
***Unique Furniture af
14. juni 2007 A/S***

Petersbjerggaard 10, 1. t.h., DK-6000 Kolding

**Annual Report for 1 July 2019 -
30 June 2020**

CVR No 30 61 24 50

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/11 2020

Ole Elmegaard Mortensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Unique Furniture af 14. juni 2007 A/S for the financial year 1 July 2019 - 30 June 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kolding, 18 November 2020

Executive Board

Flemming Lindtofte

Board of Directors

Søren Iversen

Flemming Lindtofte

Poul Kristiansen

Ole Elmegaard Mortensen

Independent Auditor's Report

To the Shareholders of Unique Furniture af 14. juni 2007 A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Unique Furniture af 14. juni 2007 A/S for the financial year 1 July 2019 - 30 June 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 Management's Review.

Management's responsibilities for the Financial Statements

Independent Auditor's Report

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 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 Company's and the Group'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 Group's and 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

Independent Auditor's Report

may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Trekantområdet, 18 November 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen

statsautoriseret revisor

mne30224

Company Information

The Company

Unique Furniture af 14. juni 2007 A/S
Petersbjerggaard 10, 1. t.h.
DK-6000 Kolding

CVR No: 30 61 24 50
Financial period: 1 July - 30 June
Municipality of reg. office: Kolding

Board of Directors

Søren Iversen
Flemming Lindtofte
Poul Kristiansen
Ole Elmegaard Mortensen

Executive Board

Flemming Lindtofte

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	51,479	39,967	24,323	24,692	29,275
Operating profit/loss	21,061	10,982	-3,501	-4,054	6,203
Net financials	-998	-2,164	-1,263	-1,187	-784
Net profit/loss for the year	15,185	6,247	-4,921	-4,905	4,385
Balance sheet					
Balance sheet total	77,959	93,172	72,388	72,940	65,893
Equity	26,636	11,671	5,686	10,593	19,371
Equity including subordinate loan capital	36,836	26,771	16,345	21,593	26,252
Cash flows					
Cash flows from:					
- operating activities	37,656	-6,049	-4,052	-9,247	9,256
- investing activities	-750	-359	-53	-412	-1,583
including investment in property, plant and equipment	-723	-497	-281	-795	-1,632
- financing activities	-31,775	5,968	3,745	18	-15,008
Change in cash and cash equivalents for the year	5,131	-440	-360	-9,641	-7,335
Number of employees	91	88	83	94	74
Ratios					
Return on assets	27.0%	11.9%	-4.9%	-5.4%	9.7%
Solvency ratio	34.2%	12.5%	7.9%	14.5%	29.4%
Return on equity	79.3%	72.0%	-60.5%	-32.7%	17.8%
Solvency ration including subordinate loan capital	47.3%	28.7%	22.6%	29.6%	39.8%

For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of Unique Furniture af 14. juni 2007 A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Principal activity

The Company's principal activity still consists of the development, sale and distribution of furniture. The Company sells to most Western European markets, which are being served centrally from the office in Denmark or through locally employed sales representatives. In the financial year 2016/17, the Company has established its own company in the USA. The Company has its head office in New Jersey and a distribution warehouse in California.

Development and sourcing of furniture are made through the Company's representative offices in China, Vietnam and Romania.

Development in the year

The income statement of the Group for 2019/20 shows a profit of DKK 15,184,510, and at 30 June 2020 the balance sheet of the Group shows a equity, including subordinated loan capital of DKK 36,836,217.

After a satisfying year 2018/19 another layer has been added this year in terms of revenue and profit. An improved top line along with reduced operating costs has affected this positive result.

The European part of the group performed well, and contributes with a satisfactory result to the group's profits. The European part has had a satisfactory development in a number of markets, a development which is expected to continue in 2020/21.

Unfortunately, it must be stated that the American company again contributes with a negative result.

From an overall point of view, Management considers the results for the year satisfactory.

Management's Review

Market risks

The Company operates in a competitive market in which sales opportunities are sensitive to economic developments. Therefore, cyclical fluctuations will affect the Company's sales and earnings. The Company has considerable sales in the UK, which means that the possible consequences of Brexit are being monitored very closely. Also market developments in the USA are being monitored closely as the Company has invested heavily in the US market. As a number of goods for the USA come from China, which means that they are subject to the new and increasing tariff rates, the Company pays special attention to this. A number of product series are already being transferred to other producer countries in order to mitigate possible tariff rate increases.

