	t.kr.	t.kr.	t.kr.	t.kr.	t.kr.
Group					
·					
Income Statement:					
Gross profit	96.695	64.458	46.230	35.523	24.448
Profit from ordinary operating activities	58.567	33.430	20.275	16.727	7.970
Net financial income and expenses	-694	-312	-568	-544	-328
Net result for the year	45.234	25.682	15.275	12.561	5.910
Balance Sheet:					
Total Assets	163.805	97.516	86.482	57.338	39.949
Investment in non-current assets	-2.327	-3.465	-3.361	-2.392	-582
Total Equity	105.509	67.393	46.705	37.135	24.644
Cash Flow:					
Operating activities	60.125	16.932	-672	10.894	11.144
Investing activities	-2.327	-3.797	-3.361	-2.392	-3.819
Financing activities	-7.500	-5.000	-5.775	0	-5.000
Employees:					
Average number of employees	64	53	39	25	19
Financial ratio in %: *)					
Solvency ratio	64,4	69,1	53,9	64,8	61,7
Return on equity (ROE)	52,3	45,1	36,5	40,7	24,4

<sup>\*)</sup> The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2015". Negative value ratios are not indicated. The definitions of the financial ratios is shown in the section of accounting policies

	2020	2019	2018	2017	2016
-	t.kr.	t.kr.	t.kr.	t.kr.	t.kr.
Parent					
Income Statement:					
Gross profit	94.930	63.212	45.061	35.523	24.448
Profit from ordinary operating activities	57.919	33.856	20.618	16.727	7.970
Net financial income and expenses	-46	-609	-808	-544	-328
Net result for the year	45.234	25.811	15.379	12.561	5.910
Balance Sheet:					
Total Assets	163.627	97.106	85.958	57.338	39.949
Investment in non-current assets	-2.069	-3.465	-3.163	-2.392	-582
Total Equity	105.509	67.399	46.584	37.135	24.644
Cash Flow:					
Operating activities	60.241	16.982	-342	10.894	11.144
Investing activities	-3.546	-3.797	-3.690	-2.392	-3.819
Financing activities	-7.500	-5.000	-6.000	0	-5.000
Employees:					
Average number of employees	62	51	37	25	19
Financial ratio in %: *)					
Solvency ratio	64,5	69,4	54,2	64.8	61,7
Return on equity (ROE)	52,3	45,3	36,7	40,7	24,4

<sup>\*)</sup> The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2015". Negative value ratios are not indicated. The definitions of the financial ratios is shown in the section of accounting policies

#### **Reporting Class**

The Annual Report of &Tradition A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C. &Tradition A/S has decided to apply some of the rules for large-sized enterprises of reporting class C which mainly relate to the management's review.

The accounting policies applied remain unchanged from last year.

## Reporting currency

The Annual Report is presented in Danish kroner.

#### Translation policies

On initial recognition, transactions in foreign currencies are translated at the exchange rates prevailing at the date of transaction. Gains and losses occurring due to differences between the transaction date rates and the rates at the date of payment are recognised as an item under Financial Income and Expenses in the Income Statement.

Receivables, debt and other monetary items denominated in a foreign currency are translated at the rate at the balance sheet date. The difference between the rate at the balance sheet date and the rate at the time when the receivable or payable occurred or was recognised in the latest Financial Statements is recognised in the Income Statement under Financial Income and Expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated based on an average rate of exchange and the balance sheet items are translated based on the rates of exchange at the balance sheet date. Currency translation differences that occur when translating foreign subsidiaries' equity at the beginning of the year at the rates of exchange at the balance sheet date and when translating Income Statements from average rates at the rates of exchange at the balance sheet date are recognised directly in equity.

#### **Consolidated Financial Statements**

The Consolidated Financial Statements comprise the parent company & Tradition A/S and subsidiaries in which & Tradition A/S directly or indirectly holds more than 50% of the voting rights or in other ways has control.

For the consolidation, intercompany income and costs, shareholdings, intercompany balances and dividends as well as realised and unrealised profit and loss are eliminated in connection with transactions between the consolidated enterprises.

