

KA Furniture ApS

Odinsvej 5, 7200 Grindsted

CVR no. 39 65 24 20

Annual report 2023

Approved at the Company's annual general meeting on 3 July 2024

Chair of the meeting:



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Gernot Konrad Mang

Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	5
Consolidated financial statements and parent company financial statements 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Cash flow statement	12
Notes to the financial statements	13



Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of KA Furniture ApS for the financial year 1 January - 31 December 2023.

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

In my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

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

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

Grindsted, 3 July 2024
Executive Board:



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Gernot Konrad Mang

Independent auditor's report

To the shareholder of KA Furniture ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of KA Furniture ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "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 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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:

Independent auditor's report

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

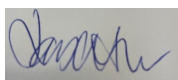
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 3 July 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lars Mortensen
State Authorised Public Accountant
mne32743

Management's review

Company details

Name	KA Furniture ApS
Address, Postal code, City	Odinsvej 5, 7200 Grindsted
CVR no.	39 65 24 20
Established	18 June 2018
Registered office	Grindsted
Financial year	1 January - 31 December
Executive Board	Gernot Konrad Mang
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark



Management's review

Financial highlights for the Group

DKK'000	2023	2022	2021	2020	2019
Key figures					
Gross profit	59,193	75,442	74,564	62,544	58,359
Operating profit/loss	-9,851	15,286	24,698	15,873	13,320
Net financials	-15,251	-12,642	-10,329	-10,640	-8,711
Profit/loss for the year	-24,601	425	9,489	2,564	-261
Financial ratios					
Total assets	130,611	140,582	143,355	147,601	58,359
Investments in property, plant and equipment	3,865	4,014	1,263	1,564	580
Equity	-13,720	10,788	10,498	1,029	-1,521
Return on assets	-7.3%	10.8%	17.0%	15.4%	23.8%
Equity ratio	-10.5%	7.7%	7.3%	0.7%	-2.6%

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

Operating profit/loss $\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Average assets}} \times 100$

Return on assets $\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$

Equity ratio $\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

Management's review

Business review

The Group is engaged in the production and sale of sliding door cabinets. Sale is primarily made to the North European markets.

Financial review

The income statement for 2023 shows a loss of DKK 24,601,203 against a profit of DKK 424,656 last year, and the balance sheet at 31 December 2023 shows a negative equity of DKK 13,719,539. The financial statements are affected by a difficult year in terms of the market, where macroeconomic conditions such as rising interest rates, a fall in the housing market and inflation have resulted in a decline in demand for wardrobes, which has had a negative impact on the year's result.

The company's products are sold for new construction and for home renovation. New construction of homes has been strong falling as a result of rising interest rates in all Nordic countries, and demand from this part of the market has been declining sharply during the period.

Management considers the year's result to be unsatisfactory. The result for the year does not live up to the previously announced expectations for the financial year.

The company has lost its share capital and is therefore covered by Section 119 of the Companies Act on capital loss. The management expects to re-establish the company's capital via future earnings and alternatively via a debt conversion, as well as new subscription of capital. The company's parent company has also indicated via a letter of comfort that, should it prove necessary, the parent company will make the necessary financing and liquidity available until the submission of the financial report December 31st 2024.

Quality standards

All of the group's products are designed and manufactured according to strict quality standards, which are verified in internal controls. The group is certified according to ISO 9001.

The group is constantly working on the strategy for environmental work, including the further development of environmental policies. In this connection, the group is also certified in accordance with ISO 14001 (environmental certification) and PEFC (sustainable forestry), including the goal of cooperating with suppliers who are also certified in accordance with the PEFC certification system for sustainable forestry, among other things.

Outlook

The expectation for 2024 is a negative result of approx. DKK 5,000,000 -10,000,000.

