

## ferm LIVING ApS

Kuglegårdsvej 1  
1434 Copenhagen  
CVR No. 30070186

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 24.06.2022

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**Thomas Riis**

Chairman of the General Meeting

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# Entity details

## Entity

ferm LIVING ApS  
Kuglegårdsvej 1  
1434 Copenhagen

Business Registration No.: 30070186  
Registered office: Copenhagen  
Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Erik Preben Holm, Chairman  
Thomas Riis  
Torsten Bjerre Rasmussen  
Anna Kathrine Neve Andersen

## Executive Board

Peter Mikael Vedel, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of ferm LIVING ApS for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Copenhagen, 24.06.2022

## Executive Board

**Peter Mikael Vedel**  
CEO

## Board of Directors

**Erik Preben Holm**  
Chairman

**Thomas Riis**

**Torsten Bjerre Rasmussen**

**Anna Kathrine Neve Andersen**

# Independent auditor's report

## To the shareholders of ferm LIVING ApS

### Opinion

We have audited the financial statements of ferm LIVING ApS for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 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.

Copenhagen, 24.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Bjørn Winkler Jakobsen**

State Authorised Public Accountant  
Identification No (MNE) mne32127

**Hans Tauby**

State Authorised Public Accountant  
Identification No (MNE) mne44339

# Management commentary

## Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	119,849	75,740	47,967	41,093	36,830
EBITDA	83,684	44,400	21,959	16,902	16,954
Operating profit/loss	74,768	43,361	21,748	16,063	16,184
Net financials	(2,030)	(1,229)	(333)	(1,230)	(1,404)
Profit/loss for the year	55,053	39,903	16,386	11,434	11,364
Total assets	270,977	87,138	65,811	55,805	61,324
Investments in property, plant and equipment	468	3,845	0	0	0
Equity	161,315	35,855	39,511	23,215	11,692
<b>Ratios</b>					
Equity ratio (%)	59.53	41.15	60.04	41.60	19.07

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets



### Primary 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 and e-tail partners all over the world. From their home in Copenhagen, they blend authentic design and responsible thinking to create honest collections for your home. Objects that embrace the contrasts in life, so you can create space to feel comfortably you. They create collections of furniture, accessories and lighting, for all rooms in the home. Their products are sold worldwide in more than 75 countries with main markets in Europe, Australia and North America. The company was founded in 2006 by Trine Andersen, its Creative Director and are participant of UN Global Compact.

### Development in activities and finances

During the year, the company has continued to launch new accessory products, expand its furniture and lighting collection, and introduce new items in the KIDS assortment. The 2021 collections have been very well received and once again best performing collections to date.

The geographical presence has expanded, and the brand is now available with retailers and e-tailers across more than 75 countries around the world. At the same time, the dedicated work with existing partners in key market, to grow the business, has continued and new branded concept presentations has been established in several key cities.

The Brand continue to experience tremendous interest and again this year the website traffic grew +30% and our social media community surpassing 1,2 million followers. A very clear testament that the brand is well established and continue to gain traction, which indicate strong future potential.

The company continued the positive sales growth and experienced very strong sales growth throughout the year across all geographies and all sales channels resulting in 423 MDKK in revenue a growth of 65%. The Covid-19 lockdown positively impacted consumer spending with strong interest in home category products, which impacted the sales. Online trade grew significantly and after a period with Covid-19 lockdown in the beginning of the year, the physical retail locations managed to bounce back to very strong sales growth.

15 new positions were added in the year with new colleagues joining the team across departments to strengthen the organization and future development of the company. New suppliers were onboarded, and relationships strengthened further with key existing suppliers too. During the year a new ERP system has been in development and are being implemented in 2022.

### Unusual circumstances affecting recognition and measurement

The global Covid-19 pandemic continued to impact in the period with lockdowns, store closures, general market uncertainty and difficulties in supply chain. Furthermore, tremendous logistic challenges, with container shortages and massive cost increases impacting gross margin with several % points.

### Outlook

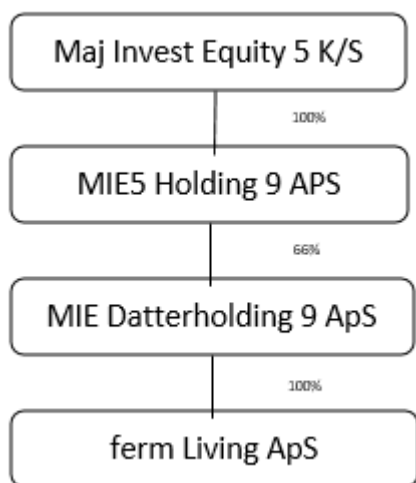
The Board and Management expects a continuous positive development of the company with its attractive market position both online and offline. Thanks to a strong brand and growing loyal customer base there are good long term growth possibilities, and the company will continue to invest in resources and tools to further strengthen the operation. However, given the current market conditions and uncertainty, the company expect to consolidate revenue levels in the range of 360-400 MDKK.

