



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 2020



(25th financial year)

Adopted at the Annual General Meeting of the Company
on 3rd November 2020

CHAIRMAN - JENS SKYTTE

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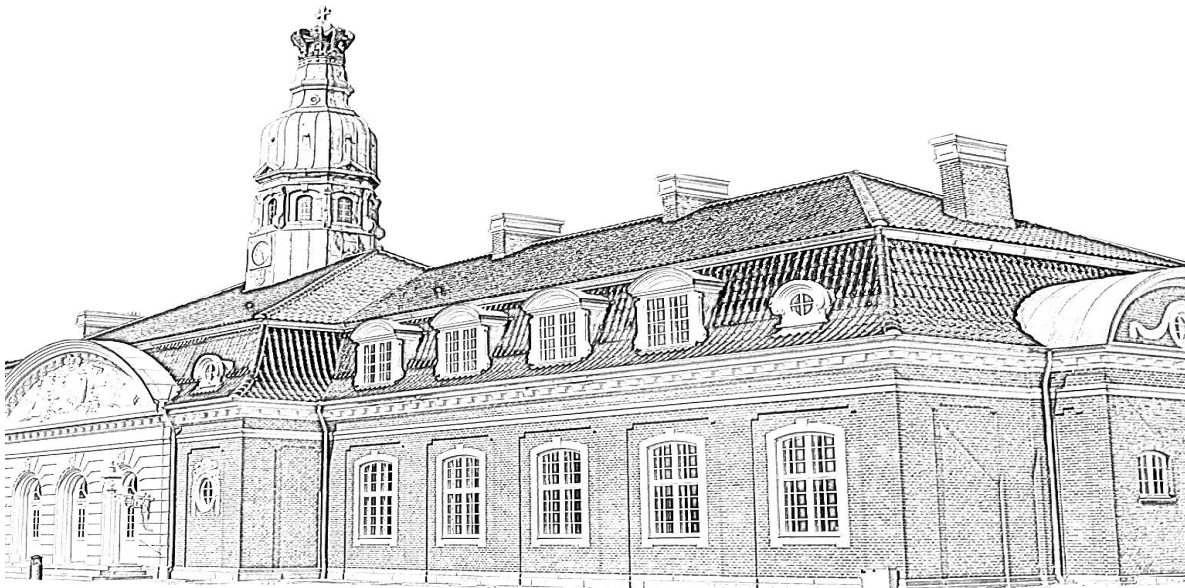
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STATEMENT BY BOARD OF DIRECTORS AND EXECUTIVE BOARD

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 2019 – 31 August 2020.

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 2020 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 2019 – 31 August 2020.

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 3rd, 2020

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 2019 - 31 August 2020, 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 2020 and of their results of its operations and cash flows for the financial year 1 September 2019 - 31 August 2020 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 3rd, 2020

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 3 rd , 2020

MANAGEMENT'S REVIEW

CONSOLIDATED FINANCIAL HIGHLIGHTS

Key figures (DKK million): **2019/20** **2018/19** **2017/18** **2016/17** **2015/16**

Income Statement:

Revenue	1,301.4	1,242.6	911.3	886.1	898.1
EBITDA	34.9	71.4	51.7	45.3	47.3
Profit/loss on ordinary operating activities	3.6	40.2	31.5	19.6	22.8
Financial income and expenses, net	-12.3	-14.1	-12.8	-12.0	-9.0
Profit/loss on ordinary activities before tax	-8.7	26.1	18.7	7.6	13.8
Tax on profit/loss	2.0	-5.0	-6.2	-4.4	-7.3
Net profit/loss for the year	-6.7	21.1	12.5	3.3	6.5

Balance:

Balance sheet total	938.9	915.7	599.3	538.3	564.9
Purchases of property, plant and equipment, gross	118.7	83.2	35.9	22.8	31.2
Current assets	668.8	696.5	435.6	392.6	393.5
Equity	142.3	182.8	160.0	154.0	156.1
Short-term debt	762.7	693.4	398.1	360.8	401.3

Employees:

Average number of employees	4,831	4,281	3,598	3,144	3,459
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Financial Ratios:

EBITDA-margin	2.7	5.7	5.7	5.1	5.3
EBIT margin	0.3	3.2	3.5	2.2	2.5
Solvency ratio	15.2	20.0	26.7	28.6	27.6
Liquidity ratio	87.7	100.4	109.4	108.8	98.1
Return on equity	-4.1	12.3	8.0	2.1	4.2

EBITDA-margin $\frac{\text{Earnings before interest, taxes, depreciation and amortisation (EBITDA)} \times 100}{\text{Revenue}}$

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.)

2019/20 **2018/19** **2017/18** **2016/17** **2015/16**

Interest expense	-13.9	-18.6	-11.5	-10.3	-11.4
Currency exchange	1.6	4.6	-1.3	-1.8	2.4
Year end USD/DKK rate	6.2	6.8	6.4	6.5	6.7

MANAGEMENT'S REVIEW

The year 2019/20

For season 2019/20 from 1 September 2019 to 31 August 2020 ScanCom realized a revenue of DKK 1,301.4 million, generating an EBITDA of DKK 34.9 million and a net profit of DKK -6.7 million.

The result is below expectations and is heavily influenced by the COVID-19 pandemic, which caused closedown of many stores around the world at a critical period for sale of garden furniture. Consequently, and due to the local COVID-19 situation in ScanCom's production countries, ScanCom had some of its production facilities closed in that period too.

In 2018/19 ScanCom opened a new factory in the Mekong-delta and obtained 100,000 m² land in the same industrial park to build an additional new factory to meet the increased demand and continue to optimize production. During 2019/20 ScanCom has invested significant resources in building modern production facilities at this new site of 100,000 m².

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 obtain environment-friendly 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, aluminium, 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 our own production remains a key strategy. In the coming year ScanCom will continue to focus on consolidation and investments in our 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 aluminium 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).

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)

MANAGEMENT'S REVIEW

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 2019/2020 (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 has set a target that at least 20% of the Board of Directors and 20% of the global management should represent the underrepresented gender by 2020. At the moment all 3 Directors are men, and in the global management the split is 18% women and 82% men. Please also see <https://www.jysk.com/corporate-social-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.

In 2016/17 ScanCom closed down the pine operation in Minas do Leao. In 2018/19 the equipment was sold and now in 2019/20 the land and buildings have been sold too.

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 has a showroom and also designers located at the branch.

Denmark

Part of the head office in Korsør, "Banegaardsbygningen", was 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 of 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.

MANAGEMENT'S REVIEW

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.

Risks

The management does not consider ScanCom to be particularly exposed to risks beyond the risks normally applicable to the industry. In Vietnam most 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 different conditions or assumptions. Reference is made to the section covering accounting policies.

ScanCom has a tax asset in the 2019/2020 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.

Outlook

For the coming season the revenue is expected at same level or slightly below 2019/20. The result at EBITDA-level is expected to be at a higher level. It is our objective to become more competitive through improved delivery performance, better quality, increased standardization and continued focus on costs. Added to this, in order to consolidate and expand our position in the garden furniture segment, we plan to make further investments in new production methods and capacity expansion.

During 2020/21 we plan to continue the building of a new factory of 52,000 m² on the acquired land in the Mekong-delta. The factory is expected to open in season 2020/21.

ACCOUNTING POLICIES

Accounting Class

The annual report for ScanCom International A/S of 2019/2020 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 2020 DKK '000	31 August 2019 DKK '000
1	REVENUE	1,301,438	1,242,647
	Cost of sales	<u>-1,077,258</u>	<u>-967,576</u>
	CONTRIBUTION MARGIN	224,180	275,071
	Other external charges	-94,619	-96,290
2	Staff costs	-94,710	-107,410
7	Depreciation	<u>-31,263</u>	<u>-31,204</u>
	PROFIT IN ORDINARY OPERATING ACTIVITIES	3,588	40,167
	Financial income	3,326	9,215
	Financial expenses	<u>-15,632</u>	<u>-23,261</u>
	PROFIT BEFORE TAX	-8,718	26,121
5	Tax on profit	<u>2,018</u>	<u>-4,986</u>
6	NET PROFIT FOR THE YEAR	<u>-6,700</u>	<u>21,135</u>
		31 August 2020	30 June 2019
	REVENUE	1,301,438	1,117,009
	EBIT	3,588	48,922
	EBT	-8,718	35,518
	(*) These figures are unaudited		