A positive result of approx. DKK 5,000,000 - 10,000,000 is expected in the subsidiary, however, due to interest and goodwill amortisation, a negative result is expected at Group level in 2024.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK	Group		Parent company	
		2023	2022	2023	2022
	Gross profit	59,193,269	75,442,222	0	0
12	Distribution costs	-41,589,587	-42,961,939	0	0
12	Administrative expenses	-27,390,574	-17,148,019	-8,339,303	-27,037
	Operating profit/loss	-9,786,892	15,332,264	-8,339,303	-27,037
	Income from investments in group enterprises	0	0	-8,879,947	3,856,541
3	Financial income	342,521	136,957	0	0
4	Financial expenses	-15,593,454	-12,779,416	-7,381,953	-4,372,815
	Profit/loss before tax	-25,037,825	2,689,805	-24,601,203	-543,311
5	Tax for the year	436,622	-2,265,149	0	967,967
	Profit/loss for the year	-24,601,203	424,656	-24,601,203	424,656

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK	Group		Parent company		
		2023	2022	2023	2022	
		ASSETS				
		Fixed assets				
7		Intangible assets				
		Acquired intangible assets	3,573,638	2,885,304	0	0
		Goodwill	67,720,442	74,847,263	0	0
			<u>71,294,080</u>	<u>77,732,567</u>	<u>0</u>	<u>0</u>
8		Property, plant and equipment				
		Plant and machinery	10,153,738	3,696,948	0	0
		Fixtures and fittings, other plant and equipment	1,108,031	1,761,804	0	0
		Leasehold improvements	871,525	684,205	0	0
			<u>12,133,294</u>	<u>6,142,957</u>	<u>0</u>	<u>0</u>
9		Investments				
		Investments in group enterprises	0	0	105,967,360	114,753,822
		Deposits, investments	983,035	983,035	0	0
			<u>983,035</u>	<u>983,035</u>	<u>105,967,360</u>	<u>114,753,822</u>
		Total fixed assets	<u>84,410,409</u>	<u>84,858,559</u>	<u>105,967,360</u>	<u>114,753,822</u>
		Non-fixed assets				
		Inventories				
		Raw materials and consumables	10,796,658	16,775,403	0	0
		Work in progress	1,746,271	2,191,353	0	0
		Finished goods and goods for resale	271,928	174,275	0	0
		Prepayments for goods	153,857	0	0	0
			<u>12,968,714</u>	<u>19,141,031</u>	<u>0</u>	<u>0</u>
		Receivables				
		Trade receivables	21,886,904	23,522,433	0	0
		Receivables from group enterprises	0	527,273	0	0
		Deferred tax assets	580,000	0	0	0
		Joint taxation contribution receivable	0	0	0	2,899,978
		Other receivables	365,960	965,289	0	0
10		Prepayments	789,287	1,003,606	0	0
			<u>23,622,151</u>	<u>26,018,601</u>	<u>0</u>	<u>2,899,978</u>
		Cash	<u>9,609,826</u>	<u>10,563,686</u>	<u>22,635</u>	<u>30,915</u>
		Total non-fixed assets	<u>46,200,691</u>	<u>55,723,318</u>	<u>22,635</u>	<u>2,930,893</u>
		TOTAL ASSETS	<u>130,611,100</u>	<u>140,581,877</u>	<u>105,989,995</u>	<u>117,684,715</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group		
Note	DKK	Share capital	Retained earnings	Total
	Equity at 1 January 2023	50,000	10,738,177	10,788,177
	Transfer through appropriation of loss	0	-39,573,712	-24,601,201
	Adjustment of investments through foreign exchange adjustments	0	-93,485	0
	Other value adjustments of equity	0	93,485	93,485
	Distributed dividend from group enterprises	0	1,065,996	0
	Equity at 31 December 2023	50,000	-27,769,539	-13,719,539

		Parent company			
Note	DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2023	50,000	4,902,474	5,835,705	10,788,179
6	Transfer, see "Appropriation of profit/loss"	0	-4,902,474	-19,698,729	-24,601,203
	Other value adjustments of equity	0	0	93,485	93,485
	Equity at 31 December 2023	50,000	0	-13,769,539	-13,719,539

