



## Kebe Holding ApS

Niels Bohrs Vej 23, st.  
8660 Skanderborg  
CVR No. 31071402

## Annual report 01.05.2020 - 30.04.2021

The Annual General Meeting adopted the  
annual report on 09.07.2021

---

**Henrik Schougaard Pedersen**  
Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2020/21	10
Consolidated balance sheet at 30.04.2021	11
Consolidated statement of changes in equity for 2020/21	14
Notes to consolidated financial statements	15
Parent income statement for 2020/21	18
Parent balance sheet at 30.04.2021	19
Parent statement of changes in equity for 2020/21	21
Notes to parent financial statements	22
Accounting policies	24

# Entity details

## Entity

Kebe Holding ApS  
Niels Bohrs Vej 23, st.  
8660 Skanderborg

Business Registration No.: 31071402  
Registered office: Skanderborg  
Financial year: 01.05.2020 - 30.04.2021

## Board of Directors

Hans Houllind, chairman  
Henrik Schougaard Pedersen  
Jakob Willumsen

## Executive Board

Henrik Schougaard Pedersen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kebe Holding ApS for the financial year 01.05.2020 - 30.04.2021

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2021 and of the results of their operations for the financial year 01.05.2020 - 30.04.2021.

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.

Skanderborg, 09.07.2021

## Executive Board

**Henrik Schougaard Pedersen**

## Board of Directors

**Hans Houliind**  
chairman

**Henrik Schougaard Pedersen**

**Jakob Willumsen**

# Independent auditor's report

## To the shareholders of Kebe Holding ApS

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Kebe Holding ApS for the financial year 01.05.2020 - 30.04.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2021 and of the results of their operations for the financial year 01.05.2020 - 30.04.2021 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and 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.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 09.07.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Michael Bach**

State Authorised Public Accountant  
Identification No (MNE) mne19691

# Management commentary

## Primary activities

Kebe Holding ApS is a holding company, holding the shares of the companies Kebe A/S, Kebe Shenzhen Ltd., Shenzhen Yingjin Home Co Ltd., Lexpo ApS, Cube Import Sp. Z.o.o., Abrace ApS and via Kebe A/S owning Kebe Poland Sp. Z.o.o.

Kebe A/S and Kebe Poland Sp. Z.o.o. produce and distribute upholstered furniture. Kebe Shenzhen Ltd. is a parallel company to Kebe A/S placed in China. Shenzhen Yingjin Home Co. Ltd. produce upholstered furniture from its facilities in Shenzhen, China. The long term plans for Kebe Shenzhen Ltd., is to continue the development of an unit, that can supply the same products, in the same high quality, to customers and groups in the retail market in Asia. With the growing global demand for sustainable local production, Kebe Shenzhen can regionally supply our existing Asian customers, and activate new markets in the region from China, and supply volume based products to European customers, where quality and price is at focus. With a focused global branding, Kebe in the future will be a strong supplier of finished high quality recliner, lounge and dining chairs based on cold cure moulded foam, from its own high technology production site, based on the same plant and quality technology as in Poland.

Lexpo ApS develop, import and distribute primarily in Denmark, finished upholstery furniture from China and Eastern Europe.

Cube Import Sp. Z.o.o develop, import and distribute finished upholstery furniture from China and distribute these to furniture stores and groups in Europe.

Abrace ApS develop and distribute specially designed handicap friendly upholstered chairs, which is distributed primarily in Scandinavia.

## Description of material changes in activities and finances

The financial result of the year shows earnings of DKK 10,060k compared to earnings of DKK 1.119k in the previous financial year.

The global COVID-19 pandemic has had varying influence on the investments of the company and has made 2020/21 a challenging to navigate through.

Overall the result is very positive.

### **Kebe A/S**

With the many lockdowns across different markets, 2020/21 has been a challenging year to navigate through, with strong insecurity about raw material supply and prices.

The insecurity arising from the global COVID-19 pandemic, briefly gave cause for a revision of the activities, but it was concluded that the turnover was quickly re-established and the company was not negatively impacted from the insecurity.

Therefore shortly after, it was decided to continue the process of developing markets and product portfolio that



in later years, has provided stable growth. The period after was used to further structure and create a more efficient production, a process that had started before the arrival of the pandemic, together with a larger product portfolio evaluation, with focus on the core business. That also led to a closer strategy check with therefrom deriving branding profile sharpening, a look at partners and distributions channels, as well as clear plans for future actions, priorities and investments.

