



## Forsco ApS

Balticagade 15 C, 2.  
8000 Aarhus C  
CVR No. 25611799

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 14.07.2020

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**Christian Frismodt**

Chairman of the General Meeting

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# Entity details

## Entity

Forsco ApS

Balticagade 15 C, 2.

8000 Aarhus C

CVR No.: 25611799

Registered office: Aarhus

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Christian Frismodt, chairman

## Executive Board

Claus Nicolai Løvgreen, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Forsco ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 14.07.2020

## Executive Board

**Claus Nicolai Løvgreen**  
CEO

## Board of Directors

**Christian Frismodt**  
chairman

# Independent auditor's report

## To the shareholders of Forsco ApS

### Opinion

We have audited the financial statements of Forsco ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 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 do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the 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 the management commentary.

Aarhus, 14.07.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Vedel**

State Authorised Public Accountant  
Identification No (MNE) mne10052

**Søren Alsen Lauridsen**

State Authorised Public Accountant  
Identification No (MNE) mne40040

# Management commentary

## Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
<b>Key figures</b>					
Gross profit/loss	42,606	27,537	13,129	11,041	7,086
Operating profit/loss	24,449	18,422	10,616	9,307	6,215
Net financials	801	546	(805)	271	4,318
Profit/loss for the year	20,004	14,757	7,615	7,494	9,790
Total assets	65,749	67,616	46,170	21,280	14,300
Investments in property, plant and equipment	116	448	27	100	0
Equity	29,265	18,761	4,004	13,390	7,896
<b>Ratios</b>					
Return on equity (%)	83.30	129.65	87.56	70.41	134.1
Equity ratio (%)	44.51	27.75	8.67	62.92	55.22

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$



### **Primary activities**

The activity of the company is to operate in trade and in related business and consultancy business.

### **Development in activities and finances**

The result of the year 2019 is satisfying. Forsco ApS has realised a profit after tax of DKK 20,003,553 which is an improvement from last year of DKK 14,756,759. The results of the year are affected by several extraordinary items, including reduction of activities and assets in subsidiaries, commission and accumulated compensation agreements that have been disbursed during the financial year.

### **Outlook**

Our expectations for the financial year 2020 are that the result of the year will be approximately at the same level as the result of 2019. The outbreak of coronavirus has escalated in early 2020.

The outbreak has among other things, lead to significant declines in financial markets. Furthermore, the outbreak has resulted in several measures affecting the organization and conduct of the operational activities, as well as the producers, partners and customers. The economic impact of this cannot be quantify at this stage.

We do not have any investments planned for the year 2020.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>42,605,984</b>	<b>27,537,153</b>
Staff costs	2	(17,988,400)	(9,098,965)
Depreciation, amortisation and impairment losses		(168,824)	(16,292)
<b>Operating profit/loss</b>		<b>24,448,760</b>	<b>18,421,896</b>
Income from investments in associates		335,000	0
Other financial income		1,588,512	763,796
Other financial expenses		(787,936)	(218,054)
<b>Profit/loss before tax</b>		<b>25,584,336</b>	<b>18,967,638</b>
Tax on profit/loss for the year	3	(5,580,783)	(4,210,879)
<b>Profit/loss for the year</b>	4	<b>20,003,553</b>	<b>14,756,759</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Acquired intangible assets		112,553	0
<b>Intangible assets</b>	5	<b>112,553</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		483,765	421,496
<b>Property, plant and equipment</b>	6	<b>483,765</b>	<b>421,496</b>
Investments in group enterprises		1,895,800	991,202
Receivables from group enterprises		0	396,960
Investments in associates		0	40,000
Receivables from associates		317,850	317,850
Deposits		106,600	106,600
<b>Other financial assets</b>	7	<b>2,320,250</b>	<b>1,852,612</b>
<b>Fixed assets</b>		<b>2,916,568</b>	<b>2,274,108</b>
Trade receivables		22,501,402	45,178,636
Receivables from group enterprises		149,881	7,684,925
Other receivables		43,729	88,718
Prepayments	8	98,966	101,989
<b>Receivables</b>		<b>22,793,978</b>	<b>53,054,268</b>
<b>Cash</b>		<b>40,038,394</b>	<b>12,287,706</b>
<b>Current assets</b>		<b>62,832,372</b>	<b>65,341,974</b>
<b>Assets</b>		<b>65,748,940</b>	<b>67,616,082</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Contributed capital		125,000	125,000
Retained earnings		29,139,798	9,136,245
Proposed dividend		0	9,500,000
<b>Equity</b>		<b>29,264,798</b>	<b>18,761,245</b>
Deferred tax	9	10,000	39,000
<b>Provisions</b>		<b>10,000</b>	<b>39,000</b>
Bank loans		78,237	2,292,459
Trade payables		20,008,363	36,877,250
Income tax payable		3,560,714	4,172,855
Other payables		12,826,828	5,473,273
<b>Current liabilities other than provisions</b>		<b>36,474,142</b>	<b>48,815,837</b>
<b>Liabilities other than provisions</b>		<b>36,474,142</b>	<b>48,815,837</b>
<b>Equity and liabilities</b>		<b>65,748,940</b>	<b>67,616,082</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	10		
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# Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	125,000	9,136,245	9,500,000	18,761,245
Ordinary dividend paid	0	0	(9,500,000)	(9,500,000)
Profit/loss for the year	0	20,003,553	0	20,003,553
<b>Equity end of year</b>	<b>125,000</b>	<b>29,139,798</b>	<b>0</b>	<b>29,264,798</b>

