Deloitte.

HRO Corporate ApS

Gammel Strandvej 16
2990 Nivå
CVR No. 37995762

Annual report 2022

The Annual General Meeting adopted the annual report on 29.06.2023

Henrik Rosendahl
Chairman of the General Meeting

Contents

Entity details

Entity

HRO Corporate ApS

Gammel Strandvej 16

2990 Nivå

Business Registration No.: 37995762

Registered office: Fredensborg

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Magnus Aagaard Rosendahl
Sophie Cecilie Rosendahl
Henrik Rosendahl
Mille Mandrup Rosendahl
Mikkel Aagaard Rosendahl
Henriette Rosendahl

Executive Board

Henrik Rosendahl, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of HRO Corporate ApS for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hørsholm, 29.06.2023

Executive Board

Henrik Rosendahl
CEO

Board of Directors

Magnus Aagaard Rosendahl

Sophie Cecilie Rosendahl

Henrik Rosendahl

Mille Mandrup Rosendahl

Mikkel Aagaard Rosendahl

Henriette Rosendahl

Independent auditor's report

To the shareholders of HRO Corporate ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of HRO Corporate ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical 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.

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

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.06.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Jens Serup
State Authorised Public Accountant
Identification No (MNE) mne45825

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Revenue	544,302	658,694	575,709	561,586	502,155
Gross profit/loss	136,351	203,299	150,146	133,417	153,908
Operating profit/loss	14,945	88,051	26,918	13,233	47,612
Net financials	(15,020)	(276)	(10,745)	(7,618)	(1,290)
Profit/loss for the year	298	67,946	13,300	3,573	35,191
Profit for the year excl. minority interests	1,162	67,946	13,300	3,573	34,296
Balance sheet total	834,302	786,787	779,748	825,374	843,289
Investments in property, plant and equipment	2,076	11,195	6,083	60,486	50,695
Equity	311,603	317,072	251,769	239,002	265,594
Equity excl. minority interests	312,049	317,072	251,769	239,002	260,067
Cash flows from investing activities	(14,871)	(18,796)	(8,783)	(164,787)	(30,749)
Cash flows from financing activities	127,911	(100,422)	(42,994)	118,502	(32,209)
Ratios					
Gross margin (%)	25.05	30.86	26.08	23.76	30.65
Net margin (%)	0.05	10.32	2.31	0.64	7.01
Return on equity (%)	0.37	23.89	5.42	1.43	13.12
Equity ratio (%)	37.40	40.30	32.29	28.96	30.84

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

Gross margin (%):

$$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$$

Net margin (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$$

Return on equity (%):
Profit/loss for the year excl. minority interests * 100
Average equity excl. minority interests

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

Primary activities

Rosendahl Design Group is among Denmark's leading and most influential design houses with activities across the globe and an annual turnover of approx. DKK 550 M. Our goal is to develop new, sustainable designs and preserve and rediscover classics, distributing them throughout selected markets.

The company is home to eight brands and our designs are sold through wholesale and retail partners to thousands of end consumers each year and increasingly through our online platform. Since the late 1990s, we have exported Danish design primarily to Northern Europe as well as to Japan and the United States. The majority of our revenue is generated in Denmark (56% in 2022), while Norway as our largest export market accounting for 18% of our revenue in 2022 with Sweden, Germany and the US as the additional markets in focus. Furthermore, the Group is comprised of a sister company – RDG Property ApS - primarily managing the company's facilities in Hørsholm, Denmark.

Development in activities and finances

Following a year of unprecedented growth in 2021, one could have been excused for hoping that the upwards curve would continue for a prolonged period. And actually, 2022 began well for Rosendahl Design Group, with H1 almost at the same level as 2021. However, H2 – which traditionally by far includes the most important months of trade for Rosendahl Design Group – finished significantly lower than H2 2021, as it was heavily influenced by the effects in the global economy following the Russian aggression in Ukraine.

