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CVR no. 20 22 26 70

**FROST A/S**  
**BAVNE ALLE 32, 8370 HADSTEN**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2021**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 24 March 2022**

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**Erik Toft Andresen**

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**COMPANY DETAILS**

<b>Company</b>	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
<b>Board of Directors</b>	Erik Toft Andresen, chairman Lene Bisgaard Kristensen Kirsten Amalie Juul Hans Jørgen Frost
<b>Executive Board</b>	Hans Jørgen Frost
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C
<b>Bank</b>	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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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, 18 March 2022

Executive Board

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Hans Jørgen Frost

Board of Directors

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Erik Toft Andresen  
Chairman

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Lene Bisgaard Kristensen

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Kirsten Amalie Juul

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Hans Jørgen Frost

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of FROST A/S

#### Opinion

We have audited the Financial Statements of FROST A/S for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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, 18 March 2022

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 13.140, 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	2021 DKK	2020 DKK
<b>GROSS PROFIT</b> .....		<b>23.921.049</b>	<b>17.155.436</b>
Staff costs.....	1	-7.151.316	-7.242.350
Depreciation, amortisation and impairment losses.....		-865.796	-744.540
<b>OPERATING PROFIT</b> .....		<b>15.903.937</b>	<b>9.168.546</b>
Income from investments in subsidiaries.....		789.898	385.840
Other financial income.....	2	225.783	207.619
Other financial expenses.....		-245.399	-355.536
<b>PROFIT BEFORE TAX</b> .....		<b>16.674.219</b>	<b>9.406.469</b>
Tax on profit for the year.....	3	-3.534.547	-1.994.961
<b>PROFIT FOR THE YEAR</b> .....		<b>13.139.672</b>	<b>7.411.508</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Proposed dividend for the year.....		11.190.313	500.000
Allocation to reserve for net revaluation under the equity method.....		789.898	385.840
Retained earnings.....		1.159.461	6.525.668
<b>TOTAL</b> .....		<b>13.139.672</b>	<b>7.411.508</b>



## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Intangible fixed assets acquired.....		1.882.825	777.679
<b>Intangible assets.....</b>	<b>4</b>	<b>1.882.825</b>	<b>777.679</b>
Other plant, machinery tools and equipment.....		545.720	535.149
Leasehold improvements.....		218.219	346.812
<b>Property, plant and equipment.....</b>	<b>5</b>	<b>763.939</b>	<b>881.961</b>
Equity investments in group enterprises.....		6.151.373	826.049
Rent deposit and other receivables.....		1.076.448	825.000
<b>Financial non-current assets.....</b>	<b>6</b>	<b>7.227.821</b>	<b>1.651.049</b>
<b>NON-CURRENT ASSETS.....</b>		<b>9.874.585</b>	<b>3.310.689</b>
Finished goods and goods for resale.....		11.171.709	8.738.737
Prepayments.....		6.602.729	1.985.165
<b>Inventories.....</b>		<b>17.774.438</b>	<b>10.723.902</b>
Trade receivables.....		3.924.037	3.567.131
Receivables from group enterprises.....	7	13.016.505	12.064.591
Other receivables.....		423.077	5.953
Prepayments.....		635.294	199.268
<b>Receivables.....</b>	<b>8</b>	<b>17.998.913</b>	<b>15.836.943</b>
<b>Cash and cash equivalents.....</b>		<b>2.333.946</b>	<b>6.464.511</b>
<b>CURRENT ASSETS.....</b>		<b>38.107.297</b>	<b>33.025.356</b>
<b>ASSETS.....</b>		<b>47.981.882</b>	<b>36.336.045</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....		500.000	500.000
Reserve for net revaluation under the equity method.....		1.441.708	616.384
Retained earnings.....		24.493.987	23.334.526
Proposed dividend.....		11.190.313	500.000
<b>EQUITY.....</b>		<b>37.626.008</b>	<b>24.950.910</b>
Provision for deferred tax.....		389.398	191.361
<b>PROVISIONS.....</b>		<b>389.398</b>	<b>191.361</b>
Frozen holiday pay.....		646.027	685.027
<b>Non-current liabilities.....</b>	9	<b>646.027</b>	<b>685.027</b>
Bank debt.....		138.336	3.999.617
Prepayments from customers.....		1.035.237	939.034
Trade payables.....		2.202.634	2.447.525
Debt to Group companies.....		2.350.969	0
Corporation tax payable.....		2.982.631	2.078.600
Joint tax contribution payable.....		5.879	0
Other liabilities.....		604.763	1.043.971
<b>Current liabilities.....</b>		<b>9.320.449</b>	<b>10.508.747</b>
<b>LIABILITIES.....</b>		<b>9.966.476</b>	<b>11.193.774</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>47.981.882</b>	<b>36.336.045</b>
Contingencies etc.	10		
Charges and securities	11		

