

MIE5 Holding 9 ApS

Gammeltorv 18
1457 Copenhagen
CVR No. 41912499

Annual report 03.12.2020 - 31.12.2021

The Annual General Meeting adopted the
annual report on 14.07.2022

Jakob Vestergaard Jensen
Chairman of the General Meeting

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Entity details

Entity

MIE5 Holding 9 ApS

Gammeltorv 18

1457 Copenhagen

Business Registration No.: 41912499

Date of foundation: 03.12.2020

Registered office: Copenhagen

Financial year: 03.12.2020 - 31.12.2021

Executive Board

Thomas Riis

Kristoffer Møller Pedersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of MIE5 Holding 9 ApS for the financial year 03.12.2020 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 03.12.2020 - 31.12.2021.

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, 12.07.2022

Executive Board

Thomas Riis

Kristoffer Møller Pedersen

Independent auditor's report

To the shareholders of MIE5 Holding 9 ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of MIE5 Holding 9 ApS for the financial year 03.12.2020 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 03.12.2020 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements 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 audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 commentary

Management is responsible for the management commentary.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit 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 the consolidated financial statements and the parent 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.

Copenhagen, 12.07.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Hans Tauby

State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

Financial highlights

	2020/21
	DKK'000
Key figures	
Revenue	423,359
Gross profit/loss	112,285
Operating profit/loss	44,884
Net financials	(10,197)
Profit/loss for the year	20,901
Profit for the year excl. minority interests	13,738
Balance sheet total	675,607
Investments in property, plant and equipment	4,750
Equity	322,849
Equity excl. minority interests	221,152
Cash flows from operating activities	2,971
Cash flows from investing activities	(523,609)
Cash flows from financing activities	548,893
Ratios	
Gross margin (%)	26.52
Net margin (%)	4.94
Equity ratio (%)	32.73

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The parent company's primary activity is to act as a holding company for the Danish home interior design brand, ferm LIVING ApS, through the ownership of MIE5 Datterholding 9 ApS.

Ferm LIVING is a distinct brand with primary activity to design, develop and distribute its portfolio of interior design products across its numerous retail and e-tail partners all over the world. From their home in Copenhagen, they blend authentic design and responsible thinking to create honest collections for your home. Objects that embrace the contrasts in life, so you can create space to feel comfortably you. They create collections of furniture, accessories and lighting, for all rooms in the home. Their products are sold worldwide in more than 75 countries with main markets in Europe, Australia and North America. The company was founded in 2006 by Trine Andersen, its Creative Director and are participant of UN Global Compact.

Development in activities and finances

During the year, the operating company has continued to launch new accessory products, expand its furniture and lighting collection, and introduce new items in the KIDS assortment. The 2021 collections have been very well received and once again best performing collections to date.

The geographical presence has expanded, and the brand is now available with retailers and e-tailers across more than 75 countries around the world. At the same time, the dedicated work with existing partners in key market, to grow the business, has continued and new branded concept presentations has been established in several key cities.

The Brand continue to experience tremendous interest and again this year the website traffic grew +30% and our social media community surpassing 1,2 million followers. A very clear testament that the brand is well established and continue to gain traction, which indicate strong future potential.

The Group continued the positive sales growth and experienced very strong sales growth throughout the year across all geographies and all sales channels resulting in 423 MDKK in revenue a growth of 65%. The Covid-19 lockdown positively impacted consumer spending with strong interest in home category products, which impacted the sales. Online trade grew significantly and after a period with Covid-19 lockdown in the beginning of the year, the physical retail locations managed to bounce back to very strong sales growth.

15 new positions were added in the year with new colleagues joining the team across departments to strengthen the organization and future development of the Group. New suppliers were onboarded, and relationships strengthened further with key existing suppliers too. During the year a new ERP system has been in development and are being implemented in 2022.

Uncertainty relating to recognition and measurement

The global Covid-19 pandemic continued to impact in the period with lockdowns, store closures, general market uncertainty and difficulties in supply chain. Furthermore, tremendous logistic challenges, with container shortages and massive cost increases impacting gross margin with several % points.

