Baker Tilly Denmark Godkendt
Revisionspartnerselskab
CVR-nr. 35 25 76 91

Copenhagen
Poul Bundgaards Vej 1, 1.
2500 Valby

Odense
Hjallesevej 126
5230 Odense M

Four Design Group Limited ApS

Lucernemarken 17, 5260 Odense S

CVR no. 25 36 37 87

Annual report for 2021/22

Adopted at the annual general meeting on 24
November 2022

Alistair Storrar Gough
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Four Design Group Limited ApS for the financial year 1 July 2021 - 30 June 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 30 June 2022 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 July 2021 - 30 June 2022.

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

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 23 November 2022

Executive board

Alistair Storrar Gough

Michael Nissen

Christoffer Back

Independent auditor's report

To the shareholder of Four Design Group Limited ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Four Design Group Limited ApS for the financial year 1 July 2021 - 30 June 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 30 June 2022 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and parent company ” section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and 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 the consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are responsible for our audit opinion.

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

Statement on management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and 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 of management's review.

Odense, 23 November 2022

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Christoffer Pedersen
statsautoriseret revisor
MNE no. mne36180

Company details

Four Design Group Limited ApS
Lucernemarken 17
5260 Odense S

CVR-no.	25 36 37 87
Financial year:	1 July 2021 - 30 June 2022
Domicile:	Odense

Executive Board
Alistair Storrar Gough
Michael Nissen
Christoffer Back

Auditors
Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Hjallesevej 126
5230 Odense M

Group chart

Parent Company

Four Design Group Limited ApS,
Odense, Denmark
Nom. DKK 200,000

Consolidated subsidiaries

100% Four Design ApS,
Odense, Denmark
Nom. DKK 594,869

100% Four Design GmbH,
Berlin, Germany
Nom. EUR 25,000

100% Four Design AS,
Oslo, Norway
Nom. NOK 30,000

Financial highlights

	Group				
	2021/22	2020/21	2019/20	2018/19	2017/18
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Gross profit/loss	32,023	26,087	47,214	59,457	52,349
Profit/loss before amortisation/depreciation and impairment losses	1,087	-8,190	6,398	17,961	16,506
Net financials	-816	-106	-2,464	288	232
Profit/loss for the year	-1,992	-10,733	2,971	14,101	12,832
Balance sheet					
Balance sheet total	45,914	46,050	59,783	73,784	73,387
Equity	10,363	12,355	23,086	46,115	45,013
Cash flows from:					
- operating activities	4,332	-9,927	29,944	11,967	8,105
- investing activities	-1,572	1,131	-6,205	-3,414	-2,081
- financing activities	161	2,382	-23,000	-13,000	0
Financial ratios					
Return on equity	-18%	-61%	8%	30%	33%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business review

The group's activities comprise being a holding company for companies that develop and sell furnitures.

Financial review

The group's income statement for the year ended 30 June 2022 shows a loss of DKK 1,991,930, and the balance sheet at 30 June 2022 shows equity of DKK 10,362,718.

We are seeing a slower recovery than expected from the impact of the Covid-19 pandemic. Despite the challenging market conditions we have continued to significantly invest in our strategic priorities by enhancing our marketing impact, developing the new ERP system, driving strategic operational efficiency opportunities and strengthening key positions within the team. These investments will ensure that we are in a strong position to emerge from the impact of Covid-19 and continue the growth we enjoyed in the years prior to the pandemic. The Group shareholders and management recognise the impact market conditions and our investment programme has had on this year’s financial performance. They are positive that there remains significant market opportunities and the group is in a very strong position to continue its ambitious growth plans.

The earnings expectations for the financial year 01.07.21 - 30.06.22 were a net profit on pre-pandemic level. The objective was not met primarily due to the challenging market conditions and investments.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the the group's financial position.

Outlook

With the continued market recovery from the impact of Covid-19, improving global supply chain issues and the opportunity the group’s investment programme provides, we remain confident that the group will return to pre-pandemic levels of profitability in 2022/23.

Financial risks

Management believes that there will be no major risks for the Group.