The combined effects of the various actions has had positive influence on the financial result.

***Kebe Shenzhen Ltd./Shenzhen Yingjin Home Co. Ltd.***

COVID-19 pandemic hit the turnover of the company in the winter/spring of 2020, but during the spring and summer it stabilised. The rest of the year the activities have been higher than normal and the result better than expected.

***Lexpo ApS***

The company has had a very good year through 2020/21, following the high consumer growth in Denmark.

***Cube Import Sp. Z.o.o.***

The company was founded in the fall of 2020.

The activity is development, import and sales of finished upholstered furniture from China.

The start up has been difficult due to the many lockdowns in Europe, which has made it difficult to enter the markets with new products and meant that the initial activity level are low.

***Abrace ApS***

The company's products are sold primarily in the health care sector and through the COVID-19 pandemic, the sales of new products to this sector has been very difficult and the distributors had a hard time presenting and selling the products.

The activity in 2020/21 has been modest.

**Outlook**

The effects of the ongoing COVID-19 pandemic are not easy to predict and therefore the insecurity about the future development are higher than normal.

For the investments of all of the companies, a financial preparedness has been established for both falling and growing activities.

***Kebe A/S***

As the global travel activity is returning and consumer spending finding other channels, a lower market activity level is expected.

At the same time, there is high insecurity of the development of prices on raw material and transportation costs, and it is not unusual to experience shortcomings in the supply chain.

The work to expand collections and markets will be intensified in the coming year and investment in digitalisation is high, to support the change in sales expected towards a higher degree in on-line channels.

For 2021/22 higher activity is expected compared to 2020/21, but due to high investments in digitalisation and product development, a result at the level of 2020/21 is expected.

***Kebe Shenzhen Ltd./Shenzhen Yingjin Home Co. Ltd.***

The turnover of the company is stable but also in China there is high insecurity about the development of raw material prices and especially the transport prices out of China.

The process to expand the general Kebe collection to the big Asian markets continue, and will be intensified through 2021/22.

***Lexpo ApS***

The activity on the Danish markets remains high and for 2021/21 a high positive result is also expected.

***Cube Import Sp. Z.o.o.***

The reopening of the European markets makes the sales efforts easier through 2021/22 and it is expected that the company will have it's real foundation created this year. A positive result is expected for 2021/22.

***Abrace ApS***

The company acts as a royalty company with very low costs. The sales is set-up with distributors and for 2021/22, only distribution in Denmark, Norway and Sweden has been established. The sales is also for 2021/22 expected to be hard and a minor negative result is expected.

**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.

# Consolidated income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
<b>Gross profit/loss</b>		<b>34,313,423</b>	<b>22,988,797</b>
Staff costs	1	(19,758,116)	(18,806,941)
Depreciation, amortisation and impairment losses	2	(1,577,620)	(1,799,515)
<b>Operating profit/loss</b>		<b>12,977,687</b>	<b>2,382,341</b>
Income from investments in participating interests		422,500	0
Other financial income		50,134	31,733
Other financial expenses		(798,873)	(1,000,755)
<b>Profit/loss before tax</b>		<b>12,651,448</b>	<b>1,413,319</b>
Tax on profit/loss for the year	3	(2,591,909)	(314,950)
<b>Profit/loss for the year</b>		<b>10,059,539</b>	<b>1,098,369</b>
<b>Proposed distribution of profit and loss</b>			
Ordinary dividend for the financial year		3,500,000	0
Retained earnings		6,559,539	1,098,369
<b>Proposed distribution of profit and loss</b>		<b>10,059,539</b>	<b>1,098,369</b>