Outlook

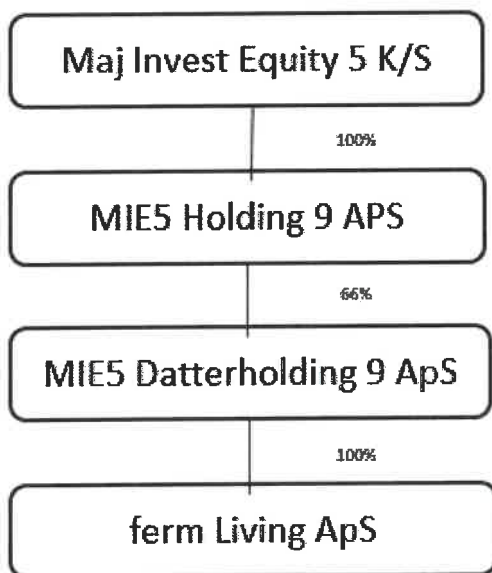
Management expects a continuous positive development of the Group with its attractive market position both online and offline. Thanks to a strong brand and growing loyal customer base there are good long term growth possibilities, and the Group will continue to invest in resources and tools to further strengthen the operation. However, given the current market conditions and uncertainty, the Group expect to consolidate revenue levels in the range of 360-400 MDKK.

Environmental performance

As a part of the global consumer industry GHG emissions is a risk. The operating company has for many years been working with sustainability and in the period this work has been intensified to outline the companies ESG strategy. The operating company has made good progress on its initiatives to improve its CSR profile with FSC and BSCI certifications and initiative to measure Co2 impact, see further details; <https://fermliving.com/pages/2021-actions-realised>. Furthermore, the operating company are now member of UN Global Compact and a dedicated internal resource working with continued improvement of our environmental performance is in place, please see <https://fermliving.com/pages/sustainability> for further details.

ferm LIVING works with certifications and testing to ensure working conditions in the supply chain are safe and fair and that products are responsibly produced and of high quality. The operating company currently works with the following certifications: GOTS (The Global Organic Textile Standard), OCS (The Organic Content Standard), FSC™ (The Forest Stewardship Council), and BSCI (Business Social Compliance Initiative).

Group relations



The current structure is deemed appropriate in relation to the need for financial flexibility and stability in the Group.

Foreign branches

During the year the Group-initiated establishment of a branch in Hannover, Germany with showroom and local office taking over from its long-time agent and a branch is also on the way in London, UK and the first employee retained, as the company has taken over the development of the market from its agent. The subsidiary established in the US continues to develop very positively and the Group will in 2022 transition the market to own sales organization and warehouse from its long-time distributor.

Statutory report on corporate social responsibility

For a description of the Group's business model, please refer to the section above "Primary-activities".

As a global company, ferm Living is aware that there may be risk across our business when operating in areas where human rights, labor, environment, ethics, and anti-corruption may differ from Denmark. That is why we have a focus on these risks including setting the tone at the top to align the values throughout the Group through complying with international rules and regulations and expecting the same from our stakeholders as well as training employees on guidelines within these areas.

During 2021 the operating company joined the UN Global Compact and are committed to the Ten Principles of the UNGC for responsible business conduct within the areas of human rights, labor, environment, and anticorruption.

The Group takes ESG very seriously as we believe it's not only crucial for the environment that we threat natural resources better, but also that it is becoming business critical and necessary to actively work on for the future consumer.

The operating company has selected a series of key performance indicators related to three Sustainable Development Goals. These indicators will serve as a contributor to the development of the ESG profile of the company and contribute to the efforts and goals set out by the UN and the 2030 agenda.

Furthermore, the operating company has since 2017 been reporting on ESG (Environmental, Social, and Governance) topics to its Board of Directors and the Management is responsible for ensuring the ESG strategy is implemented.

Human Rights

ferm LIVING 's Code of Conduct is based on the Ten Guiding Principles of the UN Global Compact. It defines the ethical principles of our business and has been signed by all our employees, agents and suppliers. Violations of human rights is a risk and are unacceptable and will, under no circumstances, be tolerated. The use of child labor of any kind is strictly forbidden. The Group is not aware of any breach on human rights within the Group or among suppliers during 2021 and will continue to monitor in its operation and among suppliers.

