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

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

Thomas Riis

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

CVR NO. 36 93 00 47

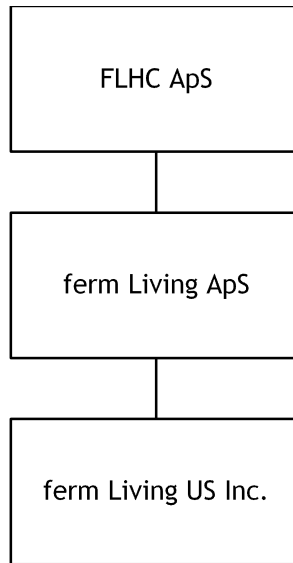
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COMPANY DETAILS

Company	FLHC ApS Kuglegårdsvej 1 1434 Copenhagen K CVR No.: 36 93 00 47 Established: 22 June 2015 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Erik Preben Holm, chairman Anna Kathrine Neve Andersen Thomas Riis Torsten Bjerre Rasmussen
Executive Board	Peter Mikael Vedel
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nykredit Kalvebod Brygge 47 1780 Copenhagen V
General Meeting	The Annual General Meeting is held on 30 March 2021, at 15.00 at the company's address.

GROUP STRUCTURE



BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

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

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

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2020 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 30 March 2021

Executive Board

Peter Mikael Vedel
CEO

Board of Directors

Erik Preben Holm
Chairman

Anna Kathrine Neve Andersen

Thomas Riis

Torsten Bjerre Rasmussen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FLHC ApS

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of FLHC ApS for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2020 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Company'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 Annual Financial Statements of the Company 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Copenhagen, 30 March 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Per Frost Jensen
State Authorised Public Accountant
MNE no. mne27740

FINANCIAL HIGHLIGHTS OF THE GROUP

	2020	2019	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
Income statement				
Gross profit.....	82,670	47,908	41,035	36,699
EBITDA.....	51,329	21,899	16,841	16,823
Operating profit/loss of main activities.....	42,785	14,182	8,499	8,547
Financial income and expenses, net.....	-8,862	-7,484	-8,162	-7,770
Profit/loss for the year before tax.....	33,923	6,698	337	777
Profit/loss for the year.....	26,368	3,256	-1,524	-1,210
Balance sheet				
Total assets.....	194,927	185,010	186,886	197,051
Equity.....	147,728	19,703	16,447	17,971
Cash flows				
Cash flows from operating activities.....	32,082	10,567	16,474	-1,718
Cash flows from investing activities.....	-4,866	-1,450	0	-229
Cash flows from financing activities.....	-38,260	-511	-12,721	-11,000
Total cash flows.....	-11,044	8,606	3,753	-12,947
Investment in property, plant and equipment.....	-3,845	0	0	-232
Key ratios				
Equity ratio.....	75.8	10.6	8.8	9.1
Return on equity.....	31.5	18.0	-8.9	-13.5

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

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

Return on equity:
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

MANAGEMENT COMMENTARY

Principal activities

The company's principal activities are to own shares in subsidiary.

The group's principal activities is to design, develop and distribute its portfolio of interior design products across it's numerous retail partners all over the world.

Development in activities and financial and economic position

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

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

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

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

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

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

Profit for the year compared to future expectations

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

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the group's financial position.

Financial risk

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

Future expectations

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

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

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

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2020 DKK	2019 DKK '000	2020 DKK	2019 DKK '000
GROSS PROFIT		82,669,573	47,908	-77,561	-58
Staff costs.....	1	-31,340,532	-26,009	0	0
Depreciation, amortisation and impairment losses.....		-8,544,466	-7,717	0	0
OPERATING PROFIT		42,784,575	14,182	-77,561	-58
Result of equity investments in group and associates.....		0	0	32,397,330	8,880
Other financial income.....	2	0	34	0	84
Other financial expenses.....	3	-8,861,521	-7,518	-7,632,255	-7,236
PROFIT BEFORE TAX		33,923,054	6,698	24,687,514	1,670
Tax on profit for the year.....	4	-7,555,379	-3,442	1,680,161	1,586
PROFIT FOR THE YEAR	5	26,367,675	3,256	26,367,675	3,256

