
Designers Company A/S

Århusgade 130, DK-2150 Nordhavn

Annual Report for 1 October 2021 - 31 December 2022

CVR No 39 37 35 99

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/6 2023

Kristoffer Mejborn
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 October - 31 December	8
Balance Sheet 31 December	9
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Designers Company A/S for the financial year 1 October 2021 - 31 December 2022.

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 at 31 December 2022 of the Company and of the results of the Company operations for 2021/22.

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

Nordhavn, 28 June 2023

Executive Board

Søren Mygind Eskildsen
CEO

Board of Directors

Daniel Lalonde
Chairman

Søren Mygind Eskildsen

Dalila Dolci

Giovanni Casali

Independent Auditor's Report

To the Shareholder of Designers Company A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Designers Company A/S for the financial year 1 October 2021 - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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.
- 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.

Independent Auditor's Report

- 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 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.

Hellerup, 28 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Alexander
statsautoriseret revisor
mne42824

Frederik Tvedeskov Jantzen
statsautoriseret revisor
mne47815

Company Information

The Company

Designers Company A/S
Århusgade 130
DK-2150 Nordhavn

CVR No: 39 37 35 99

Financial period: 1 October 2021 - 31 December 2022

Incorporated: 1 March 2018

Financial year: 5th financial year

Municipality of reg. office: Copenhagen

Board of Directors

Daniel Lalonde, Chairman
Søren Mygind Eskildsen
Dalila Dolci
Giovanni Casali

Executive Board

Søren Mygind Eskildsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The Group's primary activities are the design and sale of high-quality designer furniture, lighting, and home accessories developed together with reputable designers around the world. Designers Company A/S is the Danish holding company for the Group.

Sale of the shares to Design Holding S.p.A.

During May 2022, the private equity fund Polaris sold its majority stake in the Designers Company group, of which Designers Company is a holding company to Design Holding S.p.A.

Design Holding is an international group active in the global market for high-end design, based on a European cultural heritage and global presence characterised by multi-faceted distribution and diversified product categories.

Merger with P-Menu 2018 A/S

During the period Designers Company A/S merged with its holding company P-Menu 2018 A/S with Designers Company being the continuing entity. As a result the comparable amounts in these annual accounts have been adjusted to reflect this merger.

Development in activities and finances

The Company achieved an operating loss (EBIT) of DKK 6.3m for the 15 month accounting period compared to an operating loss (EBIT) of DKK 353t for 12 months in 2021. Given the global situation, the management considers the result as satisfactory.

Outlook

Despite the uncertainties and remaining high inflation we expect growth in operating profit of the subsidiaries compared to the past year, also due to the ongoing integration activities with Designer Holding.

Group relations

The Consolidated Annual Report of which Designers Company A/S is a part is prepared by the parent company, International Design Group S.p.A.

Unusual events

The financial position as per 31 December 2022 of the company and the results of the activities of the company for the financial year for 2021/22 have not been affected by any unusual events.

Management's Review

Subsequent events

Despite the current situation in Ukraine, no event has occurred after the balance sheet date to this date, which may materially affect the assessment of the Company's financial position.

Income Statement 1 October - 31 December

	Note	2021/22 DKK (15 months)	2020/21 DKK (12 months)
Gross profit/loss		-6,300,832	-353,682
Income from investments in subsidiaries		-5,377,511	11,822,010
Financial income	2	3,601,036	142,076
Financial expenses	3	-17,678,287	-4,577,035
Profit/loss before tax		-25,755,594	7,033,369
Tax on profit/loss for the year	4	4,235,563	1,193,288
Net profit/loss for the year		-21,520,031	8,226,657

Distribution of profit

Proposed distribution of profit

Retained earnings		-21,520,031	8,226,657
		-21,520,031	8,226,657

Balance Sheet 31 December

Assets

	Note	2021/22 DKK	2020/21 DKK
Investments in subsidiaries	5	392,446,882	364,697,597
Deposits		0	2,502,583
Fixed asset investments		392,446,882	367,200,180
Fixed assets		392,446,882	367,200,180
Receivables from group enterprises		98,936,246	9,302,549
Deferred tax asset		0	1,942,482
Corporation tax receivable from group enterprises		12,534,811	0
Receivables		111,471,057	11,245,031
Cash at bank and in hand		28,624	178,175
Currents assets		111,499,681	11,423,206
Assets		503,946,563	378,623,386

Balance Sheet 31 December

Liabilities and equity

	Note	2021/22 DKK	2020/21 DKK
Share capital		2,127,236	2,112,358
Retained earnings		160,171,919	179,404,981
Equity		162,299,155	181,517,339
Provisions relating to investments in group enterprises		14,413,222	0
Provisions		14,413,222	0
Credit institutions		0	128,670,000
Payables to group enterprises		267,263,713	0
Corporation tax		0	3,947,790
Other payables		0	33,592,327
Long-term debt	7	267,263,713	166,210,117
Credit institutions	7	0	26,330,000
Trade payables		0	95,124
Payables to group enterprises	7	53,363,286	4,458,165
Corporation tax	7	6,377,607	0
Other payables	7	229,580	12,641
Short-term debt		59,970,473	30,895,930
Debt		327,234,186	197,106,047
Liabilities and equity		503,946,563	378,623,386
Distribution of profit	6		
Contingent assets, liabilities and other financial obligations	8		
Related parties	9		
Accounting Policies	10		