### Environmental performance

As a part of the global consumer industry GHG emissions is a risk. Therefor the company has for many years been working with sustainability and in the period this work has been intensified to outline the companies ESG strategy. The company has made good progress on its initiatives to improve its CSR profile with FSC and BSCI certifications and initiative to measure Co2 impact, see further details; <https://fermliving.com/pages/2021-actions> -realised. Furthermore, the company are now member of UN Global Compact and a dedicated internal resource working with continued improvement of our environmental performance is in place, please see <https://fermliving.com/pages/sustainability> for further details.

ferm LIVING works with certifications and testing to ensure working conditions in the supply chain are safe and fair and that products are responsibly produced and of high quality. The company currently works with the following certifications: GOTS (The Global Organic Textile Standard), OCS (The Organic Content Standard), FSC™ (The Forest Stewardship Council), and BSCI (Business Social Compliance Initiative).

### Group relations



Maj Invest Equity is a part of the Danish private equity fund Maj Invest.

The current structure is deemed appropriate in relation to the need for financial flexibility and stability in the Group.

### Foreign branches

During the year the company-initiated establishment of a branch in Hannover, Germany with showroom and local office taking over from its long-time agent and a branch is also on the way in London, UK and the first employee retained, as the company has taken over the development of the market from its agent. The subsidiary established in the US continues to develop very positively and the company will in 2022 transition the market to own sales organization and warehouse from its long-time distributor.

### Statutory report on corporate social responsibility

For a description of the Group’s business model, please refer to the section above “Principal activities”.

As a global company, ferm Living is aware that there may be risk across our business when operating in areas where human rights, labor, environment, ethics, and anti-corruption may differ from Denmark. That is why we

have a focus on these risks including setting the tone at the top to align the values throughout the Group through complying with international rules and regulations and expecting the same from our stakeholders as well as training employees on guidelines within these areas.

During 2021 the company joined the UN Global Compact and are committed to the Ten Principles of the UNGC for responsible business conduct within the areas of human rights, labor, environment, and anticorruption.

The company takes ESG very seriously as we believe it's not only crucial for the environment that we threat natural resources better, but also that it is becoming business critical and necessary to actively work on for the future consumer.

The company has selected a series of key performance indicators related to three Sustainable Development Goals. These indicators will serve as a contributor to the development of the ESG profile of the company and contribute to the efforts and goals set out by the UN and the 2030 agenda.

Furthermore, the company has since 2017 been reporting on ESG (Environmental, Social, and Governance) topics to its Board of Directors and the Management is responsible for ensuring the ESG strategy is implemented.

**Human Rights**

ferm LIVING 's Code of Conduct is based on the Ten Guiding Principles of the UN Global Compact. It defines the ethical principles of our business and has been signed by all our employees, agents and suppliers. Violations of human rights is a risk and are unacceptable and will, under no circumstances, be tolerated. The use of child labor of any kind is strictly forbidden. The company is not aware of any breach on human rights within the company or among suppliers during 2021 and will continue to monitor in its operation and among suppliers.

**Social**

The group believes in hiring according to qualifications and talent, regardless of ethnicity, age, gender, religion, sexual preference, disability, and social identity. We do not believe anyone is above others and work to create an environment and atmosphere where everyone can feel safe and are treated in the same way. By the end of 2021 the company employed 61 employees.

Number of employees	61
% of female employees	85%
% of female employees in leading or managerial positions	55%
% of women at board level	20%
Staff turnover	14% (5 voluntary & 3 in-voluntary)
Absenteeism rate	1,5%*
# of workplace accidents	0

\*Figure based on 6 months as data was not available for the entire 2021.

The company systematically registers workplace accidents, and no accidents were registered in the reporting year. Due to the nature of the company, there are very low risk if any at all and as such no specific health and safety procedures have been implemented. A workplace assessment (APV) was carried out in 2020 with satisfactory overall results. A Team Engagement Culture Survey has been conducted in November 2021 and working with the results will take place throughout 2022.

