



ScanCom International A/S

Reg. No. 18 47 98 93
Gl. Banegårdsplads 10
DK-4220 Korsør

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 August 2021



(26th financial year)

Adopted at the Annual General Meeting of the Company
on 10th November 2021

CHAIRMAN - JENS SKYTTE

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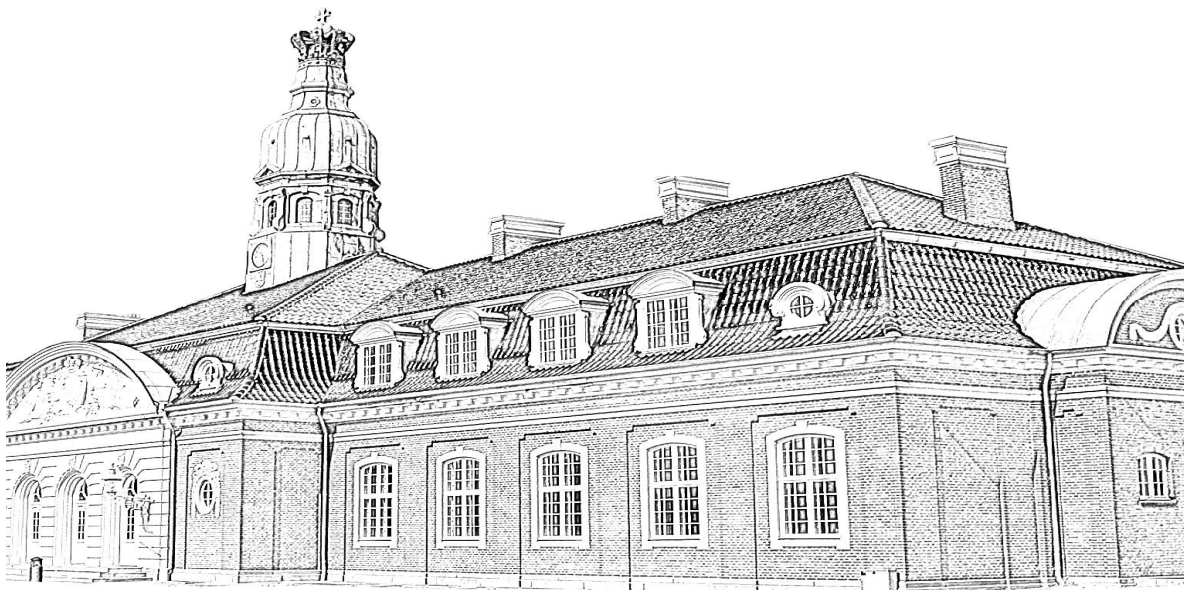
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STATEMENT BY BOARD OF DIRECTORS AND EXECUTIVE BOARD

Today the Executive Board and the Board of Directors have discussed and approved the Annual Report of the Group and the Parent Company ScanCom International A/S for the financial year 1 September 2020 – 31 August 2021.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act governing class C companies.

In our opinion, the accounting policies and accounting estimates applied are appropriate and the consolidated financial statements and parent company financial statements therefore give a true and fair view of the Group's and Parent Company's assets, liabilities and financial position at 31 August 2021 and of the results of the Group's and the Parent Company's operations and of the Group's cash flows for the financial year 1 September 2020 – 31 August 2021.

In our opinion, the Management's Review includes a fair review of the matters dealt with in the Management's Review.

We recommend the approval of the Annual Report at the Annual General Meeting.

Korsør, November 10th, 2021

Executive Board:

Stig Maasbøl
Chief Executive Officer

Board of Directors:

Jens Skytte
Chairman

Jesper Lund

Ole Lund Andersen

THE INDEPENDENT AUDITOR'S REPORT

To the shareholders of ScanCom International A/S

Opinion:

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ScanCom International A/S for the financial year 1 September 2020 - 31 August 2021, which comprise an income statement, balance sheet, cash flows, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis of opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in "Auditors' responsibility for the audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or cease operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the Consolidated Financial Statements and the Parent Company Financial Statements:

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our

INDEPENDENT AUDITOR'S REPORT

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 material misstatements 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 Consolidated Financial Statements and the Parent Company Financial Statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ❖ Identify and assess the risk of material misstatements in the Consolidated Financial Statements and the Parent Company 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ❖ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ❖ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ❖ Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company 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

THE INDEPENDENT AUDITOR'S REPORT

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.

Statement on Management's Review:

Management is responsible for the Management's review.

Our opinion on the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Statement Acts. We did not identify any material misstatement of Management's Review.

