

# **BoConcept Holding A/S**

Mørupvej 16  
DK-7400 Herning

**CVR no. 37 76 02 50**

## **Annual Report for 2021/22**

**The Annual Report was presented and adopted  
at the Annual General Meeting of the Company on:**

**29.08.2022**

**Chairman**

Jens Chr. Hesse Rasmussen

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## Key Figures

	2021/22	2020/21	2019/20	2018/19	2017/18
<b>Financial Highlights in DKK million for the Group</b>					
<b>Income Statement</b>					
Revenue	1.490	1.211	1.187	1.310	1.264
Contribution margin	783	666	602	648	633
Earnings before interest, taxes, depreciation and amortization	275	255	111	159	144
Net financials	(16)	(23)	(9)	(4)	(16)
Profit/loss before tax	175	149	27	112	87
Profit/loss for the year	123	109	14	83	65
<b>Balance Sheet</b>					
Non-current assets	1.548	1.579	1.681	1.533	1.536
Current assets	477	602	462	496	428
Balance sheet total	2.024	2.181	2.143	2.029	1.963
Equity	550	1.173	1.066	1.197	1.112
Interest bearing debt	746	247	377	327	383
<b>Cash Flows</b>					
Operating activities	129	281	126	138	89
Investing activities	(19)	(4)	(29)	(35)	(36)
Hereof acquisition of tangible assets	(11)	(5)	(11)	(16)	(21)
Financing activities	(297)	(165)	(77)	(44)	(119)
<b>Employees</b>					
Average number of employees	452	473	491	539	539
<b>Key Ratios</b>					
Operating margin (EBIT%)*	13%	14%	3%	9%	8%
Cash flows before financing activity as a % of revenue*	7%	23%	8%	8%	4%
Return on equity*	14%	10%	1%	7%	6%
Equity ratio*	27%	54%	50%	59%	57%

\*The financial ratios are defined as

Operating margin (EBIT%) = EBIT/Revenue

Cash flows before financing activity as a % of revenue = Cash flow before financing activities/Revenue

Return on equity (%) = Profit/loss after tax/((Equity last year + Equity financial year)/2)

Equity ratio (%) = Equity/Balance sheet total

## Company Information

**Company** BoConcept Holding A/S  
Mørupvej 16  
DK-7400 Herning  
Central Business Registration no. 37 76 02 50

**Board of Directors** Sanna Mari Suvanto-Harsaae, Chairman  
Boris Tobias Kawohl, Deputy chairman  
Justin Laurens Pabst  
Anders Christer Moberg

**Executive Board** Mikael Kruse Jensen

**Auditors** PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus

## Management's Review

BoConcept Holding A/S is a global brand and an international furniture franchise chain in the 'affordable premium' segment. The furniture and accessories collection is sold through over 316 brand stores in 67 countries with BoConcept as franchisor, designer, business developer, exclusive supplier and international distributor.

### Highlights from the 2021/22 financial year

#### *Development and results for the year*

In the 2021/22 financial year, BoConcept Holding A/S realised a record net revenue of DKK 1,490 million (2020/21: DKK 1,211 million). A 23% year on year increase, (2020/21: 2%), surpassing the previous high by 14% and higher than management expectations. This growth came across all markets and product groups and was driven by stronger franchise partners, new store openings, enhanced brand awareness, continuous improvement to sales processes, strong consumer demand and improved supply chain efficiency.

There was also excellent growth in end consumer sales across the store network, giving another strong year and continuing the good performance of the franchise network. This was despite various COVID related store restrictions around the world, together with the uncertainty driven by the Ukraine situation during the final trading quarter. The strength of the global franchise model in mitigating regional business risks meant that the business was not impacted as much as less geographically diversified companies have been during this period.

A gross profit of 47,3% was realised (2020/21: 55%). Despite higher volumes driving efficiency, strong product mix effects and double digit sales price increases, this was not sufficient to cover the supply side pressure on commodities and cost of goods. Inbound freight costs alone weakened the company margin by 0,8pp and cost of goods increases were somewhat higher than anticipated a year ago.

EBITDA in 2021/22 was DKK 275 million (2020/21: DKK 255 million) also a record number, and close to expectations for the year. Topline growth being the key factor in growing the EBITDA. Costs were kept in control but inflationary pressure on the gross margin and within the business running costs saw EBITDA percentages realized lower than 2020/21.

After taxes of DKK 52 million, the profit for the year was DKK 123 million (2020/21: DKK 109 million).

BoConcept generates high levels of cash, with a positive cash flow of DKK 110 million (2020/21: DKK 276 million) before financing activities and operated with negative Net Working Capital. This was despite the need to stock up on key raw material and finished product, to protect the business from the stock out risks driven by the supply chain pressure.

### Expectations

The business enters the 22/23 financial year with a strong order book and 31 newly opened stores.

The successful Live Extraordinær branding will continue to increase consumer awareness and BoConcept will continue to improve selling techniques. With the additional new stores planned for 22/23, the brand footprint further increases in existing markets.

The franchise network remains healthy, with continued growth expected, coming from both Like for Like sales and from new store openings as all the changes in the business model over the past 3 years are further leveraged. Accelerated new store openings globally remain a high priority for the company and the store pipeline remains strong. The new B2B partnership with Haworth is gathering momentum and the BoConcept collection is included in more and more tenders. In addition, global supply chain difficulties will continue to improve, meaning that lead times for BoConcept products will return to normal levels.

However, the same concerns as last year do remain, with a level of uncertainty regarding the outlook for the coming year.

These are primarily related to the uncertainty in a post COVID world around how consumers will use their disposable income and how world macro events will impact the sector. Inflation has impacted margins and remains an unknown factor which will be closely followed by management.

Management expects single digit revenue growth for the coming year. Cost of sales pressure is expected to reduce, but inflationary pressures will remain. Gross margins are therefore expected to improve slightly from 21/22 levels whilst EBITDA is expected to grow at a level similar to revenues.

### Report on the Gender Distribution in Management, cf. Section 99 b of the Danish Financial Statements Act

At present, 1 out of 4 general assembly elected members of the Board of Directors is a woman. The company has therefore obtained equal distribution on gender and hence no new target figure has been set. At Executive Management level, 1 out of 5 members is a woman.

At other management levels, it is the company's objective to ensure a gender distribution that is representative for the BoConcept A/S group's organisation.

Activities for increasing the underrepresented gender include having both genders invited to job interviews, wherever possible. We encourage current employees to seek management positions within the company on an ongoing basis.

At present, the underrepresented gender share is 33% in other management compared to 38% in the total organisation. This compares to an underrepresented gender share in other management of 33% and 42% in the total organisation last year. We acknowledge that women currently are underrepresented in the other management segment and we are working on a more equal distribution of gender.

### Corporate social responsibility

BoConcept became a signatory to the UN Global Compact in 2009, so the group's CSR policy, which forms the framework for the group's initiatives and priorities in this area, is based on the ten principles of the Global Compact in the areas of human rights, labor, environment, and anti-corruption.

In 21/22 the business will also publish its first CSR report together with its financial statements, with a focus on sustainability as a part of our product development process and an increased awareness of consumers CSR focus points. The initiatives in both the Global Compact and the CSR report are each clearly linked to the United Nations Sustainable Development Goals (SDG's) and therefore measurable following the standard SBTi SME (science base targeting, small medium enterprises).

For a detailed review of BoConcept's operational initiatives with respect to corporate social responsibility in the 2021/22 financial year and an introduction to initiatives, objectives and expectations for the future, please see both the CSR statement and the UN Global Compact report submitted by the business.

BoConcept is including the progress report and the CSR report in its corporate social responsibility statement; as specified in section 99 a of the Danish Financial Statements Act. Refer to <https://www.boconcept.com/da-dk/aboutboconcept/corporate-responsibility> and are part of and cover the same period as BoConcept's 2020/21 annual report.

The CSR report also includes a statement on data ethics according to the Danish Financial Statements Act Section 99d. However, it is the Managements belief that BoConcept do not store any data that is not covered by GDPR regulations.

## Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of BoConcept Holding A/S for the financial year 1 May 2021 – 30 April 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 30 April 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and the Group cash flows for 2021/22.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Herning, 29 August 2022

### Executive Board

Mikael Kruse Jensen  
CEO

### Board of Directors

Sanna Mari Suvanto-Harsaae  
Chairman

Boris Tobias Kawohl  
Deputy chairman

Justin Laurens Pabst

Anders Christer Moberg

# Independent Auditor's Report

To the Shareholder of BoConcept Holding A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 30 April 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 May 2021 – 30 April 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BoConcept Holding A/S for the financial year 1 May 2021 – 30 April 2022, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as cash flow statement for the Group ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

## Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the 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 financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 29 August 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR no. 33 77 12 31*

Claus Lindholm Jacobsen  
State Authorised Public Accountant  
mne23328

Claus Lyngsø Sørensen  
State Authorised Public Accountant  
mne34539

## Consolidated Statement of Profit and Loss Group

	Note	2021/22 kDKK	2020/21 kDKK
Revenue	3	1.490.281	1.211.176
Cost of goods sold	4	(706.967)	(545.305)
<b>Contribution margin</b>		<b>783.314</b>	<b>665.871</b>
Transportation expenses		(116.796)	(72.598)
Employee related costs	4	(232.606)	(235.079)
Marketing expenses		(70.538)	(55.650)
Rent and maintenance expenses		(32.388)	(22.711)
IT and Consultancy expenses	5	(91.858)	(67.878)
Others	6	36.097	42.653
<b>Operating profit (EBITDA)</b>		<b>275.225</b>	<b>254.608</b>
Amortisation, depreciation, write-downs and impairment losses	7	(84.634)	(82.136)
<b>Profit/loss from operating activities (EBIT)</b>		<b>190.591</b>	<b>172.472</b>
Financial income	9	7.534	4.048
Financial expenses	10	(23.212)	(27.327)
<b>Profit/loss before tax</b>		<b>174.913</b>	<b>149.193</b>
Tax on profit/loss for the year	11	(52.115)	(40.333)
<b>Profit/loss for the year</b>		<b>122.798</b>	<b>108.860</b>
<b>Profit/loss for the year is attributable to:</b>			
Shareholder of BoConcept Holding A/S		122.798	108.860