Consolidation, store closures, and bankruptcy among significant retail customers in core markets coupled with a complete slowdown in spending on home and interior design in Germany, beforehand singled out as the Group's primary growth market, added to the challenging environment. Despite finishing with a lower than expected result and not in line with initial plans, 2022 is assessed as an acceptable year, given the circumstances and the fact that Rosendahl Design Group carried out a series of forward-looking, strategic initiatives. The unforeseen speed with which the market changed following the war in Ukraine combined with inflation, rising interest rates, and consumer confidence falling off a cliff, made it highly challenging for us to mitigate all risks, e.g. to adapt our purchases and inventory levels quickly enough. Given our current business model, prevalent in the market, where purchase orders are placed well ahead, we are vulnerable to such rapid and profound changes in the market. Not least following a 2021 characterized by shortage of goods and prolonged lead time from suppliers mixed in with an ongoing battle for production slots, containers and freight capacity. Although adopting a conservative approach as markets slowed down in H2, we finished the year with high inventory levels. While short-term increasing our working capital, we do not view this as a longterm challenge or obstacle, as the inventory consists primarily of core goods that are sold continuously.

An important KPI since 2020 has been the repayment of our term loans in 2022 which we carried out by the end of the year. And although a high working capital leads to higher gearing, it will decrease in the coming years as our working capital stabilizes at a lower level, once inventory levels are re-adapted to the current situation.

Where in 2021, we experienced a substantial capital gain, in 2022 we suffered a significant capital loss. The USD exchange rate rose so rapidly, that hedging proved insufficient. With the value of NOK and SEK decreasing simultaneously, it created the perfect storm, as currencies received for the sale of our goods declined, and the currency used for purchasing in our supply chain increased rapidly. Due to instability in the global economy, we were DKK 29 M adverse on exchange rates alone compared to 2021.

However, despite challenging currency rates, increased supplier prices, energy and distribution costs going up, and overall demand dropping, Rosendahl Design Group succeeded in implementing several of our strategic objectives, not least by launching our new and improved e-commerce platform and establishing our US joint venture with the ambition and potential for growth through local presence and a regional organization. And by positioning ourselves on Amazon and learning rapidly, submitting our application for B Corp certification, and finding the rhythm internally through a significant interdisciplinary project that helped improve internal structures, workflows and procedures. Combined with significant investments in new design, this series of elements has carried us well into 2023 and will prove a strong platform in the future.

RISK

Rosendahl Design Group is exposed to a wide range of generic financial and non-financial risks and opportunities. The application of holistic risk management is thus an important management tool for Rosendahl Design Group.

PRODUCT FAILURE

An extensive and widespread supply chain distributed over large parts of the world increases the risk of product failure. Therefore, Rosendahl Design Group works systematically to ensure that all our products can be used without any risk to end users. Production in the supply chain carries a risk e.g. for exceeding permitted limits for harmful ingredients and health damage as a result of chemical residues. Our products are systematically tested for health hazardous substances, we regularly carry out unannounced checks in production facilities and submit declarations of conformity under Danish and international legislation for products that come in contact with food.

ENVIRONMENT AND CLIMATE

At Rosendahl Design Group we work long-term and systematically on reducing our environmental impact and with ensuring environmental responsibility and accountability in our supply chain. The production of goods can affect the environment in several different ways, including in the form of CO_2e emissions from energy-intensive production or in connection with improper handling, mismanagement or inappropriate disposal of production waste, chemicals and other harmful substances. We strive to always work in accordance with existing and internationally recognized environmental regulations, standards and principles that fully or partially apply to liability for the environment and climate, including, among other things, the UN Global Compact, Greenhouse Gas Protocol and the regulations within REACH and WEEE. These guidelines contribute to our systematic work ensuring, that both our activities are carried out responsibly in relation to the environment and climate.

AGREEMENTS RESTRICTING COMPETITION

A competitive market increases the risk of anti-competitive practices agreements, e.g. price agreements, division of the market and division of supply sources and suppliers. Such disputes clearly violate Rosendahl Design Group’s values and desired business practices. In such an event the company seeks to fully cooperate with relevant authorities.

REPUTATION

It is of significant importance to Rosendahl Design Group’s license to operate, that we act ethically and socially responsible, and that we achieve the goals we set as a company in a responsible manner. Thus in our risk management, we seek to ensure that the company’s reputation not damaged, but is indeed continuously improved, so that we can remain a trusted partner.

