



Kebe A/S

Niels Bohrs Vej 23, st.
8660 Skanderborg
CVR No. 28301898

Annual report 01.05.2020 - 30.04.2021

The Annual General Meeting adopted the
annual report on 09.07.2021

Henrik Schougaard Pedersen
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020/21	8
Balance sheet at 30.04.2021	9
Statement of changes in equity for 2020/21	11
Notes	12
Accounting policies	15

Entity details

Entity

Kebe A/S

Niels Bohrs Vej 23, st.

8660 Skanderborg

CVR No.: 28301898

Registered office: Skanderborg

Financial year: 01.05.2020 - 30.04.2021

Phone number: 86994666

URL: www.kebe.dk

E-mail: kebe@kebe.dk

Board of Directors

Hans Houliind, chairman

Henrik Schougaard Pedersen

Jakob Willumsen

Executive Board

Henrik Schougaard Pedersen

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 Kebe A/S for the financial year 01.05.2020 - 30.04.2021.

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 Entity's financial position at 30.04.2021 and of the results of its operations for the financial year 01.05.2020 - 30.04.2021.

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.

Skanderborg, 09.07.2021

Executive Board

Henrik Schougaard Pedersen

Board of Directors

Hans Houliind
chairman

Henrik Schougaard Pedersen

Jakob Willumsen

Independent auditor's report

To the shareholders of Kebe A/S

Opinion

We have audited the financial statements of Kebe A/S for the financial year 01.05.2020 - 30.04.2021, 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 30.04.2021 and of the results of its operations for the financial year 01.05.2020 - 30.04.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 09.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Management commentary

Primary activities

Kebe A/S develops and produces upholstered furniture.

Description of material changes in activities and finances

The financial result of the year shows earnings of DKK 9,230k compared to earnings of DKK 1,152k in the previous financial year.

2020/21 has been a year hard to navigate through, with many lockdowns on markets and insecurity about raw material supplies and prices.

The insecurity arising from the global COVID-19 pandemic, briefly gave cause for a revision of the activities, but it was concluded that the turnover was quickly re-established and the company was not negatively impacted from the insecurity.

Therefore shortly after, it was decided to continue the process of developing markets and product portfolio that in later years, has provided stable growth. The period after was used to further structure and create a more efficient production, a process that had started before the arrival of the pandemic, together with a larger product portfolio evaluation, with focus on the core business. That also led to a closer strategy check with therefrom deriving branding profile sharpening, a look at partners and distributions channels, as well as clear plans for future actions, priorities and investments.

The combined effects of the various actions has had positive influence on the financial result which are a lot better than expected.

Outlook

The insecurities about the expected developments are higher than normal.

As the global travel activity is returning and consumer spending finding other channels, a lower activity level on the markets is expected.

At the same time, there is high insecurity of the development of prices on raw material and transportation costs, and it is not unusual to experience shortcomings in the supply chain.

The work to expand collections and markets will be intensified in the coming year and investment in digitalisation is high, to support the change in sales expected towards a higher degree in on-line channels.

For 2021/22 higher activity is expected compared to 2020/21, but due to high investments in digitalisation and product development, a result at the level of 2020/21 is expected.

Events after the balance sheet date

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

Income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Gross profit/loss		12,471,594	4,375,450
Staff costs	1	(5,090,084)	(4,151,354)
Depreciation, amortisation and impairment losses	2	(230,812)	(193,359)
Operating profit/loss		7,150,698	30,737
Income from investments in group enterprises		3,793,633	1,395,320
Other financial income	3	267,486	206,026
Other financial expenses		(439,731)	(522,509)
Profit/loss before tax		10,772,086	1,109,574
Tax on profit/loss for the year	4	(1,542,526)	42,070
Profit/loss for the year		9,229,560	1,151,644
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		3,500,000	0
Retained earnings		5,729,560	1,151,644
Proposed distribution of profit and loss		9,229,560	1,151,644

Balance sheet at 30.04.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Acquired intangible assets		188,076	0
Intangible assets	5	188,076	0
Plant and machinery		0	0
Other fixtures and fittings, tools and equipment		655,367	284,267
Property, plant and equipment	6	655,367	284,267
Investments in group enterprises		11,881,485	8,187,954
Deposits		39,206	38,250
Financial assets	7	11,920,691	8,226,204
Fixed assets		12,764,134	8,510,471
Manufactured goods and goods for resale		194,000	164,080
Inventories		194,000	164,080
Trade receivables		14,909,427	8,050,528
Receivables from group enterprises		4,508,093	4,323,066
Deferred tax		0	187,500
Other receivables		0	181,038
Joint taxation contribution receivable		0	7,100
Prepayments		234,198	370,439
Receivables		19,651,718	13,119,671
Cash		48,349	112,027
Current assets		19,894,067	13,395,778
Assets		32,658,201	21,906,249