## Consolidated Statement of Comprehensive Income

	2021/22 kDKK	2020/21 kDKK
Profit/loss for for the year	122.798	108.860
Revaluation of hedging instruments before tax	3.037	4.330
Tax on hedging instruments	(668)	(953)
Foreign currency translation, foreign units	169	(4.965)
<b>Total comprehensive income for the year</b>	<b>125.336</b>	<b>107.272</b>
<b>Broken down as follows:</b>		
Shareholder of BoConcept Holding A/S	125.336	107.272

## Consolidated Balance Sheet Group

		30.04.2022	30.04.2021
		kDKK	kDKK
Goodwill		535.311	533.533
Master rights		36.600	36.600
Franchise network		126.523	140.263
Brand and concept		571.000	571.000
Software		36.872	44.739
Intangible assets in progress		4.263	1.584
<b>Total intangible assets</b>	12	<b>1.310.569</b>	<b>1.327.719</b>
Right-of-use-assets	13	86.517	103.696
Land and buildings		79.783	84.628
Leasehold improvements		17.002	14.307
Plant and machinery		12.496	10.245
Fixtures and operating equipment		8.209	8.458
Property, plant and equipment in progress		1.549	3.625
<b>Total tangible assets</b>	14	<b>205.556</b>	<b>224.959</b>
Deferred tax	15	5.279	4.491
Other financial assets	16	26.131	21.366
<b>Total other non-current assets</b>		<b>31.410</b>	<b>25.857</b>
<b>Total non-current assets</b>		<b>1.547.535</b>	<b>1.578.535</b>
Inventories	17	184.111	140.082
Trade receivables	18	150.562	111.352
Other receivables	19	24.527	45.753
Cash and cash equivalents		117.504	304.891
<b>Total current assets</b>		<b>476.704</b>	<b>602.078</b>
<b>Total assets</b>		<b>2.024.239</b>	<b>2.180.613</b>

## Consolidated Balance Sheet Group

	Note	30.04.2022 kDKK	30.04.2021 kDKK
Share capital	20	1.000	1.000
Translation reserve		(1.213)	(1.382)
Hedging reserve		2.396	28
Retained earnings		547.921	1.173.621
Equity share, BoConcept Holding A/S shareholder		550.104	1.173.267
<b>Total equity</b>		<b>550.104</b>	<b>1.173.267</b>
Lease liabilities	13	52.265	67.107
Deferred tax	15	182.249	185.214
Other provisions	21	8.788	7.495
Mortgage credit institutions and banks	22, 27	723.543	242.649
<b>Total non-current liabilities</b>		<b>966.845</b>	<b>502.465</b>
Lease liabilities	13	39.283	40.142
Mortgage credit institutions and banks	22	22.934	4.111
Trade payables		181.517	149.831
Payables, parent company		15.019	62.019
Prepayment from customers		64.819	71.746
Income tax payables	23	52.115	43.010
Other payables		131.603	134.022
<b>Total current liabilities</b>		<b>507.290</b>	<b>504.881</b>
<b>Total liabilities</b>		<b>1.474.135</b>	<b>1.007.346</b>
<b>Total equity and liabilities</b>		<b>2.024.239</b>	<b>2.180.613</b>

## Consolidated Statement of Changes in Equity Group

	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK	kDKK
<b>Equity at 30.04.2020</b>	<b>1.000</b>	<b>(2.255)</b>	<b>3.583</b>	<b>1.063.667</b>	<b>1.065.995</b>
Dividend distributed	0	0	0	0	0
Profit/loss for the year	0	0	0	108.860	108.860
Reserve for exchange rate adjustments	0	0	(4.965)	0	(4.965)
Revaluation of hedging instruments	0	3.377	0	0	3.377
Adjustments	0	(1.094)	0	1.094	0
<b>Equity at 30.04.2021</b>	<b>1.000</b>	<b>28</b>	<b>(1.382)</b>	<b>1.173.621</b>	<b>1.173.267</b>
Distribution of extraordinary dividend	0	0	0	(748.498)	(748.498)
Profit/loss for the year	0	0	0	122.798	122.798
Reserve for exchange rate adjustments	0	0	169	0	169
Revaluation of hedging instruments	0	2.368	0	0	2.368
<b>Equity at 30.04.2022</b>	<b>1.000</b>	<b>2.396</b>	<b>(1.213)</b>	<b>547.921</b>	<b>550.104</b>

## Consolidated Cash Flow Statement Group

		2021/22	2020/21
		kDKK	kDKK
<b>Profit/loss from operating activities (EBIT)</b>		190.591	172.472
Adjustments for non-cash items	25	78.423	66.128
Changes in working capital	26	(86.673)	70.723
		<u>182.341</u>	<u>309.323</u>
Cash flow from operating activities before financial items		182.341	309.323
Interest income etc.		5.692	4.048
Interest paid		(19.024)	(16.005)
Income taxes paid		(40.197)	(16.736)
		<u>128.812</u>	<u>280.630</u>
<b>Net cash flow from operating activities</b>		<b>128.812</b>	<b>280.630</b>
Acquisition of intangible assets		(8.495)	(2.607)
Acquisition of tangible assets		(10.753)	(4.713)
Sale of tangible assets		0	2.902
		<u>(19.248)</u>	<u>(4.418)</u>
<b>Net cash flow from investing activities</b>		<b>(19.248)</b>	<b>(4.418)</b>
		<u>109.564</u>	<u>276.212</u>
<b>Cash flow before financing activities</b>		<b>109.564</b>	<b>276.212</b>
New loans from banks		499.717	0
Instalments on mortgage credit institutions and banks		0	(130.179)
Addition/disposals, financial assets		(4.766)	4.466
Repayment of leasing debt		(43.404)	(39.087)
Dividend paid		(748.498)	0
		<u>(296.951)</u>	<u>(164.800)</u>
<b>Cash flow from financing activities</b>		<b>(296.951)</b>	<b>(164.800)</b>
Cash inflow/outflow for the year		(187.387)	111.412
Cash and cash equivalents, beginning of the year		304.891	193.479
		<u>117.504</u>	<u>304.891</u>
<b>Cash and cash equivalents at end of the year</b>		<b>117.504</b>	<b>304.891</b>
<b>The amount may be broken down as follows:</b>			
Cash without restrictions		<u>117.504</u>	<u>304.891</u>

## Notes Group

1. Accounting policies
2. Critical accounting estimates and judgements
3. Revenue
4. Costs
5. Fee to auditors appointed at the annual General Meeting
6. Others
7. Amortisation, depreciation, write-downs and impairment losses
8. Development costs
9. Financial income
10. Financial expenses
11. Tax on profit/loss for the year
12. Intangible assets
13. Leases
14. Tangible assets
15. Deferred tax
16. Other financial assets and deposits
17. Inventories
18. Trade receivables
19. Other receivables
20. Share capital
21. Other provisions
22. Amounts owed to credit institutions
23. Income tax payable
24. Contingent liabilities and security
25. Adjustment for non-cash items
26. Changes in working capital
27. Financial risk management
28. Transactions with related parties

## Notes Group

### 1. Accounting policies

The consolidated financial statements for the period 1 May 2021 to 30 April 2022 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Further, the annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports.

Accounting policies are unchanged from last year.

The annual report is presented in DKK 000, which is the functional and presentation currency of the company.

#### *Consolidated financial statements and business combinations*

The consolidated financial statements include the parent, BoConcept Holding A/S, as well as subsidiaries and enterprises in which BoConcept Holding A/S holds more than 50 per cent of the votes, directly or indirectly, or in any other way exercises a controlling influence (subsidiaries). BoConcept Holding A/S and the subsidiaries are collectively referred to as the group.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements by consolidating accounting items of a similar nature and subsequently eliminating intra-group income and expenses, shareholdings, intra-group accounts and dividends as well as unrealised gains and losses on transactions between the consolidated enterprises. The consolidated financial statements have been prepared in compliance with the accounting policies applicable to the BoConcept Holding group.

In the consolidated financial statements the accounting items of the subsidiaries are recognised in full.

#### *Acquisition and disposal of entities*

##### *Accounting policies*

When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3.

Acquirees are recognized in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which BoConcept Holding A/S obtains control of the company.

The consideration transferred as payment for the acquiree consists of the fair value of assets transferred, liabilities incurred to former owners of the acquiree and equity instruments issued. Contingent considerations dependent on future events or the performance of contractual obligations are also recognized at fair value and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Identifiable assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition.

The excess of the total consideration transferred, value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognized as goodwill.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition. The effects of cross period measurement period adjustments are recognised in equity at the beginning of the financial year, and comparative figures are restated. After the end of the period, goodwill is no longer adjusted.

Transaction costs inherent from the acquisition are recognized in the income statement when incurred.

Other than cross-period measurement period adjustments, comparative figures are not adjusted when acquiring or disposing entities.



