

# Sofaco International ApS

Selandia Park 1, 4100 Ringsted

CVR no. 38 52 71 26

## Annual report 2017

(As of the establishment of the Company 27 March - 31 December 2017)

Approved at the Company's annual general meeting on *17 June 2018*

Chairman:

*Rene Hansen*



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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sofaco International ApS for the financial year as of the establishment of the Company 27 March - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year as of the establishment of the Company 27 March - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Ringsted, 11 June 2018

Executive Board:



Christian Rudolph-  
Christiansen

Board of Directors:



Torben Ballegaard  
Sørensen  
Chairman



Bo Magnus Dimert



Hans Stefan Rönn



Christian Rudolph-  
Christiansen



Yana Dinkova Augustsson



Mattias Feiff



## Independent auditor's report

To the shareholder of Sofaco International ApS

### Opinion

We have audited the financial statements of Sofaco International ApS for the financial year as of the establishment of the Company 27 March - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year as of the establishment of the company 27 March - 31 December 2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Independence

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 rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 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 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 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 as to 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 the 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 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.

## Independent auditor's report

- ▶ 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 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 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 11 June 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Robert Christensen  
State Authorised Public Accountant  
MNE no.: mne16653



## Management's review

### Company details

Name  
Address, Postal code, City

Sofaco International ApS  
Selandia Park 1, 4100 Ringsted

CVR no.  
Established  
Registered office  
Financial year

38 52 71 26  
27 March 2017  
Ringsted  
27 March - 31 December 2017

Board of Directors

Torben Ballegaard Sørensen, Chairman  
Bo Magnus Dimert  
Hans Stefan Rönn  
Christian Rudolph-Christiansen  
Yana Dinkova Augustsson  
Mattias Feiff

Executive Board

Christian Rudolph-Christiansen

Auditors

Ernst & Young Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg,  
Denmark

## Management's review

### Financial highlights

DKK'000	2017 9 months
<b>Key figures</b>	
Profit/loss for the year	-5,178
Total assets	325,594
Equity	219,325
<b>Financial ratios</b>	
Return on assets	-0.1%
Current ratio	887.3%
Equity ratio	67.4%
Return on equity	-2.4%
Average number of employees	0

## **Management's review**

### **Business review**

The Company's main activity is to invest in group entities and related activities. The group entities are engaged in the design and international wholesaling of furniture, etc.

### **Financial review**

The income statement for 2017 shows a loss of DKK 5,178 thousand, and the balance sheet at 31 December 2017 shows equity of DKK 219,325 thousand. Management considers the Company's financial performance in the year satisfactory.

The Group and the company group structure were established at the beginning of this financial year by acquiring existing individual companies

The Company has received a contribution of DKK 67,442 thousand from the parent company for the purpose of acquiring the group entities.

### **Events after the balance sheet date**

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### **Outlook**

The Company's profit for 2018 is expected to be on same level as 2017.



## Financial statements for the period 27 March - 31 December 2017

### Income statement

Note		2017 9 months DKK'000
	Other external expenses	-122
	Gross margin	-122
2	Staff costs	-108
	Profit/loss before net financials	-230
	Income from investments in group enterprises	-894
3	Financial income	964
	Financial expenses	-6,227
	Profit/loss before tax	-6,387
4	Tax for the year	1,209
	Profit/loss for the year	-5,178

## Financial statements for the period 27 March - 31 December 2017

### Balance sheet

Note	2017 DKK'000
<b>ASSETS</b>	
Fixed assets	
5 Investments	
Investments in group entities	278,523
	<u>278,523</u>
<b>Total fixed assets</b>	<u>278,523</u>
Non-fixed assets	
Receivables	
6 Receivables from group enterprises	45,006
Deferred tax assets	61
Corporation tax receivable	1,148
	<u>46,215</u>
<b>Cash</b>	<u>856</u>
<b>Total non-fixed assets</b>	<u>47,071</u>
<b>TOTAL ASSETS</b>	<u>325,594</u>
<b>EQUITY AND LIABILITIES</b>	
Equity	
Share capital	20,000
Share premium account	0
Retained earnings	199,325
<b>Total equity</b>	<u>219,325</u>
Liabilities other than provisions	
7 Non-current liabilities other than provisions	
Other credit institutions	100,964
	<u>100,964</u>
<b>Current liabilities other than provisions</b>	
Trade payables	2,715
Payables to group enterprises	1,840
Other payables	750
	<u>5,305</u>
<b>Total liabilities other than provisions</b>	<u>106,269</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>325,594</u>