### **Ethics & Anti-corruption**

According to the company's Code of Conduct all business proposal in relation to corruption are rejected and the company is fully committed to following the law with integrity. Working with suppliers in many foreign countries there are always local risks, however, we have no tolerance within the company and all suppliers sign our code of conduct. With new ownership structure in 2021, the company's governance procedures have been updated utilizing 4-eye principle for all company expenses and costs. Whistle-blower procedures have been established, which includes a process for the anonymous reporting of incidents. The company is not aware of any breach on corruption within the company or among suppliers during 2021.

### **Statutory report on the underrepresented gender**

Today, the management of MIE5 Datterholding 9 ApS consists of two men. There is no board of directors in the company. On the Board of the operating company there are one woman and three men, and the company has a goal of increase female presence to 40% by end of 2023. In the senior leadership team of the company there are 6 women and 3 men, while in leading or managerial positions there are 55% women and in the total workforce of the company 85% women.

### **Statutory report on data ethics policy**

The company has a policy for data ethics and strict IT security, however it will during 2022 work on further updates of the policy to constantly be in line with market developments and to be approved by the Board. This work also implies that the Group strives to conduct its business ethically, acknowledging the increased use and processing of data as an integral part of the Group's business. As described in the companies Code of Conduct all data is treated with greatest respect and confidentiality according to law.

### **Statutory report on corporate governance**

The Group is subject to and complies with the "Guidelines for responsible Ownership and Corporate Governance" of the Active Owners Denmark (Brancheforeningen for Aktive Ejere i Danmark, [www.aktiveejere.dk](http://www.aktiveejere.dk)) as a consequence of being ultimately owned by the private equity fund, Maj Invest that is a member of Active Owners Denmark

Management is on an ongoing basis monitoring the financial performance of the Group as well as the corporate governance to ensure that the Group is managed in accordance with applicable laws, in order to protect the interests of all stakeholders.

Risk management is an essential part of the Group's strategy and is there for a natural and integrated part of the daily work in the Group. The Group has implemented a whistleblower scheme in 2021.

The members of the Board of Directors in ferm Living are appointed by the owners. The Board meetings are held on a regular basis. There are no Board of Directors in MIE Datterholding 9 ApS since all activity lies in ferm Living ApS.

### **Events after the balance sheet date**

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

The Group is monitoring the conflict and situation in Ukraine since end February as it impacts European consumer confidence and disposable income. The Group does however not have significant sales or significant suppliers in the countries concerned.

# Income statement for 2021

	Notes	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>119,849,353</b>	<b>75,740,046</b>
Staff costs	2	(36,165,611)	(31,340,532)
Depreciation, amortisation and impairment losses		(8,916,076)	(1,038,754)
<b>Operating profit/loss</b>		<b>74,767,666</b>	<b>43,360,760</b>
Income from investments in group enterprises		(1,471,872)	7,007,088
Other financial income	3	0	100,890
Other financial expenses	4	(2,030,254)	(1,330,156)
<b>Profit/loss before tax</b>		<b>71,265,540</b>	<b>49,138,582</b>
Tax on profit/loss for the year	5	(16,212,754)	(9,235,540)
<b>Profit/loss for the year</b>	6	<b>55,052,786</b>	<b>39,903,042</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		326,112	615,461
Goodwill		105,705,445	0
<b>Intangible assets</b>	7	<b>106,031,557</b>	<b>615,461</b>
Other fixtures and fittings, tools and equipment		1,705,582	1,975,483
Leasehold improvements		1,001,481	1,454,572
<b>Property, plant and equipment</b>	8	<b>2,707,063</b>	<b>3,430,055</b>
Investments in group enterprises		6,075,523	7,013,146
Deposits		1,835,000	1,835,000
<b>Financial assets</b>	9	<b>7,910,523</b>	<b>8,848,146</b>
<b>Fixed assets</b>		<b>116,649,143</b>	<b>12,893,662</b>
Manufactured goods and goods for resale		91,690,120	29,175,255
Prepayments for goods		19,604,753	20,721,343
<b>Inventories</b>		<b>111,294,873</b>	<b>49,896,598</b>
Trade receivables		25,441,932	17,859,195
Receivables from group enterprises		6,580,823	3,069,594
Other receivables		1,011,344	114,523
Prepayments	10	1,433,159	1,102,695
<b>Receivables</b>		<b>34,467,258</b>	<b>22,146,007</b>
<b>Cash</b>		<b>8,565,321</b>	<b>2,201,407</b>
<b>Current assets</b>		<b>154,327,452</b>	<b>74,244,012</b>
<b>Assets</b>		<b>270,976,595</b>	<b>87,137,674</b>

## Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		125,000	125,000
Translation reserve		534,249	0
Reserve for net revaluation according to the equity method		5,535,216	0
Retained earnings		155,120,189	35,730,300
<b>Equity</b>		<b>161,314,654</b>	<b>35,855,300</b>
Deferred tax	11	22,065	153,283
Other provisions	12	4,253,926	0
<b>Provisions</b>		<b>4,275,991</b>	<b>153,283</b>
Other payables	13	0	1,955,719
<b>Non-current liabilities other than provisions</b>		<b>0</b>	<b>1,955,719</b>
Bank loans		13,041,616	190,132
Prepayments received from customers		3,108,548	2,496,979
Trade payables		33,032,019	23,995,743
Payables to group enterprises		25,999,295	2,763,631
Tax payable		214,195	1,404,112
Joint taxation contribution payable		9,457,769	7,672,807
Other payables	14	20,532,508	10,649,968
<b>Current liabilities other than provisions</b>		<b>105,385,950</b>	<b>49,173,372</b>
<b>Liabilities other than provisions</b>		<b>105,385,950</b>	<b>51,129,091</b>
<b>Equity and liabilities</b>		<b>270,976,595</b>	<b>87,137,674</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
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# Statement of changes in equity for 2021

	Contributed capital DKK	Translation reserve DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	125,000	0	0	35,730,300	0
Extraordinary dividend paid	0	0	0	0	(42,000,000)
Exchange rate adjustments	0	534,249	0	0	0
Other entries on equity	0	0	0	111,872,319	0
Profit/loss for the year	0	0	5,535,216	7,517,570	42,000,000
<b>Equity end of year</b>	<b>125,000</b>	<b>534,249</b>	<b>5,535,216</b>	<b>155,120,189</b>	<b>0</b>

	Total DKK
Equity beginning of year	35,855,300
Extraordinary dividend paid	(42,000,000)
Exchange rate adjustments	534,249
Other entries on equity	111,872,319
Profit/loss for the year	55,052,786
<b>Equity end of year</b>	<b>161,314,654</b>

Other entries on equity relates to a completed business combination, by which FLHC ApS has been merged into ferm LIVING ApS as of 01.01.2021.



# Notes

## 1 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. The war in Ukraine which started at the end of February 2022 has not had and is not expected to have a significant impact on the company's financial position and development, as the company has no significant sales or significant suppliers in the countries concerned.

## 2 Staff costs

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	31,207,917	28,012,838
Pension costs	1,631,848	1,305,947
Other social security costs	679,383	425,355
Other staff costs	2,646,463	1,596,392
	<b>36,165,611</b>	<b>31,340,532</b>
Average number of full-time employees	56	43

	<b>Remuneration of Management 2021 DKK</b>	<b>Remuneration of Management 2020 DKK</b>
Total amount for management categories	2,206,626	2,637,578
	<b>2,206,626</b>	<b>2,637,578</b>

## 3 Other financial income

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	0	100,890
	<b>0</b>	<b>100,890</b>

## 4 Other financial expenses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	397,497	312,800
Exchange rate adjustments	1,632,757	1,017,356
	<b>2,030,254</b>	<b>1,330,156</b>

## 5 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	16,794,253	9,076,919
Change in deferred tax	(131,218)	158,621
Adjustment concerning previous years	(450,281)	0
	<b>16,212,754</b>	<b>9,235,540</b>

## 6 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Extraordinary dividend distributed in the financial year	42,000,000	43,558,965
Retained earnings	13,052,786	(3,655,923)
	<b>55,052,786</b>	<b>39,903,042</b>

## 7 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	728,050	0
Addition through business combinations etc	0	150,114,241
Disposals	(70,000)	0
<b>Cost end of year</b>	<b>658,050</b>	<b>150,114,241</b>
Amortisation and impairment losses beginning of year	(112,589)	0
Addition through business combinations etc	0	(36,903,084)
Amortisation for the year	(219,349)	(7,505,712)
<b>Amortisation and impairment losses end of year</b>	<b>(331,938)</b>	<b>(44,408,796)</b>
<b>Carrying amount end of year</b>	<b>326,112</b>	<b>105,705,445</b>

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	2,587,581	1,694,651
Additions	468,023	0
<b>Cost end of year</b>	<b>3,055,604</b>	<b>1,694,651</b>
Depreciation and impairment losses beginning of year	(612,098)	(240,079)
Depreciation for the year	(737,924)	(453,091)
<b>Depreciation and impairment losses end of year</b>	<b>(1,350,022)</b>	<b>(693,170)</b>
<b>Carrying amount end of year</b>	<b>1,705,582</b>	<b>1,001,481</b>