GROUP

BALANCE SHEET

Note	ASSETS	31 August 2020 DKK '000	31 August 2019 DKK '000
7	Goodwill	5,585	6,252
	Intangible assets	5,585	6,252
7	Land and buildings	27,085	39,247
7	Fixtures and operating equipment	158,433	93,457
7	Leasehold improvements, etc.	79,016	80,162
	Tangible assets	264,534	212,866
	NON-CURRENT ASSETS	270,119	219,118
	Inventories	454,272	513,464
	Inventories	454,272	513,464
	Trade receivables	111,546	91,626
8	Other receivables	34,890	31,734
	Tax asset	20,011	14,875
9	Prepayments	10,710	24,688
	Receivables	177,157	162,923
	Cash	37,402	20,134
	Cash	37,402	20,134
	CURRENT ASSETS	668,831	696,521
	ASSETS	938,950	915,639

GROUP

BALANCE SHEET

Note	EQUITY AND LIABILITIES	31 August 2020 DKK '000	31 August 2019 DKK '000
	Share capital	9,901	9,901
	Share premium	99,833	99,833
	Retained earnings	32,606	73,008
11	EQUITY	142,340	182,742
	Other provisions	17,795	17,273
	Provisions	17,795	17,273
12	Debt to banks	16,135	22,211
	Long-term debt	16,135	22,211
12	Current maturities of long-term liabilities	4,839	5,174
	Debt to associated company	0	20,000
	Interest bearing debt other	0	54,050
	Bank overdraft	637,994	480,550
	Trade payables	77,257	92,500
	Corporation tax payable	2,529	1,366
	Other payables	40,061	39,773
	Current liabilities other than provisions	762,680	693,413
	LIABILITIES OTHER THAN PROVISIONS	778,815	715,624
	EQUITY AND LIABILITIES	938,950	915,639
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 2020 DKK '000	31 August 2019 DKK '000
Operating profit	3,588	40,167
Depreciation	31,263	31,204
Change in receivables	-9,098	-32,146
Change in inventories	59,193	-222,985
Change in trade payables	-14,432	37,114
Operating cash flows	70,514	-146,646
Net interest and exchange gains/loss	-12,276	-13,679
Impairment of inventories	-8,420	-1,785
Corporation tax paid	-1,956	-13,095
Cash flows from operating activities	47,862	-175,205
Purchase of property, plant and equipment	-118,701	-83,153
Sale of property, plant and equipment	11,124	3,812
Cash flows from investing activities	-107,577	-79,341
Borrowing	0	0
Repayments on loans	-80,460	-21,178
Change in bank credit	157,443	276,541
Cash flows from financing activities	76,983	255,363
Change in cash and cash equivalents	17,268	817
Cash and cash equivalents as 1 September 2019	20,134	19,317
Cash and cash equivalents as 31 August 2020	37,402	20,134

PARENT COMPANY

INCOME STATEMENT

Note		31 August 2020 DKK '000	31 August 2019 DKK '000
1	REVENUE	1,039,025	1,124,459
	Cost of sales	-1,010,847	-1,059,559
	CONTRIBUTION MARGIN	28,178	64,900
	Other external expenses	-23,761	-24,215
2	Staff costs	-18,823	-20,945
7	Depreciation	-44	-40
	PROFIT ON ORDINARY OPERATING ACTIVITIES	-14,450	19,700
10	Income from equity investment in group subsidiaries	16,260	15,673
4	Financial income	2,745	1,947
	Financial expenses	-16,757	-14,801
	PROFIT BEFORE TAX	-12,202	22,519
5	Tax on profit	5,502	-1,384
6	NET PROFIT FOR THE YEAR	-6,700	21,135