The company has lost more than half of its share capital and the company's management is aware of the provision in section 119 of the Danish Companies Act.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK	Group	
		2023	2022
	Profit/loss for the year	-24,601,203	424,656
16	Adjustments	17,624,717	17,490,185
	Cash generated from operations (operating activities)	-6,976,486	17,914,841
17	Changes in working capital	3,263,199	-24,843
	Cash generated from operations (operating activities)	-3,713,287	17,889,998
	Interest received, etc.	342,600	136,957
	Interest paid, etc.	-8,311,083	-5,652,595
	Income taxes paid	-1,894,938	-4,826,747
	Cash flows from operating activities	-13,576,708	7,547,613
	Additions of intangible assets	-1,928,966	-1,383,355
	Additions of property, plant and equipment	-7,721,805	-4,014,189
	Disposals of property, plant and equipment	99,548	0
	Contracting of finance leases	5,374,835	800,000
	Cash flows to investing activities	-4,176,388	-4,597,544
	Proceeds of debt, finance leases	164,092	0
	Repayments, borrowings from group enterprises	16,635,144	2,172,029
	Cash flows from financing activities	16,799,236	2,172,029
	Net cash flow	-953,860	5,122,098
	Cash and cash equivalents at 1 January	10,563,686	5,441,588
18	Cash and cash equivalents at 31 December	9,609,826	10,563,686

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of KA Furniture ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

The consolidated entities include Ka. Interiør A/S and KA Skjuddora.

Control means a parent company's power to direct a group entity's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Net sales are measured at the fair value of the agreed remuneration excluding VAT and taxes collected on behalf of third parties. All types of discounts are recognised in net sales.

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
Goodwill	5-15 years
Plant and machinery	5-7 years
Fixtures and fittings, other plant and equipment	3-10 years

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leasehold improvements 5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

The proportionate share of the individual group entities' profit/loss after full elimination of internal gains/losses are recognised in the parent company's income statement.

The item includes dividend received from group entities.

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

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 15 years.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Deposits, investments

The deposit includes rent deposit, which is measured at amortised cost.

Investments in group entities

Equity investments in group entities are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in group entities 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 deduced from the carrying amount.

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

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "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.

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.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the group entities' income taxes vis à vis the tax authorities as the group entities pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

The Company has chosen IAS 39 as interpretation for 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.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK	Group		
	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2023	15,326,215	106,902,321	122,228,536
Additions	1,928,967	0	1,928,967
Cost at 31 December 2023	17,255,182	106,902,321	124,157,503
Impairment losses and amortisation at 1 January 2023	12,440,911	32,055,058	44,495,969
Amortisation for the year	1,240,633	7,126,821	8,367,454
Impairment losses and amortisation at 31 December 2023	13,681,544	39,181,879	52,863,423
Carrying amount at 31 December 2023	3,573,638	67,720,442	71,294,080

8 Property, plant and equipment

DKK	Group			Total
	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	
Cost at 1 January 2023	20,736,347	6,056,493	2,437,134	29,229,974
Additions	7,099,742	248,491	373,572	7,721,805
Disposals	0	-99,548	0	-99,548
Cost at 31 December 2023	27,836,089	6,205,436	2,810,706	36,852,231
Impairment losses and depreciation at 1 January 2023	17,039,399	4,294,689	1,752,929	23,087,017
Depreciation	642,952	881,488	186,252	1,710,692
Reversal of accumulated depreciation and impairment of assets disposed	0	-78,772	0	-78,772
Impairment losses and depreciation at 31 December 2023	17,682,351	5,097,405	1,939,181	24,718,937
Carrying amount at 31 December 2023	10,153,738	1,108,031	871,525	12,133,294
Property, plant and equipment include finance leases with a carrying amount totalling	7,155,994	0	0	7,155,994

Note 14 provides more details on security for loans, etc. as regards property, plant and equipment.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

	<u>Group</u>
	<u>Deposits, investments</u>
DKK	
Cost at 1 January 2023	983,035
Cost at 31 December 2023	983,035
Carrying amount at 31 December 2023	983,035
	<u>Parent company</u>
	<u>Investments in group enterprises</u>
DKK	
Cost at 1 January 2023	109,851,348
Cost at 31 December 2023	109,851,348
Value adjustments at 1 January 2023	4,902,474
Foreign exchange adjustments	93,485
Profit/loss for the year	-1,753,126
Impairment losses	-7,126,821
Value adjustments at 31 December 2023	-3,883,988
Carrying amount at 31 December 2023	105,967,360