Furthermore, we seek to provide all candidates who are in contact with us, with a positive impression of us - regardless of whether the dialogue leads to employment at Rosendahl Design Group or not.

FINANCIAL RISK

Rosendahl Design Group's financial risks include interest and exchange rate risks. Neither production nor procurement is undertaken primarily in Denmark, and furthermore a significant part of the Group's turnover is generated outside Denmark and settled in currencies other than DKK. Therefore, the company is exposed to ongoing fluctuations in exchange rates, which impact both profit and cash flows. Ongoing hedging is carried out to limit risks and the overall impact has been higher than usual as a result of inflation, interest rate increases and general unrest in the financial markets. Only cash flows are hedged and not speculated. Following the rapidly increasing interest levels last year and expected increases in 2023 – with the interest market still uncertain and volatile – if possible, optimizing cash flow has become even more important than ever in order to minimize future financial costs.
Macroeconomic trends in 2023 still expected to cause significant fluctuations in currencies in which the company is exposed, as was the case 2021-2022. The company's risks and uncertainties are expected to increase despite ongoing hedging, influencing both profit and cash flow.

Profit/loss for the year in relation to expected developments

Based on FY 2021 and early 2022, projections by Rosendahl Design Group were that both revenue and EBITDA would decrease slightly compared to 2021. Total turnover was expected in the region of DKK 615-625 M and an EBITDA of 10-11%. Rosendahl Design Group finished the year with a decrease in gross revenue of 10% compared to 2021, while the result of primary operations EBITDA ended at DKK 32 M, corresponding to 6%, with multiple elements affecting last year's performance. Primary factors influencing the 2022-result adversely include significant increases in prices on raw materials, energy and freight, which were not possible to mitigate in full, extraordinary severance payments due to head office and management reduction in November, and, not least, investments in our new c-commerce platform and US partner agreement. Term loans were settled during 2022, working capital increased to DKK 103 M due to DKK 90 M increase of inventory levels while solvency decreased from 43% in 2021 to 36% in 2022. Overall, however, the capital structure is sufficiently robust to support operations over the coming years and focus is on optimizing, thus improving working capital and making the structure even more robust by the end of 2023.

Outlook

The economic situation has not improved significantly. Consumer confidence and consumption remain low, we expect 2023 to be characterized by the same trends as 2022 and we do not expect growth in 2023. We have planned for a minor decline in turnover and expect the year to end around DKK 500-520 M. As a result of the many cost adjustments, however, we expect an EBITDA around 6-8 % and a positive result of DKK 3-5 M.

Knowledge resources

Employee retention is important, and we can see that our retention rate has lowered over the last couple of years. We will therefore focus on how to retain employeesand knowledge within the company, exploring reasons for this development and act on it.

Environmental performance

We run a value-based, international design company with focus on responsibility and sustainability. This means, for example, that we are working to ensure that our production processes do not harm or damage the environment in areas where production takes place. The many products in Rosendahl Design Group's product range are produced from a variety of materials and our supply chain spans large parts of the world. We strive to continuously improve transparency in our supply chain, as well as in our own operations.

Our corporate responsibility for environmental impact has become more important for Rosendahl Design Group, as climate related challenges become more present. This includes our local impact at own locations in the

Nordics, as well as our supply chain around the world. Rosendahl Design Group took the first step to unfold and categorize the environmental impacts caused by the company in 2020, when the first Carbon footprint report was produced. Some improvements have been implemented since and the result of the materiality assessment will help guide and prioritize future actions.

Statutory report on corporate social responsibility

HRO Corporate ApS is the parent company for Rosendahl Design Group A/S. A detailed description of the business model of Rosendahl Design Group A/S please refer to the Annual Report 2022 for Rosendahl Design Group A/S.

HRO Corporate has not developed separate Group CSR policies for its subsidiaries or a separate formized CSR policy for the financial investments at this point since this has not been considered necessary considering the extent of the investment activities.

However, as part of the regular monitoring of the financial investments within HRO Corporate ApS, Management set expectations of the subsidiaries acting and being in compiance with the law.