Equity investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' market value of net assets and liabilities at the time of acquisition.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Enterprises sold or liquidated are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not corrected for enterprises newly acquired, sold or liquidated.

#### **Non-controlling Interests**

Items of the subsidiaries are recognised in the Consolidated Financial Statements by 100%. The non-controlling interests' proportionate share of the subsidiaries results, and equity is adjusted annually and are recognised as separate items under Income Statement and Balance Sheet.

#### **Derivative financial instruments**

Derivative financial instruments are measured at cost and subsequently at fair value at initial recognition in the Balance Sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging the fair value of a recognised asset or liability are recognised in the Income Statement together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as and fulfilling the conditions for hedging future assets and liabilities are recognised in other receivables or other payables and in equity. In the event that the future transaction results in the recognition of assets or liabilities, any amounts previously recognised in equity will be transferred to the cost of the asset or the liability, respectively. In the event that the future transaction results in income or expenses, any amounts previously recognised in equity will be transferred to the Income Statement in the period in which the hedged item affects the Income Statement.

For derivative financial instruments that do not fulfil the conditions for treatment as hedging instruments, changes in the fair value will continuingly be recognised in the Income Statement.

#### **General Information**

#### Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are 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 term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

#### **Income Statement**

#### Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

#### Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises, including compensation of salary expenses and profits on sale of intangible and tangible assets.

#### Raw materials and consumables used

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

#### Other external expenses

Other external expenses comprise expenses regarding production, distribution, sales, administration, premises, loss of debitors and operating leasing costs.

#### Staff expenses

Staff expenses comprise wages, salaries, pensions and social security costs.

#### Depreciation of intangible assets and property, plant and equipment

Depreciation of intangible assetsand property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	5 years	0%
Goodwill	5 - 7 years	0%
Fixtures, fittings, tools and equipment	3 - 5 years	0%
Leasehold improvements	3 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

#### Other operating expenses

Other operating expenses comprise items of a secondary nature to the activities of the enterprise, including loss on sale of intangible and tangible assets.

#### Income form investments in group companies

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the parent company's Income Statement after full elimination of intercompany profit/loss.

#### Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

#### Income tax

Income tax for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

### **Balance Sheet**

#### Intangible assets

Goodwill is depreciated over the estimated economic life, which is determined on the basis of management's experience within the individual business areas. Goodwill is depreciated on a straight line basis over the depreciation period, which is between 5 and 7 years. The depreciation period is determined on the basis of the expected repayment period and is the longest for strategically acquired companies with a strong market position and long-term earnings profile

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Amounts corresponding to what was capitalized during the year, a provision is made in the equity named "Reserve for development expenses".

Other development costs are recognised as costs in the Income Statement as they incur.

Development costs comprise costs, including wages, salaries and depreciation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalised development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortisation and the recoverable amount.

After completion of the development projects the capitalised development costs are depreciated over the estimated useful life of the product.

#### Tangible assets

Fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated as the cost price less expected residual value after the end of the useful life.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

The cost price includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.

The cost price of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Small assets with an expected useful life of less than 1 year are recognized in the year of acquisition as costs in the income statement.

The carrying amounts of tangible assets are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts.

## Long-term investments in group companies

Long-term Investments in group companies are measured using the equity method.

Investments in group companies are recognised in the balance sheet at the proportionate share of the equity value of the companies, calculated according to the parents accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

Subsidiaries having a negative equity value are recognised at DKK 0, and any amounts receivable from those companies are written down by the parents share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

If the negative equity value exceeds receivables, the remaining amount is recognised as a provision to the extent that the parent has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Net revaluation of long-term investments in group companies is classified under a separate reserve for net revaluation by the equity method in equity, in so far as the carrying amount exceeds the cost. Dividends from subsidiaries that are expected to be adopted before the annual report for &Tradition A/S is approved are not tied up in the revaluation reserve.

When acquiring companies, the acquisition method is used, cf. the description above regarding the valuation of goodwill.

## **Deposits**

Deposits are measured at cost.

#### **Inventories**

Inventories are measured at cost on the basis of the FIFO principle. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

The cost of goods for resale are measured at cost comprising purchase price plus delivery costs.

#### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

#### Prepayments, assets

Prepayments recognised in assets comprises prepaid costs regarding subsequent financial years.

#### Cash and cash equivalents

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

#### Equity

Equity comprises share capital and a number of other equity items that may be statutory or stipulated in the articles of association.

#### Dividend

Proposed dividend for the year is recognised as a separate item in equity.

## Reserve for net revaluation according to the equity method

Net revaluation of long-term investments in group companies is classified under a separate reserve for net revaluation according to the equity method in equity, in so far as the carrying amount exceeds the cost.

Dividends from subsidiaries that are expected to be adopted before the annual report for &Tradition A/S is approved are not tied up in the revaluation reserve. The reserve is adjusted with other equity movements regarding long-term investments in group companies.

## Reserve for development expenses

Reserve for development expenses includes recognised development costs. The reserve is not available for the payment of dividends or losses. The reserve is deducted or dissolved by depreciation of the recognised costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

#### Reserve for hedging instruments

Reserve for hedging instruments includes the accumulated net change after tax of the fair value of hedging transactions that meet the criteria for hedging future payment flows and where the hedged transaction has not yet been realized. The reserve is dissolved when the hedged transaction is realized, if the hedged cash flows are no longer expected to be realized or the hedging relationship is no longer effective. The reserve does not represent an obligation and can therefore not be negative.

#### Reserve for currency adjustments

Reserve for currency adjustments includes the share of exchange rate differences arising from the translation of annual accounts regarding entities with a different currency than Danish kroner, currency adjustments relating to assets and liabilities form the net investments in such entities and currency adjustments for hedging transactions that hedge the net investments in such entities. The reserve is dissolved by the disposal of the foreign entities or if the conditions for effective hedging are no longer present. When investments in subsidiaries in the parent company's annual accounts are covered by the binding requirement in the reserve for net revaluation according to the equity method, exchange rate adjustments will instead be included in this equity reserve.

#### **Provisions**

#### Provision for deferred tax

Provision for deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

#### **Current tax liabilities**

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

#### Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value.

#### Accruals and deferred income

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

#### **Cash Flow Statement**

The Cash Flow Statement shows the Group's and the Company'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 and the Company's cash and cash equivalents at the beginning and end of the year.

The cash flow from buying and selling companies is shown separately under cash flows from investment activity. Cash flows relating to acquired companies are recognized in the cash flow statement from the time of acquisition, and cash flows relating to sold companies are recognized up to the time of sale.

#### Cash flow from the operating activity

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortisation and impairment losses and provisions as well as tax payment.

#### Cash flow from the investing activity

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible, tangible and investments.

#### Cash flow from the financing activity

Cash flows from financing activities include changes in the size or composition of contributed capital and associated costs. In addition, the cash flows from the financing activity include raising and repaying long-term liabilities as well as payment of dividends to shareholders

#### Cash and cash equivalents

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

#### **Financial ratios**

Financial ratios are determined based on "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

The Financial ratios in the overview are calculated as follows:

Solvency ratio = Equity at the end of teh year x 100

Total liabilities and equity

Return on equity = Net income for the year x 100

Average equity

	Group			Pare	ent
		2020	2019	2020	2019
	Note	kr.	kr.	kr	kr.
Gross profit		96.695.378	64.458.287	94.929.848	63.211.719
Staff expenses Depreciation of intangible assets and property, plant	1	-33.808.176	-27.234.455	-32.780.141	-25.607.343
and equipment		-4.320.317	-3.794.128	-4.230.875	-3.748.776
Profit from ordinary operating activities		58.566.885	33.429.704	57.918.832	33.855.600
Income from investments					
in group companies		0	0	512,305	-301.232
Financial income	2	1.517	6.109	20.719	5.720
Financial expenses	3	-695.675	-313.086	-579.129	-313.261
Result before tax		57.872.727	33.117.727	57.872.727	33.246.827
Income tax	4	-12.638.497	-7.435.474	-12.638.497	-7.435.474
Net income for the year		45.234.230	25.682.253	45.234.230	25.811.353
The group result is distribute					
Shareholders in &Tradition A/S	j	45.234.230	25.811.353		

