



Norr11 International ApS

Oestergade 17
1100 Copenhagen
CVR No. 40596860

Annual report 2022

The Annual General Meeting adopted the
annual report on 12.06.2023

Erik Preben Holm

Chairman of the General Meeting

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Entity details

Entity

Norr11 International ApS

Oestergade 17

1100 Copenhagen

Business Registration No.: 40596860

Registered office: Copenhagen

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Erik Preben Holm, chairman

Jesper Sjølund

Tommy Hyldahl

Lars Melchior Kongsted Kjeldsen

Executive Board

Ludvig Kjærulff

Iben Wistrup Schwaner

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Norr11 International ApS for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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

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

Copenhagen, 12.06.2023

Executive Board

Ludvig Kjærulff

Iben Wistrup Schwaner

Board of Directors

Erik Preben Holm
chairman

Jesper Sjølund

Tommy Hyldahl

Lars Melchior Kongsted Kjeldsen

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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' 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 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 conclusion 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, 12.06.2023

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 design, development, marketing and sale of high-end designer furniture and lighting. The products are sold globally to both retail and contract markets in more than 50 countries as well as to end consumers through the Company's own online store.

Development in activities and finances

The Company realized a strong growth in 2022 resulting in revenue growth of 52% and a normalized EBITDA profit of DKK 6.3m after adjusting for extraordinary costs in relation to the change in the ownership structure. "We are pleased to present the financial results for 2022, highlighting the remarkable achievements and progress of our company. Through a combination of strategic planning and diligent execution, we have achieved robust financial results, surpassing our targets and strengthening our market position. Our revenue has seen a substantial increase, reflecting the growing demand for our products and the effectiveness of our commercial strategies." says CEO Ludvig Kjærulff.

2022 was yet a challenging year with the geopolitical challenges and the world economic situation but as Ludvig Kjærulff notes: "None of our achievements would have been possible without the close collaboration and support from our suppliers. We have maintained strong relationships with our suppliers, ensuring a reliable and efficient supply of sustainable and high-quality products. Our collaborative efforts have enabled us to maintain our production capacity, ensuring that we can meet the increasing demand for our products. We are looking forward to continuing and strengthening these relationships and work towards even more sustainable solutions in the years to come".

Outlook

2022 also marked a new era for the company with a change in both the executive management team and shareholders. Erik Holm announced his investment in the company and simultaneously changed the executive management team to consist of Iben Wistrup Schwaner to take on the position as Chief Commercial Officer and Ludvig Kjærulff. "His confidence in our company and vision is a testament to the strength of our business model and growth potential. His immense industry experience over the past +25 years will help fuel our expansion plans. With Erik onboard we have already fine tuned and sharpened our product offering and brand DNA together with our strategic direction. Together, we are confident that we can build upon our successes and achieve even greater milestones in the years to come" says Ludvig Kjærulff.

Continued investments in strategic initiatives and strengthening of the company's product portfolio helped fuel the order growth with 42% compared with last year. New products launched since 2021 accounted for 26% of the total orders supported by the successful launch of the Studio Sofa in late 2021. "Our design team has continuously tapped into new trends, delivering beautiful and captivating products that resonate with our target audience and our vision to create timeless pieces on the leading edge of design. We have been able to expand our portfolio with fantastic new products that not only meet customer expectations but also set new industry benchmarks. Further we're very confident in both our existing collection and our design pipeline and the positive feedback and strong sales growth we have witnessed attest to the success of our design approach. We expect another great year for NORR11 with continued investments in the brand and market presence. We have never been more excited about our journey than we are right now" says CCO Iben Wistrup Schwaner.