Parent company

<u>Name</u>	<u>Legal form</u>	<u>Domicile</u>	<u>Interest</u>
KA Interiør A/S	A/S	Grindsted	100.00%
KA Skjuldorarr AB	AB	Sverige	100.00%

10 Prepayments

	<u>Group</u>		<u>Parent company</u>	
DKK	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Insurance	45,097	226,190	0	0
IT expenses	160,410	230,083	0	0
Rent	494,339	412,310	0	0
Leases	13,647	13,404	0	0
Other prepaid costs	75,794	121,619	0	0
	<u>789,287</u>	<u>1,003,606</u>	<u>0</u>	<u>0</u>

11 Non-current liabilities other than provisions

	<u>Group</u>			
DKK	<u>Total debt at 31/12 2023</u>	<u>Short-term portion</u>	<u>Long-term portion</u>	<u>Outstanding debt after 5 years</u>
Lease liabilities	6,371,516	1,050,106	5,321,410	0
Other payables	3,684,259	203,022	3,481,237	3,010,395
	<u>10,055,775</u>	<u>1,253,128</u>	<u>8,802,647</u>	<u>3,010,395</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK	Group		Parent company	
	2023	2022	2023	2022
12 Staff costs				
Wages/salaries	37,958,530	40,546,360	0	0
Pensions	4,807,398	4,975,340	0	0
Other social security costs	3,179,659	3,431,263	0	0
Other staff costs	399,747	1,101,732	0	0
	<u>46,345,334</u>	<u>50,054,695</u>	<u>0</u>	<u>0</u>

Staff costs are recognised as follows in the consolidated financial statements and the parent company financial statements:

Production costs	24,134,110	27,315,521	0	0
Distribution costs	12,636,526	13,803,107	0	0
Administrative expenses	9,574,698	8,936,067	0	0
	<u>46,345,334</u>	<u>50,054,695</u>	<u>0</u>	<u>0</u>
 Average number of full-time employees	 86	 93	 0	 0

Group

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

Parent company

The parent Company has no employees.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

13 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	Group		Parent company	
	2023	2022	2023	2022
Rent and lease liabilities	22,824,056	25,859,531	0	0

Group

Of this, the rent obligation during the non-termination period amounts to t.kr 21,727.

Obligations under operating leases for cars amount to t.kr 1,097.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes in the group of jointly taxed entities.

14 Security and collateral

Group

As security for withdrawals on mastercard and currency trading, a security of DKK 400,000 has been provided.

As security for Norwegian customs credit, the bank has provided security a security of NOK 480,000 has been provided.

As collateral for engagement with the bank, liquid holdings have been pledged, where the carrying value as of 31 December amounts to t.kr 6,902.

15 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Vivonio Furniture GmbH	Leopoldstrasse 16, 80802 München	www.bundesanzeiger.de

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

15 Related parties (continued)

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Vivonio Furniture GmbH	Leopoldstrasse 16, 80802 München

	Group	
	2023	2022
DKK		
16 Adjustments		
Amortisation/depreciation and impairment losses	2,872,553	2,758,468
Financial income	-342,600	-136,957
Financial expenses	15,437,904	12,779,416
Tax for the year	299,378	2,235,005
Deferred tax	-736,000	-11,000
Other value adjustments of equity	93,482	-134,747
	<u>17,624,717</u>	<u>17,490,185</u>
17 Changes in working capital		
Change in inventories	6,172,317	-4,617,711
Change in receivables	2,449,177	2,213,619
Change in trade and other payables	-5,358,295	2,379,249
	<u>3,263,199</u>	<u>-24,843</u>
18 Cash and cash equivalents at year-end		
Cash according to the balance sheet	9,609,826	10,563,686
	<u>9,609,826</u>	<u>10,563,686</u>

Verification

Transaction 09222115557521707148

Document

Annual report 2023 - KA Furniture ApS

Main document

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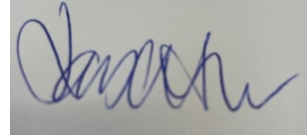


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