# Notes

## 1 Events after the balance sheet date

The outbreak has among other things, lead to significant declines in financial markets. Furthermore, the outbreak has resulted in several measures affecting the organization and conduct of the operational activities, as well as the producers, partners and customers. The economic impact of this cannot be quantify at this stage.

## 2 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	17,259,548	8,601,819
Pension costs	649,720	174,305
Other social security costs	75,722	56,270
Other staff costs	3,410	266,571
	<b>17,988,400</b>	<b>9,098,965</b>
Average number of employees	10	8

## 3 Tax on profit/loss for the year

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	5,609,783	4,172,855
Change in deferred tax	(29,000)	38,024
	<b>5,580,783</b>	<b>4,210,879</b>

## 4 Proposed distribution of profit and loss

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	0	9,500,000
Retained earnings	20,003,553	5,256,759
	<b>20,003,553</b>	<b>14,756,759</b>

## 5 Intangible assets

	<b>Acquired intangible assets DKK</b>
Additions	227,640
<b>Cost end of year</b>	<b>227,640</b>
Amortisation for the year	(115,087)
<b>Amortisation and impairment losses end of year</b>	<b>(115,087)</b>
<b>Carrying amount end of year</b>	<b>112,553</b>

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	741,469
Additions	116,006
<b>Cost end of year</b>	<b>857,475</b>
Depreciation and impairment losses beginning of year	(319,973)
Depreciation for the year	(53,737)
<b>Depreciation and impairment losses end of year</b>	<b>(373,710)</b>
<b>Carrying amount end of year</b>	<b>483,765</b>

## 7 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Investments in associates DKK</b>	<b>Receivables from associates DKK</b>	<b>Deposits DKK</b>
Cost beginning of year	1,134,003	40,000	317,850	0
Additions	799,099	0	0	106,600
Disposals	(37,302)	(40,000)	0	0
<b>Cost end of year</b>	<b>1,895,800</b>	<b>0</b>	<b>317,850</b>	<b>106,600</b>
Impairment losses beginning of year	(142,801)	0	0	0
Reversal of impairment losses	142,801	0	0	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1,895,800</b>	<b>0</b>	<b>317,850</b>	<b>106,600</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Shanghai EverRest Furniture Limited Company	China	Company	100

## 8 Prepayments

Prepayments contains insurances and rent.



## 9 Deferred tax

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	39	1
Change in deferred tax	(29)	38
<b>End of year</b>	<b>10</b>	<b>39</b>

Deferred tax relates to intangible and tangible assets.

## 10 Unrecognised rental and lease commitments

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements with associates until maturity	<b>390,000</b>	<b>390,000</b>

## 11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Frismodt Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

## 12 Assets charged and collateral

As security for bank commitments the company has provided a floating charge of DKK 1 million.

## 13 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Frismodt Holding ApS, Aarhus

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Frismodt Holding ApS, Aarhus

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The consolidated financial statement is to be found in Frismodt Holding ApS.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other nonmonetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of raw materials and consumables and external expenses. Referring to section 32 of the Danish Financial Statements Act, no Revenue or Cost of sales are shown.

**Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Income from investments in associates**

Investments in associates are measured at cost and are written down to the lower of recoverable amount and carrying amount.

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised

on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

### **Investments in associates**

Investments in associates are measured at cost and are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year

is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Income tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Cash flow statement**

Referring to section 86 paragraph 4 of the Danish Financial Statements Act, no cash flow statement have been prepared. The cash flow statement is prepared in the financial statement of the parent company.