



Forsco ApS

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

Annual report 2023

The Annual General Meeting adopted the annual report on 28.06.2024

Christian Frismodt

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2023	9
Balance sheet at 31.12.2023	10
Statement of changes in equity for 2023	12
Notes	13
Accounting policies	16

Entity details

Entity

Forsco ApS

Balticagade 15 C, 2. tv

8000 Aarhus C

Business Registration No.: 25611799

Registered office: Aarhus

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Christian Frismodt, chairman

Jeffrey David Steed

Aaron David Womack

Executive Board

Claus Gade Løvgreen

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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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, 28.06.2024

Executive Board

Claus Gade Løvgreen

Board of Directors

Christian Frismodt
chairman

Jeffrey David Steed

Aaron David Womack

Independent auditor's report

To the shareholders of Forsco ApS

Opinion

We have audited the financial statements of Forsco ApS for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 28.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Henrik Vedel

State Authorised Public Accountant

Identification No (MNE) mne10052

Søren Marquart Alsen

State Authorised Public Accountant

Identification No (MNE) mne40040

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	55,761	39,601	37,525	31,872	42,606
Operating profit/loss	34,662	22,961	23,295	20,585	24,449
Net financials	(2,608)	1,420	1,696	(1,840)	1,136
Profit/loss for the year	24,397	18,972	19,491	14,491	20,004
Total assets	76,394	60,775	78,091	63,181	65,749
Investments in property, plant and equipment	435	0	95	276	116
Investment in intangibles	0	1,136	299	243	228
Equity	11,216	13,819	22,847	3,317	29,265
Ratios					
Return on equity (%)	194.90	103.49	148.99	88.95	83.30
Equity ratio (%)	14.68	22.74	29.26	5.25	44.51

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

Return on equity (%):

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

Average equity

Equity ratio (%):

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

Total assets

Primary activities

The principal activities of the company are to operate in trade and in related business, alongside consultancy services.

The company is primarily engaged in the bedding industry and sells various products such as mattresses, toppers, pillows, and other associated products. Throughout the reporting period, the company has remained committed to delivering high-quality products and services to its customers while actively seeking opportunities for growth and innovation within this industry.

Development in activities and finances

The company has realized a profit of DKK 24,4m for the financial year 2023 compared to DKK 19,0m last year. Management considers profit for the year satisfactory. The profit is in line with the announcement made last year.

Profit/loss for the year in relation to expected developments

The principal activities remain unchanged to previous year. The company has experienced growth in both revenue and earnings. The financial performance has slightly exceeded expectations for the year and is primarily driven by increased demand from existing customers.

The profit has been negatively impacted by DKK 2,4m due to impairment of investment in the company's subsidiary in China. The investment in the subsidiary is measured at cost price. As the subsidiary has not achieved success with ecommerce activities, the management has decided to discontinue this business segment and consequently the value has been written down and reflects the marked value of the subsidiary.

Outlook

Management expects an increase in the activity level for the coming financial year, primarily driven by more sales to existing customers, and sales to new customers. The profit is increased by up to 10-20% in 2024.

No significant investments are planned for the year 2024.

Regarding future performance, the development of the USD exchange rate must be taken into account as all trading is done in USD. We do not use future exchange contracts. Exchanges are done when the exchange rate is favorable.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		55,760,592	39,601,425
Staff costs	2	(20,355,491)	(15,960,843)
Depreciation, amortisation and impairment losses	3	(743,582)	(679,168)
Operating profit/loss		34,661,519	22,961,414
Other financial income	4	1,143,347	1,954,090
Impairment losses on financial assets		(2,402,590)	0
Other financial expenses	5	(1,349,039)	(533,772)
Profit/loss before tax		32,053,237	24,381,732
Tax on profit/loss for the year	6	(7,656,508)	(5,409,944)
Profit/loss for the year	7	24,396,729	18,971,788