## Notes Group

### *Foreign currency translation*

The group fixes a functional currency for each of the reporting enterprises. The functional currency is the currency which is applied in the primary economic environment in which the individual reporting unit operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the transaction date. Any exchange differences between the rate prevailing at the transaction date and the rate prevailing at the date of settlement on receivables, payables and other monetary items are taken to the income statement as financial items.

Receivables, debts and other monetary items in foreign currencies are converted at the exchange rate prevailing at the balance sheet date. The difference between the rate prevailing at the balance sheet date and the rate prevailing at the time when the receivable or payable item arose is included in the income statement under financial income and expenses.

On recognition in the consolidated financial statements of enterprises with a functional currency other than Danish kroner the income statements of such enterprises are translated to the rate prevailing at the transaction date, and the balance sheet items are translated to the rate prevailing at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of the equity of such enterprises at the exchange rates prevailing at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised in other comprehensive income and classified in equity under a separate translation reserve.

### *Derivative financial instruments*

Derivative financial instruments are initially and subsequently recognised at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is only made when the company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are calculated on the basis of current market data and generally accepted valuation methods.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge are recognised in other comprehensive income and classified under a separate hedging reserve in equity. Once the hedged transaction is realised, gains or losses incidental to such hedging transactions are transferred from the equity and recognised with the hedged item.

## INCOME STATEMENT

### *Revenue*

The group manufactures and sells a range of furniture to a number of franchisees. Sales are recognised when control of the products has transferred, being when the products are delivered to the franchisee, the franchisee has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the franchisee's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the franchisee, and either the franchisee has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The furniture is sometimes sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with standard credit terms, which are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### *Cost of goods sold*

Cost of goods sold include cost related to the production and purchasing of materials and direct salaries paid to generate revenue for the year.

### *Employee related cost*

Employee related cost include indirect salaries and personnel related cost.

### *Marketing*

Marketing expenses includes cost related to marketing campaigns.

### *Transportation*

Transportation cost includes cost related to distribute goods related to generating revenue for the year.

### *Depreciations*

Depreciations is related to amortization and depreciations of intangible and tangible assets for the year.

## Notes Group

### *Rent and Maintenance*

Rent and maintenance cost include cost related to rental of stores and offices and maintenance of production facilities and buildings.

### *IT and Consultancy*

IT and Consultancy cost include cost related to IT equipment and communication, consultancy, audit, legal advisory and insurances.

### *Others*

Others is cost that is not included in the above.

### *Financial income and expenses*

Financial income and expenses include interest income and expenses, exchange adjustments relating to securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme etc.

Furthermore, realised and unrealised gains and losses relating to derivative financial instruments which do not qualify as hedging contracts are also recognised.

### *Tax on profit for the year*

Tax for the year, which comprises current income taxes, the joint taxation contribution for the year relating to the use or refund of tax losses and changes in deferred tax for the year, for instance as a result of changes in the tax rate, is recognised in the income statement with the proportion attributable to the profit for the year and is recognised directly in other comprehensive income and equity respectively as regards the portion attributable to amount included in other comprehensive income or items under the equity.

The current Danish income tax is allocated among the jointly taxed companies in the form of settlement of joint tax contributions in proportion to their taxable income. In this connection Danish companies with tax losses receive joint tax contributions from companies that have been able to utilise these losses to reduce their own taxable profits.

## BALANCE SHEET

### *Intangible assets*

#### Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under 'The Consolidated Financial Statements and Business Combinations'. Subsequently goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the group's cash-generating units at the acquisition date. The identification of cash-generating units is based on management structure and internal financial control. Management estimates that the smallest cash-generating units to which the carrying amount of goodwill can be allocated is the collective group of subsidiaries.

At least once a year the carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is computed as the present value of the expected future net cash flows from the enterprise or activity (cash-generating unit) to which goodwill is allocated.

#### Master rights

Master rights acquired to run and start up new BoConcept Brand Stores on a specific market are recognised in the balance sheet.

Master rights are of indefinite duration as it is a general access to run and start up BoConcept Brand Stores on specific markets. The characteristics of the acquired rights are in fact comparable to goodwill.

Master rights are measured at cost. No amortisation is made in respect of these as their useful lives cannot be determined, but they are subject to an annual impairment test.

#### Brand and concept

BoConcept is an international franchise concept owner with a full product range of furniture and accessories. BoConcept is positioned in the 'affordable premium' segment, which entails strong reliance on its brand/concept image.

The rights are of indefinite duration, and the characteristics of the acquired rights are in fact comparable to goodwill.

Brand and concept are measured at cost. No amortisation is made in respect of these as their useful lives cannot be determined, but they are subject to an annual impairment test.

#### Franchise network

Furniture and accessories collections are sold through the BoConcept franchise chain worldwide. BoConcept Holding A/S and the franchisee have a long-term contractual agreement. Franchise network is amortised over 15 years.

## Notes Group

### Development costs

The company conducts no research. New products and product innovations are developed in consultation with external consultants. Development costs are not included in the balance sheet, since these cannot be stated dependably, in addition to which these are often related to product replacements.

### Software

Software is acquired externally and is measured at cost less accumulated amortisation. Software is written down to the recoverable amount or to the carrying amount, whichever is the lower. Amortisation is charged over three to eight years.

### *Tangible assets*

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

The cost comprises the cost of acquisition as well as costs directly attributable to the acquisition until such time when the asset is put into service.

The cost of assets held under finance leases is stated at the lower of the fair value of the assets and the present value of the future minimum lease payments. For the calculation of the present value, the interest rate implicit in the lease or an approximation thereof is used as the discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the group. The replaced components are removed from the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, applying the following useful lives:

Buildings	10-25 years
Plant and machinery	5-9 years
Fixtures and fittings, other plant and equipment	3-7 years
Leasehold improvements	3-10 years

Land is not depreciated.

Depreciation is calculated on the basis of the residual value less impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement on a separate line.

### *Leases*

The right-of-use asset and corresponding lease liability will be recognised at the commencement date, i.e. the date the underlying asset is available for use. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

Right-of-use assets are measured at cost corresponding to the lease liability recognised, adjusted for any lease incentives received, initial direct costs and estimated restoration costs. Depreciations are done following the straight-line method over the lease term or the useful life of the right-of-use assets, whichever is shortest.

The lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the incremental borrowing rate. The lease payments include fixed payments and variable lease payments that depend on an index or a rate, less any lease incentives receivable. If the contract holds an option to purchase, extend or terminate a lease and it is reasonably certain to be exercised by BoConcept Holding A/S, the lease payments will include those. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The discount rate used for assessment of the leasing payments in accordance with IFRS 16 has been set by obtaining a market evaluation of the interest rate on which BoConcept would have been able to obtain financing should we have bought the assets instead of leasing. Thus the interest rate used for discounting the leasing payments shall be seen as the market rate at the relevant time.

For all classes of assets, non-lease components, i.e. service elements, will be separated from the lease components and thereby not form part of the right-of-use asset and financial lease liability recognised in the balance sheet.

Right-of-use assets have the following lease terms:

Buildings	1-15 years.
Vehicles	1-5 years.
Other assets	1-4 years.

## Notes Group

### *Impairment of non-current assets*

Goodwill, master rights and brand and concept are subject to annual impairment tests, or where there seems to be a need for testing, initially before the end of the acquisition year.

The carrying amounts of goodwill, master rights and brand and concept are subject to an impairment test together with the other non-current assets in the cash-generating unit to which goodwill, master rights and brand and concept have been allocated, and the said assets are written down to the recoverable amount via the income statement if this is lower than the carrying amount. The recoverable amount is generally computed as the present value of the expected future net cash flows from the enterprise or activity (cash-generating unit) to which goodwill or the master rights are allocated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs, distribution costs and administrative expenses respectively.

Impairment of goodwill is not reversed. Impairment of other assets is only reversed in connection with changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

### *Other financial assets*

Securities are recognised at fair value.

### *Inventories*

Inventories are measured at cost according to the FIFO method. Where the net realisable value is lower than the cost, the item is written down to the former lower value.

The cost of goods for resale, raw materials and consumables includes the purchase price and delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct wages and production overheads. Production overheads include indirect materials and wages as well as maintenance and depreciation of the machinery, plant and equipment applied in the production process as well as the cost of factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

### *Receivables*

Receivables are measured at amortised cost price, which is equal to the nominal value less loss allowance. The Group applies the IFRS 9 simplified approach to measuring the expected credit losses.

Receivables are initially recognised at fair value and subsequently measured at amortised cost less write-down for losses. Provisions for losses are made by applying the expected loss impairment model and provisions are made based on an objective indicator if an individual receivable or a portfolio of receivables are impaired.

### *Prepayments*

Prepayments measured at cost price and recognised under assets include costs paid relating to subsequent financial years.

## EQUITY

### *Dividend*

The dividend proposed is recognised as a liability at the time of approval by the general meeting. Dividend which is expected to be distributed for the year is shown as a separate item under the equity. Interim dividend is recognised as a liability at the date when the decision to pay interim dividend is made.

### *Translation reserve*

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the BoConcept Holding group (Danish kroner). On full or partial realisation of the net investment the foreign exchange adjustments are recognised in the income statement.

### *Hedging transaction reserve*

Hedging instruments are recognised at fair value, and fair value adjustments are effected in the equity for unsettled instruments.

## Notes Group

### LIABILITIES

#### *Income taxes and deferred tax*

In pursuance of the joint taxation provisions Layout Holdco A/S in its capacity of administration company takes over the liability for the income taxes of the subsidiaries vis-à-vis the tax authorities as the subsidiaries make their joint tax contributions.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured according to the balance sheet liability method of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill.