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		1,200,000	1,200,000
Reserve for net revaluation according to the equity method		9,020,773	5,327,242
Retained earnings		1,115,799	(820,128)
Proposed dividend		3,500,000	0
Equity		14,836,572	5,707,114
Deferred tax		57,000	0
Provisions		57,000	0
Other payables		0	275,185
Non-current liabilities other than provisions		0	275,185
Bank loans		4,678,943	7,150,665
Payables to other credit institutions		47,474	20,593
Prepayments received from customers		0	11,797
Trade payables		759,572	817,160
Payables to group enterprises		6,295,323	2,982,455
Payables to shareholders and management		2,630,208	2,625,000
Joint taxation contribution payable		1,298,026	0
Other payables	8	2,055,083	2,316,280
Current liabilities other than provisions		17,764,629	15,923,950
Liabilities other than provisions		17,764,629	16,199,135
Equity and liabilities		32,658,201	21,906,249
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2020/21

	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	1,200,000	5,327,242	(820,128)	0	5,707,114
Exchange rate adjustments	0	(100,102)	0	0	(100,102)
Profit/loss for the year	0	3,793,633	1,935,927	3,500,000	9,229,560
Equity end of year	1,200,000	9,020,773	1,115,799	3,500,000	14,836,572

Notes

1 Staff costs

	2020/21	2019/20
	DKK	DKK
Wages and salaries	4,382,928	3,582,233
Pension costs	527,643	521,758
Other social security costs	179,513	47,363
	5,090,084	4,151,354
Average number of full-time employees	6	6

2 Depreciation, amortisation and impairment losses

	2020/21	2019/20
	DKK	DKK
Amortisation of intangible assets	60,000	60,000
Depreciation of property, plant and equipment	170,812	133,359
	230,812	193,359

3 Other financial income

	2020/21	2019/20
	DKK	DKK
Financial income from group enterprises	134,354	138,942
Other interest income	120,875	67,084
Exchange rate adjustments	10,778	0
Other financial income	1,479	0
	267,486	206,026

4 Tax on profit/loss for the year

	2020/21	2019/20
	DKK	DKK
Change in deferred tax	244,500	(38,970)
Adjustment concerning previous years	0	4,000
Refund in joint taxation arrangement	1,298,026	(7,100)
	1,542,526	(42,070)

5 Intangible assets

	Acquired intangible assets DKK
Additions	188,076
Cost end of year	188,076
Carrying amount end of year	188,076

6 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	94,383	3,498,727
Additions	0	541,912
Cost end of year	94,383	4,040,639
Depreciation and impairment losses beginning of year	(94,383)	(3,214,460)
Depreciation for the year	0	(170,812)
Depreciation and impairment losses end of year	(94,383)	(3,385,272)
Carrying amount end of year	0	655,367

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	2,860,712	38,250
Additions	0	956
Cost end of year	2,860,712	39,206
Revaluations beginning of year	5,327,242	0
Exchange rate adjustments	(100,102)	0
Share of profit/loss for the year	3,776,115	0
Adjustment of intra-group profits	17,518	0
Revaluations end of year	9,020,773	0
Carrying amount end of year	11,881,485	39,206

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Kebe Poland Sp. z.o.o.	Częstochowa, Poland	Sp. z.o.o.	100,0

8 Other payables

	2020/21	2019/20
	DKK	DKK
VAT and duties	1,540,073	2,086,398
Wages and salaries, personal income taxes, social security costs, etc payable	12,917	11,499
Holiday pay obligation	319,451	212,209
Other costs payable	182,642	6,174
	2,055,083	2,316,280

9 Unrecognised rental and lease commitments

	2020/21	2019/20
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	512,222	840,055

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Kebe 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, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

11 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor in receivables of DKK 6,000k nominal.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of 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

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on transactions in foreign currencies, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital or exchange losses payables and transactions in foreign currencies and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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 , acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

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:

Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-5 years

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 or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

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 consists of purchase price.

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.

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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.