Foreign exchange risks

Activities abroad mean that results, cash flows and equity are affected by exchange rate movements in a number of currencies. It is the Company's policy to try to cover these foreign exchange risks, primarily by trading in the same currency and to some extent by entering into forward exchange transactions to hedge future transactions in foreign currencies.

Targets and expectations for the year ahead

The Company still has an ambition of achieving revenue-generating growth in the coming years. Among other things, this will be done through strengthening and increasing the customer base in existing markets, eg by participating in exhibitions in Shanghai, Birmingham, Highpoint (USA) and Cologne. Moreover, Management is on a current basis considering how the Company may position itself in the best way possible in relation to the changes that are seen in the sale and distribution of furniture.

The Company has adapted its cost base to budgeted sales and has ensured the possibility of continued investment in the development of the business in both Europe and the USA.

For 2020/21, positive margins are expected before foreign exchange adjustments in both Europe and the USA. Overall, the Group expects to achieve a satisfactory profit.

The expectation is supported by the fact that in the first quarter of the financial year 2020/21 a profit has been realized, above or on a par with the budgeted.

It is particularly positive that operations in the United States are now profitable. An improved top line, an improved coverage ratio and a cost adjustment means that the American company delivers a satisfactory million profit already in Q1 of the financial year 2020/21. It is the management's clear expectation that the US department gives a sensible positive result for the entire year 2020/21 and that investments will continue in both new customers and products in the US department.

Management's Review

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 30 June 2020 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019/20 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	Group		Parent	
		2019/20 DKK	2018/19 DKK	2019/20 DKK	2018/19 DKK
Gross profit/loss		51,478,547	39,966,641	38,759,250	28,949,021
Staff expenses	1	-29,942,551	-28,491,347	-16,605,735	-17,241,032
Depreciation, amortisation and impairment of property, plant and equipment		-475,070	-396,090	-162,739	-211,871
Profit/loss before financial income and expenses		21,060,926	11,079,204	21,990,776	11,496,118
Income from investments in subsidiaries		0	0	-1,895,205	-2,054,809
Financial income	2	129,549	135,855	1,065,943	883,133
Financial expenses	3	-1,127,101	-2,299,524	-1,089,709	-1,641,829
Profit/loss before tax		20,063,374	8,915,535	20,071,805	8,682,613
Tax on profit/loss for the year	4	-4,878,864	-2,668,807	-4,845,741	-2,383,261
Net profit/loss for the year		15,184,510	6,246,728	15,226,064	6,299,352

Balance Sheet 30 June

Assets

	Note	Group		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		1,003,740	755,639	323,898	109,112
Property, plant and equipment	5	1,003,740	755,639	323,898	109,112
Investments in subsidiaries	6	0	0	12,094,538	1,370,798
Other receivables	7	302,474	297,996	232,131	297,996
Fixed asset investments		302,474	297,996	12,326,669	1,668,794
Fixed assets		1,306,214	1,053,635	12,650,567	1,777,906
Finished goods and goods for resale		30,078,670	36,948,699	16,193,561	21,823,097
Inventories		30,078,670	36,948,699	16,193,561	21,823,097
Trade receivables		38,886,262	52,834,510	28,958,484	42,064,959
Receivables from group enterprises		0	0	11,831,347	23,553,263
Other receivables		78,996	259,494	70,403	251,666
Deferred tax asset	11	86,713	117,710	86,713	117,710
Prepayments	8	1,456,666	1,023,303	1,302,096	618,891
Receivables		40,508,637	54,235,017	42,249,043	66,606,489
Cash at bank and in hand		6,065,913	934,994	5,043,070	91,577
Currents assets		76,653,220	92,118,710	63,485,674	88,521,163
Assets		77,959,434	93,172,345	76,136,241	90,299,069

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Share capital		1,961,000	1,961,000	1,961,000	1,961,000
Retained earnings		24,653,333	9,644,749	24,653,333	9,644,749
Equity attributable to shareholders of the Parent Company		26,614,333	11,605,749	26,614,333	11,605,749
Minority interests		21,884	65,636	0	0
Equity	9	26,636,217	11,671,385	26,614,333	11,605,749
Subordinate loan capital		10,200,000	10,600,000	10,200,000	10,600,000
Other payables		1,099,098	0	1,099,098	0
Long-term debt	12	11,299,098	10,600,000	11,299,098	10,600,000
Subordinate loan capital	12	0	4,500,000	0	4,500,000
Credit institutions		14,932,174	41,807,022	14,366,748	41,807,022
Trade payables		12,455,598	17,338,169	10,267,285	13,761,760
Payables to group enterprises		0	0	3,026,396	2,264,153
Corporation tax		4,687,128	760,952	4,718,738	790,130
Other payables	12	7,949,219	6,494,817	5,843,643	4,970,255
Short-term debt		40,024,119	70,900,960	38,222,810	68,093,320
Debt		51,323,217	81,500,960	49,521,908	78,693,320
Liabilities and equity		77,959,434	93,172,345	76,136,241	90,299,069
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	15				
Accounting Policies	16				

