

NORDIC HOUSEWARE GROUP A/S

Skodsborgvej 315
2850 Nærum
Central Business Registration
No 31479363

Annual report 2019

The Annual General Meeting adopted the annual report on 19.05.2020

Chairman of the General Meeting

Name: Torben Golsche Knappe

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Entity details

Entity

NORDIC HOUSEWARE GROUP A/S
Skodsborgvej 315
2850 Nærum

Central Business Registration No (CVR): 31479363
Registered in: Rudersdal
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Morten Pitzner, chairman
Jacob Andersen, vice chairman
Torben Golsche Knappe
Allan Carsten Bülow

Executive Board

Jacob Eberhard, CEO
René Ringer Dethlefsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København 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 NORDIC HOUSEWARE GROUP A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Nærum, 20.03.2020

Executive Board

Jacob Eberhard
CEO

René Ringer Dethlefsen

Board of Directors

Morten Pitzner
chairman

Jacob Andersen
vice chairman

Torben Golsche Knappe

Allan Carsten Bülow

Independent auditor's report

To the shareholders of NORDIC HOUSEWARE GROUP A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of NORDIC HOUSEWARE GROUP A/S for the financial year 01.01.2019 - 31.12.2019, 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, and the consolidated cash flow statement. 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the 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 Parent'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 Group or 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

Independent auditor's report

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 these 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 Parent'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 Parent'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 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.

Independent auditor's report

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.

Copenhagen, 20.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Henrik Jacob Vilmann Wellejus
State Authorised Public Accountant
Identification No (MNE) mne24807

Hans Tauby
State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	478.360	413.300	382.832	336.468	340.273
Gross profit/loss	89.774	71.225	98.972	87.564	74.870
EBITDA	47.586	33.076	41.436	34.502	16.100
Operating profit/loss	32.378	18.237	26.788	19.701	2.424
Net financials	(3.606)	(5.816)	(8.512)	(9.526)	(571)
Profit/loss for the year	22.824	9.569	14.155	7.680	1.606
Profit/loss excl minority interests	22.824	9.569	14.155	7.680	1.606
Total assets	274.198	312.451	260.386	256.790	243.469
Investments in property, plant and equipment	20.722	15.726	12.858	14.027	-
Equity	93.798	70.150	70.355	57.633	51.975
Equity excl minority interests	93.798	70.150	70.355	57.633	51.975

Ratios

Return on equity (%)	27,8	13,6	22,1	14,0	3,1
Equity ratio (%)	34,2	22,5	27,0	22,4	21,3

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

Ratios

Calculation formula

Calculation formula reflects

Return on equity (%)

$\frac{\text{Profit/loss excl minority interests} \times 100}{\text{Average equity excl minority interests}}$

The entity's return on capital invested in the entity by the owners.

Equity ratio (%)

$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$

The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activity is to provide management services and to function as shared service center for the two subsidiaries, Plast Team A/S and ROOM Copenhagen A/S.

Plast Team:

The company's activity is to design, produce and distribute household plastic products. The company's products are primarily sold in the Nordic Countries and the rest of Europe.

ROOM Copenhagen:

The company's activity is to design, produce and distribute high quality designer products under licensed. The company's range of products are sold in Europe, North America, Latin America, Middle East, Australia, New Zealand and certain countries in Asia in particular China.

Development in activities and finances

In the financial year 2019, the Group realized revenues of DKK 478,360k compared to DKK 413,300k prior year.

The Group realized a gross profit DKK 89,774k and realized an EBITDA of DKK 47,568k. The result after tax of DKK 22,824k is considered satisfactory.

Capital resources

The capital resources are adequate to support the activity plan for the Group for the forthcoming years.

Outlook

Management expects the Group to show positive development in profit before tax for 2020 based on continued focus on profitable business, launch of new products, customer gains and benefits captured from previously implemented initiatives, and expect to be in the range of DKK 20M-25M.

Possible negative effects of the COVID-19 pandemic has not been included in the outlook for 2020, as the economical effects cannot be measured at this time.

Statutory report on corporate social responsibility

Our focus on corporate social responsibility is connected to our business model. For a description of our business model, please refer to the section on primary activities on page 7.

Nordic Houseware Group focuses on performing and enhancing its efforts relating to the Group's corporate ethical, social and environmental responsibility.

Nordic Houseware Group is compliant to all legal requirements in relation to social and environmental considerations, human rights and the fight against corruption and in the process of finalizing the group CSR policy.