External environment

Sustainability continues to be one of the key strategic objectives. This year we have added a 6th UN Sustainability Development Goals to our focus: Climate Action, aligned with the increasing global pressure to monitor and reduce our carbon emissions. From July 2021 we have committed to calculate our Annual Scope 3 Carbon Emissions, with the aim of reducing them each year. This financial year we have focused a lot on increasing the data capture of both our companies and our products which will be used to calculate the life cycle assessments of our products and the scope 3 emissions. With this data we will be able to shed light on the most problematic areas of the Group and product life cycle that need focus, and utilise this to improve our position; taking various steps within sourcing, efficiency, packaging, and design to reduce our overall impact on the environment.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the the group's financial position.

Income statement 1 July - 30 June

	Note	Group 2021/22 DKK	Group 2020/21 kDKK	Parent company 2021/22 DKK	Parent company 2020/21 kDKK
Gross profit		**32,022,786**	**26,087**	**-54,502**	**-70**
Staff costs	2	-30,935,847	-34,277	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2,419,505	-3,043	0	0
Other operating costs	1	-33,642	-1,790	0	0
Profit/loss before net financials		**-1,366,208**	**-13,023**	**-54,502**	**-70**
Income from investments in subsidiares		0	0	-1,946,327	-10,748
Financial income		6,990	138	0	0
Financial costs	3	-823,488	-244	-3,596	-90
Profit/loss before tax		**-2,182,706**	**-13,129**	**-2,004,425**	**-10,908**
Tax on profit/loss for the year	4	190,776	2,396	12,495	175
Profit/loss for the year		**-1,991,930**	**-10,733**	**-1,991,930**	**-10,733**
Distribution of profit	5				

Balance sheet 30 June

		Group		Parent company	
	Note	2021/22	2020/21	2021/22	2020/21
		DKK	kDKK	DKK	kDKK
Assets					
Completed development projects		4,162,229	4,507	0	0
Rights		153,500	241	0	0
Intangible assets	6	**4,315,729**	**4,748**	**0**	**0**
Plant and machinery		1,986,958	2,615	0	0
Other fixtures and fittings, tools and equipment		56,655	188	0	0
Leasehold improvements		446,939	561	0	0
Tangible assets	7	**2,490,552**	**3,364**	**0**	**0**
Investments in subsidiaries	8	0	0	13,539,383	15,613
Deposits	9	2,412,532	1,991	0	0
Fixed asset investments		**2,412,532**	**1,991**	**13,539,383**	**15,613**
Total non-current assets		**9,218,813**	**10,103**	**13,539,383**	**15,613**
Raw materials and consumables		2,622,150	1,775	0	0
Finished goods and goods for resale		3,848,616	2,100	0	0
Stocks		**6,470,766**	**3,875**	**0**	**0**
Trade receivables		21,383,074	22,975	0	0
Receivables from group		0	818	0	122
Other receivables		888,909	2,493	5,000	5
Deferred tax asset	11	1,709,640	2,097	47,755	35
Corporation tax		1,019,664	384	198,000	89
Prepayments	10	699,974	553	0	0
Receivables		**25,701,261**	**29,320**	**250,755**	**251**
Cash at bank and in hand		**4,523,535**	**2,752**	**460**	**0**
Total current assets		**36,695,562**	**35,947**	**251,215**	**251**
Total assets		**45,914,375**	**46,050**	**13,790,598**	**15,864**