The group result is distributed as follows:					
Shareholders in &Tradition A/S	45.234.230	25.811.353			
Non-controlling interests	0	-129.100			
	45.234.230	25.682.253			

	Group			Parent		
		2020	2019	2020	2019	
	Note	kr.	kr.	kr	kr.	
Assets						
0						
Completed development projects	6	266.635	1.115.522	266.635	1.115.522	
Goodwill	7	43.339	303.333	43.339	303.333	
Intangible assets		309.974	1.418.855	309.974	1.418.855	
First String						
Fixtures, fittings, tools and equipment	8	4.975.044	5.869.550	4.672.218	5.725.012	
Property, plant and equipment		4.975.044	5.869.550	4.672.218	5.725.012	
		-				
Long-term investments in						
group companies Deposits, investments	9, 10	0 20.000	0 26.000	2.008.497 20.000	0 26.000	
Investments		20.000	26.000			
mvestments		20.000	26.000	2.028.497	26.000	
Fixed assets		5.305.018	7.314.405	7.010.689	7.169.867	
Manufactured as a de						
Manufactured goods and goods for resale		50.903.224	36.655.548	50.511.972	36.415.134	
Inventories		50.903.224	36.655.548	50.511.972	36.415.134	
Trade receivables		41.840.066	34.834.553	41.796.679	34.562.077	
Receivables from		0	0	0	792 562	
group companies Current deferred tax	11	227.127	0 0	0 227.127	782.563 0	
Other receivables		875.954	4.036.947	753.849	3.725.940	
Prepayments	12	1.638.909	1.958.341	1.588.851	1.906.979	
Receivables		44.582.056	40.829.841	44.366.506	40.977.559	
Cash and cash equivalents		63.014.678	12.716.551	61.738.206	12.543.536	
Current assets		158.499.958	90.201.940	156.616.684	89.936.229	
Assets		163.804.976	97.516.345	163.627.373	97.106.096	

		Gro	up	Pare	ent
		2020	2019	2020	2019
	Note	<u>kr.</u>	kr.	kr	kr.
Liabilities and equity					
Share capital	13	500.000	500.000	500.000	500.000
Reserve for net revaluation according to equity method Reserve for		0	0	0	0
development expenses Reserve for hedging		266.636	635.351	266.636	635.351
instruments		347.113	0	347.113	
Retained earnings		90.895.635	58.763.924	90.895.635	58.763.924
Dividend for the financial year		13.500.000	7.500.000	13.500.000	7.500.000
Equity attributable to share- holders in &Tradition A/S		105.509.384	67.399.275	105.509.384	67.399.275
Non-controlling interests		0	-6.520	0	0_
Equity		105.509.384	67.392.755	105.509.384	67.399.275
Provision for deferred tax	14	0	292.881	0	292.881
Provisions		0	292.881	0	292.881
Other payables Long-term liabilities	15	0	961.228	0	961.228
other than provisions		0	961.228	0	961.228
Prepayments received					
from customers		3.641.945	2.329.509	3.641.945	2.329.509
Trade payables		39.182.998	20.715.639	39.120.926	20.561.137
Payables to group companies		0	0	250.367	162.854
Tax payables		4.189.996	1,108.976	4.189.996	1,108.976
Other payables Short-term liabilities		11.280.653	4.715.357	10.914.755	4.290,236
other than provisions	,	58.295.592	28.869.481	58.117.989	28.452.712
Liabilities other					
than provisions		58.295.592	29.830.709	58.117.989	29.413.940
Liabilities and equity		163.804.976	97.516.345	163.627.373	97.106.096
Contingent liabilities Collaterals and assets pledges	16				
as security	17				
Related parties	18				
Derivative financial instruments					
and fair value information	19				