The principal CSR risks in the group in terms of human rigts, enviroment and climate protection, social and employee matters and anti corruption are mainly related to activitites in Roendahl Design Group A/S. HRO Corporate ApS follows the progress through its active ownership and board participation in Rosendahl Design Group A/S. The risk evaluation and mitigation procedures are described in the management commentary of Rosendahl Design Group's Annual Report of 2022, please refer hereto.

Statutory report on the underrepresented gender

Gender equality, diversity and inclusion is an area of focus already, where internal policies have been developed, and is also a focus in hiring processes.We are aware that we have a majority of female leaders, which also reflect the general composition in the company, as well as in the industry, although targets are set to achieve a more even male/female split in management.

- Gender Diversity all employees 70/30
- Gender Diversity Management 100%
- Gender Diversity other management levels 76%
- Gender Board of Directors 25%

Statutory report on data ethics policy

Rosendahl Design Group has a Data Ethical Policy that sets the overall framework for the company’s processing of data, supplemented by an External Personal Data Policy regulating personal data originating from consumers, wholesale and retail customers, and business partners as well as an Internal Personal Data Policy regulating personal data belonging to or used by the company’s employees. Together, the policies form the data ethical foundation on which the company operates. The policies address the processing and use of personal data that is in the possession or care of Rosendahl Design Group. However, the company mainly processes ordinary personal data such as names, e-mail addresses, and similar contact information.

Rosendahl Design Group processes personal data only to the extent that is necessary in order to fulfil a contractual, legislative, governance, or management commitment, or in order to provide relevant marketing, the latter only with the informed consent of the data owner.

COMPLIANCE AND REPORTING

Rosendahl Design Group oversees its compliance with GDPR on a regular and organized basis. Through a designated software, Rosendahl Design Group keeps track of Article 30 records and monitors the processing of data, the IT systems used for this purpose, deletion procedures, and security measures. Management continuously reports to the Board on GDPR compliance.

PERSONAL DATA

The most extensive processing of personal data pertains to the employees of the company. Ordinary personal data may here be supplemented by data concerning position, salary, pension, age etc. This data is processed with the exclusive purpose of fulfilling the company's contractual obligations towards the employees.

On rare occasion, sensitive personal data such as the employee's health or family matters may be processed but only to the extent that it is necessary in relation to the employee's professional performance, well-being or otherwise to the relation between employee and management. In relation to external parties, Rosendahl Design Group processes personal data to the extent that it is necessary for the receiving or delivery of the company's products or for similar operational purposes.

In addition thereto, Rosendahl Design Group processes personal data originating from consumers or other customers with the purpose of marketing the company or its products, however only with the registrant's informed, active and voluntary consent to the processing of the data. In relation to marketing, the personal data processed is ordinary contact data such as name, e-mail address and phone number. Automatic personal data such as cookies is gathered and processed only in accordance with a cookie consent, which is submitted informed, actively and voluntarily by the registrant.

Since 2022, Rosendahl Design Group has implemented profiled marketing, thereby using personal data to provide targeted marketing to individual consumers. The purpose of the profiling is to appear more relevant to and to improve the purchase experience of the individual consumer. Relevant personal data is for example the consumer's age, geographical location, fields of interest, favorite brands etc. Profiled marketing is only exercised based on an informed, active, and voluntary consent from the consumer. The consent may be withdrawn by the consumer at any time, and efficient deletion procedures have been implemented to ensure compliance with GDPR as well as the immediate cease of marketing activities towards the consumer. Rosendahl Design Group does not buy from nor does it sell personal data to other legal entities but it does, from time to time, collaborate with other (non-competing) businesses on the gathering of marketing consents. In connection with such collaborations, the consumer consents actively and voluntarily to the data processing by both companies on an informed basis. A compliant data processing agreement will always be established between the two companies.

INTERNAL CONTROL AND TRAINING

Supplementary to the tracking of compliance through a designated software, Rosendahl Design Group's Legal & Compliance department regularly hosts internal GDPR courses and workshops for the purpose of ensuring awareness and compliance throughout the organization. Legal & Compliance also offers advice, tips, and reminders relating to GDPR on the company's intranet every month.