In cases where the tax base may be measured according to alternative tax regulations, deferred tax is measured on the basis of the use of the asset or liability planned by the management.

Deferred tax assets are subject to an annual impairment test and are amortised if it is deemed probable that the deferred tax asset cannot be eliminated against tax on future earnings or offset against deferred tax liabilities within the same legal tax entity or jurisdiction. In the assessment importance is attached to the type and nature of the recognised deferred tax asset, the expected time limit for eliminating the deferred tax asset, tax planning possibilities etc.

Deferred tax will be adjusted to account for the elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

#### *Provisions*

Provisions are recognised when, as a result of events arising before or at the balance sheet date, the group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. The amount recognised as a provision is management's best estimate of the expenses required to settle the obligation.

Restructuring costs are recognised as a liability when the persons affected by it have been notified of a detailed, formal restructuring plan not later than at the balance sheet date.

#### *Financial liabilities*

Payables to mortgage credit institutions and banks are recognised in the amount of the proceeds after deducting transaction costs when the loan is raised. In subsequent periods the financial liabilities are recognised at amortised cost using the 'effective rate of interest method' thus that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. Financial liabilities also include the capitalised residual obligation under finance leases. Other liabilities are measured at the nominal value which corresponds to the amortised cost for current payables.

#### **Prepayments from customers**

Prepayments from customers recognised under liabilities are measured at cost and include prepayments received concerning ordered, but not yet delivered, furniture.

### CASH FLOW

#### *Cash flow statement*

The cash flow statement shows the group's cash flow divided into operating, investing and financing activities, the change in cash and cash equivalents during the year and the group's cash and cash equivalents at the beginning of the year and at year-end.

#### *Cash flow from financing activities*

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of long-term interest-bearing debt, acquisition and disposal of treasury shares and payment of dividend to the shareholder.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

## In the 2021/22

### Group

#### 2. Critical accounting estimates and judgements

##### *Estimation uncertainty*

Determining the carrying amounts of certain assets and liabilities requires estimation of the effects of future events on the carrying amounts of these assets and liabilities at the balance sheet date. Estimates that are material for the financial reporting are made, among other things, by computing amortisation, depreciation, write-downs and impairment losses, provisions as well as contingent liabilities and assets. The estimates applied are based on assumptions which are sound, in the management's opinion but which by their very nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates.

The notes provide information on bases and assumptions, on the future and other estimation uncertainties at the balance sheet date where there is a considerable risk of changes that may lead to a significant adjustment of the carrying amounts of assets or liabilities within the next financial year.

For BoConcept Holding A/S the measurement of goodwill DKK 535 million, master rights DKK 37 million, franchise network DKK 127 million, brand & concept DKK 571 million, trade receivables DKK 150 million and inventory DKK 184 million may be significantly affected by major changes in the estimates and underlying assumptions of the calculations. For a description of impairment tests for intangible assets reference is made to note 12, where the amounts are also stated.

Trade receivables are measured at amortised cost or net realisable value in the balance sheet, corresponding to the nominal value less write-downs for bad debt and doubtful debt. Write-downs to provide for losses are determined on the basis of an individual assessment of each receivable and the specific risk of the debtor being unable to pay. Collective write-downs in respect of other franchisees are determined on the basis of a general assessment of the risk that the group of debtors is unable to pay in the light of the company's experience from previous years. The determination is therefore to some extent based on estimates.

Inventory consists of; finished goods, raw materials and work in progress, valued at either the standard production cost (own production) or after FIFO accounting principles, minus provisions for obsolescence. The provision for obsolescence is based upon the company's internal write-down policy, which in turn is evaluated based upon a combination of Product Life Cycle status and product turnover rates.

##### *Material judgements*

In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed as observable market prices are typically not available.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition.

More significant estimates are applied in accounting for brand and concept, franchise network, property, plant and equipment, inventories and deferred tax.

Master rights acquired to run and start up new BoConcept brand stores in specific markets are recognised in the balance sheet. The rights have no fixed term and have the characteristics of goodwill. Upon acquisition of enterprises and activities, management will evaluate whether such acquisition is deemed to constitute an enterprise or individual assets, including master rights and liabilities. Where no staff members, key net assets, are acquired, and where other contractual conditions otherwise support this position, management will deem the acquisition to consist of individual assets, typically including master rights. The Franchise Network which is the deemed value of the global franchise operators to BoConcept are depreciated over the determined useful lifetime, which is impacted by material judgement. Goodwill and the Brand and Concept, which is the value attached to the IP of the BoConcept business model, was valued at acquisition in 2016 and are annually assessed using a discounted cashflow impairment testing approach, which is impacted by significant assumptions made.

## Notes Group

### 3. Revenue

*Revenue coming from sale of furniture*

	2021/22	2020/21
	kDKK	kDKK
EMEA	829.274	688.170
Americas	188.388	129.671
APAC	472.619	393.335
	<u>1.490.281</u>	<u>1.211.176</u>

### 4. Costs

#### Staff Costs

Wages and salaries	(248.116)	(253.103)
Pensions	(9.292)	(8.642)
Termination payments	391	(7.692)
Other social security costs	(1.840)	(822)
Other staff costs	(16.041)	(11.261)
	<u>(274.898)</u>	<u>(281.520)</u>
Average number of employees	<u>452</u>	<u>473</u>

#### Including Key Management Personnel (Executive management team\*):

Wages and salaries	(11.491)	(9.886)
Termination benefits, and other one-offs	0	(8.168)
Short-term incentive plan (Bonus)	(6.385)	(325)
Pensions	(1.076)	(614)
	<u>(18.951)</u>	<u>(18.993)</u>

\*The Executive Management team had 5 members at the end of the financial year 2021/2022 (5 members in 2020/21). Remuneration of the Executive Board and Board of Directors was kDKK 2.300 in 2021/2022 (2020/21: kDKK 3.304).

### 5. Fee to auditors appointed at the annual General Meeting

Audit	(786)	(784)
Other services	(474)	(540)
Tax consultancy	(200)	(779)
	<u>(1.460)</u>	<u>(2.103)</u>

### 6. Others

Management fee and commission with subsidiaries	(4.138)	(2.580)
Other expenses	(11.208)	(19.121)
	<u>(15.346)</u>	<u>(21.701)</u>
Changes in bad debt provision	14.000	32.538
Other income	37.443	31.816
	<u>51.443</u>	<u>64.354</u>

### 7. Amortisation, depreciation, write-downs and impairment losses

Amortisation of intangible assets	(26.336)	(27.424)
Depreciation of tangible assets	(15.908)	(15.074)
Depreciation of right-of-use assets	(42.390)	(39.638)
	<u>(84.634)</u>	<u>(82.136)</u>

## Notes

### Group

#### 8. Development costs

Development costs paid during the year

	2021/22	2020/21
	kDKK	kDKK
	<u>(9.592)</u>	<u>(7.765)</u>

#### 9. Financial income

Interest income, other

Foreign exchange rate adjustments

	5.692	4.048
	<u>1.842</u>	<u>0</u>
	<u>7.534</u>	<u>4.048</u>

#### 10. Financial expenses

Interest expenses, lease liabilities

Interest expenses, other

Settlement of hedging instruments

Foreign exchange rate adjustment

	(3.782)	(2.527)
	(19.024)	(16.005)
	(406)	(457)
	<u>0</u>	<u>(8.338)</u>
	<u>(23.212)</u>	<u>(27.327)</u>

#### 11. Tax on profit/loss for the year

*Tax on profit/ loss for the year may be subdivided as follows:*

Current tax	(52.115)	(43.010)
Deferred tax	3.752	1.343
Adjustment previous years' taxes	(3.116)	1.334
Withholding tax	(636)	0
	<u>(52.115)</u>	<u>(40.333)</u>

*Tax on profit/loss for the year may be explained as follows:*

Calculated 22% tax on profit/loss for the year before tax	(38.481)	(32.822)
Withholding tax	(636)	(564)
Adjustments to withholding tax related to previous years	0	797

*The tax effect of:*

Deferred tax asset not recognised on losses arising in the year	0	(1.883)
Reversal of tax provisions	(359)	(3.314)
Non-taxable income and non-deductible costs	(5.817)	(3.881)
Higher tax rate in subsidiaries	(3.706)	0
Adjustment of tax related to previous years	<u>(3.116)</u>	<u>1.334</u>
	<u>(52.115)</u>	<u>(40.333)</u>

Effective tax rate

29,8% 27,0%



## Notes Group

### 12. Intangible assets

	2021/22						
<i>kDKK</i>	Goodwill	Master rights	Franchise network	Brand and concept	Software	Intangible assets in progress	Total
Acquisition cost, beg. year	533.533	42.039	206.100	571.000	150.892	1.584	1.505.148
Foreign exchange rate adjustments	1.778	0	0	0	0	0	1.778
Additions	0	0	0	0	4.807	3.688	8.495
Transfers	0	0	0	0	1.009	(1.009)	0
Disposals for the year	0	0	0	0	(1.198)	0	(1.198)
Acquisition cost, year-end	<u>535.311</u>	<u>42.039</u>	<u>206.100</u>	<u>571.000</u>	<u>155.510</u>	<u>4.263</u>	<u>1.514.223</u>
Amortisation and impairment losses, beg. year	0	(5.439)	(65.837)	0	(106.152)	0	(177.428)
Foreign exchange rate adjustments	0	0	0	0	(1.088)	0	(1.088)
Amortisation for the year	0	0	(13.740)	0	(12.596)	0	(26.336)
Disposals for the year	0	0	0	0	1.198	0	1.198
Amortisation and impairment losses, year-end	<u>0</u>	<u>(5.439)</u>	<u>(79.577)</u>	<u>0</u>	<u>(118.638)</u>	<u>0</u>	<u>(203.654)</u>
Carrying amount, year-end	<u>535.311</u>	<u>36.600</u>	<u>126.523</u>	<u>571.000</u>	<u>36.872</u>	<u>4.263</u>	<u>1.310.569</u>
<i>Depreciated over a period of</i>			<i>15 years</i>		<i>3-8 years</i>		

Master rights relate to acquisition of master rights in China, the UK, Spain, Sweden, Portugal and Denmark.