**EQUITY**

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2021.....	500.000	616.384	23.334.526	500.000	24.950.910
Proposed profit allocation.....		789.898	1.159.461	11.190.313	13.139.672
<b>Transactions with owners</b>					
Dividend paid.....				-500.000	-500.000
<b>Other legal bindings</b>					
Foreign exchange adjustments.....		35.426			35.426
<b>Equity at 31 December 2021 .....</b>	<b>500.000</b>	<b>1.441.708</b>	<b>24.493.987</b>	<b>11.190.313</b>	<b>37.626.008</b>

## NOTES

	2021 DKK	2020 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	14	14	
Wages and salaries.....	6.308.337	6.436.074	
Pensions.....	562.208	515.590	
Social security costs.....	111.853	109.785	
Other staff costs.....	168.918	180.901	
	<b>7.151.316</b>	<b>7.242.350</b>	
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	225.783	207.619	
	<b>225.783</b>	<b>207.619</b>	
<b>Tax on profit for the year</b>			<b>3</b>
Calculated tax on taxable income of the year.....	3.336.510	2.078.600	
Adjustment of deferred tax.....	198.037	-83.639	
	<b>3.534.547</b>	<b>1.994.961</b>	
<b>Intangible assets</b>			<b>4</b>
		Intangible fixed assets acquired	
Cost at 1 January 2021.....		2.214.740	
Additions.....		1.563.420	
<b>Cost at 31 December 2021.....</b>		<b>3.778.160</b>	
Amortisation at 1 January 2021.....		1.437.061	
Amortisation for the year.....		458.274	
<b>Amortisation at 31 December 2021.....</b>		<b>1.895.335</b>	
<b>Carrying amount at 31 December 2021.....</b>		<b>1.882.825</b>	
<b>Property, plant and equipment</b>			<b>5</b>
		Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2021.....	2.107.782	557.231	
Additions.....	289.500	0	
<b>Cost at 31 December 2021.....</b>	<b>2.397.282</b>	<b>557.231</b>	
Depreciation and impairment losses at 1 January 2021.....	1.572.633	210.419	
Depreciation for the year.....	278.929	128.593	
<b>Depreciation and impairment losses at 31 December 2021....</b>	<b>1.851.562</b>	<b>339.012</b>	
<b>Carrying amount at 31 December 2021.....</b>	<b>545.720</b>	<b>218.219</b>	

## NOTES

			Note
<b>Financial non-current assets</b>			<b>6</b>
	Equity investments in group enterprises	Rent deposit and other receivables	
Cost at 1 January 2021.....	209.665	825.000	
Additions.....	4.500.000	251.448	
<b>Cost at 31 December 2021.....</b>	<b>4.709.665</b>	<b>1.076.448</b>	
Revaluation at 1 January 2021.....	616.384	0	
Exchange adjustment.....	35.426	0	
Revaluation and impairment losses for the year.....	440.541	0	
Other adjustments.....	349.357	0	
<b>Revaluation at 31 December 2021.....</b>	<b>1.441.708</b>	<b>0</b>	
<b>Carrying amount at 31 December 2021.....</b>	<b>6.151.373</b>	<b>1.076.448</b>	
<b>Receivables from group enterprises</b>			<b>7</b>
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.			
<b>Receivables falling due after more than one year</b>			<b>8</b>
Receivables from group enterprises.....	12.108.798	10.284.297	
	<b>12.108.798</b>	<b>10.284.297</b>	
<b>Long-term liabilities</b>			<b>9</b>
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years 31/12 2020 total liabilities
Frozen holiday pay.....	646.027	0	646.027 685.027
	<b>646.027</b>	<b>0</b>	<b>646.027 685.027</b>

**NOTES****Note****Contingencies etc.****10****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'000 620. The leasing contracts have a remaining term of 4-54 months with a total residual lease payment of DKK'000 650.

**Rent obligations**

The company has entered into rent obligations, which at the balance sheet date amount to DKK 13.613 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****11**

The company has issued an unlimited joint and several surety bond to the sister company's balances with the bank, which amounts to DKK'000 0 on the balance sheet date.

As security for bank debt of DKK'000 138, 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 31st December 2021 on DKK('000) 15.012.

## ACCOUNTING POLICIES

The Annual Report of FROST A/S for 2021 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 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.

**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.

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.

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.