Finally, a new software has been implemented in 2022 for the purpose of deleting GDPR sensitive material from the mailboxes of the company's employees. All employees receive monthly reports, and sensitive material is automatically deleted unless actively excluded by the employee.

ANCHORING IN THE ORGANIZATION

Decisions relating to the implementation and use of new data and/or technology are anchored in Management. Policies and stakes on data ethics originate from Legal & Compliance but are approved by the relevant VP or by

Management as a whole.

Events after the balance sheet date

No subsequent events have occurred that affect the annual report for 2022.

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	1	544,302	658,694
Other operating income		0	28,404
Costs of raw materials and consumables		(317,620)	(384,534)
Other external expenses	2	(90,331)	(99,265)
Gross profit/loss		**136,351**	**203,299**
Staff costs	3	(99,130)	(93,700)
Depreciation, amortisation and impairment losses	4	(22,276)	(21,548)
Operating profit/loss		**14,945**	**88,051**
Income from investments in associates		(38)	0
Other financial income	5	7,053	8,768
Other financial expenses	6	(22,073)	(9,044)
Profit/loss before tax		**(113)**	**87,775**
Tax on profit/loss for the year	7	411	(19,829)
Profit/loss for the year	8	**298**	**67,946**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	10	16,929	1,796
Acquired rights		87,584	93,677
Goodwill		51,082	54,373
Development projects in progress	10	134	7,139
Intangible assets	9	**155,729**	**156,985**
Land and buildings		165,033	167,022
Investment property		27,998	28,905
Other fixtures and fittings, tools and equipment		9,864	10,248
Leasehold improvements		2,584	3,324
Property, plant and equipment in progress		611	3,740
Property, plant and equipment	11	**206,090**	**213,239**
Investments in associates		0	0
Other receivables		17,946	20,327
Deferred tax	13	2,441	1,930
Financial assets	12	**20,387**	**22,257**
Fixed assets		**382,206**	**392,481**
Raw materials and consumables		41,420	42,128
Manufactured goods and goods for resale		259,948	171,041
Prepayments for goods		308	510
Inventories		**301,676**	**213,679**
Trade receivables		124,878	157,382
Receivables from associates		1,284	0
Other receivables		7,926	5,317
Tax receivable		1,671	0
Prepayments	14	2,095	2,380
Receivables		**137,854**	**165,079**

Cash	**12,566**	**15,548**
Current assets	**452,096**	**394,306**
Assets	**834,302**	**786,787**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		50	50
Retained earnings		308,999	312,022
Proposed dividend for the financial year		3,000	5,000
Equity belonging to Parent's shareholders		**312,049**	**317,072**
Equity belonging to minority interests		**(446)**	**0**
Equity		**311,603**	**317,072**
Deferred tax	13	21,440	22,925
Other provisions	15	0	15,886
Provisions		**21,440**	**38,811**
Mortgage debt		109,416	113,072
Other payables	16	6,601	6,396
Non-current liabilities other than provisions	17	**116,017**	**119,468**
Current portion of non-current liabilities other than provisions	17	3,561	110,652
Bank loans		297,292	56,410
Deposits		328	326
Prepayments received from customers		741	1,145
Trade payables		37,690	74,586
Payables to owners and management		395	30
Tax payable		2,800	19,213
Other payables	18	42,435	49,074
Current liabilities other than provisions		**385,242**	**311,436**
Liabilities other than provisions		**501,259**	**430,904**
Equity and liabilities		**834,302**	**786,787**
Unrecognised rental and lease commitments	20		
Assets charged and collateral	21		
Transactions with related parties	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000
Equity beginning of year	50	312,022	5,000	317,072	0
Contributed upon formation	0	0	0	0	418
Ordinary dividend paid	0	0	(5,000)	(5,000)	0
Exchange rate adjustments	0	(1,185)	0	(1,185)	0
Profit/loss for the year	0	(1,838)	3,000	1,162	(864)
Equity end of year	**50**	**308,999**	**3,000**	**312,049**	**(446)**