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2020 DKK	2019 DKK '000	2020 DKK	2019 DKK '000
Intangible fixed assets acquired....		615,461	272	0	0
Goodwill.....		113,211,157	120,717	0	0
Intangible assets.....	6	113,826,618	120,989	0	0
Other plant, machinery, tools and equipment.....		1,975,483	205	0	0
Leasehold improvements.....		1,454,572	0	0	0
Property, plant and equipment...	7	3,430,055	205	0	0
Equity investments in group enterprises.....		0	0	149,066,464	160,228
Rent deposit and other receivables.....		1,835,000	1,325	0	0
Financial non-current assets.....	8	1,835,000	1,325	149,066,464	160,228
NON-CURRENT ASSETS.....		119,091,673	122,519	149,066,464	160,228
Finished goods and goods for resale.....		29,975,468	27,575	0	0
Prepayments.....		20,877,511	4,872	0	0
Inventories.....		50,852,979	32,447	0	0
Trade receivables.....		21,475,428	11,566	0	0
Provision for deferred tax.....	10	0	5	0	0
Other receivables.....		114,528	826	0	0
Joint tax contribution receivable..		0	0	7,672,807	4,308
Prepayments and accrued income..	9	1,102,695	1,568	0	0
Receivables.....		22,692,651	13,965	7,672,807	4,308
Cash and cash equivalents.....		2,289,804	16,079	0	366
CURRENT ASSETS.....		75,835,434	62,491	7,672,807	4,674
ASSETS.....		194,927,107	185,010	156,739,271	164,902

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2020 DKK	2019 DKK '000	2020 DKK	2019 DKK '000
Share capital.....		2,000,000	1,000	2,000,000	1,000
Retained profit.....		145,727,625	18,703	145,727,625	18,703
EQUITY.....		147,727,625	19,703	147,727,625	19,703
Provision for deferred tax.....	10	153,283	0	0	0
PROVISIONS.....		153,283	0	0	0
Bank loan.....		0	15,776	0	15,776
Payables to group enterprises.....		0	114,343	0	114,343
Other liabilities.....		1,955,719	754	0	0
Non-current liabilities.....	11	1,955,719	130,873	0	130,119
Bank debt.....		190,131	13,935	0	11,000
Prepayments received from customers.....		2,496,979	1,272	0	0
Trade payables.....		24,465,245	10,246	58,301	58
Payables to group enterprises.....		0	0	3,069,594	1,885
Payables to associated enterprises.....		0	305	0	0
Corporation tax.....		7,287,857	3,126	5,883,745	2,130
Other liabilities.....		10,650,268	5,550	6	7
Current liabilities.....		45,090,480	34,434	9,011,646	15,080
LIABILITIES.....		47,046,199	165,307	9,011,646	145,199
EQUITY AND LIABILITIES.....		194,927,107	185,010	156,739,271	164,902
Contingencies etc.	12				
Charges and securities	13				
Related parties	14				

EQUITY

	Group			
	Share capital	Share premium account	Retained profit	Total
Equity at 1 January 2020.....	1,000,000	0	18,703,191	19,703,191
Proposed profit allocation, see note no. 5.....			26,367,675	26,367,675
Transactions with owners				
Capital increase by conversion of debt.....	1,000,000	100,656,759		101,656,759
Transfers				
Allowed settlement.....		-100,656,759	100,656,759	0
Equity at 31 December 2020.....	2,000,000	0	145,727,625	147,727,625

	Parent Company			
	Share capital	Share premium account	Retained profit	Total
Equity at 1 January 2020.....	1,000,000	0	18,703,191	19,703,191
Proposed profit allocation, see note no. 5.....			26,367,675	26,367,675
Transactions with owners				
Capital increase by conversion of debt.....	1,000,000	100,656,759		101,656,759
Transfers				
Allowed settlement.....		-100,656,759	100,656,759	0
Equity at 31 December 2020.....	2,000,000	0	145,727,625	147,727,625

In the financial year, 1,000,000 new shares were subscribed at a nominal value of DKK 1.