An impairment test of the carrying amounts of goodwill, master rights and brand & concepts has been carried out at 30 April 2022.

The carrying amount of master rights is based on cash flow generating stores in Denmark, the UK, Spain, Portugal, Sweden and China.

	2021/22	2020/21
<i>Master rights:</i>	<i>kDKK</i>	<i>kDKK</i>
China	8.278	8.278
Denmark	4.483	4.483
Portugal	2.226	2.226
Spain	8.871	8.871
Sweden	4.760	4.760
UK	7.982	7.982
Total	<u>36.600</u>	<u>36.600</u>

Goodwill is based on the cashflow generating regions in EMEA, AMERICAS and APAC

<i>Goodwill:</i>	2021/22	2020/21
EMEA	314.329	314.329
AMERICAS	40.737	40.737
APAC	180.245	178.467
Total	<u>535.311</u>	<u>533.533</u>

## Notes Group

Brand and concepts is based on cashflow generating regions in EMEA, AMERICAS and APAC

	2021/22	2020/21
	kDKK	kDKK
<b>Brand and concepts:</b>		
EMEA	336.108	336.108
AMERICAS	43.993	43.993
APAC	190.899	190.899
Total	<u>571.000</u>	<u>571.000</u>

The main factors in the determination of the recoverable amount are revenue and contribution margin which both affect the free cash flow. Furthermore the discount rate is a main assumption.

The recoverable amounts of goodwill, master rights and brand and concepts are based on the capital value, which is determined by applying expected cash flows based on the budget for the next year and an estimated projection for the next four years at an annual growth rate related to expected revenue growth from increased same-store-sales and opening of new stores followed by the calculation of a terminal value without annual growth and with an unchanged free cash flow. Free cash flow is based on past performance/management expectation of market developments etc. and is expected to be around DKK 200 million in average over the next 5 years, and DKK 210 million in the terminal period (last year 165 million). All amounts have been discounted at 9.32% after-tax (8.65% last year) and 11.95% pre-tax (11.09% last year).

The calculated recoverable amounts of the remaining values are significantly higher than the carrying amounts.

	2020/21						
kDKK	Goodwill	Master rights	Franchise network	Brand and concept	Software	Intangible assets in	Total
Acquisition cost, beg. year	533.939	42.039	206.100	571.000	143.048	7.530	1.503.656
Foreign exchange rate adjustments	(406)	0	0	0	0	0	(406)
Additions	0	0	0	0	1.023	1.584	2.607
Transfers	0	0	0	0	7.530	(7.530)	0
Disposals for the year	0	0	0	0	(710)	0	(710)
Acquisition cost, year-end	<u>533.533</u>	<u>42.039</u>	<u>206.100</u>	<u>571.000</u>	<u>150.891</u>	<u>1.584</u>	<u>1.505.147</u>
Amortisation and impairment losses, beg. year	0	(5.439)	(52.097)	0	(93.189)	0	(150.725)
Foreign exchange rate adjustments	0	0	0	0	170	0	170
Amortisation for the year	0	0	(13.740)	0	(13.684)	0	(27.424)
Disposals for the year	0	0	0	0	551	0	551
Amortisation and impairment losses, year-end	<u>0</u>	<u>(5.439)</u>	<u>(65.837)</u>	<u>0</u>	<u>(106.152)</u>	<u>0</u>	<u>(177.428)</u>
Carrying amount, year-end	<u>533.533</u>	<u>36.600</u>	<u>140.263</u>	<u>571.000</u>	<u>44.739</u>	<u>1.584</u>	<u>1.327.719</u>
<i>Depreciated over a period of</i>			<i>15 years</i>		<i>3-8 years</i>		

### 13. Leases

This note provides information for leases where the group is a lessee.

#### *Amounts recognised in the balance sheet*

	<b>2021/22</b>	<b>2020/21</b>
	<b>kDKK</b>	<b>kDKK</b>
<i>Right-of-use assets</i>		
Buildings	83.072	98.754
Vehicles	2.329	3.059
Other	1.116	1.883
	<b>86.517</b>	<b>103.696</b>

#### *The maturity of Lease liabilities - Non-discounted (kDKK)*

Within 1 year	39.283	40.142
Between 1 and 5 years	50.267	63.845
After 5 years	1.998	3.262
	<b>91.548</b>	<b>107.249</b>

Additions to the right-of-use assets during the 2021/22 financial year were kDKK 25.212 (2020/21: kDKK 50.020).

#### *Amounts recognised in the statement of profit or loss*

	<b>2021/22</b>	<b>2020/21</b>
	<b>kDKK</b>	<b>kDKK</b>
<i>Depreciation charge right-of-use assets</i>		
Buildings (depreciated over a period of 1-15 years)	39.016	35.739
Vehicles (depreciated over a period of 1-5 years)	1.761	2.033
Other (depreciated over a period of 1-4 years)	1.613	1.866
	<b>42.390</b>	<b>39.638</b>
Interest expenses related to lease liabilities	3.782	2.527
Expense relating to short-term leases	463	1.169
	<b>4.245</b>	<b>3.696</b>

*Total cash outflow for leases is specified in the cash flow statement.*



## Notes Group

### 15. Deferred tax

	2021/22	2020/21
	kDKK	kDKK
Deferred tax, beg.year	(180.723)	(182.065)
Deferred tax for the year	3.753	1.342
Deferred tax, year-end	<u>(176.970)</u>	<u>(180.723)</u>

*Deferred tax is recognised in the balance sheet as follows*

Deferred tax (asset)	5.279	4.491
Deferred tax (liability)	(182.249)	(185.214)
Net deferred tax, year-end	<u>(176.970)</u>	<u>(180.723)</u>

*Deferred tax relates to:*

Intangible assets	(179.434)	(184.752)
Tangible assets	(113)	(774)
Current assets	3.300	3.066
Current liabilities	(723)	1.738
	<u>(176.970)</u>	<u>(180.722)</u>

*Layout Holdco A/S is the administrator of joint taxation scheme, and in the capacity it settles all payments of incoming taxes with the tax authorities.*

### 16. Other financial assets and deposits

	Deposits		Other financial assets	
	2021/22	2020/21	2021/22	2020/21
	kDKK	kDKK	kDKK	kDKK
Acquisition cost, beg.year	20.324	22.789	1.042	3.043
Foreign exchange rate adjustments	(364)	(2.598)	32	(29)
Additions	5.464	1.253	0	0
Disposals for the year	(366)	(1.120)	0	(1.971)
Acquisition cost, year-end	<u>25.058</u>	<u>20.324</u>	<u>1.074</u>	<u>1.042</u>

### 17. Inventories

Raw materials and consumables	7.984	10.100
Goods in progress	2.984	15.851
Manufactured goods and goods for resale	173.143	114.131
	<u>184.111</u>	<u>140.082</u>
Cost of sales for the year which is included in production costs	811.374	721.544
Write-down of inventories	5.108	0
Reversal of write-downs for the year	0	10.556

## Notes Group

### 18. Trade receivables

	2021/22 kDKK	2020/21 kDKK
Trade receivables	150.562	111.352
<i>Provisions for losses have been recognised in the above items as follows:</i>		
Provisions, beg.year	(44.874)	(67.058)
Change in provision for the year	5.896	22.184
Provisions, year-end	(38.978)	(44.874)
<i>Gross receivables before provision for losses</i>		
Not due	163.686	133.664
Overdue in 0-30 days	10.039	7.022
Overdue in 31-60 days	863	3.067
Overdue in > 60 days	14.952	12.473
	189.540	156.226
<i>Write-down distribution</i>		
Not due	(17.455)	(25.574)
Overdue in 0-30 days	(7.629)	(4.467)
Overdue in 31-60 days	(437)	(2.360)
Overdue in > 60 days	(13.457)	(12.473)
	(38.978)	(44.874)

### 19. Other receivables

Other receivables	15.205	37.685
Prepayments	9.322	8.068
Total other receivables	24.527	45.753

### 20. Share capital

	2021/22		2020/21	
	Number of shares	Nominal value (kDKK)	Number of shares	Nominal value (kDKK)
The share capital comprise:				
A shares	1.000	1.000	1.000	1.000
<i>Each share represents 1 vote</i>				

### 21. Other provisions

Acquisition cost, beg.year	7.495	9.536
Foreign rate adjustments	423	(1.154)
Additions for the year	1.136	333
Disposals for the year	(266)	(1.220)
	8.788	7.495

*Other provisions relate to re-establishment of leaseholds.*

## Notes Group

### 22. Amounts owed to credit institutions

	2021/22	2020/21
	kDKK	kDKK
<i>Mortgage credit institutions</i>		
Within 1 year	2.934	4.111
Between 1 and 5 years	11.826	16.552
After 5 years	0	5.859
	<u>14.760</u>	<u>26.522</u>
<i>Credit institutions</i>		
After 5 years	525.000	0
Between 1 and 5 years	205.000	222.388
Long-term part	<u>730.000</u>	<u>222.388</u>
Within 1 year	20.000	0
	<u>20.000</u>	<u>0</u>
Amortised loan costs	<u>(18.283)</u>	<u>(2.150)</u>

### 23. Income tax payable

Corporation tax, due at the beginning	43.010	17.643
Paid corporation tax	(40.197)	(16.736)
Adjustment previous years' taxes	(2.813)	(907)
Tax of the year	52.115	43.010
Tax payable at year end	<u>52.115</u>	<u>43.010</u>

### 24. Contingent liabilities and security

<b>Securities</b>		
<i>Security in the following BoConcept A/S assets:</i>		
Land and buildings recognised at:	30.475	32.596
Production, plant and machinery recognised at:	12.452	13.349
Are charged in addition to the mortgage debt of:	<u>14.760</u>	<u>26.522</u>
Subject to letter of indemnity of:	<u>50.000</u>	<u>50.000</u>
<i>Security in the following BoConcept A/S assets:</i>		
Goodwill, domain names and various rights	36.600	36.600
Plant, operating equipment and machinery	14.480	16.049
Inventory value	155.195	118.737
Receivables and location involvement	115.964	85.301
Total	<u>322.239</u>	<u>256.687</u>
Registered value of company security	<u>125.000</u>	<u>125.000</u>

BoConcept A/S has provided guarantee for franchisees' landlords for rent of DKK 34.7 million (last year DKK 32.4 million).