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral
- 10 Related parties

## Financial statements for the period 27 March - 31 December 2017

### Statement of changes in equity

Note	DKK'000	Share capital	Share premium account	Retained earnings	Total
	Cash payments concerning formation of enterprise	50	0	0	50
	Capital increase	19,950	137,366	0	157,316
11	Transfer, see "Appropriation of profit/loss"	0	0	-5,178	-5,178
	Transferred from share premium account	0	-137,366	137,366	0
	Adjustment of investments through foreign exchange adjustments	0	0	-305	-305
	Contribution from parent company	0	0	67,442	67,442
	<b>Equity at 31 December 2017</b>	<b>20,000</b>	<b>0</b>	<b>199,325</b>	<b>219,325</b>

## Financial statements for the period 27 March - 31 December 2017

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Sofaco International ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Sofaco Holding ApS.

### Income statement

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

#### Income from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.



## Financial statements for the period 27 March - 31 December 2017

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Equity

##### *Grants without consideration within a group*

Cash contribution received from the parent company has been recognised directly in the equity.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on 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 which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

## Financial statements for the period 27 March - 31 December 2017

### Notes to the financial statements

#### 1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

	2017 9 months DKK'000
2 Staff costs	
Other staff costs	108
	108

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

The Company has no employees.

3 Financial income	
Interest receivable, group entities	958
Other financial income	6
	964

## Financial statements for the period 27 March - 31 December 2017

### Notes to the financial statements

	2017 9 months DKK'000
<b>4 Tax for the year</b>	
Estimated tax charge for the year	-1,148
Deferred tax adjustments in the year	-61
	<u>-1,209</u>
<b>5 Investments</b>	
DKK'000	Investments in group entities
Cost at 27 March 2017	0
Additions	279,721
Cost at 31 December 2017	<u>279,721</u>
Foreign exchange adjustments	-305
Profit for the period 21.4 - 31.12.2017	10,525
Depreciation, Goodwill	-8,266
Other adjustments for the year	<u>-3,152</u>
Value adjustments at 31 December 2017	<u>-1,198</u>
Carrying amount at 31 December 2017	<u>278,523</u>

Group goodwill on investments in shares in group entities in the year amounts to DKK 247,989 thousand.

Name	Domicile	Interest
<b>Subsidiaries</b>		
Scandinavian Design International ApS, parent to:	Denmark	100%
- Scandinavian Design Asia Limited	Hong Kong	100%
- Scandinavian Design Vietnam Co. Ltd.	Vietnam	100%
- Sofa Company Vietnam Company Limited	Vietnam	100%
- Scandesignia Limited	Hong Kong	100%
Sofakompagniet ApS, parent to:	Denmark	100%
- Sofakompagnie BV NL	The Netherlands	100%
- Sofacompany BV BA	Belgium	100%
- Sofa Company GmbH	Germany	100%
- Sofakompaniet Norge AS	Norway	100%
- The Soffkompaniet AB	Sweden	100%
- Sofacompany GmbH	Switzerland	100%
- Sofa Company Spolka	Poland	100%

### 6 Receivables

The loan has been granted on subordinate terms to debtors' other financial creditors in case of a debtor's dissolution or bankruptcy.



## Financial statements for the period 27 March - 31 December 2017

### Notes to the financial statements

#### 7 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	100,964	0	100,964	0
	100,964	0	100,964	0

#### 8 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with its parent, Sofaco Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 27 March 2017.

#### 9 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2017.

#### 10 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sofaco Holding ApS	Denmark	www.cvr.dk

##### Related party transactions

Sofaco International ApS was engaged in the below related party transactions:

	2017 DKK'000
Cash contribution from the parent company	67,442
The parent company has provided a guarantee assuming primary liability for the external loan	100,964
Costs from Procuritas Capital Investors V GP Limited concerning the purchase of group entities	3,000

According to section 98c(3) of the Danish Financial Statements Act transactions with wholly-owned group entities are not disclosed.

#### 11 Appropriation of profit/loss

Recommended appropriation of profit/loss  
Retained earnings/accumulated loss

2017 9 months DKK'000
-5,178
-5,178