Næstved, November 10th, 2021

ENGELSTED PETERSEN

Statsaut. Revisionsanpartsselskab

CVR.nr. 20 65 82 31

Lars Engelsted Petersen

Statsautoriseret revisor

State authorized public accountant

Mne 11683

COMPANY INFORMATION

Company	ScanCom International A/S Gl. Banegårdsplads 10 DK-4220 Korsør Telephone: +45 58 35 14 25 Fax: +45 58 35 14 20 Website: www.scancom.net E-mail: info@scancom.net CVR No.: 18 47 98 93 Registered office: Korsør Financial year: 1. September – 31. August
Business Focus	Manufacturing and trade of garden furniture
Shareholders	100% LLG A/S
Board of Directors	Jens Skytte, Chairman Jesper Lund Ole Lund Andersen
Executive Board	Stig Maasbøl – CEO
Bank	Nordea (primary bank)
Auditor	ENGELSTED PETERSEN Statsautoriserede Revisorer Vestre Kaj 2,1. DK-4700 Næstved
Annual general meeting	The annual general meeting is held on November 10 th , 2021

MANAGEMENT'S REVIEW

CONSOLIDATED FINANCIAL HIGHLIGHTS

Key figures (DKK million):	2020/21	2019/20	2018/19	2017/18	2016/17
Income Statement:					
Revenue	1,290.8	1,301.4	1,242.6	911.3	886.1
EBITDA	37.1	34.9	71.4	51.7	45.3
Profit/loss on ordinary operating activities	9.3	3.6	40.2	31.5	19.6
Financial income and expenses, net	-7.3	-12.3	-14.1	-12.8	-12.0
Profit/loss on ordinary activities before tax	2.0	-8.7	26.1	18.7	7.6
Tax on profit/loss	-3.3	2.0	-5.0	-6.2	-4.4
Net profit/loss for the year	-1.2	-6.7	21.1	12.5	3.3
Balance:					
Balance sheet total	919.8	938.9	915.7	599.3	538.3
Purchases of property, plant and equipment, gross	56.2	118.7	83.2	35.9	22.8
Current assets	634.7	668.8	696.5	435.6	392.6
Equity	793.6	142.3	182.8	160.0	154.0
Short-term debt	108.0	762.7	693.4	398.1	360.8
Employees:					
Average number of employees	4,516	4,831	4,281	3,598	3,144
Financial Ratios:					
EBITDA-margin	2.9	2.7	5.7	5.7	5.1
EBIT margin	0.7	0.3	3.2	3.5	2.2
Solvency ratio	86.3	15.2	20.0	26.7	28.6
Liquidity ratio	587.8	87.7	100.4	109.4	108.8
Return on equity	-0.3	-4.1	12.3	8.0	2.1
EBITDA-margin	$\frac{\text{Earnings before interest, taxes, depreciation and amortization (EBITDA)} \times 100}{\text{Revenue}}$				
EBIT margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$				
Solvency ratio	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$				
Liquidity ratio	$\frac{\text{Current assets} \times 100}{\text{Short - term debt}}$				
Return on equity	$\frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$				
Net interest and currency exchange (Mkr.)					
	2020/21	2019/20	2018/19	2017/18	2016/17
Interest expense	-7.2	-13.9	-18.6	-11.5	-10.3
Currency exchange	-0.1	1.6	4.6	-1.3	-1.8
Year end USD/DKK rate	6.3	6.2	6.8	6.4	6.5

MANAGEMENT'S REVIEW

The year 2020/21

For the season from 1 September 2020 to 31 August 2021 ScanCom realized a revenue of DKK 1,291 million, generating an EBITDA of DKK 37.1 million and a result before tax of DKK 2.0 million.

The result is below expectations and is heavily influenced by the COVID-19 pandemic, where a third and fourth wave in our production countries of Brazil, Indonesia and Vietnam forced ScanCom to close down our biggest production facilities for a longer period.

During 2020/21 ScanCom opened its new modern production facilities at a site of 100,000 m² in the Mekong-delta to meet the increased demand for our products and continue to optimize production. These facilities were among the ones that had to temporarily close down during the season.

The production of woven products was outsourced in order to concentrate on products of core materials of aluminum, wood, plastic and composite materials.

During the year ScanCom's owner, Lars Larsen Group, made a capital injection of DKK 650 million.

Core activities

The principal activity of ScanCom is to design, sell and manufacture garden furniture. The products are manufactured in the Far East and marketed throughout most of the world. As part of the effort to guarantee certified FSC wood for the furniture production, ScanCom has sawmill activities in Brazil.

Product lines

ScanCom is a versatile supplier and manufacturer of garden furniture made of wood, aluminum, steel mesh, wrought iron, woven materials, plastics and combinations thereof. The garden furniture is continuously upgraded to secure competitive advantages in terms of design and manufacturing. In addition to garden furniture, ScanCom sells timber to external customers.

Strategies and plans

ScanCom was established in 1995. From the outset, products were manufactured according to ScanCom's drawings and directions by contract producers in Vietnam. Over the years, ScanCom has established a significant production of its own. Continued expansion and development of own production remains a key strategy. In the coming year ScanCom will continue to focus on consolidation and investments in core product lines. Our market coverage is global and directed towards large retail chains and DIY centers.

Corporate Social Responsibility

ScanCom has a strong belief in the importance of prudent use of nature's resources in addition to a firm commitment towards Social Responsibility. These are values that we continuously develop in close cooperation with our business partners.

As a result ScanCom is the largest producer of garden furniture made from FSC-certified eucalyptus wood. Accordingly, ScanCom is well positioned to comply with the European FLEGT standard dealing with the origin control on wood imported into the EU as well as the similar US Lacey Act.

Other focus areas include the use of recycled materials, such as recycled plastic from the ocean, recycled plastic from land, dust from wood, scrap from aluminum and petan extruded materials. In terms of chemicals, the quality team is working with standards that as a minimum comply with the EU chemical regulations (REACH).

