

DRØMMELAND

Drømmeland A/S

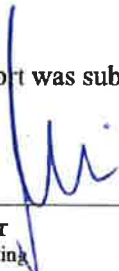
Vadstrupvej 71-73, 2880 Bagsværd

Company reg. no. 24 40 41 10

Annual report

1 June 2020 - 31 May 2021

The annual report was submitted and approved by the general meeting on the 24 June 2021.



Michael Vinther
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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Management's report

Today, the board of directors and the managing director have presented the annual report of Drømmeland A/S for the financial year 1 June 2020 - 31 May 2021.

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

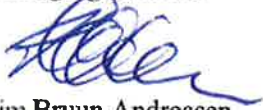
We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 May 2021 and of the company's results of activities in the financial year 1 June 2020 – 31 May 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Bagsværd, 24 June 2021

Managing Director



Kim Bruun Andreassen

Board of directors



Michael Vinther



Kim Bruun Andreassen



Tina Susie Andreassen



Allan Nielsen



John Toftgaard Hansen



Frank Siim Sørensen

Independent auditor's report

To the shareholder of Drømmeland A/S

Opinion

We have audited the financial statements of Drømmeland A/S for the financial year 1 June 2020 - 31 May 2021, which comprise income statement, statement of financial position, statement of changes in equity and notes, including accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 May 2021 and of the results of the company's activities for the financial year 1 June 2020 - 31 May 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of 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 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 24 June 2021

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Casper Christiansen
State Authorised Public Accountant
mne44100

Company information

The company

Drømmeland A/S
Vadstrupvej 71-73
2880 Bagsværd

Company reg. no. 24 40 41 10
Established: 15 January 1975
Domicile: Bagsværd
Financial year: 1 June - 31 May

Board of directors

Michael Vinther
Tina Susie Andreasen
John Toftgaard Hansen
Kim Bruun Andreasen
Allan Nielsen
Frank Siim Sørensen

Managing Director

Kim Bruun Andreasen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

K. A. Invest Holding A/S

Financial highlights

| DKK in thousands. | <u>2020/21</u> | <u>2019/20</u> | <u>2018/19</u> | <u>2017/18</u> | <u>2016/17</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Income statement: | | | | | |
| Gross profit | 60.226 | 40.275 | 35.963 | 34.004 | 34.925 |
| Profit from operating activities | 21.374 | 5.008 | 3.547 | 5.578 | 8.508 |
| Net financials | -1.161 | -1.785 | -1.527 | -1.278 | -506 |
| Net profit or loss for the year | 15.750 | 2.488 | 1.554 | 3.336 | 6.194 |
| Statement of financial position: | | | | | |
| Balance sheet total | 115.366 | 76.862 | 71.817 | 66.258 | 66.753 |
| Investments in property, plant and equipment | 4.916 | 3.637 | 2.785 | 6.487 | 2.819 |
| Equity | 30.449 | 14.699 | 12.211 | 14.274 | 19.936 |
| Employees: | | | | | |
| Average number of full-time employees | 66 | 63 | 63 | 58 | 51 |
| Key figures in %: | | | | | |
| Acid test ratio | 122,0 | 89,8 | 77,1 | 5,4 | 0,3 |
| Solvency ratio | 26,4 | 19,1 | 17,0 | 21,5 | 29,9 |
| Return on equity | 69,8 | 18,5 | 11,7 | 19,5 | 29,4 |
| Return on assets | 6,4 | 6,4 | 5,1 | 8,4 | 12,2 |

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

| | |
|-------------------------|--|
| Acid test ratio | $\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$ |
| Solvency ratio | $\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$ |
| Return on equity | $\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$ |

Management commentary

The principal activities of the company

Like previous years, the company's activities are retail furniture sales especially within bedroom furniture. The company has 25 specialist bed shops. The stores are located all over Denmark.

Development in activities and financial matters

The gross profit for the year totals DKK 60,2m against DKK 40,3m last year. Net profit for the year totals DKK 15,7m against DKK 2,5m last year.