Statement of Changes in Equity

Group

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	1,961,000	9,644,749	11,605,749	65,636	11,671,385
Exchange adjustments relating to foreign entities	0	-217,480	-217,480	-2,198	-219,678
Net profit/loss for the year	0	15,226,064	15,226,064	-41,554	15,184,510
Equity at 30 June	1,961,000	24,653,333	26,614,333	21,884	26,636,217

Parent

Equity at 1 July	1,961,000	9,644,749	11,605,749	0	11,605,749
Exchange adjustments relating to foreign entities	0	-217,480	-217,480	0	-217,480
Net profit/loss for the year	0	15,226,064	15,226,064	0	15,226,064
Equity at 30 June	1,961,000	24,653,333	26,614,333	0	26,614,333

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2019/20 DKK	2018/19 DKK
Net profit/loss for the year		15,184,510	6,246,728
Adjustments	13	6,118,358	4,973,188
Change in working capital	14	18,236,341	-14,189,825
Cash flows from operating activities before financial income and expenses		39,539,209	-2,969,909
Financial income		129,549	135,857
Financial expenses		-1,127,106	-2,299,525
Cash flows from ordinary activities		38,541,652	-5,133,577
Corporation tax paid		-886,136	-915,035
Cash flows from operating activities		37,655,516	-6,048,612
Purchase of property, plant and equipment		-723,171	-496,999
Fixed asset investments made etc		-26,578	-101,458
Sale of property, plant and equipment		0	239,000
Cash flows from investing activities		-749,749	-359,457
Repayment of loans from credit institutions		-26,874,848	1,467,757
Repayment of other long-term debt		-4,900,000	4,500,000
Cash flows from financing activities		-31,774,848	5,967,757
Change in cash and cash equivalents		5,130,919	-440,312
Cash and cash equivalents at 1 July		934,994	1,375,306
Cash and cash equivalents at 30 June		6,065,913	934,994
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		6,065,913	934,994
Cash and cash equivalents at 30 June		6,065,913	934,994

Notes to the Financial Statements

	Group		Parent	
	2019/20 DKK	2018/19 DKK	2019/20 DKK	2018/19 DKK
1 Staff expenses				
Wages and salaries	26,901,016	25,726,189	14,418,996	15,267,733
Pensions	1,846,636	1,589,795	1,457,896	1,267,221
Other staff expenses	1,241,906	1,175,363	728,843	706,078
	29,989,558	28,491,347	16,605,735	17,241,032
Transfer to production wages	-47,007	0	0	0
	29,942,551	28,491,347	16,605,735	17,241,032
Average number of employees	91	88	23	23
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.				
2 Financial income				
Interest received from group enterprises	0	0	1,065,371	862,964
Other financial income	117,111	111,295	572	20,169
Exchange gains	12,438	24,560	0	0
	129,549	135,855	1,065,943	883,133
3 Financial expenses				
Other financial expenses	1,127,101	2,254,514	1,089,709	1,641,829
Exchange adjustments, expenses	0	45,010	0	0
	1,127,101	2,299,524	1,089,709	1,641,829
4 Tax on profit/loss for the year				
Current tax for the year	4,847,867	2,186,676	4,814,744	1,901,130
Deferred tax for the year	30,997	482,131	30,997	482,131
	4,878,864	2,668,807	4,845,741	2,383,261

Notes to the Financial Statements

5 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 July	2,226,030
Additions for the year	<u>723,176</u>
Cost at 30 June	<u>2,949,206</u>
Impairment losses and depreciation at 1 July	1,470,391
Depreciation for the year	<u>475,075</u>
Impairment losses and depreciation at 30 June	<u>1,945,466</u>
Carrying amount at 30 June	<u>1,003,740</u>

Parent

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 July	663,802
Additions for the year	<u>377,525</u>
Kostpris at 30 June	<u>1,041,327</u>
Impairment losses and depreciation at 1 July	554,690
Depreciation for the year	<u>162,739</u>
Impairment losses and depreciation at 30 June	<u>717,429</u>
Carrying amount at 30 June	<u>323,898</u>