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At ScanCom, we value our employees, and believe motivation and devotion to duties are keywords for ensuring quality in our products and high customer service. Corporate Social Responsibility (CSR) is a key factor in ScanCom's way of doing business and we have a dedicated team that continuously monitors and takes action in relation to health and safety.

ScanCom confirms its support to the United Nations Global Compact and has issued its Responsibility Report 2020/2021 (COP report) describing how ScanCom is working within the areas of human rights, labor standards, the environment and anti-corruption. The latest report is available on www.unglobalcompact.org.

The Board of Directors consists of three male board members. The Board of Directors aim for male and female board members to be represented equally¹ by year 2024.

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

At management levels (other than The Board of Directors), the gender composition is as illustrated in below scheme.

ScanCom International A/S	Total	Women in percent	Men in percent
Total number of employees ScanCom International A/S (All employees. Not as FTEs. ScanCom International A/S)	19	32%	68%
Leadership positions ScanCom International A/S (Employees with staff responsibility)	13	23%	77%

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

Please also see <https://larslarsengroup.com/responsibility>.

Vietnam

ScanCom's own production in Vietnam is concentrated in Song Than Industrial Park located 20 km north east of central Ho Chi Minh City and in the Mekong-delta. ScanCom's administrative office and showroom are located in Song Than Industrial Park.

Indonesia

In Indonesia, the manufacturing business PT ScanCom Indonesia is situated in Semarang on Central Java, manufacturing teak furniture for customers.

Brazil

To ensure sufficient access to certified wood both short and long term, ScanCom set up business in Brazil in 2002.

USA

In order to increase sales in North America, ScanCom established ScanCom North America Inc. and the company was operational as of July 2012.

Spain

In October 2015 ScanCom opened its European Design & Commercial Center at Mallorca. ScanCom

¹ Cf. guidance on equal gender representation, by Danish Commerce and Companies Agency

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has a showroom and also designers located at the branch.

Denmark

Part of the head office in Korsør, "Banegaardsbygningen", is leased to "Fødevarestyrelsen" (a government body) on a lease agreement, which commenced in September 2013.

Contract production

From the outset, ScanCom has been working closely with a number of contract manufacturers in Vietnam, Indonesia and Brazil. The use of contract manufacturers forms an important part of ScanCom's production activities.

Sales and markets

The primary target group is large retail chains and DIY centers requiring large volumes, high quality, modern designs and a high level of reliability of delivery at reasonable prices, supported by efficient distribution. Our products are sold in virtually all European markets, North and South America, Australia and South Africa. In its efforts to be the preferred partner to its customers, ScanCom offers a broad product range, and retail chains can meet their entire demand for quality garden furniture in one place. For revenue development reference is made to ScanCom's financial highlights on page 7.

Design, development and research

From its beginning in 1995 ScanCom was established as a company with very close connection to the large retail chains. Accordingly, a major feature of ScanCom's identity is an ongoing willingness to find innovative designs supporting improved quality, market evolution and price point expectation of the mass market.

Quality

The right level of quality is essential for our customers and important for efficient production. Finding the balance between speed to market for new products and securing product quality remains a challenge. To improve our quality, we continuously work with new analyzing and fault finding methods. In addition we have expanded our finishing and packaging control of our in-house testing facilities and implemented a strong managerial LEAN approach.

Outlook

For the coming season revenue and EBITDA are expected at a slightly lower level than 2020/21. Season 2021/22 will also be influenced by the COVID-19 pandemic, where we at the start of the season still have the Vietnamese production facilities closed down by the severe government restrictions.

Focus is to ramp up production and achieve production excellence, to become more competitive through improved delivery performance, better quality, increased standardization and continued focus on costs.

Risks

The management does not consider ScanCom to be particularly exposed to risks beyond the risks normally applicable to the industry and the general pandemic situation in the world.

In Vietnam many of ScanCom's activities are in leased facilities at market terms. The preparation of financial statements requires the management to adopt assumptions that affect assets and liabilities at the closing date in addition to income and expenses for the period. The management regularly assesses these estimates and judgements.

Estimates and assumptions are based on historical experience and other various factors considered reasonable under the circumstances. Actual results may differ from those estimates as a result of

MANAGEMENT'S REVIEW

different conditions or assumptions. Reference is made to the section covering accounting policies.

ScanCom has a tax asset in the 2020/2021 accounts and the basis for recognition is the tax value of ScanCom's estimated taxable income in the next 5 years. However, it is anticipated the tax asset can be utilized in the joint taxation this year.

Post balance sheet events

No material events have occurred after the balance sheet date that affect the annual report presented.

ACCOUNTING POLICIES

Accounting Class

The annual report for ScanCom International A/S of 2020/2021 has been prepared in accordance with the provisions applying to large corporations, class C.

Reporting currency

The annual report is presented in Danish kroner.

Recognition and measurement in general

There has been no change in accounting policies compared to last year.

Income is recognized in the income statement as earned and includes value adjustments of financial assets and liabilities. All value adjustments, including depreciation, amortization and impairment losses, are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual accounting item below.

Certain financial assets and liabilities are measured at amortized cost, in which case effective interest is recognized over the life of the asset or liability. Amortized cost is determined as the original cost less principal repayments, if any, with the addition of or net of the accumulated amortization of the difference between cost and nominal amount.

For recognition and measurement purposes, due consideration is given to predictable losses and risks arising before the annual report is presented and proving or disproving conditions existing at the balance sheet date. No business-specific uncertainties about recognition and measurement in relation to other furniture manufacturers exist.