Social

The group believes in hiring according to qualifications and talent, regardless of ethnicity, age, gender, religion, sexual preference, disability, and social identity. We do not believe anyone is above others and work to create an environment and atmosphere where everyone can feel safe and are treated in the same way. By the end of 2021 the Group employed 61 employees.

Number of employees	61
% of female employees	85%
% of female employees in leading or managerial positions	55%
% of women at board level	20%
Staff turnover	14% (5 voluntary & 3 in-voluntary)
Absenteeism rate	1,5%*
# of workplace accidents	0

*Figure based on 6 months as data was not available for the entire 2021.

The Group systematically registers workplace accidents, and no accidents were registered in the reporting year. Due to the nature of the Group, there are very low risk if any at all and as such no specific health and safety procedures have been implemented. A workplace assessment (APV) was carried out in 2020 with satisfactory overall results. A Team Engagement Culture Survey has been conducted in November 2021 and

working with the results will take place throughout 2022.

Ethics & Anti-corruption

According to the Group Code of Conduct all business proposal in relation to corruption are rejected and the Group is fully committed to following the law with integrity. Working with suppliers in many foreign countries there are always local risks, however, we have no tolerance within the Group and all suppliers sign our code of conduct. With new ownership structure in 2021, the company's governance procedures have been updated utilizing 4-eye principle for all company expenses and costs. Whistle-blower procedures have been established, which includes a process for the anonymous reporting of incidents. The Group is not aware of any breach on corruption within the Group or among suppliers during 2021.

Statutory report on the underrepresented gender

Today, the management of MIE5 Holding 9 and MIE5 Datterholding 9 ApS consists of two men. There is no board of directors in the companies. On the Board of the operating company there are one woman and three men, and the company has a goal of increase female presence to 40% by end of 2023. In the senior leadership team of the Group there are 6 women and 3 men, while in leading or managerial positions there are 55% women and in the total workforce of the company 85% women.

Statutory report on data ethics policy

The Group has a policy for data ethics and strict IT security, however it will during 2022 work on further updates of the policy to constantly be in line with market developments and to be approved by the Board of the operating company. This work also implies that the Group strives to conduct its business ethically, acknowledging the increased use and processing of data as an integral part of the Group's business. As described in the Group Code of Conduct all data is treated with greatest respect and confidentiality according to law.

Events after the balance sheet date

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

The Group is monitoring the conflict and situation in Ukraine since end February as it impacts European consumer confidence and disposable income. The Group does however not have significant sales or significant suppliers in the countries concerned.

Consolidated income statement for 2020/21

	Notes	2020/21 DKK
Revenue	2	423,359,170
Cost of sales		(266,552,299)
Other external expenses	3	(44,522,291)
Gross profit/loss		112,284,580
Staff costs	4	(36,165,611)
Depreciation, amortisation and impairment losses	5	(31,235,345)
Operating profit/loss		44,883,624
Other financial expenses	6	(10,196,712)
Profit/loss before tax		34,686,912
Tax on profit/loss for the year	7	(13,786,397)
Profit/loss for the year	8	20,900,515

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2020/21 DKK
Acquired intangible assets		26,409,682
Acquired trademarks		136,388,515
Goodwill		333,710,112
Intangible assets	9	496,508,309
Other fixtures and fittings, tools and equipment		1,705,582
Leasehold improvements		1,001,481
Property, plant and equipment	10	2,707,063
Deposits		1,835,000
Financial assets	11	1,835,000
Fixed assets		501,050,372
Manufactured goods and goods for resale		95,009,868
Prepayments for goods		19,604,753
Inventories		114,614,621
Trade receivables		29,070,964
Other receivables		1,011,344
Prepayments	12	1,605,396
Receivables		31,687,704
Cash		28,254,788
Current assets		174,557,113
Assets		675,607,485