It is management's assessment that the efforts within employees and working conditions, environmental issues and food security have been successful.

Management commentary

Employees and working environment

The primary risk in this area is if employees are not motivated and if we do not have a pleasant work environment. The consequence may be that we are not able to attract or retain employees.

By way of their knowhow, network and competences, the Nordic Houseware Group employees are a significant competitive factor to the Group. Job satisfaction is therefore of great importance to the Group.

The Group has an open and clear staff policy accommodating diversity and development. Moreover, employees are offered benefits in order to improve their mental, physical and social welfare.

The Group also focuses continuously on improving working conditions and environment in the Group with a view to retain motivated employees and create a positive work environment. It is our conclusion that our efforts have contributed positively to our working environment in 2019.

Human rights

Our primary risk in relation to human rights could be if employees feel discriminated against and not treated fairly. The consequence may be that we are not able to attract or retain employees as well as impact our reputation. We do not have a separate policy regarding human rights, as we have decided to follow the Danish state law and rules in this area. Furthermore, we are not aware of any breaches of human rights in the current year in Nordic Houseware Group.

Environment and climate

The primary risk regarding environment and climate is that our suppliers may not seek to lower their CO₂ emissions. This may impact our reputation, as clients and other stakeholders may perceive that we are not doing enough to minimize our impact on the environment.

Nordic Houseware Group is committed to a Sustainability strategy, where products are designed to be recyclable and the Group is committed to use regenerated plastic where ever possible.

Nordic Houseware Group cooperates with its suppliers on compliance with safety measures and focus on optimizing environmental conditions, including reduction of CO₂ emissions. All factories are subject to agreements which allow Nordic Houseware Group to perform audits at any time. It is our conclusion that our work has contributed positively to environment and climate in 2019.

Food safety

The primary risk regarding food safety is if our products could cause harm to consumers. This could have an impact on our reputation and the perceived safety of our products.

To ensure that the Group's products meet EU requirements for food safety, Nordic Houseware Group maintain a continuous test program for its products.

It is our conclusion that our work has contributed positively to food safety in the current year.

Management commentary

Anti-corruption and bribery

The primary risk is that employees may use gifts, payments or other means to illegally influence a clients or other stakeholders decision or vice versa. We have decided to follow the Danish state's rules and laws in this area. Therefore, we do not have a separate policy. We do, however, have a number of financial controls in place to mitigate the risk of illegal transactions. Furthermore, we are not aware of any breaches concerning bribery and corruption in Nordic Houseware Group in 2019.

Statutory report on the underrepresented gender

It is the policy of Nordic Houseware Group to secure the best professional competence possible at all levels in the Company. The members of the Management are solely appointed based on their qualifications and not based on their gender. By doing so, equal opportunities for both genders are secured provided that the candidates applying for the management positions possess the professional skills required.

At the time of presentation of the annual report, the Board of Directors at Nordic Houseware Group has no female members.

No female candidates were identified in 2019. Based on a specific assessment of the Company's situation, including the competences to be present at the Board of Directors, the target figure was adjusted to identify at least one female candidate for the Board of Directors at Nordic Houseware Group before 2024. The target year has been changed from 2022 to 2024. This is still considered an achievable and ambitious target figure.

No target figure has been determined for other management levels given that the Company does not have more than 50 employees.

Nordic Houseware Group supports gender equality – both as regards career opportunities and salary conditions. Our equal opportunities policy is put into practice in the Company's employee manual, and we always encourage our female colleagues to apply for leadership positions. Based on the limited time frame, it has not yet been possible to record any effect of the above.

Events after the balance sheet date

The outbreak of coronavirus/COVID-19 has escalated in the beginning of 2020, and WHO has on March 11th 2020 declared the outbreak to be a worldwide pandemic. The outbreak has resulted in a series of precautions, that affects the daily operations, both for the Group, suppliers, customers and other business partners. The economical effect cannot be measured at this time.