The management considers the results satisfactory.

Expected developments

The company expects a positive stable earnings performance in the coming year.

Income statement 1 June - 31 May

All amounts in DKK.

| <u>Note</u> | <u>2020/21</u> | <u>2019/20</u> |
|---|-------------------|-------------------|
| Gross profit | 60.225.544 | 40.274.571 |
| 4 Staff costs | -34.652.529 | -31.080.749 |
| Depreciation, amortisation, and impairment | -4.198.868 | -4.185.469 |
| Operating profit | 21.374.147 | 5.008.353 |
| Other financial income from group enterprises | 291.337 | 221.124 |
| Other financial income | 393.883 | 469.102 |
| Other financial costs | -1.845.772 | -2.475.141 |
| Pre-tax net profit or loss | 20.213.595 | 3.223.438 |
| 5 Tax on net profit or loss for the year | -4.463.602 | -735.639 |
| 6 Net profit or loss for the year | 15.749.993 | 2.487.799 |

Statement of financial position at 31 May

All amounts in DKK.

| Assets | | |
|---|--------------------|-------------------|
| <u>Note</u> | <u>2021</u> | <u>2020</u> |
| Non-current assets | | |
| 7 Concessions, patents, licenses, trademarks, and similar rights acquired | 4.511.472 | 5.488.379 |
| Total intangible assets | 4.511.472 | 5.488.379 |
| 8 Property | 21.391.540 | 21.900.303 |
| 9 Other fixtures and fittings, tools and equipment | 3.518.999 | 3.255.853 |
| 10 Leasehold improvements | 10.154.516 | 8.486.520 |
| Total property, plant, and equipment | 35.065.055 | 33.642.676 |
| 11 Deposits | 1.964.045 | 1.636.113 |
| Total investments | 1.964.045 | 1.636.113 |
| Total non-current assets | 41.540.572 | 40.767.168 |
| Current assets | | |
| Manufactured goods and goods for resale | 25.598.237 | 23.982.461 |
| Total inventories | 25.598.237 | 23.982.461 |
| Trade receivables | 4.083 | 102.651 |
| Receivables from group enterprises | 10.736.427 | 8.036.501 |
| Tax receivables from group enterprises | 0 | 135.146 |
| Other receivables | 3.305.942 | 2.117.874 |
| Tax account | 15.000.000 | 0 |
| 12 Prepayments and accrued income | 785.642 | 867.325 |
| Total receivables | 29.832.094 | 11.259.497 |
| Cash on hand and demand deposits | 18.395.102 | 852.452 |
| Total current assets | 73.825.433 | 36.094.410 |
| Total assets | 115.366.005 | 76.861.578 |

Statement of financial position at 31 May

All amounts in DKK.

| Equity and liabilities | | | |
|--|--|-------------------|-------------------|
| <u>Note</u> | | <u>2021</u> | <u>2020</u> |
| Equity | | | |
| 13 | Contributed capital | 500.000 | 500.000 |
| | Revaluation reserve | 9.313.673 | 9.594.772 |
| | Retained earnings | 4.885.558 | 4.604.459 |
| | Proposed dividend for the financial year | 15.749.993 | 0 |
| | Total equity | 30.449.224 | 14.699.231 |
| Provisions | | | |
| 14 | Provisions for deferred tax | 6.240.255 | 6.283.221 |
| | Total provisions | 6.240.255 | 6.283.221 |
| Liabilities other than provisions | | | |
| | Mortgage loans | 11.406.475 | 12.158.469 |
| | Lease liabilities | 2.259.642 | 1.640.178 |
| | Income tax payable to group enterprises | 4.506.568 | 79.156 |
| | Other payables | 0 | 1.814.071 |
| 15 | Total long term liabilities other than provisions | 18.172.685 | 15.691.874 |

Statement of financial position at 31 May

All amounts in DKK.