Balance sheet 30 June

	Note	Group 2021/22 DKK	Group 2020/21 kDKK	Parent company 2021/22 DKK	Parent company 2020/21 kDKK
Equity and liabilities					
Share capital		200,000	200	200,000	200
Reserve for net revaluation under the equity method		0	0	3,513,231	5,587
Reserve for development expenditure		3,246,539	3,515	0	0
Retained earnings		6,916,179	8,640	6,649,488	6,568
Equity		**10,362,718**	**12,355**	**10,362,719**	**12,355**
Provisions relating to investments in subsidiaries		0	0	3,247,499	3,372
Other provisions	12	1,000,000	1,000	0	0
Total provisions		**1,000,000**	**1,000**	**3,247,499**	**3,372**
Lease obligations		1,243,115	1,832	0	0
Other payables		3,193,898	3,085	0	0
Total non-current liabilities	13	**4,437,013**	**4,917**	**0**	**0**
Short-term part of long-term debt	13	600,000	600	0	0
Banks		3,000,231	4,150	0	85
Prepayments received from customers		503,862	0	0	0
Trade payables		15,348,193	9,819	0	0
Payables to group		4,219,117	4,397	140,380	0
Other payables		6,443,241	8,812	40,000	52
Total current liabilities		**30,114,644**	**27,778**	**180,380**	**137**
Total liabilities		**34,551,657**	**32,695**	**180,380**	**137**
Total equity and liabilities		**45,914,375**	**46,050**	**13,790,598**	**15,864**
Rent and lease liabilities	14				
Contingent liabilities	15				
Mortgages and collateral	16				
Related parties and ownership structure	17				
Special items	1				

Statement of changes in equity

Group

	Share capital	Reserve for development expenditure	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	200,000	3,515,164	9,419,484	13,134,648
Net effect from adjustment of error	0	0	-780,000	-780,000
Adjusted equity at 1 July	200,000	3,515,164	8,639,484	12,354,648
Net profit/loss for the year	0	-268,625	-1,723,305	-1,991,930
Equity at 30 June	**200,000**	**3,246,539**	**6,916,179**	**10,362,718**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	200,000	6,366,549	6,568,100	13,134,649
Net effect from adjustment of error	0	-780,000	0	-780,000
Adjusted equity at 1 July	200,000	5,586,549	6,568,100	12,354,649
Net profit/loss for the year	0	-2,073,318	81,388	-1,991,930
Equity at 30 June	**200,000**	**3,513,231**	**6,649,488**	**10,362,719**

Cash flow statement 1 July - 30 June

	Note	Group 2021/22 DKK	Group 2020/21 kDKK
Net profit/loss for the year		-1,991,930	-10,733
Adjustments	18	3,078,869	2,407
Change in working capital	19	3,483,088	-1,027
Cash flows from operating activities before financial income and expenses		**4,570,027**	**-9,353**
Financial income		6,990	138
Financial expenses		-823,488	240
Cash flows from ordinary activities		**3,753,529**	**-8,975**
Corporation tax paid		578,520	-952
Cash flows from operating activities		**4,332,049**	**-9,927**
Purchase of intangible assets		-876,100	-263
Purchase of property, plant and equipment		-272,091	-1,336
Fixed asset investments made etc		-421,255	-1,651
Sale of property, plant and equipment		0	4,381
Other adjustments		-2,244	0
Cash flows from investing activities		**-1,571,690**	**1,131**
Repayment of loans from credit institutions		-479,359	0
Raising of loans from group subsidiaries		640,400	2,382
Cash flows from financing activities		**161,041**	**2,382**
Change in cash and cash equivalents		**2,921,400**	**-6,414**
Cash at bank and in hand		2,751,804	8,723
Overdraft facility		-4,749,900	-4,295
Cash and cash equivalents		-1,998,096	4,428
Cash and cash equivalents		**923,304**	**-1,986**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		4,523,535	2,110
Overdraft facility		-3,600,231	-4,096
Cash and cash equivalents		**923,304**	**-1,986**

Notes

		Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		DKK	kDKK	DKK	kDKK
1	**Special items**				
	Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year				
	Other operating expenses				
	Loss on disposal of property, plant and equipment recognised as other operating expenses.	33,642	1,790	0	0
		33,642	**1,790**	**0**	**0**
2	**Staff costs**				
	Wages and salaries	28,035,904	31,162	0	0
	Pensions	1,386,537	1,607	0	0
	Other social security costs	352,671	415	0	0
	Other staff costs	1,160,735	1,093	0	0
		30,935,847	**34,277**	**0**	**0**
	Including remuneration to the executive board:				
	Executive Board	3,130,043		0	0
		3,130,043		**0**	**0**
	Average number of employees	44	52	0	0

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed for the comparative figures.