Equity and liabilities

	Notes	2020/21 DKK
Contributed capital		1,000,000
Translation reserve		461,424
Other reserves		815,391
Retained earnings		218,874,958
Equity belonging to Parent's shareholders		221,151,773
Equity belonging to minority interests		101,697,658
Equity		322,849,431
Deferred tax	13	35,765,924
Other provisions	14	4,253,926
Provisions		40,019,850
Bank loans		180,902,193
Other payables		53,000,000
Non-current liabilities other than provisions	15	233,902,193
Bank loans		13,041,616
Prepayments received from customers		3,108,548
Trade payables		33,896,863
Tax payable		535,694
Joint taxation contribution payable		7,702,619
Other payables	16	20,550,671
Current liabilities other than provisions		78,836,011
Liabilities other than provisions		312,738,204
Equity and liabilities		675,607,485
Events after the balance sheet date	1	
Contingent liabilities	18	
Assets charged and collateral	19	
Transactions with related parties	20	
Group relations	21	
Subsidiaries	22	

Consolidated statement of changes in equity for 2020/21

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Other reserves DKK	Retained earnings DKK
Contributed upon formation	40,000	0	0	0	0
Effect of mergers and business combinations	0	0	0	0	0
Increase of capital	960,000	205,394,062	0	0	0
Transferred from share premium	0	(205,394,062)	0	0	205,394,062
Exchange rate adjustments	0	0	357,244	0	0
Value adjustments	0	0	104,180	0	0
Other entries on equity	0	0	0	815,391	0
Profit/loss for the year	0	0	0	0	13,480,896
Equity end of year	1,000,000	0	461,424	815,391	218,874,958

	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK	Total DKK
Contributed upon formation	40,000	0	40,000
Effect of mergers and business combinations	0	82,975,416	82,975,416
Increase of capital	206,354,062	0	206,354,062
Transferred from share premium	0	0	0
Exchange rate adjustments	357,244	0	357,244
Value adjustments	104,180	0	104,180
Other entries on equity	815,391	11,302,623	12,118,014
Profit/loss for the year	13,480,896	7,419,619	20,900,515
Equity end of year	221,151,773	101,697,658	322,849,431

Other reserves

An incentive scheme for key management personnel has been established to motivate and retain the participants. The incentive scheme has allowed participants to subscribe for a number of warrants, entitling the holders to collectively buy 403,659 warrants of a nominal value of DKK 815,391 in the Group at a price agreed in advance.

As of 31st December 2021, participants in the incentive scheme have subscribed for 403,659 warrants in total.

Consolidated cash flow statement for 2020/21

	Notes	2020/21 DKK
Operating profit/loss		44,883,624
Amortisation, depreciation and impairment losses		31,235,345
Other provisions		4,253,926
Working capital changes	17	(54,768,824)
Purchase price allocation adjustments		3,522,117
Cash flow from ordinary operating activities		29,126,188
Financial expenses paid		(10,196,712)
Taxes refunded/(paid)		(15,958,859)
Cash flows from operating activities		2,970,617
Sale of intangible assets		70,000
Acquisition etc. of property, plant and equipment		(468,023)
Acquisition of enterprises		(525,310,205)
Other cash flows from investing activities		2,099,672
Cash flows from investing activities		(523,608,556)
Free cash flows generated from operations and investments before financing		(520,637,939)
Loans raised		246,943,809
Cash capital increase		301,948,918
Cash flows from financing activities		548,892,727

Increase/decrease in cash and cash equivalents	28,254,788
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Cash and cash equivalents end of year	28,254,788
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Cash and cash equivalents at year-end are composed of:

Cash	28,254,788
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Cash and cash equivalents end of year	28,254,788
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Notes to consolidated financial statements

1 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. The war in Ukraine which started at the end of February 2022 has not had and is not expected to have a significant impact on the groups's financial position and development, as the group has no significant sales or significant suppliers in the countries concerned.

2 Revenue

	2020/21
	DKK
Europe	370,841,000
Rest of World	52,518,170
Total revenue by geographical market	423,359,170
Furnitures, lighting, accessories	423,359,170
Total revenue by activity	423,359,170

3 Fees to the auditor appointed by the Annual General Meeting

	2020/21
	DKK
Statutory audit services	335,000
Other assurance engagements	47,500
Tax services	356,286
Other services	70,000
	808,786

4 Staff costs

	2020/21
	DKK
Wages and salaries	31,207,917
Pension costs	1,631,848
Other social security costs	679,383
Other staff costs	2,646,463
	36,165,611

Average number of full-time employees	56
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	Remuneration of management 2020/21 DKK
Total amount for management categories	2,206,626
	2,206,626

Special incentive programmes

An incentive scheme for key management personnel has been established to motivate and retain the participants.