Foreign currency translation

Transactions denominated in foreign currency are translated at the exchange rate prevailing at the date of the transaction. Any exchange differences arising between the exchange rate prevailing at the date of transaction and the exchange rate prevailing at the date of payment are recognized in the income statement as a financial item.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the date when the receivables or payables originated is recognized in the income statement as financial income or financial expenses.

Where the foreign subsidiaries meet the criteria for independent entities, the income statement is translated using an average exchange rate for the year, calculated each month, and the balance sheet items are translated using the exchange rate prevailing at the balance sheet date. Exchange differences arising from the translation of the equity of foreign subsidiaries at the beginning of the year at the exchange rates prevailing at the balance sheet date and from the translation of the income statements based on average exchange rates at the exchange rates prevailing at the balance sheet date are recognized directly in equity.

ACCOUNTING POLICIES

Consolidated financial statements for the group

The consolidated financial statements comprise the Parent Company and the companies, etc., in which the Parent Company directly or indirectly holds more than 50% of the voting rights or in any other way exercises control. All financial statements included in the consolidated financial statements have essentially been prepared using uniform accounting policies.

The consolidated financial statements are prepared as a summary of the individually audited financial statements of the Parent Company and the group enterprises, and intercompany income and expenses, shareholdings and balances are eliminated.

The carrying amount of the Parent Company's equity investments in subsidiaries is eliminated on consolidation on the basis of the equity of the subsidiaries at the balance sheet date.

Income statement

Revenue

Revenue from the sale of commercial and finished goods is recognized in the income statement if delivery has taken place and the risk passed to the buyer before the end of the year, and provided the income can be reliably determined and payment is expected to be made. Revenue is recognized exclusive of VAT and duties and net of discounts relating to sales.

Cost of sales

Cost of sales includes purchased raw materials and finished goods for production and sale as well as own production costs, including wages and salaries and amortization/depreciation, incurred to generate revenue for the year. The commercial businesses recognize the cost of sales, and the manufacturing companies recognize production costs corresponding to revenue for the year, including direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation on plant.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realized and unrealized capital gains and losses on securities, payables and transactions in foreign currencies, amortization of financial assets and liabilities as well as additional tax and tax credits under the on-account tax scheme etc. Financial income and interest expenses are recognized at the amounts relating to the financial year.

Forward contracts used for hedging the receivables and liabilities in foreign currencies in the balance sheet are market value adjusted in the income statement, and the adjustment is recognized as deferred payment/prepayments in the balance sheet under other payables/other receivables.

Corporation tax and deferred tax

The Parent Company is taxed jointly with its Danish subsidiaries.

The Parent Company pays the total Danish tax charge of these companies' taxable income, and deferred tax for the Danish companies is reimbursed by the Parent Company.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit for the year is recognized in the income statement, and the tax expense relating

ACCOUNTING POLICIES

to items taken to equity is recognized directly in equity.

Deferred tax is measured according to the balance sheet liability method on all temporary differences between the accounting and taxation treatment of the values of assets and liabilities.

Balance

Assets

Goodwill is measured at cost less accumulated amortization.

Cost is the basis of amortization.

Cost comprises the acquisition cost and any expenses directly attributable to the acquisition.

Amortization is provided on a straight-line basis over the following useful life:

- Goodwill 20 years

Property, plant and equipment

Land and buildings, plant and machinery, fixtures and fittings, tools and equipment are measured at cost plus revaluations and less accumulated depreciation. Land is not depreciated.

The basis of depreciation is cost plus any revaluations and less the expected residual value after the end of the useful life.

Cost comprises the acquisition cost and costs directly attributable to the acquisition up to the date when the asset is available for use.

Assets acquired at a cost of less than DKK 20,000 per unit are recognized as costs in the income statement in the year of acquisition.

Any profit or loss on the disposal of property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement under depreciation.

Depreciation is provided on a straight-line basis over the following estimated useful lives of the assets:

- Buildings 25 – 50 years
- Plant, machinery and equipment 4 – 10 years
- Computer hardware and software 1 – 3 years

Residual value for the fixed assets is estimated to zero.

Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently measured at fair value. 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 qualifying for recognition as an instrument used for hedging the fair value of a recognized asset or liability are recognized in the income statement together with changes in the value of the hedged asset or liability.

ACCOUNTING POLICIES

The effective portion of changes in the value of derivative financial instruments used to hedge future transactions is recognized directly in equity until the hedged transactions are realized. At that time, the value changes are recognized together with the hedged transactions.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into Danish kroner at the exchange rates prevailing at the balance sheet date. All translation adjustments are recognized in the income statement with the exception of translation adjustments arising on translation of equity investments in subsidiaries recognized directly in equity.

Investments – equity investments in subsidiaries

The proportionate share of profit after tax of the individual subsidiaries is recognized in the income statement after full elimination of intercompany profit.

Equity investments in subsidiaries are recognized in the balance sheet at the proportionate share of the equity value of the companies, determined according to the Parent company accounting policies plus or less the unrealized intercompany profits or losses.

Net revaluation of equity investments in subsidiaries is taken to the net revaluation reserve according to the equity method under equity to the extent that the carrying amount exceeds the cost of acquisition.