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Notes

		Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		DKK	kDKK	DKK	kDKK
3	**Financial costs**				
	Other financial costs	483,671	244	3,596	90
	Exchange loss	339,817	0	0	0
		823,488	**244**	**3,596**	**90**
4	**Tax on profit/loss for the year**				
	Current tax for the year	224,729	17	-12,495	0
	Deferred tax for the year	400,272	-2,238	0	0
	Adjustment of tax concerning previous years	-815,777	-140	0	-140
	Adjustment of deferred tax concerning previous years	0	-35	0	-35
		-190,776	**-2,396**	**-12,495**	**-175**
5	**Distribution of profit**				
	Reserve for net revaluation under the equity method	0	0	-2,073,318	-9,158
	Transferred to reserve for development expenditure	-268,625	-352	0	0
	Retained earnings	-1,723,305	-10,381	81,388	-1,575
		-1,991,930	**-10,733**	**-1,991,930**	**-10,733**

Notes

6 Intangible assets

Group

	Completed development projects	Rights
	DKK	DKK
Cost at 1 July	5,507,659	263,150
Additions for the year	876,100	0
Cost at 30 June	6,383,759	263,150
Impairment losses and amortisation at 1 July	1,040,683	21,930
Depreciation for the year	1,180,847	87,720
Impairment losses and amortisation at 30 June	2,221,530	109,650
Carrying amount at 30 June	**4,162,229**	**153,500**

Special assumptions regarding development projects and tax assets

Completed development projects include development and testing of a specially adapted ERP system and subsequent adaptations thereof. The completed development projects are amortized over 5 years. The management has high expectations for the use of the system and has not found any indication of impairment.

7 Tangible assets

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 July	9,825,048	1,652,986	886,446
Additions for the year	272,091	0	0
Disposals for the year	-59,517	-1,072,636	0
Cost at 30 June	10,037,622	580,350	886,446
Impairment losses and depreciation at 1 July	7,209,830	1,433,033	325,909
Impairment losses for the year	40,000	0	0
Depreciation for the year	860,351	128,814	113,598
Impairment and depreciation of sold assets for the year	-59,517	-1,038,152	0
Impairment losses and depreciation at 30 June	8,050,664	523,695	439,507
Carrying amount at 30 June	**1,986,958**	**56,655**	**446,939**

Notes

		Parent company	
		2021/22	2020/21
		DKK	kDKK
8	**Investments in subsidiaries**		
	Cost at 1 July	10,026,152	10,026
	Cost at 30 June	10,026,152	10,026
	Revaluations at 1 July	5,586,549	14,745
	Depreciation of goodwill	-1,946,327	-10,741
	Revaluations for the year, net	-2,244	-1
	Equity investments with negative net asset value transferred to provisions	-124,747	1,584
	Revaluations at 30 June	3,513,231	5,587
	Carrying amount at 30 June	**13,539,383**	**15,613**

Group

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Four Design ApS	Odense, Denmark	100%	13,324,376	-2,250,561
Four Design GmbH	Berlin, Germany	100%	-3,247,500	126,474
Four Design AS	Oslo, Norway	100%	215,009	177,760

9 Fixed asset investments

Group

	Deposits
	DKK
Cost at 1 July	1,991,277
Additions for the year	421,255
Cost at 30 June	2,412,532
Carrying amount at 30 June	**2,412,532**

10 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums and subscriptions etc.

Notes

		Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		DKK	kDKK	DKK	kDKK
11	**Provision for deferred tax**				
	Provisions for deferred tax on:				
	Intangible assets	891,567	69	0	0
	Tangible assets	-125,859	111	0	0
	Other taxable temporary differences	-625,485	-1,487	0	0
	Tax loss carry-forward	-1,849,863	-790	-47,755	-35
	Transferred to deferred tax asset	1,709,640	2,097	47,755	35
	Deferred tax asset				
	Calculated tax asset	1,709,640	2,097	47,755	35
	Carrying amount	**1,709,640**	**2,097**	**47,755**	**35**
12	**Other provisions**				
	Balance at beginning of year at 1 July	1,000,000	1,000	0	0
	Balance at 30 June	**1,000,000**	**1,000**	**0**	**0**