PARENT COMPANY

BALANCE SHEET

Note	ASSETS	31 August 2020 DKK '000	31 August 2019 DKK '000
7	Fixtures and operating equipment	90	94
7	Leasehold expenses etc.	0	0
	Property, plant and equipment	90	94
10	Equity investments in subsidiaries	250,316	168,502
	Investments	250,316	168,502
	NON-CURRENT ASSETS	250,406	168,596
	Inventories	2,000	1,116
	Inventories	2,000	1,116
	Trade receivables	63,232	53,493
	Receivables from group subsidiaries	571,378	620,322
	Other receivables	1,342	2,335
	Tax assets	6,379	367
	Prepayments	0	454
	Receivables	642,331	676,971
	Cash	12	16
	Cash	12	16
	CURRENT ASSETS	644,343	678,103
	ASSETS	894,749	846,699

PARENT COMPANY

BALANCE SHEET

Note	EQUITY AND LIABILITIES	31 August 2020 DKK '000	31 August 2019 DKK '000
	Share capital	9,901	9,901
	Share premium	99,833	99,833
	Retained earnings	32,606	73,008
11	EQUITY	142,340	182,742
	Other provisions	9,243	7,273
	Provisions	9,243	7,273
12	Debt to banks	12,169	17,400
	Long-term debt	12,169	17,400
12	Current maturities of long-term liabilities	4,000	4,335
	Debt to associated company	0	20,000
	Interest bearing debt other	0	54,050
	Bank overdraft	637,994	479,841
	Trade payables	14,805	9,708
	Payables to subsidiaries	46,428	49,333
	Corporation income tax payables	218	0
	Other payables	27,552	22,017
	CURRENT LIABILITIES	730,997	639,284
	LIABILITIES OTHER THAN PROVISIONS	743,166	656,684
	EQUITY AND LIABILITIES	894,749	846,699
13	Contingencies, etc		
14	Charges and security provided		
15	Related parties		
16	Accounting estimates and uncertainties relating to recognition and measurement		

GROUP AND PARENT COMPANY

EQUITY

Group:

DKK '000	Share capital	Share premium	Retained Earnings	Proposed dividend	Total
Equity 1 July 2018	9,901	99,833	50,276	0	160,010
Proposed dividend	0	0	0	0	0
Translation adjustments	0	0	1,597	0	1,597
Transferred from the profit distribution	0	0	21,135	0	21,135
Equity 1 September 2019	9,901	99,833	73,008	0	182,742
Proposed dividend	0	0	0	0	0
Translation adjustments	0	0	-33,702	0	-33,702
Transferred from the profit distribution	0	0	-6,700	0	-6,700
Equity at 31 August 2020	9,901	99,833	32,606	0	142,340

Parent company:

DKK '000	Share capital	Share premium	Retained Earnings	Proposed dividend	Total
Equity 1 July 2018	9,901	99,833	50,276	0	160,010
Proposed dividend	0	0	0	0	0
Translation adjustments	0	0	1,597	0	1,597
Transferred from the profit distribution	0	0	21,135	0	21,135
Equity 1 September 2019	9,901	99,833	73,008	0	182,742
Proposed dividend	0	0	0	0	0
Translation adjustments	0	0	-33,702	0	-33,702
Transferred from the profit distribution	0	0	-6,700	0	-6,700
Equity at 31 August 2020	9,901	99,833	32,606	0	142,340

NOTE

No. 1- REVENUE

Group:

Revenue by division	31 August 2020 DKK '000	31 August 2019 DKK '000
Garden	1,233,945	1,172,423
Timber	65,927	68,412
Administrative	1,566	1,812
	<u>1,301,438</u>	<u>1,242,647</u>

Revenue by geography	31 August 2020 DKK '000	31 August 2019 DKK '000
Africa	1,867	7,262
Asia	119,418	99,500
Australia	35,761	47,188
Europe	972,195	926,008
South America	11,596	36,873
North America	160,601	125,816
	<u>1,301,438</u>	<u>1,242,647</u>