Newly acquired or newly established companies are recognized in the financial statements from the date of acquisition or establishment. Enterprises which have been sold or wound up are recognized up to the date of disposal.

The purchase method is applied to acquisition of subsidiaries or associates, according to which the assets and liabilities of the acquired companies are measured at fair value at the date of acquisition. Provisions are made for the cost of decided plans to restructure the acquired company in connection with the acquisition. The tax effect of the revaluations is taken into consideration.

Positive differences (goodwill) between the acquisition cost and fair value of acquired assets and liabilities, including provisions for restructuring, are recognized as equity investments in subsidiaries or associates and amortized over the useful life determined on the basis of management's experience in the individual business areas. The amortization period cannot exceed 20 years. The carrying amount of goodwill is assessed regularly and written down against the income statement in cases where the carrying amount exceeds future expected net income from the subsidiaries or associates acquired.

Inventories

Inventories are measured at cost. Where the cost exceeds the net realizable value, inventories are written down to this lower value.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct wages and salaries and production overheads. Production overheads comprise indirect materials and wages and salaries as well as maintenance of and depreciation on the machinery, factory buildings and equipment used in the production process and the cost of factory administration and management.

The net realizable value of inventories is determined as selling price less costs of completion and

ACCOUNTING POLICIES

costs involved in executing the sale and is determined with due regard to marketability, obsolescence and movements in expected selling price.

Receivables

Receivables are measured at amortized cost, which usually equals nominal value. Receivables are written down net realizable value for expected losses.

Deferred tax assets

Deferred tax assets are measured to a value corresponding to the likelihood that the tax asset can be utilized over the forthcoming 5 years.

Prepayments

Prepayments comprise costs paid but relating to subsequent financial years.

Equity

Dividends expected to be distributed for the year are shown as a separate item under equity. Dividends are recognized as a liability at the time of their adoption at the Annual General Meeting.

Provisions

Other provisions comprises a provision for claims regarding goods delivered before year-end. The provision is determined based on actual claims and a historical experience.

Liabilities other than provisions

Liabilities other than provisions are recognized when a loan is raised at the proceeds received less transactions costs paid. In subsequent periods, liabilities other than provisions are recognized at amortized cost, corresponding to the capitalized value, using the effective interest rate so that the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other payables, which comprise trade payables, amounts owed to group enterprises and associates and other payables, are measured at amortized cost, which usually equals nominal value.

Cash flow statement

Cash flow from operating activities

Cash flows from operating activities are determined as net profit for the year adjusted for non-cash operating items, change in working capital and corporation tax paid.

Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with the acquisition and sale of companies and activities and the acquisition and sale of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and dividend payments to shareholders.

ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities readily convertible into cash and involving only an insignificant risk of changes in value.

Financial ratios

Financial ratios have been calculated in accordance with the standards laid down by the Danish Society of Financial Analysts in "Recommendations & Financial Ratios 2020".

GROUP

INCOME STATEMENT

Note		31 August 2021 DKK '000	31 August 2020 DKK '000
1	REVENUE	1,290,845	1,301,438
	Cost of sales	<u>-1,090,852</u>	<u>-1,077,258</u>
	CONTRIBUTION MARGIN	199,993	224,180
	Other external charges	-78,285	-94,619
2	Staff costs	-84,561	-94,710
7	Depreciation	<u>-27,838</u>	<u>-31,263</u>
	PROFIT IN ORDINARY OPERATING ACTIVITIES	9,309	3,588
	Financial income	1,663	3,326
	Financial expenses	<u>-8,929</u>	<u>-15,632</u>
	PROFIT BEFORE TAX	2,043	-8,718
5	Tax on profit	<u>-3,265</u>	<u>2,018</u>
6	NET PROFIT FOR THE YEAR	<u>-1,222</u>	<u>-6,700</u>

GROUP

BALANCE SHEET

Note	ASSETS	31 August 2021 DKK '000	31 August 2020 DKK '000
7	Goodwill	4,918	5,585
	Intangible assets	4,918	5,585
7	Land and buildings	26,704	27,085
7	Fixtures and operating equipment	76,444	158,433
7	Leasehold improvements, etc.	177,019	79,016
	Tangible assets	280,167	264,534
	NON-CURRENT ASSETS	285,085	270,119
	Inventories	400,784	454,272
	Inventories	400,784	454,272
	Trade receivables	101,586	111,546
8	Other receivables	20,095	34,890
	Tax asset	14,124	20,011
9	Prepayments	45,435	10,710
	Receivables	181,240	177,157
	Cash	52,661	37,402
	Cash	52,661	37,402
	CURRENT ASSETS	634,685	668,831
	ASSETS	919,770	938,950

GROUP

BALANCE SHEET

Note	EQUITY AND LIABILITIES	31 August 2021 DKK '000	31 August 2020 DKK '000
	Share capital	9,901	9,901
	Share premium	99,833	99,833
	Retained earnings	683,878	32,606
11	EQUITY	793,612	142,340
	Other provisions	14,716	17,795
	Provisions	14,716	17,795
12	Debt to banks	3,470	16,135
	Long-term debt	3,470	16,135
12	Current maturities of long-term liabilities	495	4,839
	Bank overdraft	10,072	637,994
	Trade payables	65,584	77,257
	Corporation tax payable	2,375	2,529
	Other payables	29,446	40,061
	Current liabilities other than provisions	107,972	762,680
	LIABILITIES OTHER THAN PROVISIONS	111,442	778,815
	EQUITY AND LIABILITIES	919,770	938,950
13	Contingencies, ect.		
14	Charges and security provided		
15	Related parties		
16	Accounting estimates and uncertainties relating to recognition and measurement		