# Statement of changes in Equity

	Group							
kī.	Share capital	Reserve for net revaluation according to equity	Reserve for hedging instruments	Reserve for development expenses	Retained earnings	Dividend for the financial year	Non- controlling Interests	Total
Equity at 1 January 2020	500.000	0	0	635.351	58.763.924	7.500.000	-6.520	67.392.755
Exchange rate adjustment, foreign subsidiaries		-	_	000,00	35.285	1.000.000	3.023	35.285
Payment of dividend					33.203	-7.500.000		-7.500.000
Proposed dividend					-13.500.000	13.500.000		0
Net income for the year					45.234.230	.0.000.000		45.234.230
Adjustments for the year				-368.715	368.715			0
Net adjustments of hedging instruments			347.113					347.113
Other adjustments					-6.519		6.520	1
Equity at 31 December 2020	500.000	0	347.113	266.636	90.895.635	13.500.000	0	105.509.384

	Parent							
kr.	Share capital	Reserve for net revaluation according to equity	Reserve for hedging instruments	Reserve for development expenses	Retained earnings	Dividend for the financial year	Non- controlling Interests	Total
F	500.000							
Equity at 1 January 2020 Exchange rate adjustment,	500.000	0	0	635.351	58.763.924	7.500.000	0	67.399.275
foreign subsidiaries					35.285			35.285
Payment of dividend						-7.500.000		-7.500.000
Proposed dividend					-13.500.000	13.500.000		0
Net income for the year					45.234.230			45.234.230
Adjustments for the year				-368.715	368.715			0
Net adjustments of hedging instruments			347.113					347.113
Other adjustments					<u>-6.519</u>		0	-6.519
Equity at 31 December 2020	500.000	0	347:113	266.636	90.895.635	13.500.000	0	105.509.384

	Gro	up	Parent		
	2020	2019	2020	2019	
-	kr.	kr.	kr	kr.	
Net income for the year	45.234.230	25.682.253	45.234.230	25.811.353	
Depreciation of intangible assets	70.20				
and property, plant and equipment Income from investments in	4.320.317	3.794.128	4.230.875	3.748.776	
Group companies	0	0	-512.305	301.232	
Financial income	-1.517	-6.109	-20.719	-5.720	
Financial expenses	695.675	318.086	579.129	313.261	
Income tax	12.638.497	7.435.474	12.638.497	7.435.474	
Change in inventories	-14.247.676	5.163.702	-14.096.838	5.254.016	
Change in receivables Change in trade payables	-2.497.146	-8.292.634	-2.701.588	-8.466.532	
and other payables	24.806.940	-9.588.997	25.623.029	-9.837.088	
Other adjustments	45.458	2.886	0	0	
Cash flow from operation before financial items	70.994.778	24.508.789	70.974.310	24.554.772	
Interest received and similar	1.517	6.109	20,719	5.720	
Interest paid and similar	-695.675	-318.086	-579.129	-313.261	
Cash flow from ordinary operation	70.300.620	24.196.812	70.415.900	24.247.231	
Paid income tax	-10.175.390	-7.265.235		-7.265.235	
Cash flow from operating activity	60.125.230	16.931.577	60.240.510	16.981.996	
Purchase of intangible assets	0	-331.363	0	-331.363	
Purchase of tangible assets	-2.327.103	-3.465.181	-2.069.200	-3.465.181	
Purchase of financial assets	0	0	-1.482.640	0	
Sale of financial assets	0	0	6.000	0	
Cash flow from investing activity	-2.327.103	-3.796.544	-3.545.840	-3.796.544	
Payment of dividend	-7.500.000	-5.000.000	-7.500.000	-5.000.000	
Cash flow from financing activity	-7.500.000	-5.000.000	-7.500.000	-5.000.000	
Change in					
cash and cash equivalents Cash and cash equivalents	50.298.127	8.135.033	49.194.670	8.185.452	
at 1 January	12.716.551	4.581.518	12.543.536	4.358.084	
Cash and cash equivalents at 31 December	63.014.678	12.716.551	61.738.206	12.543.536	
Cash and cash equivalents specified as follows:					
Cash and cash equivalents	63.014.678	12.716.551	61.738.206	12.543.536	
Total cash and cash equivalents	63.014.678	12.716.551	61.738.206	12.543.536	

