
SCANCOM INTERNATIONAL A/S

Gl. Banegårdsplads 10, DK-4220 Korsør

**Annual Report for
1 September 2021 - 31 August 2022**

CVR No. 18 47 98 93

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

Jesper Lund
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of SCANCOM INTERNATIONAL A/S for the financial year 1 September 2021 - 31 August 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 August 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Korsør, 17 January 2023

Executive Board

Stig Maasbøl
CEO

Board of Directors

Erik Preben Holm
Chairman

Jesper Lund

Ole Lund Andersen

Independent Auditor's report

To the shareholder of SCANCOM INTERNATIONAL A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 September 2021 - 31 August 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of SCANCOM INTERNATIONAL A/S for the financial year 1 September 2021 - 31 August 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report

Aarhus C, 17 January 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Keld A. M. Nielsen
State Authorised Public Accountant
mne40037

Company information

The Company	SCANCOM INTERNATIONAL A/S Gl. Banegårdsplads 10 DK-4220 Korsør CVR No: 18 47 98 93 Financial period: 1 September 2021 - 31 August 2022 Municipality of reg. office: Slagelse
Board of Directors	Erik Preben Holm, chairman Jesper Lund Ole Lund Andersen
Executive board	Stig Maasbøl
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 8000 Aarhus C
Bankers	Nordea Bank Danmark A/S Skt. Clemens Torv 2-6 8000 Aarhus C

Group Chart

<u>Company</u>	<u>Residence</u>	<u>Ownership</u>
SCANCOM INTERNATIONAL A/S	Korsør, DK	
Banegaardsbygningen ApS	Korsør, DK	100%
ScanCom Vietnam Ltd.	Ho Chi Minh City, VN	100%
PT ScanCom Indonesia	Semarang, IN	100%
ScanCom Hong Kong	Hong Kong	100%
ScanCom Deutschland GmbH	Oberhausen, DE	100%
ScanCom do Brasil Ltda.	Telemaco Borba, BR	100%
ScanCom UK Ltd.	Essex, UK	100%
Raimotech A/S	Korsør, DK	100%
ScanCom North America, Inc.	California, US	100%
ScanCom International A/S Sucursal EN Espana	Mallorca, SP	100%

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	Group				
	2021/22	2020/21	2019/20	2018/19	2017/18
	Mil. DKK	Mil. DKK	Mil. DKK	Mil. DKK	Mil. DKK
Key figures					
Profit/loss					
Revenue	1,225	1,291	1,301	1,243	911
Profit/loss of ordinary primary operations	-40	9	35	71	52
Profit/loss of financial income and expenses	57	-7	-12	-14	-13
Net profit/loss	5	-1	-7	21	13
Balance sheet					
Balance sheet total	1,176	916	939	916	599
Investment in property, plant and equipment	37	56	119	83	36
Equity	833	794	142	183	160
Number of employees	3,662	4,516	4,831	4,281	3,598
Ratios					
EBITDA-margin	-0.6%	2.9%	2.7%	5.7%	5.7%
Profit margin	-3.3%	0.7%	0.3%	3.2%	3.5%
Liquidity ratio	278.6	604.8	87.7	100.4	109.4
Solvency ratio	70.8%	86.7%	15.1%	20.0%	26.7%
Return on equity	0.6%	-0.2%	-4.3%	12.2%	8.3%

Management's review

Key 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.

Development in the year

The income statement of the Group for 2021/22 shows a profit of TDKK 5,019, and at 31 August 2022 the balance sheet of the Group shows positive equity of TDKK 833,371.

Further for the season from 1 September 2021 to 31 August 2022 ScanCom realized a revenue of TDKK 1,225,228, generating an EBITDA of TDKK -6,893 and a result before tax of TDKK 17,524.

The operating result (EBITDA) is below expectations driven by primarily COVID-19 pandemic, where our Vietnamese factories were locked-down for months. Re-openings came with a cost and management has since focused the efforts on regaining lost efficiency in the production. Additionally, increase in raw materials and high freight rates unfavorably impacted the financial result.

The outdoor furniture business is seasonal and the lock-down impacted our ability to deliver demanded products timely to our customers which led to unfavorable cancellations. Consequently, our revenue ended lower than expected.

Favorable strengthening of the USD led to a result before tax (EBT) of TDKK 17,524.

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.

