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BRUUNMUNCH FURNITURE APS
ODDESUNDVEJ 28, 6715 ESBJERG N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 17 July 2024**

Henrik Johannessen Bruun

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COMPANY DETAILS

Company	BRUUNMUNCH FURNITURE ApS Oddesundvej 28 6715 Esbjerg N
	CVR No.: 28 89 80 96 Established: 1 July 2005 Municipality: Esbjerg Financial Year: 1 January - 31 December
Board of Directors	Henrik Johannessen Bruun, chairman Jacob Munch
Executive Board	Henrik Johannessen Bruun Jacob Munch
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of BRUUNMUNCH FURNITURE ApS for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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.

Esbjerg, 17 July 2024

Executive Board

Henrik Johannessen Bruun

Jacob Munch

Board of Directors

Henrik Johannessen Bruun
Chairman

Jacob Munch

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholder of BRUUNMUNCH FURNITURE ApS

REPORT ON EXTENDED REVIEW OF THE FINANCIAL STATEMENTS

Conclusion

We have performed an extended review of the Financial Statements of BRUUNMUNCH FURNITURE ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review 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 Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management Commentary

Management is responsible for the Management Commentary.

Our conclusion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.

THE INDEPENDENT AUDITOR'S REPORT

In connection with our extended review 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 during the extended review, 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 in the Management Commentary.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Violation of VAT legislation

The company has not reported VAT returns in time to the Danish Tax Agency which is a violation of the Danish VAT legislation. Thereby the management can incur liability.

Esbjerg, 17 July 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Anders Rasmussen
State Authorised Public Accountant
MNE no. mne34316

MANAGEMENT COMMENTARY

Principal activities

The company's primary activity is to design, produce, distribute and market art, including furniture art and any business which, in the management's opinion is related to it.

Development in activities and financial and economic position

The annual accounts show a loss of DKK 234K. against a profit of DKK 2K in 2022. The result for the year is not considered satisfactory.

The result for the year is influenced by several factors, including the continued conceptualization. Further investments have been made in developing the company's online platform, which supports the company's increased digital presence and marketing on the social platforms.

The company is focusing on strengthening the cooperation with the company's suppliers, dealer networks and the company's digital presence.

The management is aware of requirement in the Companies Act regarding the re-establishment of the share capital.

The company's share capital is lost and the company's liquidity is tight, but the company's owners have submitted statements of support to ensure liquidity until 31 December 2024, for more see note 10.

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	2023 DKK	2022 DKK
GROSS PROFIT		1.693.062	1.654.678
Staff costs.....	1	-1.358.952	-1.169.227
Depreciation, amortisation and impairment losses for tangible and intangible assets.....		-197.176	-146.727
OPERATING PROFIT		136.934	338.724
Other financial income.....		27.130	12.788
Other financial expenses.....		-457.103	-338.192
LOSS BEFORE TAX		-293.039	13.320
Tax on profit/loss for the year.....	2	59.000	-11.000
LOSS FOR THE YEAR		-234.039	2.320
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		-234.039	2.320
TOTAL		-234.039	2.320

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Development projects completed, including patents and similar rights originating from development projects.....		332.283	466.632
Acquired concessions, patents, licences, trademarks and similar rights.....		469.708	486.500
Intangible assets.....	3	801.991	953.132
Other plant, fixtures and equipment.....		79.070	60.733
Leasehold improvements.....		20.471	38.018
Property, plant and equipment.....	4	99.541	98.751
Receivables from Group companies.....		200.000	125.000
Rent deposit and other receivables.....		47.025	47.025
Financial non-current assets.....	5	247.025	172.025
NON-CURRENT ASSETS.....		1.148.557	1.223.908
Finished goods and goods for resale.....		2.711.137	2.645.505
Inventories.....		2.711.137	2.645.505
Trade receivables.....		640.994	688.706
Deferred tax assets.....	6	294.000	235.000
Other receivables.....		98.060	315.757
Prepayments.....		70.333	69.364
Receivables.....		1.103.387	1.308.827
Cash and cash equivalents.....		250.903	250.000
CURRENT ASSETS.....		4.065.427	4.204.332
ASSETS.....		5.213.984	5.428.240

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....		187.500	187.500
Reserve for development costs.....		189.063	189.063
Retained earnings.....		-1.603.130	-1.369.091
EQUITY.....		-1.226.567	-992.528
Subordinate loan capital.....		1.000.000	1.000.000
Other non-current liabilities.....		1.806.811	1.622.904
Frozen holiday pay.....		50.733	49.208
Non-current liabilities.....	7	2.857.544	2.672.112
Debt to mortgage credit institution.....		460.000	460.000
Bank debt.....		1.547.454	1.750.266
Prepayments from customers.....		333.717	336.610
Trade payables.....		1.067.807	1.053.794
Debt to owners and Management.....		25.240	15.704
Other liabilities.....		148.789	132.282
Current liabilities.....		3.583.007	3.748.656
LIABILITIES.....		6.440.551	6.420.768
EQUITY AND LIABILITIES.....		5.213.984	5.428.240
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EQUITY

DKK	Share Capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023.....	187.500	189.063	-1.369.091	-992.528
Proposed profit allocation.....			-234.039	-234.039
Equity at 31 December 2023.....	187.500	189.063	-1.603.130	-1.226.567