# Consolidated balance sheet at 30.04.2021

## Assets

	Notes	2020/21 DKK	2019/20 DKK
Acquired intangible assets		188,076	0
<b>Intangible assets</b>	4	<b>188,076</b>	<b>0</b>
Land and buildings		1,573,997	1,606,298
Plant and machinery		4,628,633	4,335,843
Other fixtures and fittings, tools and equipment		1,128,898	643,436
Property, plant and equipment in progress		593,097	139,458
<b>Property, plant and equipment</b>	5	<b>7,924,625</b>	<b>6,725,035</b>
Investments in participating interests		2,151,173	2,151,173
Deposits		584,564	225,683
Deferred tax		375,808	634,581
<b>Financial assets</b>	6	<b>3,111,545</b>	<b>3,011,437</b>
<b>Fixed assets</b>		<b>11,224,246</b>	<b>9,736,472</b>
Raw materials and consumables		12,057,936	9,747,734
Manufactured goods and goods for resale		2,217,268	2,013,084
Prepayments for goods		83,186	135,887
<b>Inventories</b>		<b>14,358,390</b>	<b>11,896,705</b>
Trade receivables		15,751,320	7,631,906
Other receivables		1,751,774	1,573,760
Prepayments		234,198	532,257
<b>Receivables</b>		<b>17,737,292</b>	<b>9,737,923</b>

<b>Cash</b>	<b>2,502,846</b>	<b>1,221,404</b>
<b>Current assets</b>	<b>34,598,528</b>	<b>22,856,032</b>
<b>Assets</b>	<b>45,822,774</b>	<b>32,592,504</b>

**Equity and liabilities**

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		125,000	125,000
Retained earnings		11,342,783	4,890,714
Proposed dividend for the financial year		3,500,000	0
<b>Equity</b>		<b>14,967,783</b>	<b>5,015,714</b>
Bank loans		752,506	760,036
Tax payable		1,430,324	0
Other payables		0	275,185
<b>Non-current liabilities other than provisions</b>		<b>2,182,830</b>	<b>1,035,221</b>
Bank loans		10,219,731	12,741,817
Payables to other credit institutions		47,474	20,593
Prepayments received from customers		0	11,797
Trade payables		9,906,799	7,783,400
Payables to owners and management		2,630,208	2,625,000
Tax payable		524,037	422,215
Other payables	7	5,343,912	2,936,747
<b>Current liabilities other than provisions</b>		<b>28,672,161</b>	<b>26,541,569</b>
<b>Liabilities other than provisions</b>		<b>30,854,991</b>	<b>27,576,790</b>
<b>Equity and liabilities</b>		<b>45,822,774</b>	<b>32,592,504</b>
Unrecognised rental and lease commitments	8		
Assets charged and collateral	9		
Subsidiaries	10		

# Consolidated statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	125,000	4,890,714	0	5,015,714
Exchange rate adjustments	0	(107,470)	0	(107,470)
Profit/loss for the year	0	6,559,539	3,500,000	10,059,539
<b>Equity end of year</b>	<b>125,000</b>	<b>11,342,783</b>	<b>3,500,000</b>	<b>14,967,783</b>

# Notes to consolidated financial statements

## 1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	18,458,807	17,714,037
Pension costs	527,643	521,758
Other social security costs	771,666	571,146
	<b>19,758,116</b>	<b>18,806,941</b>

Average number of full-time employees	175	155
---------------------------------------	-----	-----

## 2 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Amortisation of intangible assets	60,000	60,000
Depreciation on property, plant and equipment	1,541,455	1,739,515
Profit/loss from sale of intangible assets and property, plant and equipment	(23,835)	0
	<b>1,577,620</b>	<b>1,799,515</b>

## 3 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	2,337,566	434,560
Change in deferred tax	254,343	(123,610)
Adjustment concerning previous years	0	4,000
	<b>2,591,909</b>	<b>314,950</b>

## 4 Intangible assets

	Acquired intangible assets DKK
Additions	188,076
<b>Cost end of year</b>	<b>188,076</b>
<b>Carrying amount end of year</b>	<b>188,076</b>



## 5 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	1,639,418	9,246,256	4,174,888	139,458
Exchange rate adjustments	0	0	0	(1,381)
Additions	0	1,639,996	727,550	455,020
Disposals	0	0	(35,049)	0
<b>Cost end of year</b>	<b>1,639,418</b>	<b>10,886,252</b>	<b>4,867,389</b>	<b>593,097</b>
Depreciation and impairment losses beginning of year	(33,120)	(4,910,413)	(3,531,452)	0
Exchange rate adjustments	(15,915)	(25,616)	(3,560)	0
Depreciation for the year	(16,386)	(1,321,590)	(203,479)	0
<b>Depreciation and impairment losses end of year</b>	<b>(65,421)</b>	<b>(6,257,619)</b>	<b>(3,738,491)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1,573,997</b>	<b>4,628,633</b>	<b>1,128,898</b>	<b>593,097</b>

