



Kebe A/S

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

Annual report 01.05.2021 - 30.04.2022

The Annual General Meeting adopted the
annual report on 09.09.2022

Henrik Schougaard Pedersen
Chairman of the General Meeting

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Entity details

Entity

Kebe A/S

Niels Bohrs Vej 23, st.

8660 Skanderborg

Business Registration No.: 28301898

Registered office: Skanderborg

Financial year: 01.05.2021 - 30.04.2022

Phone number: 86994666

URL: www.kebe.dk

E-mail: kebe@kebe.dk

Board of Directors

Hans Houliind, chairman

Henrik Schougaard Pedersen

Jakob Willumsen

Torben Thodsen Petersen

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 01.05.2021 - 30.04.2022.

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 30.04.2022 and of the results of its operations for the financial year 01.05.2021 - 30.04.2022.

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, 09.09.2022

Executive Board

Henrik Schougaard Pedersen

Board of Directors

Hans Houliind
chairman

Henrik Schougaard Pedersen

Jakob Willumsen

Torben Thodsen Petersen

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 01.05.2021 - 30.04.2022, 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 30.04.2022 and of the results of its operations for the financial year 01.05.2021 - 30.04.2022 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 09.09.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Nikolaj Dyregaard Nielsen

State Authorised Public Accountant
Identification No (MNE) mne47838

Management commentary

Primary activities

Kebe A/S produce and distribute upholstered furniture in own brand and for larger OEM customers.

Description of material changes in activities and finances

The financial result of the year shows earnings of DKK 7,259k compared to earnings of DKK 9,230k in the previous financial year.

2021/22 has been another year navigating in harsh conditions, with early in the year closures on markets as well as great challenges and insecurities on raw material supplies and prices, which only continued to grow as the year went on.

The second half of the year ended in a battle with time, to land sales price increases to cover the rapidly growing raw material prices, following the supply chain situation. By immediate actions and close dialogue with major customers, a strong supplier network and optimal use of the production capacity, we succeeded in minimizing the negative effects on the gross margin.

Profit/loss for the year in relation to expected developments

The combined effect of all these actions mentioned above have had positive influence on the years result, which is better than expected.

Outlook

The insecurities about the expected developments are higher than normal.

Global travel activity has re-started and consumers are finding more opportunities to spend their income than in their homes, which is why spending within long lasting consumer goods in general are expected to drop.

Development in prices on raw material and transportation is also unclear. We do not expect delivery issues on all raw material, but especially wood (FSC certified) will be a challenge to source for the next foreseeable future.

Collection and market expansions will be continued in the coming year and also the investments in digitalization, supporting the change in sales over to an increased share from on-line btb sales.

Kebe through the years has achieved a strong position on the OEM market for cold cure moulded foam relax-, dining- and lounge chairs. The position comes with an high increase in interest from existing and new customers for development of new products. At the same time, Kebe in our own brand, have developed configurable sofa series, which have been sold to both groups and free customers on our markets. There is high interest in sofa products from the large OEM customers and the first projects are on their way into the pipeline, which is why we expect strong growth in both market segments long term. As always the timing depends on the implementation in the markets of new products, market development and capacity in the PD pipeline.

For 2022/23 we expect similar or higher activity as 2021/22, following the heavy investments in digitalization, product development, customer- and market expansions. However, based on the insecurities the world economy is facing and the war in the Ukraine, the results of these activities must be expected delayed. Therefor we do not expect to be able to repeat the strong results from 2020/21 and 2021/22, but this will land on a significant lower level, however still with positive results.

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 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Gross profit/loss		10,326,879	12,471,594
Staff costs	1	(6,019,616)	(5,090,084)
Depreciation, amortisation and impairment losses	2	(297,499)	(230,812)
Operating profit/loss		4,009,764	7,150,698
Income from investments in group enterprises		4,176,473	3,793,633
Other financial income	3	389,694	267,486
Other financial expenses		(439,848)	(439,731)
Profit/loss before tax		8,136,083	10,772,086
Tax on profit/loss for the year	4	(876,325)	(1,542,526)
Profit/loss for the year		7,259,758	9,229,560
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		3,000,000	3,500,000
Retained earnings		4,259,758	5,729,560
Proposed distribution of profit and loss		7,259,758	9,229,560