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2020 DKK	2019 DKK '000
Profit for the year.....	26,367,675	3,256
Depreciation and amortisation, reversed.....	8,238,685	7,602
Tax on profit, reversed.....	7,555,379	3,442
Other adjustments.....	0	111
Corporation tax paid.....	-3,234,057	-2,793
Change in inventories.....	-18,405,578	-6,118
Change in receivables (ex tax).....	-8,732,824	3,103
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	20,293,205	1,964
CASH FLOWS FROM OPERATING ACTIVITY.....	32,082,485	10,567
Purchase of intangible assets.....	-510,550	-272
Purchase of property, plant and equipment.....	-3,845,421	-250
Purchase of financial assets.....	-917,500	-928
Sale of financial assets.....	407,577	0
CASH FLOWS FROM INVESTING ACTIVITY.....	-4,865,894	-1,450
Repayment of loans from group enterprises.....	-12,686,402	0
Proceeds from group enterprises.....	0	7,600
Instalments on loans.....	-26,776,043	-8,865
Other changes in non-current debt.....	1,202,212	754
CASH FLOWS FROM FINANCING ACTIVITY.....	-38,260,233	-511
CHANGE IN CASH AND CASH EQUIVALENTS.....	-11,043,642	8,606
Cash and cash equivalents at 1 January.....	13,143,315	4,537
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	2,099,673	13,143
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	2,289,804	16,079
Bank debt.....	-190,131	-2,936
CASH AND CASH EQUIVALENTS, NET DEBT.....	2,099,673	13,143

NOTES

Note

	Group		Parent Company		
	2020 DKK	2019 DKK '000	2020 DKK	2019 DKK '000	
Staff costs					1
Average number of employees	43	41	1	1	
Wages and salaries.....	28,012,838	23,330	0	0	
Pensions.....	1,305,947	1,252	0	0	
Social security costs.....	425,355	447	0	0	
Other staff costs.....	1,596,392	980	0	0	
	31,340,532	26,009	0	0	
Remuneration of management and board of directors.....	4,133,762	2,621	0	0	
	4,133,762	2,621	0	0	
Other financial income					2
Group enterprises.....	0	0	0	84	
Other interest income.....	0	34	0	0	
	0	34	0	84	
Other financial expenses					3
Group enterprises.....	6,860,590	6,467	6,961,480	6,467	
Other interest expenses.....	2,000,931	1,051	670,775	769	
	8,861,521	7,518	7,632,255	7,236	
Tax on profit for the year					4
Calculated tax on taxable income of the year.....	7,396,758	3,189	-1,680,161	-1,586	
Adjustment of tax in previous years.	0	169	0	0	
Adjustment of deferred tax.....	158,621	84	0	0	
	7,555,379	3,442	-1,680,161	-1,586	
Proposed distribution of profit					5
Retained earnings.....	26,367,675	3,256	26,367,675	3,256	
	26,367,675	3,256	26,367,675	3,256	

NOTES

Intangible assets

Note

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	Group	
	Intangible fixed assets acquired	Goodwill
Cost at 1 January 2020.....	271,875	150,114,241
Additions.....	510,550	0
Disposals.....	-54,375	0
Cost at 31 December 2020.....	728,050	150,114,241
Amortisation at 1 January 2020.....	0	29,397,372
Amortisation for the year.....	112,589	7,505,712
Amortisation at 31 December 2020.....	112,589	36,903,084
Carrying amount at 31 December 2020.....	615,461	113,211,157

Property, plant and equipment

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	Group	
	Other plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2020.....	436,811	31,533
Additions.....	2,150,770	1,694,651
Disposals.....	0	-31,533
Cost at 31 December 2020.....	2,587,581	1,694,651
Depreciation and impairment losses at 1 January 2020.....	231,793	31,533
Reversal of depreciation of assets disposed of.....	0	-31,533
Depreciation for the year.....	380,305	240,079
Depreciation and impairment losses at 31 December 2020....	612,098	240,079
Carrying amount at 31 December 2020.....	1,975,483	1,454,572

