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FROST A/S
BAVNE ALLE 32, 8370 HADSTEN
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 29 April 2021

Erik Toft Andresen

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COMPANY DETAILS

Company	FROST A/S Bavne Alle 32 8370 Hadsten CVR No.: 26 67 62 74 Established: 26 June 2002 Registered Office: Favrskov Financial Year: 1 January - 31 December
Board of Directors	Erik Toft Andresen, chairman Lene Bisgaard Kristensen Kirsten Amalie Juul Hans Jørgen Frost
Executive Board	Hans Jørgen Frost
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C
Bank	Danske Bank Jægergårdsgade 101B 8000 Aarhus C

BOARD OF DIRECTORS STATEMENT AND 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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 29 April 2021

Executive Board

Hans Jørgen Frost

Board of Directors

Erik Toft Andresen
Chairman

Lene Bisgaard Kristensen

Kirsten Amalie Juul

Hans Jørgen 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 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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' 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- 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's Review

Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review 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'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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Aarhus, 29 April 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

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

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 7,412 thousand, 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	2020 DKK	2019 DKK
GROSS PROFIT		17.155.436	17.204.771
Staff costs.....	1	-7.242.350	-7.485.025
Depreciation, amortisation and impairment losses.....		-744.540	-634.342
OPERATING PROFIT		9.168.546	9.085.404
Result of equity investments in group and associates.....		385.840	251.161
Other financial income.....	2	207.619	55.192
Other financial expenses.....		-355.536	-321.744
PROFIT BEFORE TAX		9.406.469	9.070.013
Tax on profit for the year.....	3	-1.994.961	-1.969.122
PROFIT FOR THE YEAR		7.411.508	7.100.891
PROPOSED DISTRIBUTION OF PROFIT			
Proposed dividend for the year.....		500.000	500.000
Allocation to reserve for net revaluation under the equity method.....		385.840	251.161
Retained earnings.....		6.525.668	6.349.730
TOTAL		7.411.508	7.100.891

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Intangible fixed assets acquired.....		777.679	1.244.213
Intangible assets.....	4	777.679	1.244.213
Other plant, machinery tools and equipment.....		535.149	426.977
Leasehold improvements.....		346.812	0
Property, plant and equipment.....	5	881.961	426.977
Equity investments in group enterprises.....		826.049	460.826
Rent deposit and other receivables.....		825.000	141.676
Financial non-current assets.....	6	1.651.049	602.502
NON-CURRENT ASSETS.....		3.310.689	2.273.692
Finished goods and goods for resale.....		8.738.737	9.693.358
Prepayments.....		1.985.165	1.122.853
Inventories.....		10.723.902	10.816.211
Trade receivables.....		3.567.131	3.802.392
Receivables from group enterprises.....	7	12.064.591	9.052.744
Other receivables.....		5.953	140.461
Prepayments.....		199.268	758.112
Receivables.....		15.836.943	13.753.709
Cash and cash equivalents.....		6.464.511	1.448.234
CURRENT ASSETS.....		33.025.356	26.018.154
ASSETS.....		36.336.045	28.291.846

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK
Share capital.....		500.000	500.000
Reserve for net revaluation under the equity method.....		616.384	251.161
Retained earnings.....		23.334.526	16.808.858
Proposed dividend.....		500.000	500.000
EQUITY.....		24.950.910	18.060.019
Provision for deferred tax.....		191.361	275.000
PROVISIONS.....		191.361	275.000
Accruals and deferred income.....		685.027	208.032
Non-current liabilities.....	8	685.027	208.032
Bank debt.....		3.999.617	5.185.359
Prepayments from customers.....		939.034	303.574
Trade payables.....		2.447.525	1.377.172
Corporation tax payable.....		2.078.600	1.864.122
Other liabilities.....		1.043.971	1.018.568
Current liabilities.....		10.508.747	9.748.795
LIABILITIES.....		11.193.774	9.956.827
EQUITY AND LIABILITIES.....		36.336.045	28.291.846
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EQUITY