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

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue	2	478.360	413.300
Cost of sales		(364.413)	(318.672)
Other external expenses		(24.173)	(23.403)
Gross profit/loss		89.774	71.225
Staff costs	3	(42.188)	(38.149)
Depreciation, amortisation and impairment losses	4	(15.208)	(14.839)
Operating profit/loss		32.378	18.237
Other financial income	5	1.028	111
Other financial expenses	6	(4.634)	(5.927)
Profit/loss before tax		28.772	12.421
Tax on profit/loss for the year	7	(5.948)	(2.852)
Profit/loss for the year	8	22.824	9.569

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Acquired licences		3.727	3.645
Goodwill		14.639	18.959
Intangible assets	9	18.366	22.604
Plant and machinery		76.294	68.722
Other fixtures and fittings, tools and equipment		1.178	885
Leasehold improvements		358	370
Property, plant and equipment in progress		9.073	5.698
Property, plant and equipment	10	86.903	75.675
Deposits		511	500
Deferred tax	12	3.441	6.225
Fixed asset investments	11	3.952	6.725
Fixed assets		109.221	105.004
Raw materials and consumables		6.905	23.457
Manufactured goods and goods for resale		30.622	29.893
Inventories		37.527	53.350
Trade receivables		81.728	89.609
Receivables from group enterprises		27.214	20.778
Other receivables		13.917	24.949
Income tax receivable		0	1.659
Prepayments	13	4.585	2.591
Receivables		127.444	139.586
Cash		6	14.511
Current assets		164.977	207.447
Assets		274.198	312.451

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		500	500
Revaluation reserve		4.530	5.379
Retained earnings		88.768	64.271
Equity		93.798	70.150
Deferred tax	12	1.327	1.414
Provisions		1.327	1.414
Bank loans		17.150	21.800
Non-current liabilities other than provisions	14	17.150	21.800
Current portion of long-term liabilities other than provisions	14	4.650	4.550
Bank loans		49.064	81.758
Trade payables		88.335	100.018
Payables to group enterprises		0	12.782
Income tax payable		2.344	911
Other payables		17.530	19.068
Current liabilities other than provisions		161.923	219.087
Liabilities other than provisions		179.073	240.887
Equity and liabilities		274.198	312.451
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Group relations	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	5.379	64.271	70.150
Exchange rate adjustments	0	0	824	824
Transfer to reserves	0	(849)	849	0
Profit/loss for the year	0	0	22.824	22.824
Equity end of year	500	4.530	88.768	93.798

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Operating profit/loss		32.378	18.238
Amortisation, depreciation and impairment losses		15.208	14.839
Working capital changes	15	1.812	(22.369)
Cash flow from ordinary operating activities		49.398	10.708
Financial income received		1.028	111
Financial expenses paid		(4.634)	(5.927)
Income taxes refunded/(paid)		(1.592)	(2.497)
Cash flows from operating activities		44.200	2.395
Acquisition etc of intangible assets		(953)	(3.307)
Acquisition etc of property, plant and equipment		(20.722)	(13.870)
Sale of property, plant and equipment		364	0
Acquisition of fixed asset investments		(11)	0
Sale of fixed asset investments		0	13.439
Other cash flows from investing activities		(856)	1.299
Cash flows from investing activities		(22.178)	(2.439)
Loans raised		0	28.625
Repayments of loans etc		(4.550)	(30.800)
Cash flows from financing activities		(4.550)	(2.175)
Increase/decrease in cash and cash equivalents		17.472	(2.219)
Cash and cash equivalents beginning of year		(67.247)	(62.363)
Currency translation adjustments of cash and cash equivalents		717	(2.665)
Cash and cash equivalents end of year		(49.058)	(67.247)
Cash and cash equivalents at year-end are composed of:			
Cash		6	14.511
Short-term debt to banks		(49.064)	(81.758)
Cash and cash equivalents end of year		(49.058)	(67.247)

Notes to consolidated financial statements

1. Events after the balance sheet date

The outbreak of coronavirus/COVID-19 has escalated in the beginning of 2020, and WHO has on March 11th 2020 declared the outbreak to be a worldwide pandemic. The outbreak has resulted in a series of precautions, that affects the daily operations, both for the Group, suppliers, customers and other business partners. The economical effect cannot be measured at this time.