Financial non-current assets

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	Group
	Rent deposit and other receivables
Cost at 1 January 2020.....	1,325,077
Additions.....	917,500
Disposals.....	-407,577
Cost at 31 December 2020.....	1,835,000
Carrying amount at 31 December 2020.....	1,835,000

NOTES

	Parent Company	Note
Fixed asset investments (continued)		8
	Equity investments in group enterprises	
Cost at 1 January 2020.....	173,561,202	
Cost at 31 December 2020.....	173,561,202	
Revaluation at 1 January 2020.....	16,064,269	
Dividend.....	-43,558,965	
Profit for the year.....	39,903,042	
Revaluation at 31 December 2020.....	12,408,346	
Impairment losses and amortisation of goodwill at 1 January 2020.....	29,397,372	
Amortisation of goodwill.....	7,505,712	
Impairment losses and amortisation of goodwill at 31 December 2020.....	36,903,084	
Carrying amount at 31 December 2020.....	149,066,464	

Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit for the year	Ownership
firm Living ApS, Copenhagen.....	35,855,300	32,854,335	100 %
firm Living US Inc. (subsidiary of firm Living ApS), Delaware, USA.....	7,013,146	7,007,088	100 %

Prepayments and accrued income

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

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Provision for deferred tax

Provision for deferred tax comprises deferred tax on tangible fixed assets.

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	Group		Parent Company	
	2020 DKK	2019 DKK '000	2020 DKK	2019 DKK '000
Deferred tax, beginning of year.....	-5,338	-89	0	0
Deferred tax of the year, income statement.....	158,621	84	0	0
Provision for deferred tax 31 December 2020.....	153,283	-5	0	0

NOTES

Note

Long-term liabilities

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	Group			
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Bank loan.....	0	0	0	26,776,043
Payables to group enterprises.....	0	0	0	114,343,160
Other liabilities.....	1,955,719	0	0	753,507
	1,955,719	0	0	141,872,710

	Parent Company			
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Bank loan.....	0	0	0	26,776,043
Payables to group enterprises.....	0	0	0	114,343,160
	0	0	0	141,119,203

Contingencies etc.

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Contingent liabilities

The group has entered into lease contracts with an average annual lease payment of DKK ('000) 4,379. The lease contracts involves interminability in the first 6 years, and thereafter a residual term of 6 months. The total residual lease payment amounts to DKK ('000) 26,274.

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

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 5,884 at the balance sheet date.

Charges and securities

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firm Living ApS has issued a business charge of DKK ('000) 15,000 to Nykredit Bank A/S, providing security on firm Living's intangible and tangible fixed assets, inventory and debtors.

FLHC ApS has issued a guarantee on behalf of the subsidiary firm Living ApS in relation to Nykredit Bank A/S. Thus, FLHC ApS guarantees all accounts between firm Living ApS and Nykredit Bank A/S.

NOTES**Note****Related parties**

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The Company's related parties include:

Controlling interest

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

Transactions with related parties

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

ACCOUNTING POLICIES

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

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

Consolidated Financial Statements

The consolidated financial statements include the parent company FLHC ApS and its subsidiaries in which FLHC ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

INCOME STATEMENT

Net revenue

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

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Cost of sales

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

Other external expenses

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

Staff costs

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

ACCOUNTING POLICIES

Income from equity interests in subsidiaries

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

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

Financial income and expenses

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

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 20 years. The period of amortisation is determined based on an assessment of the acquired company’s position in the market and earnings profile, and the industry-specific conditions.

Software are measured at cost less accumulated depreciation and impairment. With a estimated useful life of 3 years.

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

Property, plant and equipment

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

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

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

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

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

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

ACCOUNTING POLICIES

Financial non-current assets

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

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

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

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

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

Inventories

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

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

Receivables

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

Accruals, assets

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

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

Liabilities

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

Foreign currency translation

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

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

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

ACCOUNTING POLICIES

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.