| Equity and liabilities | | | |
|-------------------------------|--|---------------------------|--------------------------|
| <u>Note</u> | | <u>2021</u> | <u>2020</u> |
| 15 | Current portion of long term payables | 1.279.923 | 1.905.411 |
| | Bank loans | 147.891 | 113.758 |
| | Prepayments received from customers | 20.880.786 | 13.462.392 |
| | Trade payables | 30.071.971 | 18.569.334 |
| | Other payables | 8.123.270 | 6.136.357 |
| | Total short term liabilities other than provisions | <u>60.503.841</u> | <u>40.187.252</u> |
| | Total liabilities other than provisions | <u>78.676.526</u> | <u>55.879.126</u> |
| | Total equity and liabilities | <u>115.366.005</u> | <u>76.861.578</u> |

1 Accounting policies

2 Subsequent events

3 Special items

16 Charges and security

17 Contingencies

18 Related parties

Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Revaluation reserve | Retained earnings | Proposed dividend for the financial year | Total |
|---|------------------------|------------------------|----------------------|--|-------------------|
| Equity 1 June | | | | | |
| 2019 | 500.000 | 9.875.871 | 1.835.561 | 0 | 12.211.432 |
| Profit or loss for the year brought forward | 0 | 0 | 2.487.799 | 0 | 2.487.799 |
| Revaluations for the year | 0 | -281.099 | 0 | 0 | -281.099 |
| Reduction of revaluations | 0 | 0 | 281.099 | 0 | 281.099 |
| Equity 1 June | | | | | |
| 2020 | 500.000 | 9.594.772 | 4.604.459 | 0 | 14.699.231 |
| Profit or loss for the year brought forward | 0 | 0 | 0 | 15.749.993 | 15.749.993 |
| Revaluations for the year | 0 | -281.099 | 0 | 0 | -281.099 |
| Reduction of revaluations | 0 | 0 | 281.099 | 0 | 281.099 |
| | 500.000 | 9.313.673 | 4.885.558 | 15.749.993 | 30.449.224 |

Notes

1. Accounting policies

The annual report for Drømmeland A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of K. A. Invest Holding A/S.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Notes

1. Accounting policies (continued)

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Notes

1. Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Acquired rights

Purchased rights are measured at cost with deduction of accrued amortisation. Acquired rights are amortised on a straight-line basis over the estimated financial life which is 3-8 years.

Property, plant, and equipment

Tangible fixed assets are measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Notes

1. Accounting policies (continued)

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

| | Useful life |
|--|-------------|
| Property | 50 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |

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

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 10 years.

Notes

1. Accounting policies (continued)

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Notes

1. Accounting policies (continued)

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property.

The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Drømmeland A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Notes

1. Accounting policies (continued)

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

2. Subsequent events

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Notes

All amounts in DKK.

3. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

| | <u>2020/21</u> | <u>2019/20</u> |
|--|-------------------------|-----------------|
| Income: | | |
| State support, help packages, Covid-19 | 5.098.007 | 0 |
| | <u>5.098.007</u> | <u>0</u> |
| Special items are recognised in the following items in the financial statements: | | |
| Gross profit | 5.098.007 | 0 |
| Profit of special items, net | <u>5.098.007</u> | <u>0</u> |

| | <u>2020/21</u> | <u>2019/20</u> |
|-----------------------------|--------------------------|--------------------------|
| 4. Staff costs | | |
| Salaries and wages | 30.430.483 | 27.755.896 |
| Pension costs | 3.954.051 | 2.995.773 |
| Other staff costs | 267.995 | 329.080 |
| | <u>34.652.529</u> | <u>31.080.749</u> |
| Average number of employees | <u>66</u> | <u>63</u> |

Pursuant to section 98b of the Danish Financial Statements Act, the company has chosen not to show management remuneration as only one director receives remuneration.