GROUP

CASH FLOW STATEMENT

Note	31 August 2021 DKK '000	31 August 2020 DKK '000
Operating profit	9,309	3,588
Depreciation	27,838	31,263
Change in receivables	-9,970	-9,098
Change in inventories	53,487	59,193
Change in trade payables	-25,368	-14,432
Operating cash flows	55,296	70,514
Net interest and exchange gains/loss	-15,839	-12,276
Impairment of inventories	9,491	-8,420
Corporation tax paid	2,468	-1,956
Cash flows from operating activities	51,416	47,862
Purchase of property, plant and equipment	-56,177	-118,701
Sale of property, plant and equipment	14,951	11,124
Cash flows from investing activities	-41,226	-107,577
Repayments on loans	-17,009	-80,460
Change in bank credit	-627,922	157,443
Change in capital	650,000	0
Cash flows from financing activities	5,069	76,983
Change in cash and cash equivalents	15,259	17,268
Cash and cash equivalents as 1 September 2020	37,402	20,134
Cash and cash equivalents as 31 August 2021	52,661	37,402

PARENT COMPANY

INCOME STATEMENT

Note		31 August 2021 DKK '000	31 August 2020 DKK '000
1	REVENUE	1,050,408	1,039,025
	Cost of sales	-1,019,710	-1,010,847
	CONTRIBUTION MARGIN	30,698	28,178
	Other external expenses	-15,849	-23,761
2	Staff costs	-18,906	-18,823
7	Depreciation	-39	-44
	PROFIT ON ORDINARY OPERATING ACTIVITIES	-4,096	-14,450
10	Income from equity investment in group subsidiaries	9,481	16,260
4	Financial income	2,434	2,745
	Financial expenses	-11,865	-16,757
	PROFIT BEFORE TAX	-4,046	-12,202
5	Tax on profit	2,824	5,502
6	NET PROFIT FOR THE YEAR	-1,222	-6,700

PARENT COMPANY

BALANCE SHEET

Note	ASSETS	31 August 2021 DKK '000	31 August 2020 DKK '000
7	Fixtures and operating equipment Property, plant and equipment	51 51	90 90
10	Equity investments in subsidiaries Investments	294,350 294,350	250,316 250,316
	NON-CURRENT ASSETS	294,401	250,406
	Inventories Inventories	653 653	2,000 2,000
	Trade receivables Receivables from group subsidiaries Other receivables Tax assets Prepayments Receivables	62,717 503,969 22,335 3,529 197 592,747	63,232 571,378 1,342 6,379 0 642,331
	Cash Cash	31 31	12 12
	CURRENT ASSETS	593,431	644,343
	ASSETS	887,832	894,749

PARENT COMPANY

BALANCE SHEET

Note	EQUITY AND LIABILITIES	31 August 2021 DKK '000	31 August 2020 DKK '000
	Share capital	9,901	9,901
	Share premium	99,833	99,833
	Retained earnings	683,878	32,606
11	EQUITY	793,612	142,340
	Other provisions	8,245	9,243
	Provisions	8,245	9,243
12	Debt to banks	0	12,169
	Long-term debt	0	12,169
12	Current maturities of long-term liabilities	0	4,000
	Bank overdraft	10,072	637,994
	Trade payables	13,175	14,805
	Payables to subsidiaries	50,125	46,428
	Corporation income tax payables	218	218
	Other payables	12,385	27,552
	CURRENT LIABILITIES	85,975	730,997
	LIABILITIES OTHER THAN PROVISIONS	85,975	743,166
	EQUITY AND LIABILITIES	887,832	894,749
13	Contingencies, etc		
14	Charges and security provided		
15	Related parties		
16	Accounting estimates and uncertainties relating to recognition and measurement		

PARENT COMPANY

EQUITY

Group:

DKK '000	Share capital	Retained Earnings	Proposed dividend	Total
Equity 1 September 2019	9,901	172,841	0	182,742
Proposed dividend	0	0	0	0
Translation adjustments	0	-33,702	0	-33,702
Transferred from the profit distribution	0	-6,700	0	-6,700
Equity 1 September 2020	9,901	132,439	0	142,340
Addition	0	650,000	0	650,000
Proposed dividend	0	0	0	0
Translation adjustments	0	2,494	0	2,494
Transferred from the profit distribution	0	-1,222	0	-1,222
Equity at 31 August 2021	9,901	783,711	0	793,612

Parent company:

DKK '000	Share capital	Retained Earnings	Proposed dividend	Total
Equity 1 September 2019	9,901	172,841	0	182,742
Proposed dividend	0	0	0	0
Translation adjustments	0	-33,702	0	-33,702
Transferred from the profit distribution	0	-6,700	0	-6,700
Equity 1 September 2020	9,901	132,439	0	142,340
Addition	0	650,000	0	650,000
Proposed dividend	0	0	0	0
Translation adjustments	0	2,494	0	2,494
Transferred from the profit distribution	0	-1,222	0	-1,222
Equity at 31 August 2021	9,901	783,711	0	793,612