## 6 Financial assets

	Investments in participa-ting interests DKK
Cost beginning of year	2,151,173
<b>Cost end of year</b>	<b>2,151,173</b>
<b>Carrying amount end of year</b>	<b>2,151,173</b>

Investments in participating interests	Registered in	Ownership %
Abrace ApS	Aalborg, Denmark	37,5
Lexpo ApS	Spøttrup, Denmark	32,5
Shenzhen Ying Jin Furniture Co. Ltd.	Shenzhen, China	40,0

**7 Other payables**

	<b>2020/21</b>	<b>2019/20</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries, personal income taxes, social security costs, etc. payable	4,347,170	1,998,706
Holiday pay obligation	814,098	931,873
Other costs payable	182,644	6,168
	<b>5,343,912</b>	<b>2,936,747</b>

**8 Unrecognised rental and lease commitments**

	<b>2020/21</b>	<b>2019/20</b>
	<b>DKK</b>	<b>DKK</b>
Total liabilities under rental or lease agreements until maturity	1,812,129	2,285,413

**9 Assets charged and collateral**

Bank loans in Kebe Poland Sp. Z.o.o. are secured by way of mortgage on properties. The mortgage also comprises inventories.

The carrying amount of mortgaged properties is DKK 1,574k and the carrying amount of mortgaged inventories are DKK 14,358k.

Bank loans in Kebe A/S are secured by way of a deposited mortgage deed registered to the mortgagor on receivables of DKK 6,000k nominal.

**10 Subsidiaries**

	<b>Registered in</b>	<b>Corporate form</b>	<b>Ownership %</b>
Kebe A/S	Skanderborg, Denmark	A/S	100,0
Kebe Poland Sp. z.o.o.	Częstochowa, Poland	Sp. z.o.o.	100,0
Cube Import Sp. z.o.o.	Częstochowa, Poland	Sp. z.o.o.	100,0

# Parent income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
<b>Gross profit/loss</b>		<b>712,948</b>	<b>82,146</b>
Income from investments in group enterprises		9,167,973	1,151,644
Income from investments in participating interests		422,500	0
Other financial income	1	28,705	18,708
Other financial expenses	2	(140,289)	(147,029)
<b>Profit/loss before tax</b>		<b>10,191,837</b>	<b>1,105,469</b>
Tax on profit/loss for the year	3	(132,298)	(7,100)
<b>Profit/loss for the year</b>		<b>10,059,539</b>	<b>1,098,369</b>
<b>Proposed distribution of profit and loss</b>			
Ordinary dividend for the financial year		3,500,000	0
Retained earnings		6,559,539	1,098,369
<b>Proposed distribution of profit and loss</b>		<b>10,059,539</b>	<b>1,098,369</b>

# Parent balance sheet at 30.04.2021

## Assets

	Notes	2020/21 DKK	2019/20 DKK
Investments in group enterprises		14,938,172	5,707,114
Investments in participating interests		2,151,173	2,151,173
<b>Financial assets</b>	4	<b>17,089,345</b>	<b>7,858,287</b>
<b>Fixed assets</b>		<b>17,089,345</b>	<b>7,858,287</b>
Receivables from group enterprises		1,216,436	0
Other receivables		584,529	449,200
Joint taxation contribution receivable		1,298,026	0
<b>Receivables</b>		<b>3,098,991</b>	<b>449,200</b>
<b>Cash</b>		<b>724,127</b>	<b>1,075,801</b>
<b>Current assets</b>		<b>3,823,118</b>	<b>1,525,001</b>
<b>Assets</b>		<b>20,912,463</b>	<b>9,383,288</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020/21 DKK</b>	<b>2019/20 DKK</b>
Contributed capital	5	125,000	125,000
Reserve for net revaluation according to the equity method		9,766,228	705,725
Retained earnings		1,576,555	4,184,989
Proposed dividend for the financial year		3,500,000	0
<b>Equity</b>		<b>14,967,783</b>	<b>5,015,714</b>
Tax payable		1,430,324	0
<b>Non-current liabilities other than provisions</b>	6	<b>1,430,324</b>	<b>0</b>
Trade payables		20,000	25,448
Payables to group enterprises		4,464,520	4,323,066
Joint taxation contribution payable		0	7,100
Other payables		29,836	11,960
<b>Current liabilities other than provisions</b>		<b>4,514,356</b>	<b>4,367,574</b>
<b>Liabilities other than provisions</b>		<b>5,944,680</b>	<b>4,367,574</b>
<b>Equity and liabilities</b>		<b>20,912,463</b>	<b>9,383,288</b>
Working conditions	7		
Contingent liabilities	8		
Assets charged and collateral	9		