The incentive scheme has allowed participants to subscribe for a number of warrants, entitling the holders to collectively buy 403,659 warrants of a nominal value of DKK 815,391 in the Group at a price agreed in advance.

As of 31st December 2021, participants in the incentive scheme have subscribed for 403,659 warrants in total.

5 Depreciation, amortisation and impairment losses

	2020/21 DKK
Amortisation of intangible assets	30,044,330
Depreciation on property, plant and equipment	1,191,015
	31,235,345

6 Other financial expenses

	2020/21 DKK
Other interest expenses	8,141,392
Exchange rate adjustments	1,631,394
Other financial expenses	423,926
	10,196,712

7 Tax on profit/loss for the year

	2020/21 DKK
Current tax	15,347,399
Change in deferred tax	(3,122,918)
Adjustment concerning previous years	1,561,916
	13,786,397

8 Proposed distribution of profit/loss

	2020/21
	DKK
Retained earnings	13,738,232
Minority interests' share of profit/loss	7,162,283
	20,900,515

9 Intangible assets

	Acquired intangible assets DKK	Acquired trademarks DKK	Goodwill DKK
Addition through business combinations etc	29,709,794	143,566,858	390,361,660
Disposals	(70,000)	0	0
Cost end of year	29,639,794	143,566,858	390,361,660
Addition through business combinations etc	(112,589)	0	(36,903,084)
Amortisation for the year	(3,117,523)	(7,178,343)	(19,748,464)
Amortisation and impairment losses end of year	(3,230,112)	(7,178,343)	(56,651,548)
Carrying amount end of year	26,409,682	136,388,515	333,710,112

A subset of intangible assets are recognized based on a purchase price allocation in connection with acquisitions.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Addition through business combinations etc	2,587,581	1,694,651
Additions	468,023	0
Cost end of year	3,055,604	1,694,651
Addition through business combinations etc	(612,098)	(240,079)
Depreciation for the year	(737,924)	(453,091)
Depreciation and impairment losses end of year	(1,350,022)	(693,170)
Carrying amount end of year	1,705,582	1,001,481

11 Financial assets

	Deposits DKK
Addition through business combinations etc	1,835,000
Cost end of year	1,835,000
Carrying amount end of year	1,835,000

12 Prepayments

Prepayments consist prepaid costs, primarily insurances and membership fees, relating to the next year.

13 Deferred tax

	2020/21
	DKK
Intangible assets	35,815,604
Property, plant and equipment	(49,680)
Deferred tax	35,765,924

	2020/21
	DKK
Changes during the year	
Addition through business combinations etc	38,888,842
Recognised in the income statement	(3,122,918)
End of year	35,765,924

14 Other provisions

Other provisions for warranty and fairness of DKK 4.3 million have been recognised as of 31 December 2021 to cover expected warranty and fairness claims. The size and timing of the provisions is based on previous experience of the level and timing of repairs and returns. The expected amount due within one year amounts to DKK 1.3 million. No amount is expected to be outstanding after 5 years.

15 Non-current liabilities other than provisions

	Due after more than 12 months
	2020/21
	DKK
Bank loans	180,902,193
Other payables	53,000,000
	233,902,193

All debt is due within five years.

16 Other payables

	2020/21
	DKK
VAT and duties	1,525,953
Wages and salaries, personal income taxes, social security costs, etc. payable	4,038,869
Holiday pay obligation	1,399,273
Other costs payable	13,586,576
	20,550,671

17 Changes in working capital

	2020/21 DKK
Increase/decrease in inventories	(63,761,642)
Increase/decrease in receivables	(8,995,053)
Increase/decrease in trade payables etc.	17,987,871
	(54,768,824)

18 Contingent liabilities

	2020/21 DKK
Recourse and non-recourse guarantee commitments	19,258,166
Contingent liabilities	19,258,166

19 Assets charged and collateral

MIE5 Holding 9 ApS and its subsidiaries are subject to negative pledges (in Danish: pantsætningsforbud).

