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FERM LIVING APS
KUGLEGÅRDSVEJ 1, 1434 KØBENHAVN K
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 March 2021**

Thomas Riis

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 30 07 01 86

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COMPANY DETAILS

Company	ferm LIVING ApS Kuglegårdsvej 1 1434 Copenhagen K CVR No.: 30 07 01 86 Established: 23 November 2006 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Erik Preben Holm, chairman Anna Kathrine Neve Andersen Thomas Riis Torsten Bjerre Rasmussen
Executive Board	Peter Mikael Vedel
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nykredit A/S Kalvebod Brygge 47 1780 Copenhagen V Sydbank Kgs. Nytorv 30 1050 Copenhagen K

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of firm LIVING ApS for the financial year 1 January - 31 December 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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.

Copenhagen, 30 March 2021

Executive Board

Peter Mikael Vedel

Board of Directors

Erik Preben Holm
Chairman

Anna Kathrine Neve Andersen

Thomas Riis

Torsten Bjerre Rasmussen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of firm LIVING ApS

Opinion

We have audited the Financial Statements of firm LIVING ApS for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 30 March 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Per Frost Jensen
State Authorised Public Accountant
MNE no. mne27740

FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016
	DKK ('000)	DKK ('000)	DKK ('000)	DKK ('000)	DKK ('000)
Gross profit/loss.....	75,740	47,967	41,093	36,830	34,280
Operating profit.....	43,361	21,748	16,063	16,184	15,416
Financial income and expenses, net.....	-1,229	-333	-1,230	-1,404	-752
Profit for the year before tax.....	49,139	21,415	14,833	14,780	14,664
Profit for the year.....	39,903	16,386	11,434	11,364	10,881
Balance sheet					
Total assets.....	87,138	65,811	55,805	61,324	41,205
Equity.....	35,855	39,511	23,125	11,692	11,328
Investment in property, plant and equipment.....	-3,845	0	0	0	-397
Key ratios					
Equity ratio.....	41.1	60.0	41.4	19.1	27.5

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio:
$$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

MANAGEMENT COMMENTARY

Principal activities

Ferm LIVING is a distinct brand with primary activity to design, develop and distribute its portfolio of interior design products across its numerous retail partners all over the world.

Development in activities and financial and economic position

During the year, the group has continued to launch new accessory products, expand its furniture and lighting collection, and introduce new items in the KIDS assortment. The 2020 collections have been very well received and best performing collections to date.

The geographical presence has expanded, and the brand is now available with retailers and e-tailers across more than 70 countries around the world. At the same time, the dedicated work with existing partners in key markets, to grow the business, has continued and new branded concept presentations has been established in several key cities.

Our brand has experienced tremendous increase in interest month on month in the year with website traffic growing +80% in the year and our social media community surpassing 1 million followers. Both clear testament that the brand is gaining traction, indicating strong future potential.

The year has been impacted by the global Covid-19 pandemic, first in spring with lockdowns and navigating in unprecedented environment, followed by strong and consistent sales growth.

In May the group relocated to a new domicile building at Kuglegården, Copenhagen. In June we opened a new 425 m² Boutique & Showroom showcasing the brand universe with the complete collection of products and opened to the public and integrated with click and collect from the webshop. At the same time, a new dedicated webshop for the US market was launched.

New colleagues have joined the team during the year across departments to strengthen the organization and future development of the group. While new suppliers were onboarded, and relationships strengthened with key existing suppliers too. Efforts to further strengthen sustainability across the group has been initiated and will be increasingly more important going forward.

Profit for the year compared to future expectations

Sales has grown very well, with strong growth across all markets, in all product categories and across all sales channels, in particular the online trade has grown significantly. Overall cost base has increased during the year as anticipated and with the strong sales growth the group has managed to significantly improve its operational profit.

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.

Financial risk

No special risks other than common risks within the group's industry has been identified.

Future expectations

Following a structured sales process, the majority owner of the group has been transitioned to Copenhagen based Maj Invest Equity 5 K/S, while management remain unchanged.

Both the new partner and the management expects a continuous positive development of the group with its attractive market position both online and offline. Thanks to a strong brand and growing loyal customer base there are good growth possibilities - both in terms of existing and new geographies and in sales channels.