# Parent statement of changes in equity for 2020/21

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	125,000	705,725	4,184,989	0	5,015,714
Exchange rate adjustments	0	(107,470)	0	0	(107,470)
Profit/loss for the year	0	9,167,973	(2,608,434)	3,500,000	10,059,539
<b>Equity end of year</b>	<b>125,000</b>	<b>9,766,228</b>	<b>1,576,555</b>	<b>3,500,000</b>	<b>14,967,783</b>

# Notes to parent financial statements

## 1 Other financial income

	2020/21 DKK	2019/20 DKK
Financial income from group enterprises	5,594	0
Other interest income	23,111	18,708
	<b>28,705</b>	<b>18,708</b>

## 2 Other financial expenses

	2020/21 DKK	2019/20 DKK
Financial expenses from group enterprises	134,354	138,942
Other interest expenses	3,837	7,758
Exchange rate adjustments	2,098	329
	<b>140,289</b>	<b>147,029</b>

## 3 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	132,298	7,100
	<b>132,298</b>	<b>7,100</b>

## 4 Financial assets

	Investments in group enterprises DKK	Investments in participating interests DKK
Cost beginning of year	5,001,389	2,151,173
Additions	170,555	0
<b>Cost end of year</b>	<b>5,171,944</b>	<b>2,151,173</b>
Exchange rate adjustments	(107,470)	0
Transfers	705,725	0
Share of profit/loss for the year	9,167,973	0
<b>Revaluations end of year</b>	<b>9,766,228</b>	<b>0</b>
Impairment losses beginning of year	705,725	0
Transfers	(705,725)	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>14,938,172</b>	<b>2,151,173</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

<b>Investments in participating interests</b>	<b>Registered in</b>	<b>Corporate form</b>
Abrace ApS	Aalborg, Denmark	37,5
Lexpo ApS	Spøttrup, Denmark	32,5
Shenzhen Ying Jin Furniture Co. Ltd.	Shenzhen, China	40,0

## 5 Treasury shares

	<b>Number</b>	<b>Nominal value DKK</b>	<b>Share of contributed capital %</b>
Shares	7,838	7,838	6,27
<b>Investments acquired</b>	<b>7,838</b>	<b>7,838</b>	<b>627.00</b>

Treasury shares were acquired as part of the fact that some of the shareholders wanted and relinquished their holdings in the Group.

## 6 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2020/21 DKK</b>
Tax payable	1,430,324
	<b>1,430,324</b>

## 7 Working conditions

The company has no employees other than the Executive Board.

## 8 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

## 9 Assets charged and collateral

The company has provided a self-sufficiency guarantee for bank debt in the subsidiary Kebe A/S to the group's primary bank connection. Bank debt in the subsidiary amounts to DKK 4,678k as per 30.04.2021.

The company is part of a Chinese joint venture cooperation with Shenzhen Ying Jin Furniture Co. Ltd. As a part of the agreement, the Kebe group has set a credit maximum of RMB 1,000k available for cooperation. The utilized share of the credit amounts to RMB 960k as per 30.04.2021.



# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

## 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.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, costs of raw materials and consumables and external expenses.

### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### **Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### **Staff costs**

Staff costs comprise wages and salaries, 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 comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of 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.

### **Income from investments in joint ventures**

Income from investments in joint ventures comprises dividend etc. received from the individual joint ventures in the financial year.

### **Income from investments in participating interests**

Income from investments in participating interests comprises dividend etc. received from the individual participating interests in the financial year.

### **Other financial income**

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, 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 Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### **Balance sheet**

#### **Intellectual property rights etc.**

Intellectual property rights etc. comprise acquired intellectual property rights.

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 on a straight-line basis 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**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Buildings	100 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### **Investments in group enterprises**

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

**Investments in participating interests**

Investments in participating interests are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

**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.

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.

**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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

**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.

**Treasury shares**

Acquisition and selling prices and dividends of treasury shares are classified directly as equity under retained earnings. Gains and losses from sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to their nominal value.

**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 payable or receivable**

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