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

	2019 DKK'000	2018 DKK'000
2. Revenue		
Andre EU-lande	434.740	370.982
Øvrige lande	43.620	42.318
	478.360	413.300
	2019 DKK'000	2018 DKK'000
3. Staff costs		
Wages and salaries	39.843	36.204
Pension costs	651	1.694
Other social security costs	3.240	2.976
Other staff costs	1.709	0
Staff costs classified as assets	(3.255)	(2.725)
	42.188	38.149
Average number of employees	113	109
	Remunera- tion of manage- ment 2019 DKK'000	Remunera- tion of manage- ment 2018 DKK'000
Executive Board	2.594	0
Board of Directors	700	0
Total amount for management categories	0	2.693
	3.294	2.693

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5.191	4.806
Depreciation of property, plant and equipment	9.927	9.815
Profit/loss from sale of intangible assets and property, plant and equipment	90	218
	15.208	14.839
5. Other financial income		
Other interest income	1.028	0
Exchange rate adjustments	0	111
	1.028	111
6. Other financial expenses		
Financial expenses from group enterprises	70	0
Other interest expenses	3.490	4.213
Exchange rate adjustments	161	0
Other financial expenses	913	1.714
	4.634	5.927
7. Tax on profit/loss for the year		
Current tax	3.702	612
Change in deferred tax	2.697	1.640
Adjustment concerning previous years	14	600
Refund in joint taxation arrangement	(465)	0
	5.948	2.852
8. Proposed distribution of profit/loss		
Retained earnings	22.824	9.569
	22.824	9.569

Notes to consolidated financial statements

	Acquired licences DKK'000	Goodwill DKK'000
9. Intangible assets		
Cost beginning of year	9.667	43.200
Additions	953	0
Cost end of year	10.620	43.200
Amortisation and impairment losses beginning of year	(6.022)	(24.241)
Amortisation for the year	(871)	(4.320)
Amortisation and impairment losses end of year	(6.893)	(28.561)
Carrying amount end of year	3.727	14.639

Notes to consolidated financial statements

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Property, plant and equipment in progress DKK'000
10. Property, plant and equipment				
Cost beginning of year	168.911	9.277	410	5.698
Exchange rate adjustments	0	(103)	0	1
Transfers	14.745	0	0	(14.745)
Additions	1.700	873	30	18.119
Disposals	0	(364)	0	0
Cost end of year	185.356	9.683	440	9.073
Revaluations beginning of year	5.379	0	0	0
Exchange rate adjustments	57	0	0	0
Revaluations for the year	(906)	0	0	0
Revaluations end of year	4.530	0	0	0
Depreciation and impairment losses beginning of year	(105.568)	(8.392)	(40)	0
Exchange rate adjustments	1.453	(69)	0	0
Depreciation for the year	(9.477)	(408)	(42)	0
Reversal regarding disposals	0	364	0	0
Depreciation and impairment losses end of year	(113.592)	(8.505)	(82)	0
Carrying amount end of year	76.294	1.178	358	9.073
Carrying amount if asset had not been revalued	71.764	-	-	-
			Deposits DKK'000	Deferred tax DKK'000
11. Fixed asset investments				
Cost beginning of year			500	6.225
Additions			11	0
Disposals			0	(2.784)
Cost end of year			511	3.441
Carrying amount end of year			511	3.441

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
12. Deferred tax		
Intangible assets	(1.208)	(2.200)
Property, plant and equipment	(4.064)	(4.160)
Inventories	205	87
Receivables	0	269
Provisions	0	162
Liabilities other than provisions	(311)	(421)
Tax losses carried forward	7.492	11.074
	2.114	4.811
Changes during the year		
Beginning of year	4.811	
Recognised in the income statement	(2.697)	
End of year	2.114	

The Group expects to use the deferred tax asset in the coming years, due to positive profit.

13. Prepayments

Prepayments comprise prepaid expenses and royalties.

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000
14. Liabilities other than provisions			
Bank loans	4.650	4.550	17.150
	4.650	4.550	17.150

In addition, the Group has short-term bank debt of DKK 49,064k consisting of overdraft facilities.

	2019 DKK'000	2018 DKK'000
15. Change in working capital		
Increase/decrease in inventories	15.823	(20.847)
Increase/decrease in receivables	10.483	(38.467)
Increase/decrease in trade payables etc	(26.003)	39.005
Other changes	1.509	(2.060)
	1.812	(22.369)

Notes to consolidated financial statements

	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>4.937</u>	<u>5.419</u>

17. Contingent liabilities

The Group's Danish enterprises participate in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group's Danish enterprises are liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

18. Assets charged and collateral

The group is joint and severally liable for its debt to Nykredit Bank for the total of DKK 184.997k (incl. an Acquisition Loan in Chest Bidco ApS of DKK 87.400K)

Investments in subsidiaries pledge as security for bank debt.

19. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

20. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Axel Pitzner Fonden, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Axel Pitzner Fonden, Copenhagen

Notes to consolidated financial statements

	Registered in	Corpo- rate form	Equity inte- rest %
21. Subsidiaries			
Plast Team A/S	Denmark	A/S	100,0
Plast Team Poland Sp. Z.o.o.	Poland	Sp. Z.o.o.	100,0
Plast Team Vertriebs GmbH	Germany	GmbH	100,0
Room Copenhagen A/S	Denmark	A/S	100,0
Room Copenhagen Inc.	USA	Inc.	100,0
Room Copenhagen GmbH	Germany	GmbH	100,0
Room Copenhagen Sp. Z.o.o.	Poland	Sp. Z.o.o.	100,0
Room Copenhagen Hong Kong Ltd.	China	Ltd.	100,0
Room Copenhagen Houseware (Shanghai) Co., Ltd.	China	Ltd.	100,0

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		26.769	25.029
Other external expenses		(10.163)	(7.431)
Gross profit/loss		16.606	17.598
Staff costs	2	(12.794)	(14.282)
Depreciation, amortisation and impairment losses	3	(818)	(600)
Operating profit/loss		2.994	2.716
Income from investments in group enterprises		21.283	8.427
Other financial income	4	692	304
Other financial expenses	5	(2.181)	(1.519)
Profit/loss before tax		22.788	9.928
Tax on profit/loss for the year	6	36	(359)
Profit/loss for the year	7	22.824	9.569

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Acquired licences		1.772	1.699
Intangible assets	8	1.772	1.699
Other fixtures and fittings, tools and equipment		596	437
Leasehold improvements		357	370
Property, plant and equipment in progress		9.074	4.685
Property, plant and equipment	9	10.027	5.492
Investments in group enterprises		107.368	85.261
Receivables from group enterprises		0	10.000
Deposits		453	453
Fixed asset investments	10	107.821	95.714
Fixed assets		119.620	102.905
Trade receivables		0	293
Receivables from group enterprises	11	109.011	32.158
Other receivables		25	190
Prepayments	12	1.956	1.744
Receivables		110.992	34.385
Cash		12	225
Current assets		111.004	34.610
Assets		230.624	137.515

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	13	500	500
Reserve for net revaluation according to the equity method		72.916	53.757
Retained earnings		20.382	15.893
Equity		93.798	70.150
Deferred tax	14	76	180
Provisions		76	180
Payables to group enterprises		31.200	31.200
Non-current liabilities other than provisions		31.200	31.200
Bank loans		75.924	28.349
Trade payables		7.329	2.340
Payables to group enterprises		16.635	3
Joint taxation contribution payable		574	762
Other payables		5.088	4.531
Current liabilities other than provisions		105.550	35.985
Liabilities other than provisions		136.750	67.185
Equity and liabilities		230.624	137.515
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		
Transactions with related parties	19		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	53.757	15.893	70.150
Exchange rate adjustments	0	427	0	427
Other entries on equity	0	397	0	397
Transfer to reserves	0	18.335	(18.335)	0
Profit/loss for the year	0	0	22.824	22.824
Equity end of year	500	72.916	20.382	93.798

Notes to parent financial statements

1. Events after the balance sheet date

The outbreak of coronavirus/COVID-19 has escalated in the beginning of 2020, and WHO has on March 11th 2020 declared the outbreak to be a worldwide pandemic. The outbreak has resulted in a series of precautions, that affects the daily operations, both for the Company, suppliers, customers and other business partners. The economical effect cannot be measured at this time.

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

	2019 DKK'000	2018 DKK'000
2. Staff costs		
Wages and salaries	14.330	15.692
Pension costs	303	282
Other social security costs	178	143
Other staff costs	1.238	890
Staff costs classified as assets	(3.255)	(2.725)
	12.794	14.282
Average number of employees	26	23
	2019 DKK'000	2018 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	536	312
Depreciation of property, plant and equipment	282	288
	818	600
	2019 DKK'000	2018 DKK'000
4. Other financial income		
Financial income arising from group enterprises	640	252
Other interest income	0	52
Exchange rate adjustments	52	0
	692	304

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	312	510
Other interest expenses	1.668	835
Exchange rate adjustments	61	56
Other financial expenses	140	118
	2.181	1.519
	2019 DKK'000	2018 DKK'000
6. Tax on profit/loss for the year		
Current tax	68	359
Change in deferred tax	(104)	0
	(36)	359
	2019 DKK'000	2018 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	22.824	9.569
	22.824	9.569
		Acquired licences DKK'000
8. Intangible assets		
Cost beginning of year		7.630
Additions		609
Cost end of year		8.239
Amortisation and impairment losses beginning of year		(5.931)
Amortisation for the year		(536)
Amortisation and impairment losses end of year		(6.467)
Carrying amount end of year		1.772