BoConcept A/S has provided guarantee for franchisee's electronic payments towards third party of DKK 3.7 million (last year DKK 3.7 million).

BoConcept A/S has provided guarantee for bank arrangement with shares in subsidiary with a booked value of DKK 48.6 million (last year (DKK 36.5 million)

BoConcept A/S has some ongoing legal cases which in managements opinion, are unlikely to resolve in any material impact to the company.

BoConcept Holding A/S has provided guarantee for bank arrangement with shares in subsidiary with a booked value of DKK 1.306 million.

BoConcept Holding A/S has provided a joint and several guarantee (or surety) for a bank arrangement in BoConcept A/S.

## Notes Group

### 25. Adjustment for non-cash items

	2021/22 kDKK	2020/21 kDKK
Depreciation and impairment losses for the year	84.633	82.136
Provisions for re-establishment of leaseholds	1.292	(2.040)
Other adjustments	(7.502)	(13.968)
	<u>78.423</u>	<u>66.128</u>

### 26. Changes in working capital

Change receivables	(17.982)	(42.106)
Change inventories	(44.030)	13.169
Change trade payables, etc.	(24.661)	99.660
	<u>(86.673)</u>	<u>70.723</u>

### 27. Financial risk management

#### *The company's policy for financial risk management*

On account of its operations, investments and financing the BoConcept Holding group is exposed to a number of foreign exchange and interest rate fluctuations.

The management identifies the scope and concentration of risks and puts in place policies for addressing such risks on the basis of an ongoing review of the business. In addition, the group is subject to credit and liquidity risk. It is the group's policy not to speculate actively in financial risks. The sole purpose of the group's financial management is therefore to manage or eliminate financial risks associated with the group's operations and financing.

The group's policy for financial risk management is unchanged from last year and appears from management. As a result, the carrying amount of financial instruments approx. corresponds to the fair value.

#### *Market risk*

In BoConcept Holding's case, market risks associated with financial instruments consist of foreign exchange risks and interest rate risks.

#### *Foreign exchange risks*

Foreign currencies	Pre-payment/ maturity	2021/22		Hedged by forward exchange contracts	Net position
		Receivables	Liabilities other than provisions		
PLN	< 1 year	501	(30)	0	471
	> 1 year	0	0	0	0
GBP	< 1 year	12.014	(1.228)	(47.150)	(36.364)
	> 1 year	0	0	0	0
JPY	< 1 year	28.431	(2.100)	(43.891)	(17.560)
	> 1 year	0	0	0	0
SEK	< 1 year	2.483	0	(6.347)	(3.864)
	> 1 year	0	0	0	0
USD	< 1 year	65.048	(36.704)	13.948	42.292
	> 1 year	0	0	0	0
EUR	< 1 year	102.877	(75.881)	0	26.996
	> 1 year	0	0	0	0
CNY	< 1 year	(79)	(27.467)	12.443	(15.103)
	> 1 year	0	0	0	0
Other	< 1 year	513	(2)	0	511
	> 1 year	0	0	0	0
		<u>211.788</u>	<u>(143.412)</u>	<u>(70.997)</u>	<u>(2.621)</u>
Sale/purchase of currencies in accordance with agreements				<u>0</u>	
Unrealised net loss				<u>-70.997</u>	



## Notes Group

		2020/21		Hedged by forward exchange contracts	Net position
Foreign currencies	Pre- payment/ maturity	Receivables	Liabilities other than provisions		
PLN	< 1 year	219	(13)	0	206
	> 1 year	0	0		0
GBP	< 1 year	7.947	(1.045)	(42.389)	(35.487)
	> 1 year	0	0		0
JPY	< 1 year	27.781	(4.077)	(53.327)	(29.623)
	> 1 year	0	0		0
SEK	< 1 year	1.668	(48)	(7.417)	(5.797)
	> 1 year	0	0		0
USD	< 1 year	35.099	(24.952)	(7.786)	2.361
	> 1 year	0	0		0
EUR	< 1 year	107.804	(63.297)	0	44.507
	> 1 year	0	0		0
CNY	< 1 year	13.042	(24.932)	18.767	6.877
	> 1 year	0	0		0
Other	< 1 year	897	(1)	0	896
	> 1 year	0	0	0	0
		<u>194.457</u>	<u>(118.365)</u>	<u>(92.152)</u>	<u>(16.060)</u>
Sale/purchase of currencies in accordance with agreements				0	
Unrealised net loss				<u>(92.152)</u>	

98% (last year 97%) of revenue is realised abroad. This figure is not indicative of the foreign exchange risk since, under the group's purchasing policy, purchasing and selling currencies are matched whenever possible.

The group has net inflows denominated in EUR, GBP, JPY, SEK and USD, while the major exposure on the outflow side is denominated in CNY.

Foreign exchange risks are managed centrally, and the most important and volatile currencies are hedged by means of foreign exchange contracts and option contracts with a maximum term of 12 months. Foreign currency translation adjustments of investments in group enterprises with a functional currency different from that of the parent company are recognised directly in equity. Associated foreign exchange risks are not hedged since the group takes the view that ongoing hedging of such long-term investments would not be the best policy based on an overall evaluation of the risks and costs involved.

The isolated effects of a 5% increase in the foreign exchange rate at 30 April vis-a-vis DKK by translation of assets and obligations may be broken down as follows:

	2021/22 kDKK	2020/21 kDKK
USD		
Equity	2.115	118
Profit for the year	<u>1.417</u>	<u>507</u>
GBP		
Equity	(1.818)	(1.774)
Profit for the year	<u>539</u>	<u>345</u>
CNY		
Equity	(755)	344
Profit for the year	<u>(1.377)</u>	<u>(595)</u>
JPY		
Equity	(878)	(1.481)
Profit for the year	<u>1.317</u>	<u>1.185</u>

## Notes Group

The below table states the EBIT effect of 5% foreign exchange increase compared with the average exchange rate realised per financial year.

	<b>2021/22</b> <b>kDKK</b>	<b>2020/21</b> <b>kDKK</b>
USD EBIT effect	(1.355)	(1.166)
JPY EBIT effect	5.991	3.591
GBP EBIT effect	(2.463)	3.700
CNY EBIT effect	3.767	(2.418)

Particulars of the currencies having the greatest impact on the equity and profit for the year have been provided above. The above analysis is based on the assumption that all other variables, especially the interest rate, remain constant. The expectations are based on current market data. A corresponding drop in the exchange rates of the above currencies would have the same effect in reverse on the equity and profit/loss for the year.

### *Interest rate risk*

The groups's interest rate risk is related to interest rate fluctuations that may affect the group's cash flows related to interest receivable and interest payable as well as the fair value of financial instruments.

### *Analysis of sensitivity to interest rate risks*

BoConcept Holding A/S expects the level of interest rates in Denmark to be affected by the interest rates in the euro-zone and in the USA. Based on analyses in euro-zone and in the USA, BoConcept expects the level of interest rates to change by up to 1 percentage point either way. A rise in the level of interest rate of 1 percentage point would have the effect outlined below of the equity and loss for the year:

	<b>2021/22</b> <b>kDKK</b>	<b>2020/21</b> <b>kDKK</b>
Equity	(4.185)	(248)
Loss for the year	(7.648)	(265)

Most of the debt to mortgage credit institutions and other bank loans takes the form of contracts carrying variable rates of interest, this year as well as last year. We have concluded an interest rate cap agreement with a total term of 2½ years and an interest rate cap of 2.5% on the variable part of the interest rates to banks, covering approx. 58% of our total debt to mortgage credit institutions and banks. The weighted effective rate of interest measured at the balance sheet date was 3.3%.

The market value of the interest rate cap agreement is DKK 0.2 million before tax. (last year a negative value of DKK 0.7 million).

### *Capital management*

We wish to maintain a strong and efficient balance sheet and to strike an optimal balance between reinvesting capital back into our business and returning surplus funds to our shareholder.

BoConcept A/S (the Group's parent) is an operating company. BoConcept A/S have a number of revenue generating operations of its own spread across a number of different markets.

Financial income and expenses, net decreased to DKK -15.7 million (2020/21: -23.3 million). Strong focus on net working capital continued, along with favourable currency movements.

### *Credit risks*

The group's credit risk is primarily associated with receivables and bank deposits as well as derivative financial instruments.

