



Norr11 International ApS

Oestergade 17
1100 Copenhagen
CVR No. 40596860

Annual report 2021

The Annual General Meeting adopted the
annual report on 30.06.2022

Tommy Hyl Dahl

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: 01.01.2021 - 31.12.2021

Executive Board

Magnús Berg Magnússon

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Executive Board has today considered and approved the annual report of Norr11 International ApS for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 30.06.2022

Executive Board

Magnús Berg Magnússon

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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, 30.06.2022

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 and lighting. The products are sold globally to both retail and contract markets in more than 50 countries as well as end consumers through the Company's own online store.

Development in activities and finances

The Company realized a strong growth in 2021 resulting in Revenue growth of 35% and EBITDA profit of DKK 3.3m. The management considers the profit very satisfactory considering the challenging supply chain environment in 2021.

Total orders grew 47% to a record level with pipeline trending upwards in all markets. As a result the Order book at the end of the year was at record high, or 40% of the trailing twelve month revenues.

Continued investment in strategic initiatives and strengthening of the company's product portfolio helped fuel strong demand and new products launched in 2021 represented 7% of the total orders.

The Company have received a capital increase of DKK 16.572k during 2021 it is presented in the statement of changes in equity.

Outlook

"We are proud to present the strong results of 2021, the brands 10th anniversary year, where we have started seeing the results of the repositioning of the brand over the past couple of years, market development and investments in the product portfolio. We have courageously stepped up during the pandemic and built up a world class organisation with a structure that can manage a larger turnover, and we consequently have expectations for continued growth on activities as well as profitability in 2022", says CEO Magnus Berg Magnusson.

2021 was a challenging year due to supply chain issues and as a consequence NORR11 experienced increased production times and difficulties in sourcing. However as Magnus Berg Magnusson notes: "We are seeing very positive developments in the supply chain and we are seeing shorter lead times already. Through a close collaboration with our suppliers we have been able to secure capacity to grow significantly in 2022. Internally it has been impressive to see how our teams have navigated the situation and worked closely together to deliver the best possible service to our clients around the world."

"Strategic initiatives during the year helped fuel the demand as we digitised our entire collection in the year which has been met with great results from online wholesale partners. During the year the entire collection was changed to a water-based lacquer, one of many important steps we have taken towards more sustainability in the collection. This year we are taking further and more ambitious steps towards not only delivering the classics of tomorrow but the sustainable classics of tomorrow" adds Magnus Berg Magnusson.

"Looking at the healthy order book, strong pipeline and the numerous framework agreements with partners around the world gives us the confidence to predict a very strong year. Orders the first month of the year are 96% ahead of 2021 and while we see explosive growth in our new products our classic collections are still growing with the Mammoth Chair still representing our second biggest product family."

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 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		10,170,033	6,462,948
Staff costs	1	(6,866,440)	(6,311,917)
Depreciation, amortisation and impairment losses	2	(1,498,988)	(1,375,952)
Operating profit/loss		1,804,605	(1,224,921)
Other financial income	3	26,015	142,483
Financial expenses from group enterprises		(205,993)	0
Other financial expenses	4	(279,596)	(279,473)
Profit/loss before tax		1,345,031	(1,361,911)
Tax on profit/loss for the year		(302,000)	299,000
Profit/loss for the year		1,043,031	(1,062,911)
Proposed distribution of profit and loss			
Retained earnings		1,043,031	(1,062,911)
Proposed distribution of profit and loss		1,043,031	(1,062,911)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		159,210	200,322
Goodwill		10,790,528	12,139,344
Intangible assets	5	10,949,738	12,339,666
Other fixtures and fittings, tools and equipment		180,999	60,552
Leasehold improvements		306,545	9,643
Property, plant and equipment	6	487,544	70,195
Deposits		227,641	205,800
Financial assets		227,641	205,800
Fixed assets		11,664,923	12,615,661
Manufactured goods and goods for resale		6,344,353	4,473,990
Inventories		6,344,353	4,473,990
Trade receivables		3,825,704	1,191,460
Receivables from group enterprises		3,296,293	3,111,723
Receivables from associates		95,873	44,445
Deferred tax		0	297,000
Other receivables		35,978	6,153
Receivables		7,253,848	4,650,781
Cash		3,008,367	1,982,700
Current assets		16,606,568	11,107,471
Assets		28,271,491	23,723,132

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		41,000	40,000
Retained earnings		16,537,926	(1,076,842)
Equity		16,578,926	(1,036,842)
Deferred tax		5,000	0
Provisions		5,000	0
Other payables		250,095	285,237
Non-current liabilities other than provisions	7	250,095	285,237
Prepayments received from customers		5,402,260	2,793,711
Trade payables		3,198,723	2,488,862
Payables to group enterprises		255,551	16,572,737
Payables to shareholders and management		1,701,510	1,620,486
Other payables		879,426	998,941
Current liabilities other than provisions		11,437,470	24,474,737
Liabilities other than provisions		11,687,565	24,759,974
Equity and liabilities		28,271,491	23,723,132
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	40,000	(1,076,842)	(1,036,842)
Capital increase by debt conversion	1,000	16,571,737	16,572,737
Profit/loss for the year	0	1,043,031	1,043,031
Equity end of year	41,000	16,537,926	16,578,926

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	6,433,470	5,989,010
Pension costs	218,000	204,000
Other social security costs	84,176	75,461
Other staff costs	130,794	43,446
	6,866,440	6,311,917
Average number of full-time employees	12	10

2 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	1,441,834	1,351,297
Depreciation of property, plant and equipment	57,154	24,655
	1,498,988	1,375,952

3 Other financial income

	2021	2020
	DKK	DKK
Exchange rate adjustments	26,015	135,465
Other financial income	0	7,018
	26,015	142,483

4 Other financial expenses

	2021	2020
	DKK	DKK
Other interest expenses	45,418	22,535
Exchange rate adjustments	153,154	139,820
Other financial expenses	81,024	117,118
	279,596	279,473

5 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	202,803	13,488,160
Transfers	76,251	0
Cost end of year	279,054	13,488,160
Amortisation and impairment losses beginning of year	(2,481)	(1,348,816)
Transfers	(24,345)	0
Amortisation for the year	(93,018)	(1,348,816)
Amortisation and impairment losses end of year	(119,844)	(2,697,632)
Carrying amount end of year	159,210	10,790,528

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	81,993	12,857
Transfers	(63,394)	(12,857)
Additions	187,195	339,214
Cost end of year	205,794	339,214
Depreciation and impairment losses beginning of year	(21,441)	(3,214)
Transfers	21,131	3,214
Depreciation for the year	(24,485)	(32,669)
Depreciation and impairment losses end of year	(24,795)	(32,669)
Carrying amount end of year	180,999	306,545

7 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Other payables	250,095	202,505
	250,095	202,505

8 Unrecognised rental and lease commitments

	2021	2020
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	2,302,397	3,254,400

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 2,302k.

9 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.

10 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 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:

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.