20 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
MIE5 Datterholding 9 ApS, Gammeltorv 18, 1457 Copenhagen.

22 Subsidiaries

	Registered in	Corporate form	Ownership %
MIE5 Datterholding 9 ApS	Denmark	ApS	66.87
ferm LIVING ApS	Denmark	ApS	66.87
ferm LIVING US Inc.	USA	Inc	66.87

Parent income statement for 2020/21

	Notes	2020/21 DKK
Other external expenses		(138,179)
Gross profit/loss		(138,179)
Income from investments in group enterprises		(371,733)
Other financial expenses	2	(57,343)
Profit/loss before tax		(567,255)
Tax on profit/loss for the year	3	20,921
Profit/loss for the year	4	(546,334)

Parent balance sheet at 31.12.2021

Assets

	Notes	2020/21 DKK
Investments in group enterprises		194,305,408
Financial assets	5	194,305,408
Fixed assets		194,305,408
Joint taxation contribution receivable		20,921
Receivables		20,921
Cash		11,659,325
Current assets		11,680,246
Assets		205,985,654

Equity and liabilities

	Notes	2020/21 DKK
Contributed capital		1,000,000
Retained earnings		204,847,728
Equity		205,847,728
Trade payables		137,926
Current liabilities other than provisions		137,926
Liabilities other than provisions		137,926
Equity and liabilities		205,985,654
Events after the balance sheet date	1	
Employees	6	
Contingent liabilities	7	
Assets charged and collateral	8	
Related parties with controlling interest	9	
Transactions with related parties	10	

Parent statement of changes in equity for 2020/21

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	0	40,000
Increase of capital	960,000	205,394,062	0	206,354,062
Transferred from share premium	0	(205,394,062)	205,394,062	0
Profit/loss for the year	0	0	(546,334)	(546,334)
Equity end of year	1,000,000	0	204,847,728	205,847,728

Notes to parent financial statements

1 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. The war in Ukraine which started at the end of February 2022 has not had and is not expected to have a significant impact on the company's financial position and development, as the company has no significant sales or significant suppliers in the countries concerned.

2 Other financial expenses

	2020/21 DKK
Other interest expenses	57,343
	57,343

3 Tax on profit/loss for the year

	2020/21 DKK
Refund in joint taxation arrangement	(20,921)
	(20,921)

4 Proposed distribution of profit and loss

	2020/21 DKK
Retained earnings	(546,334)
	(546,334)

5 Financial assets

	Investments in group enterprises DKK
Additions	205,701,685
Disposals	(11,396,277)
Cost end of year	194,305,408
Carrying amount end of year	194,305,408

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

7 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8 Assets charged and collateral

MIE5 Holding 9 ApS and its subsidiaries are subject to negative pledges (in Danish: pantsætningsforbud). The shares in MIE5 Datterholding 9 ApS are pledged in favour of the lenders under the Group's bank agreement.

9 Related parties with controlling interest

Maj Invest Equity 5 K/S owns all shares in the Entity, thus exercising control.

10 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

The modified uniting-of-interests method is applied to reverse vertical mergers in which the participating entities are subject to the Parent's control. Under this method, assets and liabilities of the participating entities are recognised at the amounts at which they are recognised in the consolidated financial statements of the parent forming part of the merger. Vertical mergers are recognised at the merger date without restatement of comparative figures.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses 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 Parent is jointly taxed with all of its 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. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be

separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used is 20 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 on a straight-line basis over the term of the agreement.

Useful lives are reassessed annually. The amortisation periods used is 5 - 20 years.

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

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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	3-5 years
Leasehold improvements	3-5 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.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments 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.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

Other provisions comprise provisions for warranty and provisions for fairness. Provisions for warranty are obligations to repair products within the warranty period, whereas provisions for fairness are obligations to repair products after the end of the warranty period.

Other provisions are recognised when there is a legal or constructive obligation as a result of events in the financial year or previous years, and it is probable that an outflow of financial resources will be required to settle the obligation. Provisions are measured at the present value of the expected expenditure required to settle the obligation.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

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Bjørn Winkler Jakobsen

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