	Total DKK'000
Equity beginning of year	317,072
Contributed upon formation	418
Ordinary dividend paid	(5,000)
Exchange rate adjustments	(1,185)
Profit/loss for the year	298
Equity end of year	**311,603**

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		14,945	88,051
Amortisation, depreciation and impairment losses		22,276	21,548
Other provisions		(13,386)	15,886
Working capital changes	19	(102,468)	(20,207)
Cash flow from ordinary operating activities		**(78,633)**	**105,278**
Financial income received		517	9,761
Financial expenses paid		(11,529)	(9,044)
Taxes refunded/(paid)		(26,377)	(9,492)
Cash flows from operating activities		**(116,022)**	**96,503**
Acquisition etc. of intangible assets		(11,879)	(9,200)
Acquisition etc. of property, plant and equipment		(2,992)	(9,639)
Sale of property, plant and equipment		0	43
Cash flows from investing activities		**(14,871)**	**(18,796)**
Free cash flows generated from operations and investments before financing		**(130,893)**	**77,707**
Loans raised		130,135	87,406
Repayments of loans etc.		0	(187,349)
Dividend paid		(5,000)	(3,000)
Other cash flows from financing activities		2,776	2,521
Cash flows from financing activities		**127,911**	**(100,422)**
Increase/decrease in cash and cash equivalents		**(2,982)**	**(22,715)**
Cash and cash equivalents beginning of year		15,548	38,263
Cash and cash equivalents end of year		**12,566**	**15,548**
Cash and cash equivalents at year-end are composed of:			
Cash		12,566	15,548
Cash and cash equivalents end of year		**12,566**	**15,548**

Notes to consolidated financial statements

1 Revenue

	2022 DKK'000	2021 DKK'000
Denmark	281,030	328,369
Other EU countries	127,021	171,011
Other european countries	81,732	125,723
Other countries	44,519	33,591
Total revenue by geographical market	**534,302**	**658,694**

2 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	499	426
Tax services	368	78
Other services	452	289
	1,319	**793**

3 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	86,630	83,463
Pension costs	7,675	6,818
Other social security costs	1,319	1,196
Other staff costs	3,506	2,223
	99,130	**93,700**
Average number of full-time employees	**138**	**125**

In accordance with the The Danish Financial Statements Act § 98 b subsection 3 no. 2, the remuneration to management is not disclosed, as the management only consists of one person.

4 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	14,690	13,409
Depreciation on property, plant and equipment	7,586	8,182
Profit/loss from sale of intangible assets and property, plant and equipment	0	(43)
	22,276	**21,548**

5 Other financial income

	2022 DKK'000	2021 DKK'000
Other interest income	3,191	3
Exchange rate adjustments	3,361	8,129
Other financial income	501	636
	7,053	**8,768**

6 Other financial expenses

	2022 DKK'000	2021 DKK'000
Other interest expenses	9,569	6,302
Exchange rate adjustments	10,544	410
Other financial expenses	1,960	2,332
	22,073	**9,044**

7 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	1,635	23,342
Change in deferred tax	(1,996)	(3,513)
Adjustment concerning previous years	(50)	0
	(411)	**19,829**

8 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Ordinary dividend for the financial year	3,000	5,000
Retained earnings	(1,838)	62,946
Minority interests' share of profit/loss	(864)	0
	298	**67,946**

9 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	3,788	227,424	74,164	7,139
Transfers	6,909	1,654	0	(7,008)
Additions	10,892	984	0	3
Cost end of year	**21,589**	**230,062**	**74,164**	**134**
Amortisation and impairment losses beginning of year	(1,992)	(133,747)	(19,791)	0
Amortisation for the year	(2,668)	(8,731)	(3,291)	0
Amortisation and impairment losses end of year	**(4,660)**	**(142,478)**	**(23,082)**	**0**
Carrying amount end of year	**16,929**	**87,584**	**51,082**	**134**

10 Development projects

Development projects include direct costs in relation to development and designing of E-com platform as well other applications. Completed projects are taken into use in the financial year and are normally depreciated over 5 years. The completed development projects are considered to be an important part of the company's earnings as well as commercial strategy.