NOTE

No. 1- REVENUE

Group:

Revenue by division	31 August 2021 DKK '000	31 August 2020 DKK '000
Garden	1,160,113	1,233,945
Timber	129,161	65,927
Administrative	1,571	1,566
	<u>1,290,845</u>	<u>1,301,438</u>

Revenue by geography	31 August 2021 DKK '000	31 August 2020 DKK '000
Africa	1,772	1,867
Asia	186,166	119,418
Australia	19,407	35,761
Europe	882,101	972,195
South America	10,740	11,596
North America	190,659	160,601
	<u>1,290,845</u>	<u>1,301,438</u>

Parent:

Revenue by division	31 August 2021 DKK '000	31 August 2020 DKK '000
Garden	934,874	953,333
Timber	115,534	85,692
	<u>1,050,408</u>	<u>1,039,025</u>

Revenue by geography	31 August 2021 DKK '000	31 August 2020 DKK '000
Africa	1,772	1,867
Asia	142,909	136,945
Australia	19,407	35,761
Europe	687,428	703,062
South America	3,759	7,318
North America	195,133	154,072
	<u>1,050,408</u>	<u>1,039,025</u>

NOTE

No. 2 - Staff costs	31 August 2021 DKK '000	31 August 2020 DKK '000
Group:		
Wages and salaries	67,111	75,006
Pension contributions	2,672	2,775
Social security costs	9,957	11,973
Other staff costs	4,821	4,956
	84,561	94,710

The Group employed an average staff of 4,516 in 2020/2021 and of 4,831 in 2019/2020.

	31 August 2021 DKK '000	31 August 2020 DKK '000
Parent company:		
Wages and salaries	16,054	16,385
Pension contributions	468	604
Other staff costs	2,385	1,834
	18,907	18,823

The Parent Company employed an averaged staff of 19 in 2020/2021 and of 21 in 2019/2020.

Remuneration paid to the Executive Board and Board of Directors amounted to TDKK 4,741 in 2020/2021 and TDKK 4,781 in 2019/2020.

No. 3 - Auditor's remuneration	31 August 2021 DKK '000	31 August 2020 DKK '000
Group:		
Audit fee	1,258	1,269
Tax related services	268	270
Other services	788	889
	2,314	2,428

NOTE

No. 4 – Financial Income

Parent Company:

Financial income includes TDKK 1,354 from group subsidiaries in 2020/2021 and TDKK 1,470 in 2019/2020.

No. 5 – Tax on profit

31 August 2021 **31 August 2020**
DKK '000 DKK '000

Group:

Calculated tax on taxable income for the year	3,789	4,282
Adjustment of deferred tax	-524	-6,300
	<u>3,265</u>	<u>-2,018</u>

Parent company:

Adjustment of tax, previous years	0	510
Calculated tax on taxable income for the year	0	0
Adjustment of deferred tax	-2,824	-6,012
	<u>-2,824</u>	<u>-5,502</u>

No. 6 – Proposal for the distribution of net profit

31 August 2021 **31 August 2020**
DKK '000 DKK '000

Group:

Proposed dividend this year	0	0
Retained earnings	-1,222	-6,700
Predisposed	<u>-1,222</u>	<u>-6,700</u>

Parent company:

Proposed dividend this year	0	0
Retained earnings	-1,222	-6,700
Predisposed	<u>-1,222</u>	<u>-6,700</u>

NOTE

No. 7 - Intangible assets and property, plant and equipment

	Goodwill	Leasehold improvements, etc.	Land and buildings	Fixtures and operating equipment
Group:				
Cost at 1 September 2020	13,376	142,277	39,559	324,317
Translation adjustment	0	4,685	488	3,404
Reclassification	0	111,437	0	-114,970
Additions during the year	0	1,917	35	54,225
Disposals during the year	0	-14,132	0	-19,320
Cost at 31 August 2021	13,376	246,184	40,082	247,656
Accumulated depreciation 1 September 2020	-7,791	-63,261	-12,474	-165,884
Translation adjustment	0	-754	-107	-2,605
Addition depreciation during the year	-667	-7,551	-797	-18,823
Disposal during the year	0	2,401	0	16,100
Accumulated depreciation at 31 August 2021	-8,458	-69,165	-13,378	-171,212
Carrying amount at 31 August 2021	4,918	177,019	26,704	76,444

	31 August 2021 DKK '000	31 August 2020 DKK '000
Group:		
Breakdown of depreciation:		
Goodwill	667	667
Leasehold improvements	7,551	7,217
Land and buildings	797	1,010
Fixtures and operating equipment	18,823	22,369
	27,838	31,263

NOTE

No. 7 – Property, plant and equipment – continued

	Fixtures and operating equipment
Parent company:	
Cost at 1 September 2020	998
Additions during the year	0
Disposal during the year	0
Cost at 31 August 2021	998
Total depreciation and impairment losses at 1 September 2020	-908
Depreciation and impairment losses for the year	-39
Depreciation on assets disposed of during the year	0
Depreciation at 31 August 2021	-947
Carrying amount at 31 August 2021	51

Parent company:

Breakdown of depreciation:

	31 August 2021 DKK '000	31 August 2020 DKK '000
Fixtures and operating equipment	39	44
	39	44

No. 8 – Other Receivables

Other receivables in the consolidated balance sheet represents TDKK 20,095 of which TDKK 4,082 is a long-term receivable in the Group's Brazilian company.