Credit risks related to bank deposits are hedged by placing bank deposits in systemic banks. Credit risk associated with receivables arise when BoConcept Holding A/S and subsidiaries make sales that are not prepaid. By far the majority of receivables are payable by franchisees who have submitted opening budgets in advance.

82% of BoConcept's customers had not defaulted on the due dates at 30 April 2022 (2020/21: 54%). 94% of BoConcept's customers have been paying their debts within 30 days of the due date. Receivables that are more than 90 days overdue have been provided for in full.

	<b>2021/22</b> <b>kDKK</b>	<b>2020/21</b> <b>kDKK</b>
The maximum credit risk without taking into account security provided for trade receivables	150.007	111.352
The maximum credit risk associated with bank deposit, securities and derivative financial instruments	117.504	304.891
The maximum credit risk associated with other receivables	24.527	45.753
	<b>292.038</b>	<b>461.996</b>

## Notes Group

### Liquidity risk

The liquidity risk means the risk that BoConcept Holding group may not be able to fulfil its obligations as a result of a failure to realise assets or obtain adequate financing. The company ensures to maintain the best possible liquidity in order that it can continue to fulfil its financial commitments, under normal as well extraordinary circumstances. Sufficient cash resources are maintained to fulfil expected operational and financial obligations as well as bearing unforeseeable operating costs. Refer to note 3 for further information regarding liquidity.

Unutilised credit facilities for BoConcept Holding A/S and BoConcept A/S amounted to DKK 149.9 million at the end of the financial year compared to DKK 65.2 million the year before. Cash amounted to DKK 117.5 million compared to DKK 304.9 million last year.

Below is a time table cash flows associated with financial liabilities and hedging instruments:

	Nominal value kDKK	Fair value kDKK	2021/22			Total kDKK
			Less than 1 year kDKK	Between 1 and 5 years kDKK	More than 5 years kDKK	
<b>Measured at amortised cost (loans and other commitments)</b>						
Amounts owed to mortgage credit institutions	14.760	14.760	2.934	11.826	0	14.760
Amounts owed to credit institutions	750.000	750.000	20.000	205.000	525.000	750.000
	<u>764.760</u>	<u>764.760</u>	<u>22.934</u>	<u>216.826</u>	<u>525.000</u>	<u>764.760</u>
Leasing	91.548	91.548	39.283	50.267	1.998	91.548
Trade payables including intercompany	196.536	196.536	196.536	0	0	196.536
Lease guarantees and guarantees provided for franchisees (contingent liabilities)	0	0	30.487	2.625	4.496	37.608
Other payables	132.680	132.680	132.680	0	0	132.680
	<u>420.764</u>	<u>420.764</u>	<u>398.986</u>	<u>52.892</u>	<u>6.494</u>	<u>458.372</u>
<b>Total financial liabilities</b>	<u>1.185.524</u>	<u>1.185.524</u>	<u>421.920</u>	<u>269.718</u>	<u>531.494</u>	<u>1.223.132</u>
<b>Measured at amortised cost (deposits and receivables)</b>						
Other financial assets	26.131	26.131	0	26.131	0	26.131
Trade receivables	150.007	150.007	150.007	0	0	150.007
Other receivables	24.527	24.527	24.527	0	0	24.527
Cash	117.504	117.504	117.504	0	0	117.504
	<u>318.169</u>	<u>318.169</u>	<u>292.038</u>	<u>26.131</u>	<u>0</u>	<u>318.169</u>
<b>Derivative financial instruments</b>						
Forward exchange contracts	0	0	70.997	0	0	70.997
	<u>0</u>	<u>0</u>	<u>70.997</u>	<u>0</u>	<u>0</u>	<u>70.997</u>
<b>Total financial assets</b>	<u>318.169</u>	<u>318.169</u>	<u>363.035</u>	<u>26.131</u>	<u>0</u>	<u>389.166</u>

## Notes Group

	2020/21					Total kDKK
	Nominal value kDKK	Fair value kDKK	Less than 1 year kDKK	Between 1 and 5 years kDKK	More than 5 years kDKK	
	<b>Measured at amortised cost (loans and other commitments)</b>					
Amounts owed to mortgage credit institutions	26.522	26.522	4.111	16.552	5.859	26.522
Amounts owed to credit institutions	222.388	222.388	0	222.388	0	222.388
Bank loans	0	0	0	0	0	0
	<u>248.910</u>	<u>248.910</u>	<u>4.111</u>	<u>238.940</u>	<u>5.859</u>	<u>248.910</u>
Trade payables	149.831	149.831	149.831	0	0	149.831
Lease guarantees and guarantees provided for franchisees (contingent liabilities)	0	0	29.814	2.625	4.496	36.935
Leasing	107.249	107.249	40.142	63.845	3.262	107.249
Other payables	134.022	134.022	134.022	0	0	134.022
	<u>391.102</u>	<u>391.102</u>	<u>353.809</u>	<u>66.470</u>	<u>7.758</u>	<u>428.037</u>
<b>Total financial liabilities</b>	<u>640.012</u>	<u>640.012</u>	<u>357.920</u>	<u>305.410</u>	<u>13.617</u>	<u>676.947</u>
<b>Measured at amortised cost (deposits and receivables)</b>						
Other financial assets	21.157	21.157	0	21.157	0	21.157
Trade receivables including intercompany	111.352	111.352	111.352	0	0	111.352
Other receivables	45.645	45.645	45.645	0	0	45.645
Cash	304.891	304.891	304.891	0	0	304.891
<b>Total</b>	<u>483.045</u>	<u>483.045</u>	<u>461.888</u>	<u>21.157</u>	<u>0</u>	<u>483.045</u>
<b>Derivative financial instruments</b>						
Forward exchange contracts	0	0	92.152	0	0	92.152
	<u>0</u>	<u>0</u>	<u>92.152</u>	<u>0</u>	<u>0</u>	<u>92.152</u>
<b>Total financial assets</b>	<u>483.045</u>	<u>483.045</u>	<u>554.040</u>	<u>21.157</u>	<u>0</u>	<u>575.197</u>

Cash flows for both the hedged assets and hedged liabilities as well as the hedging instruments are recognised in the income statement for the same period.

In the balance sheet, the value of derivative financial instruments is included in other receivables and other payables, respectively.

Generally, the fair value of financial liabilities and financial assets is determined in accordance with discounted cash flow models at the market rate of interest and subjects to the credit terms prevailing at the balance sheet date.

Financial instruments measured at fair value are categorised into the following levels of the fair value hierarchy:

Level 1: Observable market prices for identical instruments.

Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments.

Level 3: Valuation that are not based on observable market data.

The fair value of BoConcept Holding Group's forward exchange contracts of other derivative instruments (commodity instruments) and debt to mortgage debt institutions is measured according to level 2 as the fair value can be established directly based on exchange rates published and forward interest rates specified at the balance sheet date.

## Notes

### Group

#### **28. Transactions with related parties**

BoConcept Holding A/S Group's related parties with significant influence include the shareholder (Layout Holdco A/S) of the company, the Board of Directors, the executive board and executives as well as the said persons' family members. Related parties also include companies in which the above mentioned group of persons have considerable interests.

Furthermore, the related parties include group enterprises in which BoConcept Holding A/S has control or significant influence, cf. listing of subsidiaries on page 45.

Transactions conducted with the executive board only include normal management remuneration, cf. note 4.

## Statement of Profit and Loss Parent Company

	Note	2021/22 kDKK	2020/21 kDKK
<b>Contribution Margin</b>		<b>0</b>	<b>0</b>
Employee related expenses	2	(21.144)	(21.968)
IT and Consultancy expenses		(17.537)	(830)
Others	3	29.675	29.361
<b>Operating profit before depreciations and profit from Group enterprises</b>		<b>(9.006)</b>	<b>6.563</b>
Profit from group enterprises	4	147.504	121.241
<b>Profit/loss from operating activities (EBIT)</b>		<b>138.498</b>	<b>127.804</b>
Financial income		0	515
Financial expenses	5	(14.013)	(20.577)
<b>Profit/loss before tax</b>		<b>124.485</b>	<b>107.742</b>
Tax on profit/loss for the year	6	(1.687)	1.118
<b>Profit/loss for the year</b>		<b>122.798</b>	<b>108.860</b>
<b>Profit/loss for the year is attributable to:</b>			
Shareholder of BoConcept Holding A/S		122.798	108.860
<b>Statement of comprehensive income</b>		<b>2021/22 kDKK</b>	<b>2020/21 kDKK</b>
Profit/loss for for the year		122.798	108.860
Revaluation of hedging instruments before tax		0	(3)
Equity movements in subsidiaries		2.537	(1.585)
<b>Total comprehensive income for the year</b>		<b>125.335</b>	<b>107.272</b>
<b>Broken down as follows:</b>			
Shareholder of BoConcept Holding A/S		125.335	107.272

## Balance Sheet Parent Company

		30.04.2022	30.04.2021
		kDKK	kDKK
Investment in group enterprises	4	1.310.412	1.512.382
Deposits		57	57
<b>Total other non-current assets</b>		<b>1.310.469</b>	<b>1.512.439</b>
<b>Total non-current assets</b>		<b>1.310.469</b>	<b>1.512.439</b>
Other receivables	7	1.728	1.744
Income tax receivable	8	0	972
Cash and cash equivalents		452	2.722
<b>Total current assets</b>		<b>2.180</b>	<b>5.438</b>
<b>Total assets</b>		<b>1.312.649</b>	<b>1.517.877</b>
Share capital	9	1.000	1.000
Retained earnings		549.104	1.112.843
Reserve for net revaluation under the equity method		0	59.424
Equity share, BoConcept Holding A/S shareholder		550.104	1.173.267
<b>Total equity</b>		<b>550.104</b>	<b>1.173.267</b>
Deferred tax		367	367
Mortgage credit institutions and banks	10	711.717	218.850
<b>Total non-current liabilities</b>		<b>712.084</b>	<b>219.217</b>
Mortgage credit institutions and banks	10	20.000	0
Payables, group enterprises		16.058	112.142
Income tax payables	8	139	0
Other payables		14.264	13.251
<b>Total current liabilities</b>		<b>50.461</b>	<b>125.393</b>
<b>Total liabilities</b>		<b>762.545</b>	<b>344.610</b>
<b>Total equity and liabilities</b>		<b>1.312.649</b>	<b>1.517.877</b>