The management has found no indications of impairment in relation to the accounting value of the company's development projects.

11 Property, plant and equipment

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	189,144	34,004	57,505	7,121	3,740
Transfers	0	0	2,184	0	(3,740)
Additions	0	0	1,268	197	611
Cost end of year	**189,144**	**34,004**	**60,957**	**7,318**	**611**
Depreciation and impairment losses beginning of year	(22,122)	(5,099)	(47,257)	(3,880)	0
Depreciation for the year	(1,989)	(907)	(3,836)	(854)	0
Depreciation and impairment losses end of year	**(24,111)**	**(6,006)**	**(51,093)**	**(4,734)**	**0**
Carrying amount end of year	**165,033**	**27,998**	**9,864**	**2,584**	**611**

12 Financial assets

	Investments in associates DKK'000	Other receivables DKK'000	Deferred tax DKK'000
Cost beginning of year	0	20,327	1,930
Additions	20	52	511
Disposals	0	(2,433)	0
Cost end of year	**20**	**17,946**	**2,441**
Impairment losses for the year	(38)	0	0
Investments with negative equity value depreciated over receivables	18	0	0
Impairment losses end of year	**(20)**	**0**	**0**
Carrying amount end of year	**0**	**17,946**	**2,441**

Associates	Registered in	Ownership %
Aurora Invest ApS	Nivå	50.00

13 Deferred tax

Changes during the year	2022 DKK'000	2021 DKK'000
Beginning of year	20,995	24,509
Recognised in the income statement	445	(3,514)
End of year	**21,440**	**20,995**

Deferred tax assets

Deferred tax consists of temporary differences between accounting and tax values that are expected to be capitalized in future positive taxable income.

14 Prepayments

Prepayments relates to prepaid expenses.

15 Other provisions

In 2021, other provisions were recognized due to the uncertainty relating to the amount and the settlement timing of certain liabilities. During 2022, other provisions have been settled and actual commitments ended up lower than provisioned in 2021. The effect is recognized in the profit and loss statement in 2022.

16 Other payables

	2022 DKK'000	2021 DKK'000
Holiday pay obligation	6,601	6,396
	6,601	**6,396**

17 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000
Mortgage debt	3,561	4,402	109,416
Bank loans	0	106,250	0
Other payables	0	0	6,601
	3,561	**110,652**	**116,017**

18 Other payables

	2022 DKK'000	2021 DKK'000
VAT and duties	8,593	14,015
Wages and salaries, personal income taxes, social security costs, etc. payable	4,236	8,933
Holiday pay obligation	3,932	3,802
Other costs payable	25,674	22,324
	42,435	**49,074**

19 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	(87,997)	(31,137)
Increase/decrease in receivables	28,896	(3,289)
Increase/decrease in trade payables etc.	(43,367)	14,219
	(102,468)	**(20,207)**

20 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	**28,021**	**32,641**

21 Assets charged and collateral

As security for the group's bank debt, a mortgage deed has been issued with a nominal value of DKK 50,000,000. in the following assets with accounting values as per 31 December 2022: Receivables from sales; DKK 124,948 thousand, inventory; DKK 301,672 thousand, leasehold improvements; DKK 2,584 thousand, other operating assets and fixtures; DKK 9,864 thousand and Property, plant and equipment in progress; DKK 611 thousand.

In addition, payment guarantees have been provided for a total of DKK 389 thousand and security of DKK 273 thousand to Illums Bolighus the group per balance sheet date. As security for mortgage loans and financial institutions, the company's properties have registered mortgage security for DKK 157,352 thousand. Debt to mortgages and financial institutions amounts to DKK 410,269 thousand as per 31 December 2022.

