

# **Four Design Group Limited ApS**

Lucernemarken 17, 5260 Odense S  
CVR no. 25 36 37 87

## **Annual report for the financial year 01.07.20 - 30.06.21**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 29.11.21

Stephen Alan Thomas  
Dirigent



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**The company**

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Four Design Group Limited ApS  
Lucernemarken 17  
5260 Odense S  
Registered office: Odense  
CVR no.: 25 36 37 87  
Financial year: 01.07 - 30.06

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**Executive Board**

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Stephen Alan Thomas

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

## **Statement by the Executive Board on the annual report**

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I have on this day presented the annual report for the financial year 01.07.20 - 30.06.21 for Four Design Group Limited ApS.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In my opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.06.21 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.07.20 - 30.06.21.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Odense, November 29, 2021

### **Executive Board**

Stephen Alan Thomas

**To the capital owner of Four Design Group Limited ApS****Opinion**

We have audited the consolidated financial statements and parent company financial statements of Four Design Group Limited ApS for the financial year 01.07.20 - 30.06.21, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30.06.21 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.07.20 - 30.06.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

**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 "Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements" section of our report. We are independent of the group and the company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement regarding the 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 or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

### **Management's responsibility for the consolidated financial statements and parent company financial statements**

The 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. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and 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 and 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 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 consolidated financial statements and parent company financial statements.

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 skepticism throughout the audit. We also:

- 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 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.

Odense, November 29, 2021

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Henrik Welinder

State Authorized Public Accountant  
MNE-no. mne23366



**GROUPS FINANCIAL HIGHLIGHTS****Key figures**

Figures in DKK '000	2020/21	2019/20	2018/19	2017/18	2016/17
<i>Profit/loss</i>					
Gross result	26.088	47.214	59.457	52.349	55.028
Operating profit/loss	-11.232	6.398	17.961	16.506	21.389
Total net financials	-106	-2.464	288	232	-53
Profit/loss for the year	-10.733	2.971	14.101	12.832	16.619
<i>Balance</i>					
Total assets	43.820	59.783	73.784	73.387	58.805
Investments in property, plant and equipment	1.336	5.315	3.095	2.279	680
Equity	13.137	23.866	46.895	45.793	32.961
<i>Cashflow</i>					
Net cash flow:					
Operating activities	-6.946	29.944	11.967	8.105	24.835
Investing activities	1.131	-6.205	-3.414	-2.081	-1.819
Financing activities	0	-23.000	-13.000	0	-16.000
Cash flows for the year	-5.815	739	-4.447	6.024	7.016

**Ratios**

	2020/21	2019/20	2018/19	2017/18	2016/17
<i>Profitability</i>					
Return on equity	-58%	8%	30%	33%	51%
<i>Equity ratio</i>					
Equity interest	30%	40%	64%	62%	56%

*Ratios definitions*

Return on equity: 
$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Equity interest: 
$$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$$

**Primary activities**

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

**Development in activities and financial affairs**

The income statement for the period 01.07.20 - 30.06.21 shows a profit/loss of DKK -10,733,049 against DKK 2,971,403 for the period 01.07.19 - 30.06.20. The balance sheet shows equity of DKK 13,136,898.

The impact of the Covid pandemic during the financial year has clearly reduced market demand and therefore had a noticeable impact on our top line sales performance.

Despite the challenging market conditions, we have continued to significantly invest in our strategic priorities by enhancing our marketing impact, implementing a new ERP system and strengthening key positions within the team. We have also relocated our production facilities to the Baltic region. This resulted in the sale of our freehold Gislev site and the lease of new more modern premises in Odense.

These investments will ensure that we are in a strong position to emerge from the impact of Covid and continue the growth path we enjoyed in the years prior to the pandemic.

As a result of the market impact and our investment programme, the income statement for the period 01.07.20 - 30.06.21 shows a loss of DKK 10.733.049 against a profit of DKK 2,971,403 for the period in the previous financial year..

The company's shareholders and management clearly recognises the impact of market conditions and its chosen investment programme has had on this year's financial performance but are totally confident that it has the financial strength to come through this period positively and continue its successful growth strategy.