	Share capital	Reserve for net revaluati- on under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2020.....	500.000	251.161	16.808.858	500.000	18.060.019
Proposed profit allocation.....		385.840	6.525.668	500.000	7.411.508
Transactions with owners					
Dividend paid.....				-500.000	-500.000
Other legal bindings					
Foreign exchange adjustments.....		-20.617			-20.617
Equity at 31 December 2020.....	500.000	616.384	23.334.526	500.000	24.950.910

NOTES

	2020 DKK	2019 DKK	Note
Staff costs			1
Average number of employees	14	13	
Wages and salaries.....	6.436.074	6.821.467	
Pensions.....	515.590	431.169	
Social security costs.....	109.785	108.505	
Other staff costs.....	180.901	123.884	
	7.242.350	7.485.025	
Other financial income			2
Group enterprises.....	207.619	55.192	
	207.619	55.192	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year.....	2.078.600	1.864.122	
Adjustment of deferred tax.....	-83.639	105.000	
	1.994.961	1.969.122	
Intangible assets			4
		Intangible fixed assets acquired	
Cost at 1 January 2020.....		2.214.740	
Cost at 31 December 2020.....		2.214.740	
Amortisation at 1 January 2020.....		970.528	
Amortisation for the year.....		466.533	
Amortisation at 31 December 2020.....		1.437.061	
Carrying amount at 31 December 2020.....		777.679	
Property, plant and equipment			5
		Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2020.....	1.872.356	167.555	
Additions.....	475.176	389.676	
Disposals.....	-239.750	0	
Cost at 31 December 2020.....	2.107.782	557.231	
Depreciation and impairment losses at 1 January 2020.....	1.445.379	167.555	
Reversal of depreciation of assets disposed of.....	-107.888	0	
Depreciation for the year.....	235.142	42.864	
Depreciation and impairment losses at 31 December 2020....	1.572.633	210.419	
Carrying amount at 31 December 2020.....	535.149	346.812	

NOTES

Financial non-current assets **Note 6**

	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2020.....	209.665	141.677
Additions.....	0	825.000
Disposals.....	0	-141.677
Cost at 31 December 2020.....	209.665	825.000
Revaluation at 1 January 2020.....	251.161	0
Revaluation and impairment losses for the year.....	385.840	0
Revaluation at 31 December 2020.....	637.001	0
Exchange adjustment.....	20.617	0
Impairment losses and amortisation of goodwill at 31 December 2020.....	20.617	0
Carrying amount at 31 December 2020.....	826.049	825.000

Receivables from group enterprises **7**

The company has submitted a declaration of resignation to the sister company's bank with DKK 6,479 thousand of the receivable from the sister company, which totals DKK 10,284 thousand.

Long-term liabilities **8**

	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Frozen holiday pay.....	685.027	0	685.027	208.032
	685.027	0	685.027	208.032

NOTES

Note

Contingencies etc.

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Contingent liabilities

Operational leasing

Fixed assets

The company has entered into lease and leasing agreements with an average annual lease payment of DKK 518 thousand. The leasing contracts have a remaining term of 16-66 months with a total residual lease payment of DKK 1,203 thousand.

Rent obligations

The company has entered into rent obligations, which at the balance sheet date amount to DKK 15,263 thousand in the non-cancellability period, which expires on 31 March 2030.

Joint liabilities

The company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of HJF HOLDING ApS, which serves as management company for the joint taxation.

Charges and securities

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The company has issued an unlimited joint and several surety bond to the sister company's balances with the bank, which amounts to DKK 0 thousand on the balance sheet date.

As security for bank debt of DKK 4.000 thousand, the company has pledged a corporate mortgage of a nominal amount of DKK 6.720 thousand.

Other plant, machinery tools and equipment.....	535.149
Inventories.....	10.723.902
Trade receivables.....	3.567.131

ACCOUNTING POLICIES

The Annual Report of FROST A/S for 2020 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.

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.

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 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 equity interests 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.

Fixed asset investments

Investments in Equity interests in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Equity 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.

Net revaluation of equity interests 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.

ACCOUNTING POLICIES

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.

Accruals, assets

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

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.

ACCOUNTING POLICIES

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.