## 9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	6,058	1,835,000
<b>Cost end of year</b>	<b>6,058</b>	<b>1,835,000</b>
Revaluations beginning of year	7,007,088	0
Exchange rate adjustments	534,249	0
Share of profit/loss for the year	(1,139,281)	0
Adjustment of intra-group profits	(332,591)	0
<b>Revaluations end of year</b>	<b>6,069,465</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>6,075,523</b>	<b>1,835,000</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
ferm LIVING US Inc.	USA	Inc	100.00

## 10 Prepayments

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

## 11 Deferred tax

	2021 DKK	2020 DKK
<b>Changes during the year</b>		
Beginning of year	153,283	(5,338)
Recognised in the income statement	(131,218)	158,621
<b>End of year</b>	<b>22,065</b>	<b>153,283</b>

Deferred tax relates to intangible assets, property, plant and equipment.

## 12 Other provisions

Other provisions for warranty and fairness of DKK 4.3 million have been recognised as of 31 December 2021 to cover expected warranty and fairness claims. The size and timing of the provisions is based on previous experience of the level and timing of repairs and returns. The expected amount due within one year amounts to DKK 1.3 million. No amount is expected to be outstanding after 5 years.

## 13 Other payables

	2021 DKK	2020 DKK
Holiday pay obligation	0	1,955,719
	<b>0</b>	<b>1,955,719</b>

#### 14 Other payables

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
VAT and duties	1,524,580	144,944
Wages and salaries, personal income taxes, social security costs, etc payable	4,038,875	4,572,836
Holiday pay obligation	1,399,273	1,178,555
Other costs payable	13,569,780	4,753,633
	<b>20,532,508</b>	<b>10,649,968</b>

#### 15 Unrecognised rental and lease commitments

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	19,258,166	26,733,000

#### 16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where MIE5 Holding 9 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.

#### 17 Assets charged and collateral

The company has issued business charge of DKK ('000) 15.000 to Nykredit Bank A/S, providing security on the chattel.

ferm LIVING ApS and its subsidiary are subject to negative pledges (in Danish: pantsætningsforbud).

The shares in ferm LIVING US Inc are pledged in favour of the lenders under the Group's bank agreement.

#### 18 Related parties with controlling interest

Related parties with controlling interest in ferm LIVING ApS:

MIE5 Datterholding 9 ApS, 1457 Copenhagen, (immediate parent company)

MIE5 Holding 9 ApS, 1457 Copenhagen, (parent company)

#### 19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

MIE5 Holding 9 ApS, Gammeltovej 18, 1457 Copenhagen.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

MIE5 Datterholding 9 ApS, Gammeltovej 18, 1457 Copenhagen.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year except for reclassifications which have not had an effect on profit and equity but are reclassifications.

## Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Non-comparability

As of 01.01.2021 FLHC ApS has been merged into ferm LIVING ApS using the book-value method, by which comparative figures are not restated. Hence, 2021 and 2020 are not comparable.

## 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.

## Business combinations

The modified uniting-of-interests method is applied to reverse vertical mergers in which the participating entities are subject to the Parent's control. Under this method, assets and liabilities of the participating entities are recognised at the amounts at which they are recognised in the consolidated financial statements of the parent forming part of the merger. Vertical mergers are recognised at the merger date without restatement of comparative figures.

## 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

**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 property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, 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 payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses 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**

**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used is 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

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

**Property, plant and equipment**

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	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 unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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

the balance sheet date.

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

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

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 plus delivery costs

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

### **Receivables**

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

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Dividend**

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

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. 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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.



**Other provisions**

Other provisions comprise provisions for warranty and provisions for fairness. Provisions for warranty are obligations to repair products within the warranty period, whereas provisions for fairness are obligations to repair products after the end of the warranty period.

Other provisions are recognised when there is a legal or constructive obligation as a result of events in the financial year or previous years, and it is probable that an outflow of financial resources will be required to settle the obligation. Provisions are measured at the present value of the expected expenditure required to settle the obligation.

**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.

**Tax receivable or payable**

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

**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.

**Cash flow statement**

In accordance with section 86(4) if 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 MIE5 Datterholding 9 ApS.

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Torsten Bjerre Rasmussen

Bestyrelsesmedlem

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## Peter Mikael Vedel

Adm. direktør

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## Bjørn Winkler Jakobsen

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## Erik Preben Holm

Bestyrelsesformand

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## Thomas Riis

Bestyrelsesmedlem

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## Thomas Riis

Dirigent

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## Anna Kathrine Neve Andersen

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