Tel.: +45 89 30 78 00
aarhus@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Vestre Ringgade 28
DK-8000 Aarhus C
CVR no. 20 22 26 70

FROST A/S

BAVNE ALLE 32, 8370 HADSTEN

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 21 May 2024

Erik Toft Andresen

CVR NO. 26 67 62 74

CONTENTS

COMPANY DETAILS

Company	FROST A/S Bavne Alle 32 8370 Hadsten	
	CVR No.:	26 67 62 74
	Established:	26 June 2002
	Municipality:	Favrskov
	Financial Year:	1 January - 31 December
Board of Directors	Erik Toft Andresen, chairman Lene Bisgaard Kristensen Sebastian Nordentoft Frost Hans Jørgen Frost Frederik Frost	
Executive Board	Hans Jørgen Frost	
Auditor	BDO Statsautoriseret revisionsaktieselskab Vestre Ringgade 28 8000 Aarhus C	
Bank	Danske Bank Jægergårdsgade 101B 8000 Aarhus C	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of FROST A/S for the financial year 1 January - 31 December 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 Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Hadsten, 21 May 2024

Executive Board

Hans Jørgen Frost

Board of Directors

Erik Toft Andresen Chairman	Lene Bisgaard Kristensen	Sebastian Nordentoft Frost
Hans Jørgen Frost	Frederik Frost	

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of FROST A/S

Opinion
We have audited the Financial Statements of FROST A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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 Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 judgment and maintain professional skepticism 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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 Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management Commentary.

Aarhus, 21 May 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Klaus Tvede-Jensen
State Authorised Public Accountant
MNE no. mne23304

Morten Kristensen
State Authorised Public Accountant
MNE no. mne47785

MANAGEMENT COMMENTARY

Principal activities
The company's main activity consists in the development, production and sale of Danish designed products for the home.

Development in activities and financial and economic position
The profit for the year was DKK'000 9.123, which is considered to be satisfying.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT		**21.205.838**	**22.845.117**
Staff costs	1	-8.475.732	-8.150.265
Depreciation, amortisation and impairment losses		-736.801	-843.630
OPERATING PROFIT		**11.993.305**	**13.851.222**
Income from investments in subsidiaries		49.085	936.005
Other financial income	2	987.621	279.120
Other financial expenses		-1.354.860	-1.204.257
PROFIT BEFORE TAX		**11.675.151**	**13.862.090**
Tax on profit for the year	3	-2.552.249	-2.880.019
PROFIT FOR THE YEAR		**9.122.902**	**10.982.071**

PROPOSED DISTRIBUTION OF PROFIT

Proposed dividend for the year		500.000	500.000
Allocation to reserve for net revaluation under the equity method		49.085	936.005
Retained earnings		8.573.817	9.546.066
TOTAL		**9.122.902**	**10.982.071**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Intangible fixed assets acquired		1.096.866	1.407.240
Intangible assets	4	**1.096.866**	**1.407.240**
Other plant, machinery tools and equipment		1.224.526	451.000
Leasehold improvements		0	89.626
Property, plant and equipment	5	**1.224.526**	**540.626**
Equity investments in group enterprises		11.964.393	7.030.340
Fixed asset investments		1.452.371	1.076.448
Financial non-current assets	6	**13.416.764**	**8.106.788**
NON-CURRENT ASSETS		**15.738.156**	**10.054.654**
Finished goods and goods for resale		15.392.739	16.963.225
Prepayments		1.653.350	2.509.424
Inventories		**17.046.089**	**19.472.649**
Trade receivables		3.297.830	4.577.789
Receivables from group enterprises		22.044.035	19.313.440
Other receivables		324.537	199.884
Corporation tax receivable		221.368	0
Prepayments		252.601	454.596
Receivables	7	**26.140.371**	**24.545.709**
Cash and cash equivalents		**7.003.944**	**4.750.772**
CURRENT ASSETS		**50.190.404**	**48.769.130**
ASSETS		**65.928.560**	**58.823.784**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital		500.000	500.000
Reserve for net revaluation under the equity method		2.254.728	2.320.675
Retained earnings		42.613.870	34.040.053
Proposed dividend		500.000	500.000
EQUITY		**45.868.598**	**37.360.728**
Provision for deferred tax		215.544	253.951
PROVISIONS		**215.544**	**253.951**
Trade payables		2.119.525	1.854.116
Corporation tax payable		0	2.662.374
Joint tax contribution payable		704.024	353.092
Other liabilities		17.020.869	16.339.523
Current liabilities		**19.844.418**	**21.209.105**
LIABILITIES		**19.844.418**	**21.209.105**
EQUITY AND LIABILITIES		**65.928.560**	**58.823.784**
Contingencies etc.	8		
Charges and securities	9		