## Statement of Changes in Equity Parent Company

	Share capital	Value of hedging	Retained earnings	Reserve for net revaluation under the equity method	Total
	kDKK	kDKK	kDKK	kDKK	kDKK
<b>Equity at 30.04.2020</b>	<b>1.000</b>	<b>3</b>	<b>1.064.992</b>	<b>0</b>	1.065.995
Profit/loss for the year	0	0	49.436	59.424	108.860
Equity movements in subsidiaries	0	0	(1.585)	0	(1.585)
Revaluation of hedging instruments	0	(3)	0	0	(3)
<b>Equity at 30.04.2021</b>	<b>1.000</b>	<b>0</b>	<b>1.112.843</b>	<b>59.424</b>	<b>1.173.267</b>
Distribution of extraordinary dividend	0	0	(748.498)	0	(748.498)
Profit/loss for the year	0	0	122.798	0	122.798
Equity movements in subsidiaries	0	0	2.537	0	2.537
Transfer from reserve for net revaluation	0	0	59.424	(59.424)	0
<b>Equity at 30.04.2022</b>	<b>1.000</b>	<b>0</b>	<b>549.104</b>	<b>0</b>	<b>550.104</b>



## **Notes**

### **Parent Company**

1. Accounting policies
2. Staff
3. Others
4. Investment in group enterprises
5. Financial expenses
6. Tax on profit/loss for the year
7. Other receivables
8. Income taxes
9. Share capital
10. Amounts owed to credit institutions
11. Transactions with related parties
12. Subsidiaries

## Notes

### Parent Company

#### 1. Accounting policies

The parent company financial statements for the period 1 May 2021 to 30 April 2022 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Further, the annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports.

The accounting policies as described below have been applied consistently over the financial year.

The annual report is presented in DKK 000, which is the functional and presentation currency of the company.

For accounting policies besides "Investment, group enterprises" please refer to accounting policies for the group financial statements.

#### Investment, group enterprises

The proportionate share of profit or loss from subsidiaries after tax after elimination of the proportionate share of intra-group gains and loss is recognised in the income statement.

Investment in subsidiaries are, at first recognition, measured at cost and subsequently at the proportionate share of the companies' net assets calculated in accordance with the parent company's accounting policies with deduction or addition of the proportionate share of unrealised intra-group gains and losses calculated to the acquisition method.

Investments in entities with negative net assets are recognised at DKK nil, and receivables and loans from the entities, if any, are written down corresponding to the parent company's share of the negative assets to the extent the amount is deemed irrecoverable. In case the negative accounting value of the net assets exceeds the receivable amounts the remaining amount is recognised as liability in case the parent company has a judicial or actual obligation to cover the negative balance.

The net revaluation of the investment in subsidiaries are transferred to the designated reserve under equity in case the carrying amount exceeds the acquisitions price. Recently acquired or established companies are recognised in the financial statement from the date of the acquisition. Sold or liquidated companies are likewise recognised until the date of the sale or liquidation

#### 2. Staff

##### Staff Costs

	2021/22 kDKK	2020/21 kDKK
Wages and salaries	(19.958)	(18.584)
Pensions	(737)	(446)
Termination payments	0	0
Other staff costs	(449)	(2.938)
	<u>(21.144)</u>	<u>(21.968)</u>
Average number of employees	<u>5</u>	<u>5</u>

##### Key Management Compensation (Executive management team\*):

Wages and salaries	(11.491)	(9.886)
Short-term incentive plan (Bonus)	(6.385)	(325)
Pensions	(1.076)	(614)
	<u>(18.951)</u>	<u>(10.825)</u>

\*The Executive Management team had 5 members at the end of the financial year 2021/2022 (5 members in 2020/21). Remuneration of the Executive Board and Board of Directors was kDKK 2.300 in 2021/2022 (2020/21: kDKK 3.304).

## Notes

### Parent Company

#### 3. Others

	2021/22 kDKK	2020/21 kDKK
Management fee	32.400	32.400
Other	(2.725)	(3.039)
	<u>29.675</u>	<u>29.361</u>

#### 4. Investment in group enterprises

Cost, beg. year	<u>1.452.958</u>	<u>1.452.958</u>
Cost, year-end	<u>1.452.958</u>	<u>1.452.958</u>

##### Value adjustments:

Revaluations at the beginning of the year	59.424	(60.232)
Profit/loss for the year	160.389	134.126
Dividend from group enterprises	(352.010)	0
Income recognition of added values	(12.885)	(12.885)
Equity movements in group enterprises	<u>2.538</u>	<u>(1.585)</u>
Value adjustments at year-end	<u>(142.545)</u>	<u>59.424</u>
	<u>1.310.412</u>	<u>1.512.382</u>

Booked value at the end of the year

	Ownership share	Share capital
BoConcept A/S	<u>100%</u>	<u>2.000</u>

The shares of BoConcept A/S have been pledged for security for engagement with a bank. For a description of security, please see the consolidated accounts.

Layout Holdco A/S is the parent company of BoConcept Holding A/S which is the parent company of BoConcept A/S.

#### 5. Financial expenses

Financial expenses, group enterprises	(1.463)	(9.057)
Other interest expenses	(9.625)	(9.517)
Non-deductible fees	<u>(2.925)</u>	<u>(2.003)</u>
	<u>(14.013)</u>	<u>(20.577)</u>

#### 6. Tax on profit/loss for the year

Tax on profit for the year	<u>1.687</u>	<u>1.118</u>
	<u>1.687</u>	<u>1.118</u>

##### Tax on profit/loss for the year may be subdivided as follows:

Current tax	139	972
Deferred tax	0	0
Adjustment of tax related to previous years	<u>1.548</u>	<u>146</u>
	<u>1.687</u>	<u>1.118</u>

## Notes

### Parent Company

	2021/22	2020/21
	kDKK	kDKK
<i>Tax on profit/loss for the year may be explained as follows:</i>		
Calculated 22% tax on profit/loss for the year before tax and profit from subsidiaries	(5.064)	977

*The tax effect of:*

Non-taxable income and non-deductible costs	5.204	(5)
Adjustment of tax related to previous years	1.548	146
	<u>1.688</u>	<u>1.118</u>
Effective tax rate	7%	8%

### 7. Other receivables

Prepayments	1.728	1.744
Total other receivables	<u>1.728</u>	<u>1.744</u>

### 8. Income taxes

Income taxes receivable, beg. of the year	972	(2.339)
Adjustment of tax related to previous years	(1.548)	146
Tax settled	576	2.193
Current tax for the year	(139)	972
	<u>(139)</u>	<u>972</u>

### 9. Share capital

*The share capital comprise:*

	Number of shares	Nominal value (TDKK)
A shares	1.000	1.000

### 10. Amounts owed to credit institutions

Credit institutions/leasing debt		
After 5 years	525.000	0
Between 1 and 5 years	205.000	221.000
	<u>730.000</u>	<u>221.000</u>
Witin 1 year	20.000	0
Other short-term debt	0	0
	<u>20.000</u>	<u>0</u>
Amortised loan costs	(18.283)	(2.150)

### 11. Transactions with related parties

BoConcept Holding A/S' related parties with significant influence include the shareholder (Layout Holdco A/S) of the company, Board of Directors, the executive board and executives as well as the said persons' family members. Related parties also include companies in which the above mentioned group of persons have considerable interests. There have been no transactions with the shareholder besides normal business procedure.

Furthermore, the related parties include group enterprises in which BoConcept Holding A/S has control or significant influence, cf. list of subsidiaries in note 12.

Transactions conducted with the executive board only include normal management remuneration, cf. note 2 as well as the transactions shown below.

Transactions conducted with other executives include normal remuneration, cf. note 4 in the consolidated accounts.

	2021/22	2020/21
	kDKK	kDKK
Management fee	<u>32.400</u>	<u>32.400</u>

**In the 2021/22 financial year,  
Parent Company**

**12. Subsidiaries**

<b>Subsidiary</b>	<b>Domicile</b>	<b>Owner share</b>
BoConcept A/S	Ølgod, Denmark	100%
BoConcept Germany GmbH	Düsseldorf, Germany	100%
BoConcept France Sarl	Paris, France	100%
BoConcept Beaugrenelle Sarl	Paris, France	100%
BoConcept North America Inc.	Kansas, USA	100%
BoConcept USA Inc.	Delaware, USA	100%
BoConcept Franchise Inc.	Kansas, USA	100%
BoConcept Madison Inc.	New York, USA	100%
BoConcept Westchester NY, LLC.	New York, USA	100%
BoConcept Japan KK	Tokyo, Japan	100%
BC Design Holding Ltd.	Hong Kong, Hong Kong	100%
BoConcept Furniture Trading Co Ltd.	Shanghai, China	100%
BoConcept Retail China Ltd	Shanghai, China	100%
 <i>Non-active companies</i>		
BoConcept Hong Kong Ltd	Hong Kong, Hong Kong	100%