Payment of foreign tax

	Gro	up	Parent		
	2020	2019	2020	2019	
	kr.	kr.	kr.	kr.	
1. Staff expenses					
Wages and salaries	31.087.268	25.052.918	30.172.557	23.671.894	
Post-employement benefit expense	2.064.429	1.500.619	2.030.474	1.457.605	
Social security contributions	656.479	680.918	577.110	477.844	
	33.808.176	27.234.455	32.780.141	25.607.343	
Average number of employees	64	53	62	51	
No remuneration is paid to members of 2. Finance income	the board of direct	ors.			
Finance income from group					
enterprises	0	0	19.250	0	
Other finance income	1.517	6.109	1.469	5.720	
	1.517	6.109	20.719	5.720	
3. Finance expenses					
Other finance expenses	695.675	318.086	579.129	313.261	
	695.675	318.086	579.129	313.261	
4. Income tax					
Tax on taxable income	12.892.092	7.708.976	12.892.092	7.708.976	
Tax regarding previous years	4.799	0	4.799	0.700.570	
Adjustment of deferred tax	-520.009	-273.502	-520.009	-273.502	
Daymont of family to	020.000	2. 5.552	-020.005	270.002	

261.615

12.638.497

261.615

12.638.497

0

7.435.474

7.435.474

0

	Group		Parent	
	2020	2019	2020	2019
	kr.	kr.	kr.	kr.
5. Distribution of profit				
Proposed dividend	13.500.000	7.500.000	13.500.000	7.500.000
Proposed extraordinary dividend	0	5.000.000	0	5.000.000
Other statutory reserves	-368.715	-107.628	-368.715	-107.628
Retained earnings	32.102.945	13.418.981	32.102.945	13.418.981
	45.234.230	25.811.353	45.234.230	25.811.353
6. Completed development pro	jects			
Cont at 1 January	6.866.145	7 402 000	0.000.445	7 400 000
Cost at 1 January	0.866.145	7.403.606	6.866.145	7.403.606
Addition during the year Disposal during the year	0	331.363 -868.824	0	331.363
Disposal during the year		-000.024	0	-868.824
Cost at 31 December	6.866.145	6.866.145	6.866.145	6.866.145
Depreciation and amortisation at 1				
January	-5.750.623	-5.261.007	-5.750.623	-5.261.007
Amortisation for the year	-848.887	-1.358.440	-848.887	-1.358.440
Reversal of impairment losses and				
amortisation of disposed assets	0	868.824	0	868.824
Impairment losses and amortisation at 31 December	-6.599.510	-5.750.623	-6.599.510	-5.750.623
Carrying amount at 31 December	266.635	1.115.522	266.635	1.115.522
7. Goodwill				
Cost at 1 January	3.619.959	3.619.959	3.619.959	3.619.959
Cost at 31 December	3.619.959	3.619.959	3.619.959	3.619.959
Depreciation and amortisation at 1				
January	-3.316.626	-3.049.652	-3.316.626	-3.049.652
Amortisation for the year	259.994	-266.974	259.994	-266.974
Impairment losses and amortisation at 31 December	-3.576.620	-3.316.626	-3.576.620	-3.316.626
Carrying amount at 31 December	43.339	303.333	43.339	303.333
• •				

	Group		Parent	
	2020	2019	2020	2019
	kr.	kr.	kr.	kr.
8. Fixtures, fittings, tools and e	equipment			
Cost at 1 January Change due to a foreign currency	9.949.442	7.618.342	9.748.487	7.420.035
translation adjustment	-14.144	2.648	0	0
Addition during the year	2.327.103	3.465.181	2.069.200	3.465.181
Disposal during the year	-304.004	-1.136.729	-304.004	-1.136.729
Cost at 31 December	11.958.397	9.949.442	11.513.683	9.748.487
Depreciation and amortication at 4				
Depreciation and amortisation at 1 January	-4.079.892	-3.047.761	-4.023.475	-3.036.842
Change due to foreign currency translation adjustment	3.971	-146	0	0
Amortisation for the year	-3.211.436	-2.168.714	-3.121.994	-2.123.362
Reversal of impairment losses and	0.2		0.121.001	
amortisation of disposed assets	304.004	1.136.729	304.004	1.136.729
Impairment losses and	0.002.252	4 070 000	0.044.405	4 000 475
amortisation at 31 December	-6.983.353	-4.079.892	6.841.465	-4.023.475
Carrying amount at 31 December	4.975.044	5.869.550	4.672.218	5.725.012
9. Long-term investments in gr	oup companie	es		
Cost at 1 January			529.620	529.620
Addition during the year			1.482.640	0
Cost at 31 December			2.012.260	529.620
Revaluations at 1 January	ation		-529.620	-247.371
Change due to a foreign currency translation adjustment			28.765	3.770
Revaluations for the year			512.305	-301.232
Reversal of revaluations of disposed assets			-15.213	15.213
Revaluations at 31 December			-3.763	-529.620
Carrying amount at 31 December			2.008.497	0