EQUITY

	Share Capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023	500.000	2.320.675	34.040.053	500.000	37.360.728
Proposed profit allocation		49.085	8.573.817	500.000	9.122.902
Transactions with owners					
Dividend paid				-500.000	-500.000
Other legal bindings					
Foreign exchange adjustments		-115.032			-115.032
Equity at 31 December 2023	**500.000**	**2.254.728**	**42.613.870**	**500.000**	**45.868.598**

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	17	17	
Wages and salaries	7.513.933	7.209.589	
Pensions	617.864	593.422	
Social security costs	140.102	173.538	
Other staff costs	203.833	173.716	
	8.475.732	**8.150.265**	
Other financial income			2
Group enterprises	889.339	279.012	
Other interest income	98.282	108	
	987.621	**279.120**	
Tax on profit for the year			3
Calculated tax on taxable income of the year	2.590.656	3.015.466	
Adjustment of deferred tax	-38.407	-135.447	
	2.552.249	**2.880.019**	

Intangible assets — Note 4

	Intangible fixed assets acquired
Cost at 1 January 2023	3.778.160
Cost at 31 December 2023	**3.778.160**
Amortisation at 1 January 2023	2.370.920
Amortisation for the year	310.374
Amortisation at 31 December 2023	**2.681.294**
Carrying amount at 31 December 2023	**1.096.866**

Property, plant and equipment — Note 5

	Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2023	2.542.014	557.231
Additions	1.208.791	0
Disposals	-495.014	0
Cost at 31 December 2023	**3.255.791**	**557.231**
Depreciation and impairment losses at 1 January 2023	2.091.013	467.605
Reversal of depreciation of assets disposed of	-396.549	0
Depreciation for the year	336.801	89.626
Depreciation and impairment losses at 31 December 2023	**2.031.265**	**557.231**
Carrying amount at 31 December 2023	**1.224.526**	**0**

NOTES

Note

Financial non-current assets 6

	Equity investments in group enterprises	Fixed asset investments
Cost at 1 January 2023	4.709.665	1.076.448
Additions	5.000.000	375.923
Cost at 31 December 2023	**9.709.665**	**1.452.371**
Revaluation at 1 January 2023	2.320.675	0
Exchange adjustment	-115.032	0
Revaluation and impairment losses for the year	49.085	0
Revaluation at 31 December 2023	**2.254.728**	**0**
Carrying amount at 31 December 2023	**11.964.393**	**1.452.371**

	2023 DKK	2022 DKK
Receivables falling due after more than one year (Note 7)		
Receivables from group enterprises	26.719.603	18.682.183
	26.719.603	**18.682.183**

Contingencies etc. 8

Contingent liabilities

The company has submitted a support letter for the subsidiary, Ejendomsselskabet Frost A/S.

Operational leasing

Fixed assets
The company has entered into lease and leasing agreements with an average annual lease payment of DKK'000 444. The leasing contracts have a remaining term of 17-45 months with a total residual lease payment of DKK'000 1.298.

Rent obligations
The company has entered into rent obligations, which at the balance sheet date amount to DKK'000 11.379 in the non-cancellability period, which expires latest on March 31st 2030.

Joint liabilities
The Danish companies of the group is jointly and severally liable for tax on the group’s jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group’s jointly taxed income amounts to DKK‘000 0 at the Balance Sheet date.

NOTES

	Note
Charges and securities	**9**

As security for bank debt of DKK'000 0, the company has pledged a corporate mortgage of a nominal amount of DKK 6.720 thousand with security in goodwill, operating equipment, finished goods, goods for resale and trade receivables with a booked amount December 31st 2023 on DKK'000 21.568.

ACCOUNTING POLICIES

The Annual Report of FROST A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue
Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income
Other operating income includes items of a secondary nature in relation to the Group’s and the Company’s activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees. Repayments from public authorities are deducted from staff costs.

Income from investments in subsidiaries
The proportional share of the results of subsidiaries, stated according to the Parent Company’s accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company’s Income Statement.

Financial income and expenses
Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Intangible fixed assets acquired is measured at cost less accumulated amortisation. Intangible fixed assets acquired is amortised on a straight-line basis over the expected useful life which is estimated to 3 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Other plant, fixtures and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment..	3-5 years	0 %
Leasehold improvements..	3-5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets
Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed from the earliest financial period included in the Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

ACCOUNTING POLICIES

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the Company has a legal or actual liability to cover the subsidiaries deficit.

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.