The company expects to continue to grow both revenue and profit levels.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK '000
GROSS PROFIT		75,740,046	47,967
Staff costs.....	1	-31,340,532	-26,008
Depreciation, amortisation and impairment.....		-1,038,754	-211
OPERATING PROFIT		43,360,760	21,748
Result of equity investments in group and associates.....		7,007,088	0
Other financial income.....	2	100,890	34
Other financial expenses.....	3	-1,330,156	-367
PROFIT BEFORE TAX		49,138,582	21,415
Tax on profit/loss for the year.....	4	-9,235,540	-5,029
PROFIT FOR THE YEAR	5	39,903,042	16,386

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK '000
Intangible fixed assets acquired.....		615,461	272
Intangible assets.....	6	615,461	272
Other plant, machinery, tools and equipment.....		1,975,483	204
Leasehold improvements.....		1,454,572	1
Property, plant and equipment.....	7	3,430,055	205
Equity investments in group enterprises.....		7,013,146	0
Rent deposit and other receivables.....		1,835,000	1,325
Financial non-current assets.....	8	8,848,146	1,325
NON-CURRENT ASSETS.....		12,893,662	1,802
Finished goods and goods for resale.....		29,175,255	27,575
Prepayments.....		20,721,343	4,872
Inventories.....		49,896,598	32,447
Trade receivables.....		17,859,195	11,566
Receivables from group enterprises.....		3,069,594	1,892
Provision for deferred tax.....	10	0	5
Other receivables.....		114,523	820
Prepayments.....	9	1,102,695	1,568
Receivables.....		22,146,007	15,851
Cash and cash equivalents.....		2,201,407	15,711
CURRENT ASSETS.....		74,244,012	64,009
ASSETS.....		87,137,674	65,811

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK '000
Share capital.....		125,000	125
Retained profit.....		35,730,300	39,386
EQUITY.....		35,855,300	39,511
Provision for deferred tax.....	10	153,283	0
PROVISIONS.....		153,283	0
Other liabilities.....		1,955,719	754
Non-current liabilities.....	11	1,955,719	754
Bank debt.....		190,132	2,935
Prepayments received from customers.....		2,496,979	1,272
Trade payables.....		23,995,743	10,187
Payables to group enterprises.....		2,763,631	0
Payables to associated enterprises.....		0	305
Corporation tax.....		9,076,919	5,305
Other liabilities.....		10,649,968	5,542
Current liabilities.....		49,173,372	25,546
LIABILITIES.....		51,129,091	26,300
EQUITY AND LIABILITIES.....		87,137,674	65,811
Contingencies etc.	12		
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EQUITY

	Share capital	Retained profit	Proposed dividend	Total
Equity at 1 January 2020.....	125,000	39,386,223	0	39,511,223
Proposed profit allocation, note 5.....		-3,655,923	43,558,965	39,903,042
Transactions with owners				
Dividend paid.....			-43,558,965	-43,558,965
Equity at 31 December 2020.....	125,000	35,730,300	0	35,855,300

NOTES

	2020 DKK	2019 DKK '000	Note
Staff costs			1
Average number of employees	43	41	
Wages and salaries.....	28,012,838	23,329	
Pensions.....	1,305,947	1,252	
Social security costs.....	425,355	447	
Other staff costs.....	1,596,392	980	
	31,340,532	26,008	
Remuneration of management and board of directors.....	4,133,762	2,620,555	
	4,133,762	2,620,555	
Other financial income			2
Group enterprises.....	100,890	0	
Other interest income.....	0	34	
	100,890	34	
Other financial expenses			3
Group enterprises.....	0	84	
Other interest expenses.....	1,330,156	283	
	1,330,156	367	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	9,076,919	4,775	
Adjustment of tax in previous years.....	0	170	
Adjustment of deferred tax.....	158,621	84	
	9,235,540	5,029	
Proposed distribution of profit			5
Extraordinary dividend.....	43,558,965	0	
Retained earnings.....	-3,655,923	16,386	
	39,903,042	16,386	