Management's review

Corporate Social Responsibility

Statement of Corporate Social Responsibility (ÅRL §99a and 99d) is covered by CSR statement for the Group and can be viewed in the Management Review in the Annual Report 2021/22 for LLG A/S, CVR no. 86001519, which can be obtained from www.cvr.dk.

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. ScanCom's way of doing business dictates that manufacturing of our products including Eucalyptus components as well in the future will be made by 100% FSC Hard Wood. FSC is considered as the most ambitious certificate in the world when it comes to responsible forestry.

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). In the Financial year ScanCom won a design award for our Stream chair, which is a plastic chair produced from 100% recycled plastic. An example of a sustainable way of providing the world new and innovative products, which will continue to be the focus in Scancom starting from the design phase and further throughout our value chain. A related focus in the financial year has been to design the products in a way where compact packaging enables less space used in our containers and thereby relatively less energy spent on shipping the inventory. Innovative packaging designs will continue to be in our focus lowering the emission level.

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 is in process of issuing its Responsibility Report 2021/2022 (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.

Statutory statement on the underrepresented gender in management

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

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 listed below. Total number of employees amounts to 18 employees in ScanCom International A/S (All employees. Not as FTEs. ScanCom International A/S) which is split on 33 % women and 67 % of men. Leadership positions amounts to 9 employees in ScanCom International A/S (Employees with staff responsibility) which is split on 22 % women and 78 % of men.

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.

Management's review

Statutory statement on data ethics

Information on data ethics (ÅRL §99d), please view the statement by the Group which can be viewed in the Management Review in the Annual Report 2021/22 for LLG A/S, CVR no. 86001519, which can be obtained from www.cvr.dk.

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 has a showroom and also designers located at the branch.

Denmark

Legal headquarters of ScanCom.

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.

Management's review

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 is expected at a lower level than 2021/22. ScanCom targets to protect its margins however it's with a high level of uncertainty. Season 2022/23 will be influenced by the macroeconomic uncertainties impacting the market for outdoor furniture.

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 and Ukrainian war situation in the world.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 September 2021 - 31 August 2022

	Note	Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Revenue	1	1,225,288	1,290,845	1,018,182	1,050,408
Expenses for raw materials and consumables		-1,063,988	-1,090,852	-982,947	-1,019,710
Other external expenses		-80,626	-78,285	-21,066	-15,849
Gross profit		80,674	121,708	14,169	14,849
Staff expenses	2	-87,567	-84,561	-20,171	-18,906
Earnings Before Interest Taxes Depreciation and Amortization		-6,893	37,147	-6,002	-4,057
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-32,614	-27,838	-16	-39
Profit/loss before financial income and expenses		-39,507	9,309	-6,018	-4,096
Income from investments in subsidiaries		0	0	-31,495	9,481
Financial income	3	60,328	1,663	57,433	2,434
Financial expenses	4	-3,297	-8,929	-4,399	-11,865
Profit/loss before tax		17,524	2,043	15,521	-4,046
Tax on profit/loss for the year	5	-12,505	-3,265	-10,502	2,824
Net profit/loss for the year	6	5,019	-1,222	5,019	-1,222

Balance sheet 31 August 2022

Assets

	Note	Group		Parent company	
		2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
Goodwill		4,249	4,918	0	0
Intangible assets	7	4,249	4,918	0	0
Land and buildings		25,322	26,653	0	0
Other fixtures and fittings, tools and equipment		75,465	76,495	124	51
Leasehold improvements		140,706	117,431	0	0
Property, plant and equipment	8	241,493	220,579	124	51
Investments in subsidiaries	9	0	0	298,337	294,350
Deposits	10	81,738	59,588	0	0
Fixed asset investments		81,738	59,588	298,337	294,350
Fixed assets		327,480	285,085	298,461	294,401
Raw materials and consumables		190,992	142,139	0	0
Work in progress		129,222	127,153	0	0
Finished goods and goods for resale		249,916	131,492	1,289	653
Inventories		570,130	400,784	1,289	653
Trade receivables		147,304	101,586	107,772	62,717
Receivables from group enterprises		2,037	0	715,002	503,969
Other receivables		40,074	20,095	19,713	22,335
Deferred tax asset	11	17,061	14,124	1,116	3,529
Prepayments	12	46,255	45,435	0	197
Receivables		252,731	181,240	843,603	592,747
Cash at bank and in hand		25,540	49,031	49	31
Current assets		848,401	631,055	844,941	593,431
Assets		1,175,881	916,140	1,143,402	887,832