The earnings expectations for the financial year 01.07.20 - 30.06.21 were a net profit of 3 mDKK .The objective was not met primarily due to the challenging market conditions and our investments

**Outlook**

With the continued market recovery from the impact of COVID, improving global supply chain issues and the opportunity the company's investment programme provides, we remain confident that the company 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 a key strategic priority for the company with alignment to 5 of the UN 17 Sustainability Goals.

Sustainability continues to be a primary factor in all product development activities, supplier assessments, operational procedure together with community engagement.

The company continues to act in accordance with all applicable environmental and security legislation. During the year the company successfully passed and retained its accreditation for ISO 14001, ISO9001, FSC and Ecolabel certification.

**Subsequent events**

No important events have occurred after the end of the financial year.

## Income statement

Note	Group		Parent		
	2020/21 DKK	2019/20 DKK	2020/21 DKK	2019/20 DKK	
	<b>26.087.637</b>	<b>47.214.160</b>	<b>-69.931</b>	<b>-80.664</b>	
2	Staff costs	-34.276.335	-38.273.180	0	0
	<b>Profit/loss before depreciation, amortisation, write-downs and impairment losses</b>	<b>-8.188.698</b>	<b>8.940.980</b>	<b>-69.931</b>	<b>-80.664</b>
	Depreciation and impairments losses of property, plant and equipment	-3.043.391	-2.542.929	0	0
	Other operating expenses	-1.790.199	0	0	0
	<b>Profit/loss before net financials</b>	<b>-13.022.288</b>	<b>6.398.051</b>	<b>-69.931</b>	<b>-80.664</b>
3	Income from equity investments in group enterprises	3	0	-10.747.915	3.050.092
	Financial income	137.963	0	0	0
	Financial expenses	-244.335	-2.463.757	-90.340	-15.751
	<b>Profit/loss before tax</b>	<b>-13.128.657</b>	<b>3.934.294</b>	<b>-10.908.186</b>	<b>2.953.677</b>
4	Tax on profit or loss for the year	2.407.376	-959.891	175.137	17.726
	Other taxes	-11.768	-3.000	0	0
	<b>Total tax</b>	<b>2.395.608</b>	<b>-962.891</b>	<b>175.137</b>	<b>17.726</b>
	<b>Profit/loss for the year</b>	<b>-10.733.049</b>	<b>2.971.403</b>	<b>-10.733.049</b>	<b>2.971.403</b>
5	Proposed appropriation account				

Note	ASSETS				
	Group		Parent		
	30.06.21 DKK	30.06.20 DKK	30.06.21 DKK	30.06.20 DKK	
	Acquired rights	241.220	0	0	0
6	<b>Total intangible assets</b>	<b>241.220</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Land and buildings	0	6.405.969	0	0
	Leasehold improvements	560.537	504.244	0	0
	Plant and machinery	2.615.218	2.703.471	0	0
	Other fixtures and fittings, tools and equipment	4.694.265	5.922.120	0	0
7	<b>Total property, plant and equipment</b>	<b>7.870.020</b>	<b>15.535.804</b>	<b>0</b>	<b>0</b>
8	Equity investments in group enterprises	0	0	13.020.456	23.764.437
9	Deposits	1.991.277	405.804	0	0
	<b>Total investments</b>	<b>1.991.277</b>	<b>405.804</b>	<b>13.020.456</b>	<b>23.764.437</b>
	<b>Total non-current assets</b>	<b>10.102.517</b>	<b>15.941.608</b>	<b>13.020.456</b>	<b>23.764.437</b>
	Raw materials and consumables	1.517.632	9.889.575	0	0
	Manufactured goods and goods for resale	2.343.728	1.120.468	0	0
	<b>Total inventories</b>	<b>3.861.360</b>	<b>11.010.043</b>	<b>0</b>	<b>0</b>
	Trade receivables	23.862.641	20.657.645	0	0
	Receivables from group enterprises	843.854	1.782.178	121.921	979.462
	Deferred tax asset	1.877.417	0	35.260	0
	Income tax receivable	383.833	0	89.420	0
	Other receivables	226.793	1.297.628	5.000	0
	Prepayments	552.535	370.683	0	0
	<b>Total receivables</b>	<b>27.747.073</b>	<b>24.108.134</b>	<b>251.601</b>	<b>979.462</b>
	<b>Cash</b>	<b>2.109.509</b>	<b>8.723.357</b>	<b>0</b>	<b>0</b>
	<b>Total current assets</b>	<b>33.717.942</b>	<b>43.841.534</b>	<b>251.601</b>	<b>979.462</b>
	<b>Total assets</b>	<b>43.820.459</b>	<b>59.783.142</b>	<b>13.272.057</b>	<b>24.743.899</b>