Notes

All amounts in DKK.

| | <u>2020/21</u> | <u>2019/20</u> |
|---|--------------------------|--------------------------|
| 5. Tax on net profit or loss for the year | | |
| Tax of the results for the year, parent company | 4.506.568 | 79.156 |
| Adjustment for the year of deferred tax | -42.966 | 656.483 |
| | <u>4.463.602</u> | <u>735.639</u> |
| 6. Proposed appropriation of net profit | | |
| Dividend for the financial year | 15.749.993 | 0 |
| Transferred to retained earnings | 0 | 2.487.799 |
| Total allocations and transfers | <u>15.749.993</u> | <u>2.487.799</u> |
| 7. Concessions, patents, licenses, trademarks, and similar rights acquired | | |
| Cost 1 June 2020 | 9.120.889 | 9.005.889 |
| Additions during the year | 410.639 | 115.000 |
| Cost 31 May 2021 | <u>9.531.528</u> | <u>9.120.889</u> |
| Amortisation and writedown 1 June 2020 | -3.632.510 | -2.240.568 |
| Amortisation for the year | -1.387.546 | -1.391.942 |
| Amortisation and writedown 31 May 2021 | <u>-5.020.056</u> | <u>-3.632.510</u> |
| Carrying amount, 31 May 2021 | <u>4.511.472</u> | <u>5.488.379</u> |

Notes

All amounts in DKK.

| | <u>31/5 2021</u> | <u>31/5 2020</u> |
|--|--------------------------|--------------------------|
| 8. Property | | |
| Cost 1 June 2020 | 13.188.553 | 13.087.371 |
| Additions during the year | <u>103.899</u> | <u>101.182</u> |
| Cost 31 May 2021 | <u>13.292.452</u> | <u>13.188.553</u> |
| Revaluation 1 June 2020 | <u>18.030.837</u> | <u>18.030.837</u> |
| Revaluation 31 May 2021 | <u>18.030.837</u> | <u>18.030.837</u> |
| Depreciation and writedown 1 June 2020 | -9.319.089 | -8.706.820 |
| Depreciation for the year | <u>-612.660</u> | <u>-612.267</u> |
| Depreciation and writedown 31 May 2021 | <u>-9.931.749</u> | <u>-9.319.087</u> |
| Carrying amount, 31 May 2021 | <u>21.391.540</u> | <u>21.900.303</u> |
| Carrying amount less revaluations | <u>8.396.284</u> | <u>8.544.662</u> |
| 9. Other fixtures and fittings, tools and equipment | | |
| Cost 1 June 2020 | 9.453.110 | 8.070.360 |
| Additions during the year | 1.591.638 | 1.951.499 |
| Disposals during the year | <u>-2.059.254</u> | <u>-568.749</u> |
| Cost 31 May 2021 | <u>8.985.494</u> | <u>9.453.110</u> |
| Amortisation and writedown 1 June 2020 | -6.197.257 | -5.718.565 |
| Depreciation for the year | -704.511 | -826.841 |
| Reversal of depreciation, amortisation and writedown, assets disposed of | <u>1.435.273</u> | <u>348.149</u> |
| Amortisation and writedown 31 May 2021 | <u>-5.466.495</u> | <u>-6.197.257</u> |
| Carrying amount, 31 May 2021 | <u>3.518.999</u> | <u>3.255.853</u> |
| Lease assets are recognised at a carrying amount of | <u>3.094.933</u> | <u>2.945.376</u> |

Notes

All amounts in DKK.