Balance sheet 31 August 2022

Liabilities and equity

	Note	Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Share capital	13	9,901	9,901	9,901	9,901
Retained earnings		823,470	783,711	823,470	783,711
Equity		833,371	793,612	833,371	793,612
Other provisions	14	34,971	14,716	10,747	8,245
Provisions		34,971	14,716	10,747	8,245
Mortgage loans		3,045	3,470	0	0
Long-term debt	15	3,045	3,470	0	0
Mortgage loans	15	422	495	0	0
Credit institutions		0	0	0	10,072
Trade payables		70,426	65,587	28,641	13,175
Payables to group enterprises		188,479	6,442	247,495	50,125
Corporation tax		13,275	2,375	11,068	218
Other payables		31,892	29,443	12,080	12,385
Short-term debt		304,494	104,342	299,284	85,975
Debt		307,539	107,812	299,284	85,975
Liabilities and equity		1,175,881	916,140	1,143,402	887,832
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Fee to auditors appointed at the general meeting	20				
Subsequent events	21				
Accounting Policies	22				

Statement of changes in equity

Group

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 September	9,901	783,711	793,612
Exchange adjustments	0	34,740	34,740
Net profit/loss for the year	0	5,019	5,019
Equity at 31 August	9,901	823,470	833,371

Parent company

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 September	9,901	783,712	793,613
Exchange adjustments	0	38,209	38,209
Other equity movements	0	-3,470	-3,470
Net profit/loss for the year	0	5,019	5,019
Equity at 31 August	9,901	823,470	833,371

Cash flow statement 1 September 2021 - 31 August 2022

	Note	Group	
		2021/22	2020/21
		TDKK	TDKK
Result of the year		5,019	-1,222
Adjustments	16	678	36,206
Change in working capital	17	-228,575	21,230
Cash flow from operations before financial items		-222,878	56,214
Financial income		60,328	1,663
Financial expenses		-3,297	-8,929
Cash flows from ordinary activities		-165,847	48,948
Corporation tax paid		-4,542	2,468
Cash flows from operating activities		-170,389	51,416
Purchase of property, plant and equipment		-36,721	-56,177
Fixed asset investments made etc		-7,016	0
Sale of property, plant and equipment		3,906	14,951
Sale of fixed asset investments made etc		7,226	0
Cash flows from investing activities		-32,605	-41,226
Repayment of mortgage loans		-498	-17,009
Cash capital increase		0	650,000
Cash flows from financing activities		-498	632,991
Change in cash and cash equivalents		-203,492	643,181
Cash and cash equivalents at 1 September		42,590	-600,591
Cash and cash equivalents at 31 August		-160,902	42,590
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		25,540	49,031
Overdraft facility		-186,442	-6,441
Cash and cash equivalents at 31 August		-160,902	42,590

Notes to the Financial Statements

	Group		Parent company	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
1. Revenue				
Revenue by division				
Garden	1,110,641	1,160,113	914,435	934,874
Timber	112,388	129,161	103,747	115,534
Administrative	2,259	1,571	0	0
	1,225,288	1,290,845	1,018,182	1,050,408

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by geographical segments are not provided as the Company's Executive Board and Board of Directors assess that such disclosures would be very detrimental to the Company.

	Group		Parent company	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
2. Staff Expenses				
Wages and salaries	68,681	67,111	16,821	16,053
Pensions	2,679	2,672	368	468
Other social security expenses	10,113	9,957	0	0
Other staff expenses	6,094	4,821	2,982	2,385
	87,567	84,561	20,171	18,906
Average number of employees	3,662	4,516	18	19

Remuneration to the Executive Board and Board of Directors amounts to TDKK 5,065 in 2021/22 and TDKK 4,781 in 2020/21.

Staff expenses are only related to indirect headcounts.