		Group		Parent	
		30.06.21 DKK	30.06.20 DKK	30.06.21 DKK	30.06.20 DKK
<b>EQUITY AND LIABILITIES</b>					
Note					
	Share capital	200.000	200.000	200.000	200.000
	Reserve for net revaluation according to the equity method	-3.279.386	0	2.994.299	13.738.283
	Foreign currency translation reserve	3.934	0	3.934	0
	Retained earnings	16.212.350	23.666.009	9.938.661	9.927.726
	<b>Total equity</b>	<b>13.136.898</b>	<b>23.866.009</b>	<b>13.136.894</b>	<b>23.866.009</b>
10	Provisions for deferred tax	0	636.434	0	0
	<b>Total provisions</b>	<b>0</b>	<b>636.434</b>	<b>0</b>	<b>0</b>
11	Lease commitments	2.431.652	3.000.000	0	0
11	Income taxes	0	461.196	0	0
11	Other payables	3.084.720	2.743.361	0	0
	<b>Total long-term payables</b>	<b>5.516.372</b>	<b>6.204.557</b>	<b>0</b>	<b>0</b>
	Payables to other credit institutions	3.496.452	4.295.462	85.163	0
	Trade payables	9.882.270	11.880.160	50.000	50.000
	Payables to group enterprises	4.371.518	1.989.986	0	266.154
	Income taxes	0	0	0	561.736
	Other payables	6.232.993	8.390.012	0	0
	Deferred income	1.183.956	2.520.522	0	0
	<b>Total short-term payables</b>	<b>25.167.189</b>	<b>29.076.142</b>	<b>135.163</b>	<b>877.890</b>
	<b>Total payables</b>	<b>30.683.561</b>	<b>35.280.699</b>	<b>135.163</b>	<b>877.890</b>
	<b>Total equity and liabilities</b>	<b>43.820.459</b>	<b>59.783.142</b>	<b>13.272.057</b>	<b>24.743.899</b>

12 Contingent liabilities

13 Charges and security

14 Related parties

## Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Group:						
Statement of changes in equity for 01.07.20 - 30.06.21						
Balance as at 01.07.20	200.000	0	0	23.666.009	0	23.866.009
Foreign currency translation adjustment of foreign enterprises	0	0	3.934	0	0	3.934
Other changes in equity	0	0	0	4	0	4
Net profit/loss for the year	0	-3.279.386	0	-7.453.663	0	-10.733.049
Balance as at 30.06.21	200.000	-3.279.386	3.934	16.212.350	0	13.136.898
Parent:						
Statement of changes in equity for 01.07.20 - 30.06.21						
Balance as at 01.07.20	200.000	13.738.283	0	9.927.726	0	23.866.009
Foreign currency translation adjustment of foreign enterprises	0	0	3.934	0	0	3.934
Net profit/loss for the year	0	-10.743.984	0	10.935	0	-10.733.049
Balance as at 30.06.21	200.000	2.994.299	3.934	9.938.661	0	13.136.894



## Consolidated cash flow statement

Note	Group	
	2020/21 DKK	2019/20 DKK
	<b>-10.733.049</b>	<b>2.971.403</b>
15	2.407.356	5.825.572
Adjustments		
Change in working capital:		
Inventories	7.148.681	104.876
Receivables	-2.419.888	19.153.014
Trade payables	-1.997.890	-1.107.351
Other payables relating to operating activities	-296.825	9.425.449
<b>Cash flows from operating activities before net financials</b>	<b>-5.891.615</b>	<b>36.372.963</b>
Interest income and similar income received	137.953	0
Interest expenses and similar expenses paid	-240.401	-2.463.757
Income tax paid	-951.504	-3.965.423
<b>Cash flows from operating activities</b>	<b>-6.945.567</b>	<b>29.943.783</b>
Purchase of intangible assets	-263.150	0
Purchase of property, plant and equipment	-1.336.260	-6.156.998
Sale of property, plant and equipment	4.381.461	23.097
Purchase of investments	-1.651.322	-70.864
<b>Cash flows from investing activities</b>	<b>1.130.729</b>	<b>-6.204.765</b>
Dividend paid	0	-26.000.000
Arrangement of payables to credit institutions	0	3.000.000
<b>Cash flows from financing activities</b>	<b>0</b>	<b>-23.000.000</b>
<b>Total cash flows for the year</b>	<b>-5.814.838</b>	<b>739.018</b>
Cash, beginning of year	8.723.357	3.688.877
Short-term payables to credit institutions, beginning of year	-4.295.462	0
<b>Cash, end of year</b>	<b>-1.386.943</b>	<b>4.427.895</b>
Cash, end of year, comprises:		
Cash	2.109.509	8.723.357
Short-term payables to credit institutions	-3.496.452	-4.295.462
<b>Total</b>	<b>-1.386.943</b>	<b>4.427.895</b>