NOTES

			Note
Intangible assets		Intangible fixed assets acquired	6
Cost at 1 January 2020.....		271,875	
Additions.....		510,550	
Disposals.....		-54,375	
Cost at 31 December 2020.....		728,050	
Amortisation for the year.....		112,589	
Amortisation at 31 December 2020.....		112,589	
Carrying amount at 31 December 2020.....		615,461	
Property, plant and equipment			7
	Other plant, machinery, tools and equipment	Leasehold improvements	
Cost at 1 January 2020.....	436,811	31,533	
Additions.....	2,150,770	1,694,651	
Disposals.....	0	-31,533	
Cost at 31 December 2020.....	2,587,581	1,694,651	
Depreciation and impairment losses at 1 January 2020.....	231,793	31,533	
Reversal of depreciation of assets disposed of.....	0	-31,533	
Depreciation for the year.....	380,305	240,079	
Depreciation and impairment losses at 31 December 2020....	612,098	240,079	
Carrying amount at 31 December 2020.....	1,975,483	1,454,572	
Financial non-current assets			8
	Equity investments in group enterprises	Rent deposit and other receivables	
Cost at 1 January 2020.....	0	1,325,077	
Additions.....	6,058	917,500	
Disposals.....	0	-407,577	
Cost at 31 December 2020.....	6,058	1,835,000	
Profit/loss for the year.....	7,007,088	0	
Revaluation at 31 December 2020.....	7,007,088	0	
Carrying amount at 31 December 2020.....	7,013,146	1,835,000	
Investments in subsidiaries (DKK)			
Name and domicil	Equity	Profit/loss for the year	Ownership
firm LIVING US Inc., Delaware, USA.....	7,013,146	7,007,088	100 %

NOTES

Fixed asset investments (continued)	Note
	8

Prepayments		9
Costs.....	1,102,695	1,568
	1,102,695	1,568

Prepayments consist prepaid costs, primarily insurances and membership fees, relating to the next year.

Provision for deferred tax	10
Provision for deferred tax comprises deferred tax on intangible and tangible fixed assets.	

	2020 DKK	2019 DKK '000
Deferred tax, beginning of year.....	-5,338	-89
Deferred tax of the year, income statement.....	158,621	84
Provision for deferred tax 31 December 2020.....	153,283	-5

Deffered tax relates to the difference between accounting and tax depreciation on intangible fixed assets acquired, other plant, fixtures and equipment and leasehold improvements.

Long-term liabilities	11
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	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Other liabilities.....	1,955,719	0	0	753,507
	1,955,719	0	0	753,507

NOTES**Note****Contingencies etc.****12****Contingent liabilities**

The company has entered into lease contracts with an average annual lease payment of DKK ('000) 4.379. The lease contracts involves interminability in the first 6 years, and thereafter a residual term of 6 months. The total residual lease payment amounts to DKK ('000) 26.274.

The company has entered into an operating lease contract with an average annual lease payment of DKK ('000) 122. The lease contract has a residual term of 49 months and a total residual lease payment of DKK ('000) 459.

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 FLHC ApS, which serves as management company for the joint taxation.

Charges and securities**13**

The company has issued a business charge of DKK ('000) 15.000 to Nykredit Bank A/S, providing security on the company's intangible and tangible fixed assets, inventory and debtors.

Related parties**14**

The Company's related parties include:

Controlling interest

MIE5 Datterholding 9 ApS, Gammeltorv 18, 1457 Copenhagen K, CVR no. 41918217, is the principal shareholder.

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Consolidated Financial Statements**15**

The company is included in the consolidated financial statements of FLHC ApS, Kuglegårdsvej 1, 1434 Copenhagen K, CVR no. 36930047.

ACCOUNTING POLICIES

The Annual Report of firm LIVING ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Cost of sales

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

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Income from equity interests in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses from debt and transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

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 portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company’s position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Property, plant and equipment

Other plant, fixtures and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-5 years	0 %
Leasehold improvements.....	3-5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Financial non-current assets

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis 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 net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, it is written down to the lower value.

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

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is impaired to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet at 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 carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Other liabilities are measured at amortised cost equal to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

CASH FLOW STATEMENT

In accordance with section 86(4) of the Danish Financial Statements Act no cash flow statement has been prepared. The cash flow statement for Ferm Living ApS incorporated in the cash flow statement of the consolidated Financial Statements of FLHC ApS, Kuglegårdsvej 1, 1434 Copenhagen K.