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	2	2	
Wages and salaries.....	1.342.073	1.152.857	
Social security costs.....	16.879	16.370	
	1.358.952	1.169.227	
Tax on profit/loss for the year			2
Adjustment of deferred tax.....	-59.000	11.000	
	-59.000	11.000	
Intangible assets			3
	Development projects completed, including patents and similar rights originating from development projects	Acquired concessions, patents, licences, trademarks and similar rights	
DKK			
Cost at 1 January 2023.....	1.012.246	750.000	
Additions.....	0	20.000	
Cost at 31 December 2023.....	1.012.246	770.000	
Amortisation at 1 January 2023.....	545.614	263.500	
Amortisation for the year.....	134.349	36.792	
Amortisation at 31 December 2023.....	679.963	300.292	
Carrying amount at 31 December 2023.....	332.283	469.708	

The costs associated with the development projects are specifically regarding the development and design of new products as chairs, coffee tables and dining tables. The development costs incurred are clearly defined and relates to salaries, foreign payments an other directly attributable costs.

NOTES

			Note
Property, plant and equipment			4
	Other plant, fixtures and equipment	Leasehold improvements	
DKK			
Cost at 1 January 2023.....	211.039	111.403	
Additions.....	26.825	0	
Cost at 31 December 2023.....	237.864	111.403	
Depreciation and impairment losses at 1 January 2023.....	150.306	73.385	
Depreciation for the year.....	8.488	17.547	
Depreciation and impairment losses at 31 December 2023....	158.794	90.932	
Carrying amount at 31 December 2023.....	79.070	20.471	
 Financial non-current assets			 5
	Receivables from Group companies	Rent deposit and other receivables	
DKK			
Cost at 1 January 2023.....	125.000	47.025	
Additions.....	75.000	0	
Cost at 31 December 2023.....	200.000	47.025	
Carrying amount at 31 December 2023.....	200.000	47.025	
 Deferred tax assets			 6
The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.			
Deferred tax assets, beginning of year.....	235.000	246.000	
Deferred tax of the year, income statement.....	59.000	-11.000	
Deferred tax assets 31 December 2023.....	294.000	235.000	
The budget for the coming year and expectations for the next three years show positive results. The company expects that the carried forward tax loss will be utilized within the next 3-5 years, and therefore it has been activated.			

NOTES

Long-term liabilities **Note 7**

DKK	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Subordinate loan capital.....	1.000.000	0	1.000.000	1.000.000
Other non-current liabilities.....	1.806.811	0	0	1.622.904
Frozen holiday pay.....	50.733	0	0	49.208
	2.857.544	0	1.000.000	2.672.112

Contingencies etc. **8**

Contingent liabilities

	2023 DKK	2022 DKK
Unrecognised rental and lease commitments: Liabilities under rental or lease agreements until maturity in total.....	47.000	141.000
	47.000	141.000

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 Hb og Jm Holding ApS, which serves as management Company for the joint taxation.

Charges and securities **9**

Bank loans are secured by corporate mortgage with a nominal value of 3,250 TDKK. The corporate mortgage comprises manufactured goods and goods for resale, other fixtures and fittings, tools and equipment, completed development projects and acquired intangible assets of which the carrying amount at 31.12.2023 are 3.750 TDKK.

Bank loans at 31.12.2023 amount to 3.634 TDKK.

A bank deposit of 251 TDKK has been made for security of supplier credit.

NOTES**Note****Going concern assumptions****10**

The management of Bruunmunch Furniture ApS believes that the company's cash flow is enough until 31. december 2024.

The parent company Hb og Jm Holding ApS, Henrik J. Bruun and Jacob S. Munch have given the following support statement to the company:

"Hb og Jm Holding ApS, Henrik J. Bruun and Jacob S. Munch hereby confirm that we in the period until 31. december 2024 will, on demand, provide the necessary liquidity to Bruunmunch Furniture ApS one or more times, to enable Bruunmunch Furniture ApS, to fulfill its obligations as they become due. Liquidity must be in the form of equity, capital increase, tax-free group subsidy or as foreign capital through the granting of monetary loans, which are not due for payment until 31. december 2024 at the earliest and which from Hb og Jm Holding ApS, Henrik J. Bruun and Jacob S. Munch is irrevocable in the period until 31. december 2024 and with amounts which the management of Bruunmunch Furniture ApS finds sufficient to enable Bruunmunch Furniture ApS to fulfill its obligations as they fall due. This support statement is valid regardless of whether the capital increase to Bruunmunch Furniture ApS has occurred during the period. This support statement is irrevocable and may be invoked without special terms or conditions by the management of Bruunmunch Furniture ApS"

ACCOUNTING POLICIES

The Annual Report of BRUUNMUNCH FURNITURE ApS for 2023 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

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 comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

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.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies. 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.

BALANCE SHEET

Intangible fixed assets

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is 3-20 years.

ACCOUNTING POLICIES

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

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

Land and buildings, production plant and machinery, other plant, fixtures and equipment 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
Other plant, fixtures and equipment.....	10 years
Leasehold improvements.....	5 years

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.

Financial non-current assets

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

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.

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 merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

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.

ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

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.

Liabilities

The amortised cost of current liabilities corresponds usually to the nominal value.