13 Long term debt

Group	Debt at 1 July	Debt at 30 June	Instalment next year	Debt outstanding after 5 years
	DKK	DKK	DKK	DKK
Lease obligations	2,431,652	1,843,115	600,000	0
Other payables	3,084,720	3,193,898	0	0
	5,516,372	**5,037,013**	**600,000**	**0**

Notes

		Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		DKK	kDKK	DKK	kDKK
14	**Rent and lease liabilities**				
	Rent and lease liabilities				
	Operating lease liabilities. Total future lease payments:				
	Within 1 year	591,682	315	0	0
	Between 1 and 5 years	836,300	221	0	0
		1,427,982	**536**	**0**	**0**
	Rental obligations, non-cancellation period 6-25 months.	7,101,091	9,464	0	0

15 Contingent liabilities

The parent company is jointly taxed with its Danish group entities. The entities are jointly and severally liable for Danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities. Due income taxes and withholding taxes payable by the group of jointly taxed entities totals DKK 0 thousand at 30 June 2022. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities. The group as such is not liable to any third parties.

The parent company has provided a guarantee for group enterprises' debt to credit institutions. The guarantee is unlimited.

16 Mortgages and collateral

The group has provided a company charge of kDKK 10.000 as security for debt to credit institutions. As of 30 June 2022, the company charge comprises the following asset classes, goodwill and intellectual property rights, other plant fixtures and fittings, tools and equipment and inventory. The assets are valued at kDKK 30,345 as of 30 June 2022.

17 Related parties and ownership structure

Controlling interest

OCEE International Limited

Transactions

Transactions with related parties are carried out under normal market conditions.

Consolidated financial statements

The company is included in the consolidated financial statements of the parent company OCEE International Limited

Notes

		Group	
		2021/22	2020/21
		DKK	kDKK
18	**Cash flow statement - adjustments**		
	Financial income	-6,990	-138
	Financial costs	823,488	244
	Depreciation, amortisation and impairment losses, including losses and gains on sales	2,453,147	4,697
	Tax on profit/loss for the year	-190,776	-2,396
		3,078,869	**2,407**
19	**Cash flow statement - change in working capital**		
	Change in inventories	-2,595,918	7,149
	Change in receivables	2,412,870	-2,420
	Change in trade payables, etc.	3,666,136	-5,756
		3,483,088	**-1,027**

Accounting policies

The annual report of Four Design Group Limited ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The annual report for 2021/22 is presented in DKK

Adjustment of error

In the current financial year the company has corrected an error regarding provisions for warranties. The correction affects the following financial statement lines:

- Reduction of equity by kDKK 780

- Increase of balance sheet total by kDKK 220

- No impact on the income statement

The comparative figures in this annual report have been adjusted

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's 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 from the group's and the parent company's and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the parent company Four Design Group Limited ApS and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the group chart.

Accounting policies

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year’s revenue.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of property, plant and equipment.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Accounting policies

Staff costs

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 the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The company is subject to the Danish rules on compulsory joint taxation.

The parent company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects and rights

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Accounting policies

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Rights are measured at cost less accumulated amortisation and impairment losses. Rights are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 3 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Palnt and machinery	5-10 years	0 %
Other fixtures and fittings, tools amd equipment	3-5 years	0 %
Leasehold improvements	5-10 years	0 %

Assets costing less than DKK 31,000 are expensed in the year of acquisition.

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Accounting policies

Net revaluations of investments in subsidiaries, associates and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Four Design Group Limited ApS is adopted are not taken to the net revaluation reserve.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries, participating interests and associates relative to the cost.

Provisions

Provisions comprise expected expenses relating to warranty commitments etc. Provisions are recognised when, as a result of a past event, the group has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Warranty commitments include expenses for remedial action within the warranty period of 1-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work. Provisions with an expected maturity of more than one year from the balance sheet date are discounted using a rate that reflects the risk and maturity of the liability.

Income tax and deferred tax

As management company, Four Design Group Limited ApS is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under ‘Interest income and dividend received’.

Accounting policies

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.