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Acquired intangible assets		518,418	1,064,288
Intangible assets	8	518,418	1,064,288
Other fixtures and fittings, tools and equipment		478,925	241,562
Property, plant and equipment	9	478,925	241,562
Investments in group enterprises		1,594,069	3,996,659
Deposits		431,859	334,338
Financial assets	10	2,025,928	4,330,997
Fixed assets		3,023,271	5,636,847
Trade receivables		36,893,167	27,163,078
Receivables from group enterprises		10,207,036	8,270,823
Deferred tax	11	29,100	0
Other receivables		136,293	59,981
Prepayments	12	124,408	106,844
Receivables		47,390,004	35,600,726
Cash		25,980,343	19,537,089
Current assets		73,370,347	55,137,815
Assets		76,393,618	60,774,662

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		125,000	125,000
Retained earnings		11,090,852	13,694,123
Equity		11,215,852	13,819,123
Deferred tax	11	0	23,500
Provisions		0	23,500
Trade payables		53,538,856	32,773,449
Payables to group enterprises		261,106	0
Payables to associates		0	5,942,313
Tax payable		6,335,108	5,483,949
Other payables		5,042,696	2,732,328
Current liabilities other than provisions		65,177,766	46,932,039
Liabilities other than provisions		65,177,766	46,932,039
Equity and liabilities		76,393,618	60,774,662
Events after the balance sheet date	1		
Contingent liabilities	13		
Assets charged and collateral	14		
Group relations	15		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	13,694,123	13,819,123
Extraordinary dividend paid	0	(27,000,000)	(27,000,000)
Profit/loss for the year	0	24,396,729	24,396,729
Equity end of year	125,000	11,090,852	11,215,852

Notes

1 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.

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	18,810,653	14,658,483
Pension costs	711,006	558,658
Other social security costs	144,101	167,927
Other staff costs	689,731	575,775
	20,355,491	15,960,843
Average number of full-time employees	20	17

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	545,870	465,977
Depreciation of property, plant and equipment	197,712	213,191
	743,582	679,168

4 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	486,927	292,728
Other interest income	656,420	82,027
Exchange rate adjustments	0	1,579,335
	1,143,347	1,954,090

5 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from associates	7,746	321,530
Other interest expenses	321,232	212,242
Exchange rate adjustments	1,020,061	0
	1,349,039	533,772

6 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	7,709,108	5,429,292
Change in deferred tax	(52,600)	(19,348)
	7,656,508	5,409,944

7 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Retained earnings	24,396,729	18,971,788
	24,396,729	18,971,788

8 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	2,117,643
Cost end of year	2,117,643
Amortisation and impairment losses beginning of year	(1,053,355)
Amortisation for the year	(545,870)
Amortisation and impairment losses end of year	(1,599,225)
Carrying amount end of year	518,418

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,081,911
Additions	435,075
Cost end of year	1,516,986
Depreciation and impairment losses beginning of year	(840,349)
Depreciation for the year	(197,712)
Depreciation and impairment losses end of year	(1,038,061)
Carrying amount end of year	478,925

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	3,996,659	334,338
Additions	0	97,521
Cost end of year	3,996,659	431,859
Impairment losses for the year	(2,402,590)	0
Revaluations end of year	(2,402,590)	0
Carrying amount end of year	1,594,069	431,859

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Shanghai EverRest Furniture Limited Company	China	Company	100.00

11 Deferred tax

Changes during the year	2023 DKK	2022 DKK
Beginning of year	(23,500)	(42,848)
Recognised in the income statement	52,600	19,348
End of year	29,100	(23,500)

Deferred tax assets

Deferred tax relates to intangible and tangible assets.

12 Prepayments

Prepayments contains insurances and rent.

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which M DK Holdings ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and 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.

14 Assets charged and collateral

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

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
M DK Holdings 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.

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 non-monetary 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 and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal 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 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 equipment.

Other financial income

Other financial income comprises 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.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

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.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments 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.

Deferred tax

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

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(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement

as such statement is included in the consolidated cash flow statement of M DK Holdings ApS, Business Reg. No. nr. 43 58 87 53