Notes to the Financial Statements

	Parent	
	2020 DKK	2019 DKK
6 Investments in subsidiaries		
Cost at 1 July	39,225	39,225
Additions for the year	23,281,033	0
Cost at 30 June	23,320,258	39,225
Value adjustments at 1 July	-9,113,036	-6,789,234
Exchange adjustment	-217,481	-268,993
Net profit/loss for the year	-1,895,203	-2,054,809
Value adjustments at 30 June	-11,225,720	-9,113,036
Equity investments with negative net asset value amortised over receivables	0	10,444,609
Carrying amount at 30 June	12,094,538	1,370,798

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Unique Furniture Int. Ltd	Hong Kong	100%
UAB "Unique Furniture"	Lithauen	100%
CUNEOS Sp. z.o.o.	Polen	50%
Unique Furniture Inc.	USA	100%

7 Other fixed asset investments

	Group	Parent
	Other receiv- ables DKK	Other receiv- ables DKK
Cost at 1 July	297,996	297,996
Additions for the year	96,921	26,578
Disposals for the year	-92,443	-92,443
Cost at 30 June	302,474	232,131
Carrying amount at 30 June	302,474	232,131

Notes to the Financial Statements

8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

9 Equity

The share capital consists of 1,666,667 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK
A-shares	1,666,667	1,666,667
B-shares	294,333	294,333
		<u>1,961,000</u>

There have been no changes in the share capital during the last 5 years.

10 Distribution of profit

	<u>Group</u>		<u>Parent</u>	
	<u>2019/20</u> DKK	<u>2018/19</u> DKK	<u>2019/20</u> DKK	<u>2018/19</u> DKK
Minority interests' share of net profit/loss of subsidiaries	-41,554	-52,624	0	0
Retained earnings	<u>15,226,064</u>	<u>6,299,352</u>	<u>15,226,064</u>	<u>6,299,352</u>
	<u>15,184,510</u>	<u>6,246,728</u>	<u>15,226,064</u>	<u>6,299,352</u>

Notes to the Financial Statements

	Group		Parent	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
11 Deferred tax asset				
Deferred tax asset at 1 July	117,710	599,841	117,710	599,841
Amounts recognised in the income statement for the year	-30,997	-482,131	-30,997	-482,131
Deferred tax asset at 30 June	86,713	117,710	86,713	117,710

The recognised tax asset comprises fixed assets and tax loss carry-forwards expected to be utilised within the next three to four years.

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Subordinate loan capital

Between 1 and 5 years	10,200,000	10,600,000	10,200,000	10,600,000
Long-term part	10,200,000	10,600,000	10,200,000	10,600,000
Within 1 year	0	4,500,000	0	4,500,000
	10,200,000	15,100,000	10,200,000	15,100,000

Other payables

Between 1 and 5 years	1,099,098	0	1,099,098	0
Long-term part	1,099,098	0	1,099,098	0
Other short-term payables	7,949,219	6,494,817	5,843,643	4,970,255
	9,048,317	6,494,817	6,942,741	4,970,255

Subordinated loan capital of TDKK 10,200 bears interest at 4 % p.a. and is for the moment with no repayment agreement.

Notes to the Financial Statements

	Group	
	<u>2019/20</u>	<u>2018/19</u>
	DKK	DKK
13 Cash flow statement - adjustments		
Financial income	-129,549	-135,855
Financial expenses	1,127,101	2,299,524
Depreciation, amortisation and impairment losses, including losses and gains on sales	475,070	338,438
Tax on profit/loss for the year	4,878,864	2,668,807
Other adjustments	-233,128	-197,726
	<u>6,118,358</u>	<u>4,973,188</u>
14 Cash flow statement - change in working capital		
Change in inventories	6,870,029	-2,853,802
Change in receivables	13,695,383	-19,405,944
Change in trade payables, etc	-2,329,071	8,069,921
	<u>18,236,341</u>	<u>-14,189,825</u>

Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations	Group		Parent	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
Charges and security				
The following assets have been placed as security with bankers:				
Business collateral in assets, trade receivables, stock etc. for an amount of TDKK 30,000	45,475,943	55,446,623	45,475,943	55,446,623
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	274,150	233,262	274,150	233,262
Between 1 and 5 years	178,771	293,570	178,771	293,570
	452,921	526,832	452,921	526,832
Rental agreements have been entered with a total obligation of TDKK 1,927				

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Unique Furniture af 14. juni 2007 A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019/20 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Unique Furniture af 14. juni 2007 A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

16 Accounting Policies (continued)

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

16 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

16 Accounting Policies (continued)

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	1-5	years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

16 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

16 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

16 Accounting Policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$