No. 9 – Prepayment

Prepayments in the consolidated balance sheet represents TDKK 45,435 are prepayments to suppliers and prepaid expenses.

NOTE

No. 10 – investments in group subsidiaries

	Group subsidiaries
Cost at 1 September 2020	319,652
Revaluation to end	480
Additions during the year	0
Cost at 31 August 2021	<u>320,132</u>
Total up-downs at 1 September 2020	-69,336
Revaluation to end	34,072
Net profit	10,149
Amortization goodwill	-667
Total up-downs at 31 August 2021	<u>-25,782</u>
Carrying amount at 31 August 2021	<u>294,350</u>

Name	Reg. office	Voting share and ownership interest	Net profit	Equity
Banegaardsbygningen ApS	Korsør, DK	100%	706	10,210
ScanCom Vietnam Ltd.	Ho Chi Minh City, VN	100%	-22,383	203,941
PT ScanCom Indonesia	Semarang, IN	99%	3,619	10,704
ScanCom Hong Kong	Hong Kong	100%	702	23,363
ScanCom Deutschland GmbH	Oberhausen, DE	100%	2,539	27,174
ScanCom do Brasil Ltda.	Telemaco Borba, BR	100%	25,090	-7,123
ScanCom UK Ltd.	Essex, UK	100%	-2,099	12,694
ScanCom Asia Trading Co. Ltd.	Ho Chi Minh City, VN	100%	0	0
Raimotech A/S	Korsør, DK	100%	728	3,321
ScanCom North America, Inc.	California, US	100%	1,075	4,092
ScanCom International A/S Sucursal EN Espana	Mallorca, SP	100%	171	1,056
			<u>10,148</u>	<u>289,432</u>
Goodwill at 31 August 2021			<u>-667</u>	<u>4,918</u>
			<u>9,481</u>	<u>294,350</u>

NOTE

No. 11 - Equity

The share capital is made up as follows:			31 August 2021 DKK '000	31 August 2020 DKK '000
	No. of shares	Nominal		
LLG A/S				
CVR-no. 86 00 15 19				
Sødalsparken 18, 8220 Brabrand	9,901	2,000	<u>9,901</u>	<u>9,901</u>
			<u>9,901</u>	<u>9,901</u>

No. 12 - Debt to banks

	Total debt 1 September 2020	Total debt 31 August 2021	Repayments next year	Outstanding debt after 5 years
Group:				
Debt to banks	<u>20,974</u>	<u>3,965</u>	<u>495</u>	<u>1,966</u>
	<u>20,974</u>	<u>3,965</u>	<u>495</u>	<u>1,966</u>
Parent Company:				
Debt to banks	<u>16,169</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>16,169</u>	<u>0</u>	<u>0</u>	<u>0</u>

NOTE

No. 13 – Contingencies etc.

Group:

The Group has rental obligations amounting to TDKK 98,602, of which an amount of TDKK 22,405 will be due within the coming year.

ScanCom do Brasil has a non-recorded tax receivable and payroll of TDKK 1,231 (TBRL 1,016) and an unrecorded tax claim of TDKK 53 (TBRL 43).

ScanCom do Brasil has also tax asset of TDKK 18,619 (TBRL 15,370) which is unrecognized in the financial statements.

The Group has no other liabilities than those stated in the financial statements.

Parent Company:

The company is part of a mandatory national joint taxation and will severally be liable for the subsidiaries' income tax.

The Parent Company has issued guarantees in favor of lenders in foreign consolidated companies to the total amount of TDKK 1,494.

In addition, the Parent Company has no other liabilities than those stated in the financial statements.

No. 14 – Charges and security provided

Group:

As security for debt to credit institutions amounted to TDKK 3,846 the Group has granted a security on buildings, whose carrying amount was TDKK 21,048 at 31 August 2021.

Furthermore the Group has issued a guarantee for all Group Companies engagement with Banks amounted to TDKK 2,000,000.

Parent Company:

The Parent Company has issued a guarantee for all Group Companies engagement with Banks amounted to TDKK 2,000,000.

NOTE

No. 15 – Related parties

ScanCom international A/S' related parties:

LLG A/S, Sødalsparken 18, DK-8220 Brabrand.

LLG A/S and subsidiaries are customers at ScanCom. Trading activities took place at normal market conditions.

Control:

LLG A/S, Sødalsparken 18, DK-8220 Brabrand.

Ultimate control:

Goose IV Invest ApS, Sødalsparken 18, DK-8220 Brabrand.

No. 16 - Accounting estimates and uncertainties relating to recognition and measurement

The preparation of financial statements required management to make assumptions that affect assets and liabilities and income and expenditure for the period. The management regularly assesses these estimates and judgements.

Estimates and assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances. Actual results may differ from those estimates under different conditions and assumptions.

The following estimates are significant for the description of the financial position:

Obligations relating to complaints etc.

Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of any pending complaints, and potential lawsuits, etc. will be allocated continuously an estimated amount for bad debt costs of any general complaints, etc. based on management's experience and previous periods' actual costs.

DOING BUSINESS THE RIGHT WAY
THE SCANCOM WAY!



ScanCom International A/S
Gl. Banegårdsplads 10
DK-4220 Korsør
www.scancom.net