Notes to the Financial Statements

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
3. Financial income				
Interest received from group enterprises	0	0	2,150	1,355
Other financial income	1,099	1,663	849	1,079
Exchange adjustments	59,229	0	54,434	0
	60,328	1,663	57,433	2,434

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
4. Financial expenses				
Interest paid to group enterprises	0	0	1,457	1,258
Other financial expenses	3,297	6,303	2,942	7,981
Exchange adjustments, expenses	0	2,626	0	2,626
	3,297	8,929	4,399	11,865

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
5. Income tax expense				
Current tax for the year	19,347	3,789	11,044	0
Deferred tax for the year	-6,842	-524	-542	-2,824
	12,505	3,265	10,502	-2,824

Notes to the Financial Statements

	<u>Parent company</u>	
	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
Retained earnings	5,019	-1,222
	<u>5,019</u>	<u>-1,222</u>

6. Profit allocation

7. Intangible fixed assets

Group

	<u>Goodwill</u>
	TDKK
Cost at 1 September	13,374
Cost at 31 August	<u>13,374</u>
Impairment losses and amortisation at 1 September	8,458
Amortisation for the year	667
Impairment losses and amortisation at 31 August	<u>9,125</u>
Carrying amount at 31 August	<u>4,249</u>

Notes to the Financial Statements

8. Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 September	40,081	247,656	186,596
Exchange adjustment	1,322	45,061	34,876
Additions for the year	0	34,981	1,740
Disposals for the year	0	-12,244	-220
Transfers for the year	-1,588	-24,590	10,935
Cost at 31 August	<u>39,815</u>	<u>290,864</u>	<u>233,927</u>
Impairment losses and depreciation at 1 September	13,378	171,212	69,165
Exchange adjustment	296	31,821	13,852
Depreciation for the year	819	20,737	10,391
Reversal of impairment and depreciation of sold assets	0	-8,371	-187
Impairment losses and depreciation at 31 August	<u>14,493</u>	<u>215,399</u>	<u>93,221</u>
Carrying amount at 31 August	<u>25,322</u>	<u>75,465</u>	<u>140,706</u>

Parent company

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 September	907
Additions for the year	90
Disposals for the year	-438
Cost at 31 August	<u>559</u>
Impairment losses and depreciation at 1 September	857
Depreciation for the year	16
Reversal of impairment and depreciation of sold assets	-438
Impairment losses and depreciation at 31 August	<u>435</u>
Carrying amount at 31 August	<u>124</u>

Notes to the Financial Statements

	Parent company	
	2021/22	2020/21
	TDKK	TDKK
9. Investments in subsidiaries		
Cost at 1 September	320,132	319,652
Exchange adjustment	0	480
Additions for the year	744	0
Cost at 31 August	<u>320,876</u>	<u>320,132</u>
Value adjustments at 1 September	-25,782	-69,336
Exchange adjustment	38,209	29,672
Net profit/loss for the year	-9,534	10,149
Other equity movements, net	-3,470	0
Amortisation of goodwill	-667	-667
Change in intercompany profit on inventories	-18,453	4,400
Other adjustments	-2,842	0
Value adjustments at 31 August	<u>-22,539</u>	<u>-25,782</u>
Carrying amount at 31 August	<u>298,337</u>	<u>294,350</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Banegaardsbygningen ApS	Korsør, DK	100%
ScanCom Vietnam Ltd.	Ho Chi Minh City, VN	100%
PT ScanCom Indonesia	Semarang, IN	99%
ScanCom Hong Kong	Hong Kong	100%
ScanCom Deutschland GmbH	Oberhausen, DE	100%
ScanCom do Brasil Ltda.	Telemaco Borba, BR	100%
ScanCom UK Ltd.	Essex, UK	100%
Raimotech A/S	Korsør, DK	100%
ScanCom North America, Inc.	California, US	100%
ScanCom International A/S Sucursal EN Espana	Mallorca, SP	100%

Notes to the Financial Statements

10. Other fixed asset investments

Group

	Deposits TDKK
Cost at 1 September	59,588
Additions for the year	7,016
Disposals for the year	-7,226
Transfers for the year	10,791
Cost at 31 August	<u>70,169</u>
Impairment losses at 1 September	0
Exchange adjustment	-11,569
Impairment losses at 31 August	<u>-11,569</u>
Carrying amount at 31 August	<u>81,738</u>

Group		Parent company	
2021/22	2020/21	2021/22	2020/21
TDKK	TDKK	TDKK	TDKK

11. Deferred tax asset

Deferred tax asset at 1 September	14,124	0	3,529	0
Amounts recognised in the income statement for the year	6,842	524	542	2,824
Amounts recognised in equity for the year	-3,905	13,600	-2,955	705
Deferred tax asset at 31 August	<u>17,061</u>	<u>14,124</u>	<u>1,116</u>	<u>3,529</u>

12. Prepayments

Prepayments in the consolidated balance sheet representing TDKK 46.255 are prepayments to suppliers and prepaid expenses.

