



## Frost A/S

Bavne Alle 32  
8370 Hadsten  
CVR No. 26676274

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 17.04.2020

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**Erik Toft Andresen**

Chairman of the General Meeting

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# Entity details

## Entity

Frost A/S

Bavne Alle 32

8370 Hadsten

CVR No.: 26676274

Registered office: Favrskov

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Erik Toft Andresen, chairman

Henrik Bisgaard Thomsen

Hans Jørgen Frost

Lene Bisgaard Kristensen

## Executive Board

Hans Jørgen Frost

## 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 Frost A/S for the financial year 01.01.2019 - 31.12.2019.

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

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

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

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

Hadsten, 17.04.2020

## Executive Board

**Hans Jørgen Frost**

## Board of Directors

**Erik Toft Andresen**  
chairman

**Henrik Bisgaard Thomsen**

**Hans Jørgen Frost**

**Lene Bisgaard Kristensen**

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

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 17.04.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Klaus Tvede-Jensen**

State Authorised Public Accountant  
Identification No (MNE) mne23304

**Jens Lauridsen**

State Authorised Public Accountant  
Identification No (MNE) mne34323

# Management commentary

## Primary activities

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

## Development in activities and finances

The profit for the year was DKK 7,101k, which is considered to be satisfying.

## Events after the balance sheet date

The outbreak and spread of COVID-19 at the beginning of 2020 has not had a significant impact on operations so far. But the new market situation gives less visibility to the developments for the rest of year 2020, with the uncertainty this entails.

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



# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>17,124,666</b>	<b>13,599,703</b>
Staff costs	2	(7,485,025)	(6,550,214)
Depreciation, amortisation and impairment losses	3	(554,236)	(519,735)
<b>Operating profit/loss</b>		<b>9,085,405</b>	<b>6,529,754</b>
Income from investments in group enterprises		251,161	0
Other financial income from group enterprises		55,192	0
Other financial expenses		(321,744)	(238,128)
<b>Profit/loss before tax</b>		<b>9,070,014</b>	<b>6,291,626</b>
Tax on profit/loss for the year	4	(1,969,122)	(1,450,631)
<b>Profit/loss for the year</b>		<b>7,100,892</b>	<b>4,840,995</b>
<b>Proposed distribution of profit and loss</b>			
Ordinary dividend for the financial year		500,000	500,000
Extraordinary dividend distributed in the financial year		0	5,000,000
Retained earnings		6,600,892	(659,005)
<b>Proposed distribution of profit and loss</b>		<b>7,100,892</b>	<b>4,840,995</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Acquired intangible assets		1,244,213	280,850
Prepayments for intangible assets		0	416,893
<b>Intangible assets</b>	5	<b>1,244,213</b>	<b>697,743</b>
Other fixtures and fittings, tools and equipment		426,977	620,534
Leasehold improvements		0	0
<b>Property, plant and equipment</b>	6	<b>426,977</b>	<b>620,534</b>
Investments in group enterprises		460,826	209,665
Deposits		141,677	141,677
<b>Other financial assets</b>	7	<b>602,503</b>	<b>351,342</b>
<b>Fixed assets</b>		<b>2,273,693</b>	<b>1,669,619</b>
Manufactured goods and goods for resale		9,693,358	10,081,772
Prepayments for goods		1,122,853	1,028,354
<b>Inventories</b>		<b>10,816,211</b>	<b>11,110,126</b>
Trade receivables		3,802,392	3,946,407
Receivables from group enterprises		9,052,744	613,019
Other receivables		140,461	91,306
Prepayments		758,111	764,252
<b>Receivables</b>		<b>13,753,708</b>	<b>5,414,984</b>
<b>Cash</b>		<b>1,448,234</b>	<b>78,584</b>
<b>Current assets</b>		<b>26,018,153</b>	<b>16,603,694</b>
<b>Assets</b>		<b>28,291,846</b>	<b>18,273,313</b>

## Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		500,000	500,000
Reserve for net revaluation according to the equity method		251,161	0
Retained earnings		16,808,857	10,459,126
Proposed dividend		500,000	500,000
<b>Equity</b>		<b>18,060,018</b>	<b>11,459,126</b>
Deferred tax		275,000	170,000
<b>Provisions</b>		<b>275,000</b>	<b>170,000</b>
Bank loans		0	155,202
Other payables		208,032	0
<b>Non-current liabilities other than provisions</b>	8	<b>208,032</b>	<b>155,202</b>
Current portion of non-current liabilities other than provisions	8	154,200	369,549
Payables to other credit institutions		5,031,159	906,325
Prepayments received from customers		303,574	849,526
Trade payables		1,377,173	2,256,805
Income tax payable		1,864,122	1,248,631
Other payables		1,018,568	858,149
<b>Current liabilities other than provisions</b>		<b>9,748,796</b>	<b>6,488,985</b>
<b>Liabilities other than provisions</b>		<b>9,956,828</b>	<b>6,644,187</b>
<b>Equity and liabilities</b>		<b>28,291,846</b>	<b>18,273,313</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		

# Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	0	10,459,126	500,000	11,459,126
Ordinary dividend paid	0	0	0	(500,000)	(500,000)
Profit/loss for the year	0	251,161	6,349,731	500,000	7,100,892
<b>Equity end of year</b>	<b>500,000</b>	<b>251,161</b>	<b>16,808,857</b>	<b>500,000</b>	<b>18,060,018</b>

# Notes

## 1 Events after the balance sheet date

The outbreak and spread of COVID-19 at the beginning of 2020 has not had a significant impact on operations so far. But the new market situation gives less visibility to the developments for the rest of year 2020, with the uncertainty this entails.

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

## 2 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	6,821,467	5,936,131
Other social security costs	539,674	502,030
Other staff costs	123,884	112,053
	<b>7,485,025</b>	<b>6,550,214</b>
Average number of full-time employees	<b>13</b>	<b>13</b>

## 3 Depreciation, amortisation and impairment losses

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	383,236	272,590
Depreciation of property, plant and equipment	251,106	189,373
Profit/loss from sale of intangible assets and property, plant and equipment	(80,106)	57,772
	<b>554,236</b>	<b>519,735</b>

## 4 Tax on profit/loss for the year

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	1,864,122	1,400,631
Change in deferred tax	105,000	50,000
	<b>1,969,122</b>	<b>1,450,631</b>

## 5 Intangible assets

	<b>Acquired intangible assets DKK</b>	<b>Prepayments for intangible assets DKK</b>
Cost beginning of year	826,030	416,893
Transfers	416,893	(416,893)
Additions	971,817	0
<b>Cost end of year</b>	<b>2,214,740</b>	<b>0</b>
Amortisation and impairment losses beginning of year	(545,180)	0
Amortisation for the year	(425,347)	0
<b>Amortisation and impairment losses end of year</b>	<b>(970,527)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1,244,213</b>	<b>0</b>

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	1,872,356	167,555
Additions	154,380	0
Disposals	(154,380)	0
<b>Cost end of year</b>	<b>1,872,356</b>	<b>167,555</b>
Depreciation and impairment losses beginning of year	(1,251,822)	(167,555)
Depreciation for the year	(208,995)	0
Reversal regarding disposals	15,438	0
<b>Depreciation and impairment losses end of year</b>	<b>(1,445,379)</b>	<b>(167,555)</b>
<b>Carrying amount end of year</b>	<b>426,977</b>	<b>0</b>

## 7 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>
Cost beginning of year	209,665	141,677
<b>Cost end of year</b>	<b>209,665</b>	<b>141,677</b>
Share of profit/loss for the year	251,161	0
<b>Revaluations end of year</b>	<b>251,161</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>460,826</b>	<b>141,677</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Equity interest %</b>
FROST Norge A/S	Oslo, Norway	100
FROST Deutschland GmbH	München, Deutschland	100

### 8 Non-current liabilities other than provisions

	<b>Due within 12 months 2019 DKK</b>	<b>Due within 12 months 2018 DKK</b>	<b>Due after more than 12 months 2019 DKK</b>
Bank loans	154,200	369,549	0
Other payables	0	0	208,032
	<b>154,200</b>	<b>369,549</b>	<b>208,032</b>

### **9 Unrecognised rental and lease commitments**

The company's total leasing obligations incl. residual values until maturity represent DKK 1,667k.

The company's total rental obligations represent DKK 139k, amounting to 3 months rent.

### **10 Contingent liabilities**

The Company guarantees as a self-insured guarantor against the balances of affiliated companies credit institution, totaling DKK 10,006k. per. 31.12.2019

The company has also filed with the credit institution resignation receivables at affiliated companies, maximized to DKK 6,479k.

The Entity participates in a Danish joint taxation arrangement where HJF Holding 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,

### **11 Assets charged and collateral**

A letter of indemnity has been issued with mortgage in the company with a carrying amount of DKK 6,720k secured on unsecured claims, inventories, operating equipment and intellectual property rights.

The accounting value of pledged inventories constitute DKK 10,816k.

The accounting value of pledged simple claims constitute DKK 3,802k.

The accounting value of pledged constitute intangible assets DKK 1,244k.

The accounting value of pledged constitute property, plant and equipment DKK 427k.



# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

## Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, own 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.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Other financial income from group enterprises**

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

**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.

**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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, 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

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

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

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of manufactured goods consists of costs of raw materials and consumables.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

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

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and 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.

**Other financial liabilities**

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

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Income tax receivable or payable**

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