

LARSEN & ERIKSEN Co. ApS

Gammel Kongevej 140B, kl.
DK-1850 Frederiksberg C

CVR no. 38 53 67 45

Annual report 2020

The annual report was presented and approved at
the Company's annual general meeting on

8 July 2021

Jeppe Bjørn Kragh Larsen
Chairman

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of LARSEN & ERIKSEN Co. ApS for the financial year 1 January – 31 December 2020.

The annual report, which has not been audited, is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Frederiksberg, 8 July 2021
Executive Board:



Magnus Lindstrøm Eriksen



Jeppe Bjørn Kragh Larsen

Management confirms that the Company fulfills the requirements to be exempt of audit.



Auditor's report on the compilation of financial statements

To the Management of LARSEN & ERIKSEN Co. ApS

We have compiled the financial statements of LARSEN & ERIKSEN Co. ApS for the financial year 1 January – 31 December 2020 based on the Company's bookkeeping records and other information provided by you.

The financial statements comprise income statement, balance sheet and notes, including accounting policies.

We performed our work in accordance with ISRS 4410 *Engagements to Compile Financial Statements*.

We have applied our professional expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with the independence and other ethical requirements of the IESBA Codes of Ethics, which is based on fundamental principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion as to whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 8 July 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

LARSEN & ERIKSEN Co. ApS
Annual report 2020
CVR no. 38 53 67 45

Management's review

Company details

LARSEN & ERIKSEN Co. ApS
Gammel Kongevej 140B, kl.
1850 Frederiksberg C

CVR no.:	38 53 67 45
Established:	31 March 2017
Registered office:	Frederiksberg
Financial year:	1 January – 31 December

Executive Board

Magnus Lindstrøm Eriksen,
Jeppe Bjørn Kragh Larsen,

Management's review

Operating review

Principal activities

LARSEN & ERIKSEN is an independent design studio.

The designs of LARSEN & ERIKSEN can be experienced in a tight curation of the world's best retail spaces as well as on the company's own web shop and in their studio/showroom located at the iconic street of Gammel Kongevej in the heart of Copenhagen.

In order to make sure that the designs of LARSEN & ERIKSEN are unique and remains relevant, the company partners with market leading culture, art and design institutions. These partnerships evolve around special design collaborations as well as joint sales activities.

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK -36,048 as against DKK 90,156 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 132,051 as against DKK 168,099 at 31 December 2019.

Despite numerous challenges related to the global Covid-19 pandemic - one of them being that more or less all retailers shut their doors and order books from one day to the other - LARSEN & ERIKSEN managed to stand through and achieve a remarkable growth across their direct-to-consumer channels.

In the midst of the pandemic, LARSEN & ERIKSEN launched an exclusive collaboration with The Museum of Modern Art in New York and Tokyo which is renowned for being the global epicenter of trendy designer goods.

Furthermore, in late April, LARSEN & ERIKSEN were acclaimed a forerunner of the new, promising Danish watch design movement by The New York Times.

In September, LARSEN & ERIKSEN opened their first ever physical store - a premium brand and shopping experience in an A-location in the heart of Copenhagen.

With 2020 being the fourth year of business for LARSEN & ERIKSEN, we are very satisfied with the fact that we have managed to stand through the global pandemic meanwhile growing our direct-to-consumer channels and building upon our strong brand position in the global market for design watches.

Events after the balance sheet date

No events have occurred after the financial year-end, which could significantly affect the company's financial position.

Expectation for the coming year

Despite the on-going pandemic, LARSEN & ERIKSEN expects to continue its growth journey in 2021 - e.g., by focusing even more on direct-to-consumer channels as well as optimizing the product assortment.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit		600,322	374,716
Staff costs	2	-624,194	-202,342
Depreciation, amortisation and impairment losses		0	-33,441
Profit/loss before financial income and expenses		-23,872	138,933
Other financial income		1,498	183
Other financial expenses		-13,674	-23,532
Profit/loss before tax		-36,048	115,584
Tax on profit/loss for the year		0	-25,428
Profit/loss for the year		-36,048	90,156
Proposed profit appropriation/distribution of loss			
Retained earnings		-36,048	90,156

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
ASSETS			
Fixed assets			
Property, plant and equipment			
Fixtures and fittings, tools and equipment		979	979
Investments			
Deposits		99,873	45,873
Total fixed assets		100,852	46,852
Current assets			
Inventories			
Raw materials and consumables		397,990	127,121
Receivables			
Trade receivables		149,314	145,090
Receivables from group entities		206,305	210,563
Other receivables		8,335	8,335
		363,954	363,988
Cash at bank and in hand		3,231	12,857
Total current assets		765,175	503,966
TOTAL ASSETS		866,027	550,818

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		50,000	50,000
Retained earnings		82,051	118,099
Total equity		132,051	168,099
Liabilities			
Current liabilities			
Other credit institutions, current liabilities		351,536	92,141
Trade payables		4,000	0
Payables to group entities		22,868	144,943
Corporation tax		0	25,428
Other payables		355,572	120,207
		733,976	382,719
Total liabilities		733,976	382,719
TOTAL EQUITY AND LIABILITIES		866,027	550,818
Contractual obligations, contingencies, etc.	3		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of LARSEN & ERIKSEN Co. ApS for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

recognised in cost.

Investments

Equity investments in group entities and participating interests are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Other receivables and deposits are recognised at amortised cost.

Receivables

Receivables are measured at amortised cost.

Cash at bank and in hand

Cash comprises bank deposits.

Corporation tax and deferred tax

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 using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK	2020	2019
Wages and salaries	610,120	200,889
Other social security costs	14,074	1,453
	<u>624,194</u>	<u>202,342</u>
Average number of full-time employees	<u>1</u>	<u>2</u>

3 Contractual obligations, contingencies, etc.

The Group's Danish entities are severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax. The Group as a whole is not liable to any other parties.