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment			
Cost beginning of year	2.946	410	4.685
Additions	398	30	18.119
Disposals	0	0	(13.730)
Cost end of year	3.344	440	9.074
Depreciation and impairment losses beginning of year	(2.509)	(40)	0
Depreciation for the year	(239)	(43)	0
Depreciation and impairment losses end of year	(2.748)	(83)	0
Carrying amount end of year	596	357	9.074
	Invest- ments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000
10. Fixed asset investments			
Cost beginning of year	34.452	10.000	453
Disposals	0	(10.000)	0
Cost end of year	34.452	0	453
Revaluations beginning of year	53.757	0	0
Exchange rate adjustments	427	0	0
Transfers	(2.948)	0	0
Adjustments on equity	397	0	0
Amortisation of goodwill	(1.500)	0	0
Share of profit/loss for the year	22.783	0	0
Revaluations end of year	72.916	0	0
Impairment losses beginning of year	(2.948)	0	0
Transfers	2.948	0	0
Impairment losses end of year	0	0	0
Carrying amount end of year	107.368	0	453

In investments in group enterprises goodwill is included with DKK 9,000k.

Notes to parent financial statements

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

11. Receivables from group enterprises

Receivables from group enterprises include a Cash Pool of DKK 34,683k with ROOM Copenhagen A/S and Plast Team A/S, where Nordic Houseware Group A/S is holder of the top account. Nordic Houseware Group A/S guarantees for the bank debt.

12. Prepayments

Prepayments solely comprise prepaid expenses.

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
13. Contributed capital			
Shares	500	1	500
	<u>500</u>		<u>500</u>

	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
14. Deferred tax		
Intangible assets	100	180
Property, plant and equipment	(24)	0
	<u>76</u>	<u>180</u>
Changes during the year		
Beginning of year	180	
Recognised in the income statement	(104)	
End of year	<u>76</u>	

The Group expects to use the deferred tax asset in the coming years, due to positiv profit.

	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>3.042</u>	<u>8.177</u>

16. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Pitzner Gruppen Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

Notes to parent financial statements

17. Assets charged and collateral

In connection with the conclusion of a Group Multi-Option Facility Agreement, the Company is jointly liable for all debts under the agreement together with all other companies in the Group.

Long-term receivables of DKK 10,000k (2018: DKK 10,000k) pledged as security for bank debt.

Shares in subsidiaries of DKK 107,368k (2018: DKK 85,261k) pledged as security for bank debt.

18. Related parties with controlling interest

Chest Bidco ApS, Nærum

Chest Topco ApS, Nærum

Pitzner Gruppen Holding A/S, Copenhagen

Axel Pitzner Fonden, Copenhagen

19. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

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

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.

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 acquisition date, with net assets having been calculated at fair value.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries, the income statements are translated at average exchange rates and balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

The Group uses derivative financial instruments to hedge risks such as changes in currencies.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Changes in fair value of derivatives that are classified as effective cash flow hedges, including hedges of highly probable forecasted transactions, are recognized in equity. The ineffective portion of fair value and cash flow hedges is recognized immediately in the statement of income.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit and loss for the Group as they arise.

Income statement

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.

Accounting policies

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 as well as 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, as well as gains and losses from the sale of intangible assets as well as 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 internal profits or losses.

Other financial income

Other financial income comprises interest income, net capital or exchange gains on payables and transactions in foreign currencies, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on payables and transactions in foreign currencies, as well as 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 Company is part of a joint taxation. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation periods is usually 10 years based on an assessment of the long-term earnings profile.

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

Accounting policies

Intellectual property rights etc

Intellectual property rights etc comprise intellectual property rights, acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement, but over no more than 20 years.

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

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost with additions of revaluations and 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. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

The basis of depreciation is cost with the addition of revaluations and 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:

Plant and machinery	3-12 years
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.

Revaluation reserve for Plant and machinery measured at fair value will be reduced with future depreciation. Depreciation from prior years of the revalued amount has been deducted from the revaluation reserve.

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 or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. 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 is 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 are 10 years.

Accounting policies

Investments in group enterprises 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 tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion.

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.

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.

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Accounting policies

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term bank loans.