Parent:

Revenue by division	31 August 2020 DKK '000	31 August 2019 DKK '000
Garden	953,333	939,100
Timber	85,692	185,359
	<u>1,039,025</u>	<u>1,124,459</u>

Revenue by geography	31 August 2020 DKK '000	31 August 2019 DKK '000
Africa	1,867	7,262
Asia	136,945	273,591
Australia	35,761	47,188
Europe	703,062	663,876
South America	7,318	7,140
North America	154,072	125,402
	<u>1,039,025</u>	<u>1,124,459</u>

NOTE

No. 2 - Staff costs	31 August 2020 DKK '000	31 August 2019 DKK '000
Group:		
Wages and salaries	75,006	85,820
Pension contributions	2,775	3,801
Social security costs	11,973	12,209
Other staff costs	4,956	5,580
	94,710	107,410

The Group employed an average staff of 4,831 in 2019/2020 and of 4,281 in 2018/2019.

	31 August 2020 DKK '000	31 August 2019 DKK '000
Parent company:		
Wages and salaries	16,385	18,425
Pension contributions	604	608
Other staff costs	1,834	1,912
	18,823	20,945

The Parent Company employed an averaged staff of 21 in 2019/2020 and of 20 in 2018/2019.

Remuneration paid to the Executive Board and Board of Directors amounted to TDKK 4,781 in 2019/2020 and TDKK 5,158 in 2018/2019.

No. 3 - Auditor's remuneration	31 August 2020 DKK '000	31 August 2019 DKK '000
Group:		
Audit fee	1,269	1,625
Tax related services	270	332
Other services	889	830
	2,428	2,787

NOTE

No. 4 – Financial Income

Parent Company:

Financial income includes TDKK 1,470 from group subsidiaries in 2019/2020 and TDKK 1,947 in 2018/2019.

No. 5 – Tax on profit

	31 August 2020 DKK '000	31 August 2019 DKK '000
Group:		
Calculated tax on taxable income for the year	4,282	8,193
Adjustment of deferred tax	-6,300	-3,207
	-2,018	4,986

Parent company:

Adjustment of tax, previous years	510	-37
Calculated tax on taxable income for the year	0	350
Adjustment of deferred tax	-6,012	1,071
	-5,502	1,384

No. 6 – Proposal for the distribution of net profit

	31 August 2020 DKK '000	31 August 2019 DKK '000
Group:		
Proposed dividend this year	0	0
Retained earnings	-6,700	21,135
Predisposed	-6,700	21,135

Parent company:

Proposed dividend this year	0	0
Retained earnings	-6,700	21,135
Predisposed	-6,700	21,135

NOTE

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

Group:	Goodwill	Leasehold improvements etc.	Land and buildings	Fixtures and operating equipment
Cost at 1 September 2019	13,376	142,309	56,676	255,127
Translation adjustment	0	-12,594	-6,597	-30,338
Reclassification	0	10,377	0	-11,329
Additions during the year	0	6,427	190	112,085
Disposals during the year	0	-4,242	-10,710	-1,228
Cost at 31 August 2020	13,376	142,277	39,559	324,317
Accumulated depreciation 1 September 2019	-7,124	-62,147	-17,429	-161,670
Translation adjustment	0	5,969	1,949	17,249
Addition depreciation during the year	-667	-7,217	-1,010	-22,369
Disposal during the year	0	134	4,016	906
Accumulated depreciation at 31 August 2020	-7,791	-63,261	-12,474	-165,884
Carrying amount at 31 August 2020	5,585	79,016	27,085	158,433

Group:	31 August 2020	31 August 2019
	DKK '000	DKK '000
Breakdown of depreciation:		
Goodwill	667	778
Leasehold improvements	7,217	7,519
Land and buildings	1,010	1,313
Fixtures and operating equipment	22,369	21,594
	31,263	31,204