Statement of Changes in Equity

	Share capital DKK	Share premium account DKK	Retained earnings DKK	Total DKK
Equity at 1 October	2,112,358	0	179,313,979	181,426,337
Net effect from merger and acquisition under the uniting of interests method	0	0	91,002	91,002
Adjusted equity at 1 October	2,112,358	0	179,404,981	181,517,339
Cash capital increase	14,878	2,186,550	0	2,201,428
Excess values from common control transactions	0	0	-51,078,583	-51,078,583
Other equity movements	0	0	51,179,002	51,179,002
Transfer from share premium account	0	-2,186,550	2,186,550	0
Net profit/loss for the year	0	0	-21,520,031	-21,520,031
Equity at 31 December	2,127,236	0	160,171,919	162,299,155

Notes to the Financial Statements

	2021/22 DKK (15 months)	2020/21 DKK (12 months)
1 Staff expenses		
Average number of employees	1	1
2 Financial income		
Income from fixed asset investments	0	4,275
Interest received from group enterprises	3,535,351	137,801
Other financial income	48,080	0
Exchange adjustments	17,605	0
	3,601,036	142,076
3 Financial expenses		
Interest paid to group enterprises	14,362,034	0
Other financial expenses	3,316,253	4,577,035
	17,678,287	4,577,035
4 Tax on profit/loss for the year		
Current tax for the year	-6,178,045	0
Deferred tax for the year	1,942,482	-1,193,288
	-4,235,563	-1,193,288

Notes to the Financial Statements

	2021/22 DKK	2020/21 DKK
5 Investments in subsidiaries		
Cost at 1 October	413,203,667	311,180,495
Additions for the year	60,613,156	102,023,172
Cost at 31 December	473,816,823	413,203,667
Value adjustments at 1 October	-48,506,070	-54,952,832
Disposals for the year	0	23,989,307
Exchange adjustment	223,795	0
Net profit/loss for the year	27,835,145	0
Dividend to the Parent Company	-42,000,000	-5,000,000
Other equity movements, net	-123,376	-375,249
Amortisation of excess values	-25,006,961	-15,578,307
Change in intercompany profit on inventories	-8,205,695	3,411,011
Value adjustments at 31 December	-95,783,162	-48,506,070
Equity investments with negative net asset value transferred to provisions	14,413,221	0
Carrying amount at 31 December	392,446,882	364,697,597
Remaining positive difference included in the above carrying amount at 31 December	287,484,313	303,226,705

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Audo A/S	Copenhagen	DKK 5.504.000	100%	102,997,093	26,448,324
Menu North America Inc.	USA	USD 10.000	100%	2,629,110	-276,576
Trading Zhuhai Ltd	China	RMB 299.089	100%	1,965,477	1,663,397

Notes to the Financial Statements

	2021/22 DKK (15 months)	2020/21 DKK (12 months)
6 Distribution of profit		
Retained earnings	-21,520,031	8,226,657
	-21,520,031	8,226,657
7 Long-term debt		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
Credit institutions		
Between 1 and 5 years	0	128,670,000
Long-term part	0	128,670,000
Within 1 year	0	26,330,000
	0	155,000,000
Payables to group enterprises		
Between 1 and 5 years	267,263,713	0
Long-term part	267,263,713	0
Other short-term debt to group enterprises	53,363,286	4,458,165
	320,626,999	4,458,165
Corporation tax		
Between 1 and 5 years	0	3,947,790
Long-term part	0	3,947,790
Within 1 year	6,377,607	0
	6,377,607	3,947,790
Other payables		
After 5 years	0	33,592,327
Long-term part	0	33,592,327
Other short-term payables	229,580	12,641
	229,580	33,604,968

Notes to the Financial Statements

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Luminous Designs Investments ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

9 Related parties

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
International Design Group S.p.A, Via Manzoni 38 – 20121 Milan (MI), Italy (Annual Reports can be requested by contacting the company)

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Designers Company A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The company has changed its financial year from 1/10 - 30/9 to 1/1 - 31/12 with a conversion period from 1/10 2021 - 31/12 2022. The Income statement thus compares a 15 month period and the comparative figures a 12 month period.

The Financial Statements for 2021/22 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Design Holding S.p.A, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by

Notes to the Financial Statements

10 Accounting Policies (continued)

restating comparative figures.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other external expenses.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

10 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Common control transactions

Common control transactions are accounted for under the book value method. Under this method, an enterprise is transferred at carrying amount, and no differences are identified. Any consideration which exceeds the carrying amount of the transferred enterprise is recognised directly in equity. The book value method is applied at the date of the acquisition, and comparative figures have not been restated.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

10 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.