	Group		Parent	
	2020	2019	2020	2019
	<u>kr.</u>	<u>kr.</u>	kr.	kr.
10. Disclosure in long-term inv	estments in gr	oup companies		
Group enterprises				
Name	Registered office	Share held in %	Equity	Profit
&Tradition Norway AS	Oslo, Norge	100,00	2.008.497	512.305
			2.008.497	512.305
11. Current deferred tax				
Current deferred tax at 1 January	0	0	0	0
Adjustment for the the year	227.127	0	227.127	0
Current deferred tax at 31 December	227.127	0	227.127	0
Current deferred tax relates to				
Intangible assets	13.520	0	13.520	0
Property, plant and equipment	226.307	0	226.307	0
Current assets	-110.604	0	-110.604	0
Hedging instruments	97.904		97.904	0
	227.127	0	227.127	0
12. Prepayments				
Predpaid expenses	1.638.909	1.958.341	1.588.851	1.906.979
	1.638.909	1.958.341	1.588.851	1.906.979

## 13. Share capital

The share capital of DKK 500,000 is divided into shares of DKK 1,000 or multiples thereof, and no shares are granted special rights.

The share capital has remained unchanged for the last 5 years.

The company does not hold any own shares at the balance sheet date, nor have any of its own shares been bought or sold during the financial year

	Grou	p	Parent	
	2020	2019	2020	2019
	kr.	kr.	kr.	kr.
14. Provision for deferred tax				
Deferred tax at 1 January	0	566.383	0	566.383
Adjustment for the year	0	-273.502	0	-273.502
Deferred tax at 31 December	0	292.881	0	292.881
Deferred tax relates to				
Intangible assets	0	189.576	0	189.576
Property, plant and equipment	0	-2.579	0	-2.579
Current assets	0	105.884	0	105.884
	0	292.881		292.881
15. Other payables				
Commitments in relation to other payable	s are payable as f	ollows:		
Within one year	0	0	0	0
Between one year and five years	0	961.228	0	961.228
Later than five years	0	0	0	0
	0	961.228	0	961.228

## 16. Contingent liabilities

Parent company:

The parent company has entered into lease agreements with an annual rent of DKK 2,824 thousand, and the contracts have a notice period of 6 months.

#### Group:

The group has entered into lease agreements with an annual rent of DKK 2,824 thousand, and the contracts have a notice period of 6 months.

## 17. Collaterals and assets pledges as security

Parant company:

There are no securities or mortgages at the balance sheet date.

Group:

There are no securities or mortgages at the balance sheet date.

## 18. Related parties

Controlling interest: None

Transactions with related parties:

All transactions with related parties during the year have been made on market terms and are therefore not disclosed in accordance with § 98 C, 7 of the Danish Financial Statements Act.

## 19. Derivative financial instruments and fair value information

The company has entered into forward exchange contracts to hedge future expected revenue regarding Norwegian kroner for 10,000 t.kr and Swedish kroner for 13,000 t.kr. In relation to the exchange rate at balance sheet date, the forward exchange contracts have a positive value of approximately 445 t.DKK., which is recognized in equity.

The company has the following assets and liabilities, which are measured at fair value:

	Group	Parent
	Derivative financial instruments	Derivative financial instruments
(t.kr.)		
Fair value at 31 December 2020	445	445
Adjustment to the income statement Changes recognized in reserve for	-98	-98
hedging instruments	347	347