| | <u>31/5 2021</u> | <u>31/5 2020</u> |
|---|---------------------------|---------------------------|
| 10. Leasehold improvements | | |
| Cost 1 June 2020 | 20.827.377 | 19.243.153 |
| Additions during the year | <u>3.220.476</u> | <u>1.584.224</u> |
| Cost 31 May 2021 | <u>24.047.853</u> | <u>20.827.377</u> |
| Depreciation and writedown 1 June 2020 | -12.340.857 | -11.022.396 |
| Depreciation for the year | <u>-1.552.480</u> | <u>-1.318.461</u> |
| Depreciation and writedown 31 May 2021 | <u>-13.893.337</u> | <u>-12.340.857</u> |
| Carrying amount, 31 May 2021 | <u>10.154.516</u> | <u>8.486.520</u> |
| 11. Deposits | | |
| Cost 1 June 2020 | 1.636.113 | 1.463.734 |
| Additions during the year | 511.794 | 187.284 |
| Disposals during the year | <u>-183.862</u> | <u>-14.905</u> |
| Cost 31 May 2021 | <u>1.964.045</u> | <u>1.636.113</u> |
| Carrying amount, 31 May 2021 | <u>1.964.045</u> | <u>1.636.113</u> |
| 12. Prepayments and accrued income | | |
| Payments consist of prepaid expenses, insurance, etc. concerning 2021/2022 and later. | | |
| 13. Contributed capital | | |
| Contributed capital 1 June 2020 | <u>500.000</u> | <u>500.000</u> |
| | <u>500.000</u> | <u>500.000</u> |

The share capital consists of 500 A-shares, each with a nominal value of DKK 1.000. No shares hold particular rights.

Notes

All amounts in DKK.

| | <u>31/5 2021</u> | <u>31/5 2020</u> |
|--|-------------------------|-------------------------|
| 14. Provisions for deferred tax | | |
| Provisions for deferred tax 1 June 2020 | 6.283.221 | 5.626.738 |
| Deferred tax of the results for the year | -42.966 | 656.483 |
| | <u>6.240.255</u> | <u>6.283.221</u> |
| The following items are subject to deferred tax: | | |
| Intangible assets | 992.524 | 1.207.443 |
| Property, plant, and equipment | 5.247.731 | 5.075.778 |
| | <u>6.240.255</u> | <u>6.283.221</u> |

15. Liabilities other than provision

| | <u>Total payables 31 May 2021</u> | <u>Current portion of long term payables</u> | <u>Long term payables 31 May 2021</u> | <u>Outstanding payables after 5 years</u> |
|--|---------------------------------------|--|---|---|
| Mortgage loans | 12.160.635 | 754.160 | 11.406.475 | 8.404.348 |
| Lease liabilities | 2.785.405 | 525.763 | 2.259.642 | 0 |
| Income tax payable to group enterprises | 4.506.568 | 0 | 4.506.568 | 0 |
| | <u>19.452.608</u> | <u>1.279.923</u> | <u>18.172.685</u> | <u>8.404.348</u> |

16. Charges and security

As collateral for mortgage loans, tDKK 12.161, security has been granted on properties representing a carrying amount of tDKK 21.391 at 31 May 2021.

The company has issued mortgages registered to the owners totalling tDKK 5.000 as security for bank loans. The mortgages registered to the owners provide security on the above properties as well as other fixtures and fittings, tools and equipment.

Notes

All amounts in DKK.

16. Charges and security (continued)

For bank activities, tDKK 148, the company has provided security in company assets representing a nominal value of DKK 5.000. This security comprises the assets below, stating the carrying amounts:

| | DKK in thousands |
|--|---------------------|
| Aquired rights | 4.511 |
| Other fixtures and fittings, tools and equipment | 3.519 |
| Leasehold improvements | 10.155 |
| Trade receivables | 4 |

17. Contingencies

Contingent liabilities

The company has signed leases for 25 leases with annual rent of tDKK 16.850. Rent obligation until termination amounts to a maximum of tDKK 21.877.

There is to a third party given rent guarentees via bank totaling tDKK 5.519.

The company has entered into lease agreements with a autohorizing commitment of tDKK 1.697.

Joint taxation

With K. A. Invest Holding A/S, company reg. no 29 17 50 39 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

18. Related parties

Controlling interest

K.A. Invest Holding A/S, Søvej 14B, 2880 Bagsværd

Majority shareholder

Notes

All amounts in DKK.

Consolidated financial statements

The company is included in the consolidated annual accounts of K.A. Invest Holding A/S. The annual accounts can be obtained at Erhvervsstyrelsen.