NOTE

No. 7 – Property, plant and equipment – continued

	Fixtures and operating equipment
Parent company:	
Cost at 1 September 2019	1,091
Additions during the year	40
Disposal during the year	-133
Cost at 31 August 2020	998
Total depreciation and impairment losses at 1 July 2019	-997
Depreciation and impairment losses for the year	-44
Depreciation on assets disposed of during the year	133
Depreciation at 31 August 2020	-908
Carrying amount at 31 August 2020	90

Parent company:

Breakdown of depreciation:

	31 August 2020 DKK '000	31 August 2019 DKK '000
Fixtures and operating equipment	44	40
	44	40

No. 8 – Other Receivables

Other receivables in the consolidated balance sheet represents TDKK 34,890 of which TDKK 4,400 is a long-term receivable in the Group's Brazilian company.

No. 9 – Prepayment

Prepayments in the consolidated balance sheet represents TDKK 10,710 are prepayments to suppliers and prepaid expenses.

NOTE

No. 10 – investments in group subsidiaries

	Group subsidiaries
Cost at 1 September 2019	224,547
Revaluation to end	-3,698
Additions during the year	98,803
Cost at 31 August 2020	319,652
Total up-downs at 1 September 2019	-56,046
Revaluation to end	-29,550
Net profit	16,927
Amortization goodwill	-667
Total up-downs at 31 August 2020	-69,336
Carrying amount at 31 August 2020	250,316

Name	Reg. office	Voting share and ownership interest	Net profit	Equity
Banegaardsbygningen ApS	Korsør, DK	100%	500	9,502
ScanCom Vietnam Ltd.	Ho Chi Minh City, VN	100%	5,097	183,291
PT ScanCom Indonesia	Semarang, IN	99%	973	6,844
ScanCom Hong Kong	Hong Kong	100%	1,059	22,474
ScanCom Deutschland GmbH	Oberhausen, DE	100%	1,850	24,658
ScanCom do Brasil Ltda.	Telemaco Borba, BR	100%	4,037	-32,529
ScanCom UK Ltd.	Essex, UK	100%	1,998	14,463
ScanCom Asia Trading Co. Ltd.	Ho Chi Minh City, VN	100%	-112	9,589
Raimotech A/S	Korsør, DK	100%	714	2,593
ScanCom North America, Inc.	California, US	100%	578	2,961
ScanCom International A/S Sucursal EN Espana (en Constitucion)	Mallorca, SP	100%	233	885
			16,927	244,731
Goodwill at 31 August 2020			-667	5,585
			16,260	250,316

NOTE

No. 11 - Equity

The share capital is made up as follows:			31 August 2020 DKK '000	31 August 2019 DKK '000
	No. of shares	Nominal		
LLG A/S				
CVR-no. 86 00 15 19				
Sødalsparken 18, 8220 Brabrand	9,901	2,000	9,901	9,901
			9,901	9,901

No. 12 - Debt to banks

	Total debt 1 September 2019	Total debt 31 August 2020	Repayments next year	Outstanding debt after 5 years
Group:				
Debt to banks	27,385	20,974	4,839	2,325
	27,385	20,974	4,839	2,325
Parent Company:				
Debt to banks	21,735	16,169	4,000	0
	21,735	16,169	4,000	0

NOTE

No. 13 – Contingencies etc.

Group:

The Group has rental obligations amounting to TDKK 74,109, of which an amount of TDKK 16,028 will be due within the coming year.

ScanCom do Brasil has a non-recorded tax receivable and payroll of TDKK 1,195 (TBRL 1,049) and an unrecorded tax claim of TDKK 48 (TBRL 42), and a case against a former employee of TDKK 141 (TBRL 124).

ScanCom do Brasil has also tax asset of TDKK 22,349 (TBRL 19,437) 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 772.

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 banks the Group has granted a charge of TDKK 27,000 on buildings, operating equipment, whose carrying amount was TDKK 21,737 at 31 August 2020.

Parent Company:

As security for debt to banks and credit institutions, the Company has assigned its receivables from group enterprises and granted a company charge of TDKK 50,000 on receivables.

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.

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!



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Ole Lund Andersen

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