



Norr11 International ApS

Oestergade 17
1100 Copenhagen
CVR No. 40596860

Annual report 2020

The Annual General Meeting adopted the
annual report on 17.06.2021

Tommy Hyl Dahl

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's extended review report	4
Management commentary	6
Income statement for 2020	8
Balance sheet at 31.12.2020	9
Statement of changes in equity for 2020	11
Notes	12
Accounting policies	15

Entity details

Entity

Norr11 International ApS

Oestergade 17

1100 Copenhagen

CVR No.: 40596860

Registered office: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

Executive Board

Magnús Berg Magnússon, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Executive Board have today considered and approved the annual report of Norr11 International ApS for the financial year 01.01.2020 - 31.12.2020.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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

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

Copenhagen, 17.06.2021

Executive Board

Magnús Berg Magnússon
CEO

Independent auditor's extended review report

To the shareholders of Norr11 International ApS

Conclusion

We have performed an extended review of the financial statements of Norr11 International ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aarhus, 17.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz

State Authorised Public Accountant
Identification No (MNE) mne34145

Management commentary

Primary activities

The Company's activity consists of development, marketing and sale of high-quality designer furniture. The furniture is sold globally to both retail and contract markets as well as end consumers through the Company's own online store.

Development in activities and finances

The Company realized a healthy growth in 2020 despite a challenging first half of the year due to the Covid-19 pandemic. With many wholesale customers closed and larger scale contract projects postponed, the first half year was heavily impacted but a strong second half of the year secured a healthy growth. The market for high-end designer furniture and more sustainable furniture options developed very positively and our wholesale customers grew significantly. Strategic initiatives and new markets also helped to fuel a strong second half of the year.

The company realized a positive EBITDA of DKK 151k but with a net loss for the year amounting to DKK 1,063k. due to the amortization of goodwill transferred to the Company. The Company moved its sales operations from NORR11 GmbH in Germany to NORR11 International ApS in Denmark in the beginning of the year making 2020 the first full year of operations in the Company. With the move goodwill arose amounting to DKK 13,488k.

Consequently the Company has lost more than 50% of its contributed capital. The company is therefore subject to the rules and regulations regarding loss of capital. The Management is aware that the contributed capital is lost. The equity is expected to be reestablished through earnings in the coming financial year. It is the management assessment that the Company will deliver a strong and positive result in the coming year with an EBITDA budget of DKK 3,5m.

Outlook

Over the past couple of years our strategic focus has been to develop the NORR11 brand and collection and strengthen our international position as a high-end brand providing sustainable designer furniture for private and professional customers. During this time the collection has undergone significant changes with many products discontinued and new designs developed representing the future vision of the company. Today, new designs developed from 2017, account for close to half of the Company's sales. The collection is broad, and we have a strong platform to build on.

"With the aim of increasing our sales and geographic scope we have entered agreements with strong sales partners around the world selling and developing the NORR11 collection and brand," says CEO Magnus Berg Magnusson. "We are starting to see the result of the market development we have done in the past years and new markets are growing rapidly, especially markets such as the USA where we have grown 130% in 2020 and we are experiencing an even higher growth in 2021".

NORR11 has a set ambitious goals on sustainability and has recently introduced water-based lacquer to the entire wooden collection. All wood NORR11 uses is FSC certified and during the last year the fabric collection has been curated with focus on sustainable and durable fabrics. Last year NORR11 introduced replaceable upholstery pads for all upholstered wooden dining furniture which has been met with great positivity from the contract market as well as private customers. Amongst other strategic initiatives NORR11 has been focusing on digitization and during first half of 2021 the first phase of the digitization process is expected to be finished. "We

anticipate continued growing online furniture sales and we want to set new standards in how we service our online partners as well as building on our own online platforms for private and professional customers,” says Magnus Berg Magnusson.

“2021 has started very well and has been ahead of our expectations,” says Magnus Berg Magnusson and adds “Our order book is at a record high now with orders growth of 65% after the first five months of the year. We have high expectations for the year and we are seeing strong growth in all of our markets.”