Balance sheet at 30.04.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Acquired intangible assets		1,873,979	188,076
Intangible assets	5	1,873,979	188,076
Plant and machinery		0	0
Other fixtures and fittings, tools and equipment		447,774	655,367
Property, plant and equipment	6	447,774	655,367
Investments in group enterprises		15,730,608	11,881,485
Deposits		40,186	39,206
Financial assets	7	15,770,794	11,920,691
Fixed assets		18,092,547	12,764,134
Manufactured goods and goods for resale		0	194,000
Inventories		0	194,000
Trade receivables		17,139,838	14,909,427
Receivables from group enterprises		3,010,245	4,508,093
Other receivables		24,277	0
Prepayments		190,972	234,198
Receivables		20,365,332	19,651,718
Cash		196,589	48,349
Current assets		20,561,921	19,894,067
Assets		38,654,468	32,658,201

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		1,200,000	1,200,000
Reserve for net revaluation according to the equity method		12,869,896	9,020,773
Retained earnings		1,199,084	1,115,799
Proposed dividend		3,000,000	3,500,000
Equity		18,268,980	14,836,572
Deferred tax	8	89,000	57,000
Provisions		89,000	57,000
Bank loans		6,336,289	4,678,943
Payables to other credit institutions		124,105	47,474
Trade payables		1,317,107	759,572
Payables to group enterprises		7,063,235	6,295,323
Payables to shareholders and management		2,646,875	2,630,208
Joint taxation contribution payable		844,325	1,298,026
Other payables	9	1,964,552	2,055,083
Current liabilities other than provisions		20,296,488	17,764,629
Liabilities other than provisions		20,296,488	17,764,629
Equity and liabilities		38,654,468	32,658,201
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2021/22

	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	9,020,773	1,115,799	3,500,000	14,836,572
Ordinary dividend paid	0	0	0	(3,500,000)	(3,500,000)
Exchange rate adjustments	0	(327,350)	0	0	(327,350)
Profit/loss for the year	0	4,176,473	83,285	3,000,000	7,259,758
Equity end of year	1,200,000	12,869,896	1,199,084	3,000,000	18,268,980

Notes

1 Staff costs

	2021/22	2020/21
	DKK	DKK
Wages and salaries	5,171,684	4,382,928
Pension costs	703,453	527,643
Other social security costs	144,479	179,513
	6,019,616	5,090,084
Average number of full-time employees	7	6

2 Depreciation, amortisation and impairment losses

	2021/22	2020/21
	DKK	DKK
Amortisation of intangible assets	89,906	60,000
Depreciation of property, plant and equipment	207,593	170,812
	297,499	230,812

3 Other financial income

	2021/22	2020/21
	DKK	DKK
Financial income from group enterprises	143,751	134,354
Other interest income	177,602	120,875
Exchange rate adjustments	67,930	10,778
Other financial income	411	1,479
	389,694	267,486

4 Tax on profit/loss for the year

	2021/22	2020/21
	DKK	DKK
Current tax	844,325	0
Change in deferred tax	32,000	244,500
Refund in joint taxation arrangement	0	1,298,026
	876,325	1,542,526

5 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	188,076
Additions	1,715,809
Cost end of year	1,903,885
Amortisation for the year	(29,906)
Amortisation and impairment losses end of year	(29,906)
Carrying amount end of year	1,873,979

6 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	94,383	4,040,639
Cost end of year	94,383	4,040,639
Depreciation and impairment losses beginning of year	(94,383)	(3,385,272)
Depreciation for the year	0	(207,593)
Depreciation and impairment losses end of year	(94,383)	(3,592,865)
Carrying amount end of year	0	447,774

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	2,860,712	39,206
Additions	0	980
Cost end of year	2,860,712	40,186
Revaluations beginning of year	9,020,773	0
Exchange rate adjustments	(327,350)	0
Share of profit/loss for the year	4,176,473	0
Revaluations end of year	12,869,896	0
Carrying amount end of year	15,730,608	40,186

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

8 Deferred tax

	2021/22 DKK	2020/21 DKK
Intangible assets	53,000	0
Property, plant and equipment	(6,000)	5,000
Receivables	42,000	52,000
Deferred tax	89,000	57,000

Changes during the year	2021/22 DKK	2020/21 DKK
Beginning of year	57,000	(187,500)
Recognised in the income statement	32,000	244,500
End of year	89,000	57,000

9 Other payables

	2021/22 DKK	2020/21 DKK
VAT and duties	1,869,823	1,540,073
Wages and salaries, personal income taxes, social security costs, etc payable	7,952	12,917
Holiday pay obligation	102,432	319,451
Other costs payable	(15,655)	182,642
	1,964,552	2,055,083

10 Unrecognised rental and lease commitments

	2021/22 DKK	2020/21 DKK
Liabilities under rental or lease agreements until maturity in total	979,529	787,156

11 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.

12 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 a few 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 112(2) 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.

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.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of 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.