### 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:

Special items:	Recognised in the income statement in:	Group		Parent	
		2020/21 DKK	2019/20 DKK	2020/21 DKK	2019/20 DKK
Loss on disposal of property, plant and equipment	Other operating expenses	-1.790.199	0	0	0

### 2. Staff costs

Wages and salaries	29.976.371	34.173.440	0	0
Pensions	2.085.361	2.436.939	0	0
Other social security costs	415.492	723.523	0	0
Other staff costs	1.799.111	939.278	0	0
<b>Total</b>	<b>34.276.335</b>	<b>38.273.180</b>	<b>0</b>	<b>0</b>

Average number of employees during the year	52	62	0	0
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### 3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	3	0	-10.747.915	3.050.092
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	Group		Parent	
	2020/21 DKK	2019/20 DKK	2020/21 DKK	2019/20 DKK

#### 4. Tax on profit or loss for the year

Tax on profit or loss for the year	5.587	0	0	0
Current tax for the year	140.225	861.196	0	-17.726
Adjustment of deferred tax for the year	-2.413.311	98.695	-35.260	0
Adjustment of tax in respect of previous years	-139.877	0	-139.877	0
<b>Total</b>	<b>-2.407.376</b>	<b>959.891</b>	<b>-175.137</b>	<b>-17.726</b>

#### 5. Proposed appropriation account

Reserve for net revaluation according to the equity method	-3.279.386	0	-10.743.984	1.450.092
Extraordinary dividend for the financial year	0	12.000.000	0	12.000.000
Retained earnings	-7.453.663	-9.028.597	10.935	-10.478.689
<b>Total</b>	<b>-10.733.049</b>	<b>2.971.403</b>	<b>-10.733.049</b>	<b>2.971.403</b>

#### 6. Intangible assets

Figures in DKK	Acquired rights
Group:	
Additions during the year	263.150
Cost as at 30.06.21	263.150
Amortisation during the year	-21.930
Amortisation and impairment losses as at 30.06.21	-21.930
Carrying amount as at 30.06.21	241.220

## 7. Property, plant and equipment

Figures in DKK	Land and buildings	Leasehold improvement s	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:				
Cost as at 01.07.20	15.027.201	716.558	9.652.565	7.810.122
Additions during the year	0	0	711.854	624.406
Disposals during the year	-14.794.099	0	-1.630.330	-246.137
Transfers during the year to/from other items	-233.102	169.888	1.090.959	-1.027.745
Cost as at 30.06.21	0	886.446	9.825.048	7.160.646
Depreciation and impairment losses as at 01.07.20	-8.621.232	-212.314	-6.949.094	-1.888.002
Depreciation during the year	-329.466	-113.595	-969.974	-1.608.427
Reversal of depreciation of and impairment losses on disposed assets	8.950.698	0	1.572.444	166.842
Transfers during the year to/from other items	0	0	-863.206	863.206
Depreciation and impairment losses as at 30.06.21	0	-325.909	-7.209.830	-2.466.381
Carrying amount as at 30.06.21	0	560.537	2.615.218	4.694.265

**8. Equity investments in group enterprises**

Figures in DKK	Equity invest- ments in group enterprises
Cost as at 01.07.20	9.773.817
Cost as at 30.06.21	9.773.817
Revaluations as at 01.07.20	13.990.620
Revaluations during the year	-10.743.981
Revaluations as at 30.06.21	3.246.639
Carrying amount as at 30.06.21	13.020.456