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	2	6,462,949	1,985,251
Staff costs	3	(6,311,917)	(2,001,819)
Depreciation, amortisation and impairment losses	4	(1,375,952)	0
Operating profit/loss		(1,224,920)	(16,568)
Other financial income from group enterprises		0	16,520
Other financial income	5	142,483	0
Other financial expenses	6	(279,474)	(9,514)
Profit/loss before tax		(1,361,911)	(9,562)
Tax on profit/loss for the year		299,000	(4,369)
Profit/loss for the year		(1,062,911)	(13,931)
Proposed distribution of profit and loss			
Retained earnings		(1,062,911)	(13,931)
Proposed distribution of profit and loss		(1,062,911)	(13,931)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		200,322	0
Goodwill		12,139,344	0
Intangible assets	7	12,339,666	0
Other fixtures and fittings, tools and equipment		60,552	63,394
Leasehold improvements		9,643	0
Property, plant and equipment	8	70,195	63,394
Deposits		205,800	0
Financial assets		205,800	0
Fixed assets		12,615,661	63,394
Manufactured goods and goods for resale		4,473,990	0
Inventories		4,473,990	0
Trade receivables		1,191,460	24,642
Receivables from group enterprises		3,111,723	677,331
Receivables from associates		44,445	0
Deferred tax		297,000	0
Other receivables		6,153	63,390
Receivables		4,650,781	765,363
Cash		1,982,700	132,839
Current assets		11,107,471	898,202
Assets		23,723,132	961,596

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		40,000	40,000
Retained earnings		(1,076,842)	(13,931)
Equity		(1,036,842)	26,069
Deferred tax		0	2,000
Provisions		0	2,000
Other payables		285,237	0
Non-current liabilities other than provisions	9	285,237	0
Prepayments received from customers		2,793,711	0
Trade payables		2,488,861	343,015
Payables to group enterprises		16,572,737	0
Payables to associates		1,620,486	384,375
Joint taxation contribution payable		0	2,369
Other payables		998,942	203,768
Current liabilities other than provisions		24,474,737	933,527
Liabilities other than provisions		24,759,974	933,527
Equity and liabilities		23,723,132	961,596
Going concern	1		
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	40,000	(13,931)	26,069
Profit/loss for the year	0	(1,062,911)	(1,062,911)
Equity end of year	40,000	(1,076,842)	(1,036,842)

Notes

1 Going concern

Consequently the Company has lost more than 50% of its contributed capital. The company is therefore subject to the rules and regulations regarding loss of capital. The Management is aware that the contributed capital is lost. The equity is expected to be reestablished through earnings in the coming financial year. It is the management assessment that the Company will deliver a strong and positive result in the coming year with an EBITDA budget of DKK 3,5m.

2 Gross profit/loss

The company have used the opportunities to receive salary compensation for repatriated employees, and have therefore received DKK 641k in salary compensation in the financial year.

3 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	5,989,010	1,817,057
Pension costs	204,000	118,800
Other social security costs	75,461	28,420
Other staff costs	43,446	37,542
	6,311,917	2,001,819
Average number of full-time employees	10	5

4 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	1,351,297	0
Depreciation of property, plant and equipment	24,655	0
	1,375,952	0

5 Other financial income

	2020	2019
	DKK	DKK
Exchange rate adjustments	135,465	0
Other financial income	7,018	0
	142,483	0

6 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from associates	117,118	9,375
Other interest expenses	22,535	579
Exchange rate adjustments	139,821	(440)
	279,474	9,514

7 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Additions	202,803	13,488,160
Cost end of year	202,803	13,488,160
Amortisation for the year	(2,481)	(1,348,816)
Amortisation and impairment losses end of year	(2,481)	(1,348,816)
Carrying amount end of year	200,322	12,139,344

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	63,394	0
Additions	18,599	12,857
Cost end of year	81,993	12,857
Depreciation for the year	(21,441)	(3,214)
Depreciation and impairment losses end of year	(21,441)	(3,214)
Carrying amount end of year	60,552	9,643

9 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Other payables	285,237	235,237
	285,237	235,237

10 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	3,254,400	7,593,600

The company has entered into rental agreement with non-cancellability until 01.04.2021, herefter a notice of 6 months. The total rent obligation during the notice period is calculated at DKK 3,254k.

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Norr11 Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Assets charged and collateral

Trade receivables are pledged as security for a midfactoring company.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements.

Non-comparability

Last year was the first accounting-period for the company, and did not run a full year like the accounting-period for 2020.

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

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

Other operating income

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income from group enterprises

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

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

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

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For the Company's goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

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

Intellectual property rights etc

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

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

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

Property, plant and equipment

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

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

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	3 years

Estimated useful lives and residual values are reassessed annually.

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

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

Receivables

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

Deferred tax

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

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

Cash

Cash comprises bank deposits.

Other financial liabilities

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

Prepayments received from customers

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.