22 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

23 Subsidiaries

	Registered in	Corporate form	Ownership %
RDG Invest Aps	Hørsholm, Denmark	ApS	100.00
RDG Property ApS	Hørsholm, Denmark	ApS	100.00
Rosendahl Design Group A/S	Hørsholm, Denmark	ApS	100.00
Rosendahl Trading Co. Ltd.	Shenzhen, China	Co. Ltd.	100.00
Rosendahl Design Group Norge AS	Oslo, Norway	AS	100.00
Rosendahl Design Group AB	Hørsholm, Denmark	AB	100.00

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Other external expenses		(583)	(59)
Gross profit/loss		**(583)**	**(59)**
Income from investments in group enterprises		369	67,768
Other financial income from group enterprises		1,009	517
Financial expenses from group enterprises		(1,235)	(759)
Other financial expenses	1	(78)	(35)
Profit/loss before tax		**(518)**	**67,432**
Tax on profit/loss for the year	2	244	66
Profit/loss for the year	3	**(274)**	**67,498**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		310,089	320,892
Financial assets	4	**310,089**	**320,892**
Fixed assets		**310,089**	**320,892**
Receivables from group enterprises		18,921	0
Deferred tax	5	149	0
Tax receivable		1,671	0
Joint taxation contribution receivable		112	20,642
Receivables		**20,853**	**20,642**
Cash		**31**	**0**
Current assets		**20,884**	**20,642**
Assets		**330,973**	**341,534**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		50	50
Reserve for net revaluation according to equity method		129,633	130,746
Retained earnings		181,175	184,521
Proposed dividend for the financial year		3,000	5,000
Equity		**313,858**	**320,317**
Payables to group enterprises		16,661	5,936
Payables to owners and management		365	0
Tax payable		0	15,227
Other payables		89	54
Current liabilities other than provisions		**17,115**	**21,217**
Liabilities other than provisions		**17,115**	**21,217**
Equity and liabilities		**330,973**	**341,534**
Employees	6		
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	50	130,746	184,521	5,000	320,317
Ordinary dividend paid	0	0	0	(5,000)	(5,000)
Exchange rate adjustments	0	(1,185)	0	0	(1,185)
Other entries on equity	0	(297)	297	0	0
Profit/loss for the year	0	369	(3,643)	3,000	(274)
Equity end of year	**50**	**129,633**	**181,175**	**3,000**	**313,858**

Notes to parent financial statements

1 Other financial expenses

	2022 DKK'000	2021 DKK'000
Other interest expenses	78	0
Other financial expenses	0	35
	78	**35**

2 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Change in deferred tax	(149)	0
Adjustment concerning previous years	(62)	0
Refund in joint taxation arrangement	(33)	(66)
	(244)	**(66)**

3 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Ordinary dividend for the financial year	3,000	5,000
Retained earnings	(3,274)	62,498
	(274)	**67,498**

4 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	180,456
Cost end of year	**180,456**
Revaluations beginning of year	140,436
Exchange rate adjustments	(1,185)
Amortisation of goodwill	(447)
Share of profit/loss for the year	816
Dividend	(25,000)
Other adjustments	15,013
Revaluations end of year	**129,633**
Carrying amount end of year	**310,089**

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

5 Deferred tax

Changes during the year	2022 DKK'000
Recognised in the income statement	149
End of year	**149**

Deferred tax assets

It is assesed that the company will generate future income which can be offset against the tax loss.

6 Employees

Average number of full-time employees is 0.

7 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8 Assets charged and collateral

The company has submitted a guarantee to bank connections in subsidiaries.

9 Related parties with controlling interest

Henrik Rosendahl, Rungsted Kyst 2960 owns all shares in the Entity, thus exercising control.

10 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

The consolidated financial statements have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The parent financial statements have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

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

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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

Income statement

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

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

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

Other financial income

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

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises
with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10-20 years.

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

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

	Useful life
Buildings	20-50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually. The Scrapvalue of domicile property amounts to DKK 30,000 thousand.

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

Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Investments properties, scrapvalue DKK 12,500 thousand	20 years

Expected useful lives and residual values are reassessed annually.

The financial year's adjustments of the properties’ fair value are recognised in the income statement.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity

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

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10-20 years.

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

Investments in associates
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

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

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
On initial recognition, minority interests are measured at the minority interests’ share of the acquiree’s net assets measured at fair value. No goodwill related to the minority interests’ equity interests in the acquiree is recognised.

Other provisions
Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the

balance sheet date are measured at their discounted value.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.