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK	Recognised value DKK
Subsidiaries:				
Four Design ApS, Odense	100%	16.534.937	-9.173.529	16.534.937
Four Design GmbH, Berlin	100%	-3.372.246	-1.589.058	-3.372.246
Four Design Norge AS, Oslo	100%	37.766	15.866	37.766

**9. Other non-current financial assets**

Figures in DKK	Deposits
Group:	
Cost as at 01.07.20	405.804
Additions during the year	1.585.473
Cost as at 30.06.21	1.991.277
Carrying amount as at 30.06.21	1.991.277

	Group		Parent	
	30.06.21 DKK	30.06.20 DKK	30.06.21 DKK	30.06.20 DKK
<b>10. Deferred tax</b>				
Provisions for deferred tax as at 01.07.20	-1.632.380	-537.739	0	0
Deferred tax recognised in the income statement	1.632.380	-98.695	0	0
Provisions for deferred tax as at 30.06.21	0	-636.434	0	0
Deferred tax is recognized in the balance sheet as:				
Deferred tax asset	1.877.417	0	35.260	0

As at 30.06.21, the company has recognised a deferred tax asset of DKK 1.877 which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

### 11. Long-term payables

Figures in DKK	Outstanding debt after 5 years	Total payables at 30.06.21	Total payables at 30.06.20
Group:			
Lease commitments	0	2.431.652	3.000.000
Income taxes	0	0	461.196
Other payables	0	3.084.720	2.743.361
Total	0	5.516.372	6.204.557

## 12. Contingent liabilities

Group:

### *Lease commitments*

The group has concluded lease agreements with terms to maturity of 2-48 months with total lease payments of 12.670 kDKK.

### *Recourse guarantee commitments*

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

Parent:

### *Lease commitments*

The company has not concluded any lease agreements.

### *Recourse guarantee commitments*

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

### *Other contingent liabilities*

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed companies is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

## 13. Charges and security

Group:

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The group has provided a company charge of DKK 10.000k as security for debt to credit institutions. As at 30.06.21, the company charge comprises the following assets with the following carrying amounts:

- Other plant, fixtures and fittings, tools and equipment, DKK 7.309k
- Inventories, DKK 3,861k

- Trade receivables, DKK 23,863k

Parent:

The company has not provided any securiteiss:

#### 14. Related parties

Controlling influence	Basis of influence
OCEE International Limited, England	Ultimate owner

	Group	
	2020/21 DKK	2019/20 DKK
Other operating income	-136.995	-144.005
Depreciation and impairments losses of property, plant and equipment	3.043.391	2.542.929
Other operating expenses	1.790.199	0
Income from equity investments in group enterprises	-3	0
Financial income	-137.963	0
Financial expenses	244.335	2.463.757
Tax on profit or loss for the year	-2.407.376	959.891
Other taxes	11.768	3.000
<b>Total</b>	<b>2.407.356</b>	<b>5.825.572</b>

#### 15. Adjustments for the cash flow statement



## 16. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

### 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 depreciation, amortisation, impairment losses and write-downs, 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 company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

**16. Accounting policies** - continued -**CURRENCY**

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

**INCOME STATEMENT****Gross result**

Gross result comprises revenue, change in inventories of finished goods and work in progress, other operating income and raw materials and consumables and other external expenses.

**16. Accounting policies** - continued -**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

**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.

**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

**Depreciation and impairment losses**

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

**16. Accounting policies** - continued -

	Useful lives, years	Residual value DKK
Acquired rights	10-25	0
Buildings	10-40	0
Leasehold improvements	5-10	0
Plant and machinery	5-10	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

Land is not depreciated.

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**Other operating expenses**

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

**Income from equity investments in group enterprises**

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the

**16. Accounting policies** - continued -

profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

**Other taxes**

Other taxes comprises tax amounts that are calculated on a basis other than the income for the year.

**BALANCE SHEET****Intangible assets***Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

**Property, plant and equipment**

Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

**16. Accounting policies** - continued -

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Equity investments in group enterprises**

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups

**16. Accounting policies** - continued -

of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**16. Accounting policies** - continued -**Cash**

Cash includes deposits in bank accounts as well as operating cash.

**Equity**

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan



**16. Accounting policies** - continued -

expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

**Deferred income**

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.