Notes to the Financial Statements

13. Share capital

	<u>Number</u>	<u>Nominal value</u> TDKK
LLG A/S , CVR-no. 86 00 15 19, Sødalsparken 18, 8220 Brabrand	9,901	<u>9,901</u>
		<u>9,901</u>

14. Other provisions

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory and provisions related to cancellations. Based on previous experience in respect of the level of repairs and returns, warranty provisions of TDKK 22,966 (2020/21: TDKK 14,716) have been recognised for expected warranty claims. Provisions related to the cancellation of orders are TDKK 12,005 (2020/21: TDKK 0).

	<u>Group</u>		<u>Parent company</u>	
	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Other provisions	34,971	14,716	10,747	8,245
	<u>34,971</u>	<u>14,716</u>	<u>10,747</u>	<u>8,245</u>

The provisions are expected to mature as follows:

Provisions falling due after 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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15. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>Group</u>		<u>Parent company</u>	
	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Mortgage loans				
After 5 years	1,635	1,966	0	0
Between 1 and 5 years	1,410	1,504	0	0
Long-term part	<u>3,045</u>	<u>3,470</u>	<u>0</u>	<u>0</u>
Within 1 year	422	495	0	0
	<u>3,467</u>	<u>3,965</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

Group	
2021/22	2020/21
TDKK	TDKK

16. Cash flow statement - Adjustments

Financial income	-60,328	-1,663
Financial expenses	3,297	8,929
Depreciation, amortisation and impairment losses, including losses and gains on sales	32,614	27,838
Tax on profit/loss for the year	12,505	3,265
Other adjustments	12,590	-2,163
	678	36,206

Group	
2021/22	2020/21
TDKK	TDKK

17. Cash flow statement - Change in working capital

Change in inventories	-169,346	53,488
Change in receivables	-66,517	-9,970
Change in trade payables, etc	7,288	-22,288
	-228,575	21,230

Group		Parent company	
2021/22	2020/21	2021/22	2020/21
TDKK	TDKK	TDKK	TDKK

18. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	23,500	21,048	0	0
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The following assets have been placed as security with business mortgage:

Receivables arising from the sale of goods and services with a carrying amount of	107,772	62,717	107,772	62,717
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Notes to the Financial Statements

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	20,035	22,405	0	0
Between 1 and 5 years	41,582	54,941	0	0
After 5 years	0	21,256	0	0
	<u>61,617</u>	<u>98,602</u>	<u>0</u>	<u>0</u>

Guarantee obligations

LLG A/S has entered a cash pool agreement for Lars Larsen Group. As of 31 August 2022, TDKK 0 have been drawn. As a participant in the cash pool arrangement, Scancom International A/S has provided the credit institutions with a guarantee of payment as security for LLG A/S' obligations pursuant to the cash pool agreement.

Other contingent liabilities

ScanCom do Brasil has tax asset of TDKK 29,772 per 31 August 2022 (31 August 2021: TDKK 18,619) which is unrecognized in the financial statements.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of LLG A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

19. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
LLG A/S, Sødalsparken 18, DK-8220 Brabrand	Ultimate parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
LLG A/S	Sødalsparken 18, DK-8220 Brabrand

Notes to the Financial Statements

	Group	
	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
20. Fee to auditors appointed at the general meeting		
Auditors appointed at the general meeting		
Audit fee	444	444
Tax advisory services	31	31
Non-audit services	60	29
	<u>535</u>	<u>504</u>
Other auditors		
Audit fee	680	815
Tax advisory services	233	238
Non-audit services	213	759
	<u>1,126</u>	<u>1,812</u>

21. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

22. Accounting policies

The Annual Report of SCANCOM INTERNATIONAL A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2021/22 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, SCANCOM INTERNATIONAL A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on business segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the Parent Company. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas.

Notes to the Financial Statements

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	25-50 years
Other fixtures and fittings, tools and equipment	4-10 years
Leasehold improvements	Rental years period

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Notes to the Financial Statements

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

EBITDA-margin	$\text{Earnings before interest, taxes, depreciation and amortization (EBITDA)} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Liquidity ratio	$\text{Current Assets} \times 100 / \text{Short-term debt}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$