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 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		13,125,994	10,630,044
Staff costs	1	(10,707,754)	(7,326,451)
Depreciation, amortisation and impairment losses	2	(1,651,392)	(1,498,988)
Operating profit/loss		766,848	1,804,605
Other financial income	3	165,544	26,015
Financial expenses from group enterprises		(24,494)	(205,993)
Other financial expenses	4	(513,599)	(279,596)
Profit/loss before tax		394,299	1,345,031
Tax on profit/loss for the year	5	(105,000)	(302,000)
Profit/loss for the year		289,299	1,043,031
Proposed distribution of profit and loss			
Retained earnings		289,299	1,043,031
Proposed distribution of profit and loss		289,299	1,043,031

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Acquired intangible assets		66,192	159,210
Goodwill		9,441,712	10,790,528
Intangible assets	6	9,507,904	10,949,738
Other fixtures and fittings, tools and equipment		647,107	180,999
Leasehold improvements		332,493	306,545
Property, plant and equipment	7	979,600	487,544
Deposits		634,540	227,641
Financial assets		634,540	227,641
Fixed assets		11,122,044	11,664,923
Manufactured goods and goods for resale		11,064,567	6,344,353
Inventories		11,064,567	6,344,353
Trade receivables		5,433,494	3,825,704
Receivables from group enterprises		1,432,904	3,296,293
Receivables from associates		163,629	95,873
Other receivables		194,754	35,978
Receivables		7,224,781	7,253,848
Cash		1,836,644	3,008,367
Current assets		20,125,992	16,606,568
Assets		31,248,036	28,271,491

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		41,000	41,000
Retained earnings		16,827,225	16,537,926
Equity		16,868,225	16,578,926
Deferred tax		110,000	5,000
Provisions		110,000	5,000
Other payables		189,926	250,095
Non-current liabilities other than provisions	8	189,926	250,095
Bank loans		339,512	0
Prepayments received from customers		5,944,925	5,402,260
Trade payables		3,865,611	3,198,723
Payables to group enterprises		2,121,713	255,551
Payables to owners and management		0	1,701,510
Other payables		1,808,124	879,426
Current liabilities other than provisions		14,079,885	11,437,470
Liabilities other than provisions		14,269,811	11,687,565
Equity and liabilities		31,248,036	28,271,491
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	41,000	16,537,926	16,578,926
Profit/loss for the year	0	289,299	289,299
Equity end of year	41,000	16,827,225	16,868,225

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	9,595,462	6,893,481
Pension costs	312,801	218,000
Other social security costs	113,551	84,176
Other staff costs	685,940	130,794
	10,707,754	7,326,451
Average number of full-time employees	15	11

2 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Amortisation of intangible assets	1,441,834	1,441,834
Depreciation of property, plant and equipment	209,558	57,154
	1,651,392	1,498,988

3 Other financial income

	2022	2021
	DKK	DKK
Exchange rate adjustments	161,213	26,015
Other financial income	4,331	0
	165,544	26,015

4 Other financial expenses

	2022	2021
	DKK	DKK
Other interest expenses	101,195	45,418
Exchange rate adjustments	412,404	153,154
Other financial expenses	0	81,024
	513,599	279,596

5 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Change in deferred tax	105,000	302,000
	105,000	302,000

6 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	279,054	13,488,160
Cost end of year	279,054	13,488,160
Amortisation and impairment losses beginning of year	(119,844)	(2,697,632)
Amortisation for the year	(93,018)	(1,348,816)
Amortisation and impairment losses end of year	(212,862)	(4,046,448)
Carrying amount end of year	66,192	9,441,712

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	205,794	339,214
Additions	586,402	115,212
Cost end of year	792,196	454,426
Depreciation and impairment losses beginning of year	(24,795)	(32,669)
Depreciation for the year	(120,294)	(89,264)
Depreciation and impairment losses end of year	(145,089)	(121,933)
Carrying amount end of year	647,107	332,493

8 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Other payables	189,926	189,926
	189,926	189,926

9 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	389,622	2,302,397

The company has entered into rental agreement with a 6 month cancel notice. The total rent obligation during the notice period is calculated at DKK 390k.

10 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.

11 Assets charged and collateral

Trade receivables are pledged as security for a midfactoring company the carrying amount of the trade receivables provided as collateral amounts to DKK 5,433k.

As collateral for commitments with banks the Company has issued a corporate mortgage on inventories, intangible assets, property, plant and equipment for a combined security of DKK 3,000k for credit facilities. The carrying amount of assets provided as collateral amounts to DKK 21,552k.

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 a few provisions for reporting class C.

The accounting policies applied to these financial statements.

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

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.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

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:

	Useful life
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.

Cash

Cash comprises bank deposits.

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.

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.

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.