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ANNUAL REPORT 2023

NORNORM INTERNATIONAL FURNISHINGS ApS

Paradisæblevej 4, 2500 Valby
Company reg. no. 42 49 04 07

January – 31 December 2023

The annual report was submitted and approved by the general meeting on the 28th of May 2024

ANDERS MUNK JEPSEN
Chairman of the general meeting

Contents

Notes to users of the English version of this document:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that EUR 146.940 corresponds to the English amount of EUR 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of NORNORM International Furnishing ApS for the financial year 1 January - 31 December 2023.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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

We recommend that the annual report be approved at the Annual General Meeting.

Valby, 28 May 2024

Managing Director

Anders Munk Jepsen
CEO

Independent auditor's report

To the Shareholders of NORNORM International Furnishing ApS

Opinion

We have audited the financial statements of NORNORM International Furnishing ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company 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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 Management’s Review

Management is responsible for Management’s Review.

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

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 28 May 2024

Deloitte
Certified Public Accountants
Company reg. no. 33 96 35 56

DocuSigned by:
Claus Andersen
83A37AEEC3E24E3

Claus Jorch Andersen
State Authorised Public Accountant
nme33712

Company information

The company	NORNORM International Furnishing ApS Paradisæblevej 4 2500 Valby	
	Company reg. no.	42 49 04 07
	Established:	17 June 2021
	Financial period:	1 January - 31 December
	Financial year:	3rd financial year
	Municipality of reg.	Copenhagen
Managing Director	Anders Munk Jepsen, CEO	
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S	

Management´s review

Key activities

The company's purpose is to function as a financing Nornorm group company assets and make these assets available for group-related companies as well as activities that, in the opinion of the Executive Board, are connected to this.

Uncertainties connected with recognition or measurement

The company’s other fixtures, fittings, tools and equipment consist of rental of furniture, with a depreciation period set at 5-15 years. The depreciation period has been determined by management based on the estimated useful life of the rental assets. Due to the company's short history, there is inherent uncertainty regarding whether the estimated useful life of the included other fixed assets has been accurately estimated.

Development in activities and financial matters

The income statement of the Company for 2023 shows a profit of EUR 16.831, and at 31 December 2023 the balance sheet of the Company shows equity of EUR 160.304.

The result is in line with managements expectations.

Subsequent events

NORNORM group has converted EUR 11 million of working capital loan in NORNORM International Furnishings ApS with Inter IKEA Development B.V.to equity in NORNORM A/S.

In addition to this NORNORM group has secured an additional loan facility of EUR 15 million Banco Santander S.A and European Investment Fund through a new subsidiary of NORNORM A/S.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Accounting policies

The annual report for NORNORM International Furnishing ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The functional currency of the company is Danish Krone(DKK). In view of its activity, the company has chosen Euro as the presentation currency. The exchange rate on the balance sheet date was 745,29 (the exchange rate for the previous financial year's balance sheet date: 743,65)

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs. Nornorm A/S has not capitalized assembly and instalation costs.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Plant and machinery	5-15 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

Amounts concerning 2023: EUR.
Amounts concerning 2022: EUR thousand.

Note		2023	2022
	Gross profit	**3.106.390**	**1.571**
3	Depreciation and impairment of property, land, and equipment	-1.241.988	-667
	Operating profit	**1.864.402**	**904**
4	Other financial income	338.359	478
5	Other financial expenses	-2.185.930	-1.350
	Pre-tax net profit or loss	**16.831**	**32**
6	Tax on net profit or loss for the year	0	62
	Net profit or loss for the year	**16.831**	**94**
	Proposed distribution of net profit:		
	Transferred to retained earnings	16.831	94
	Total allocations and transfers	**16.831**	**94**

Balance sheet at 31 December

Amounts concerning 2023: EUR.
Amounts concerning 2022: EUR thousand.

Assets

Note		2023	2022
	Non-current assets		
7	Other fixtures, fittings, tools and equipment	16.787.285	18.559
	Total property, plant, and equipment	16.787.285	18.559
8	Receivables from group enterprises	0	2.054
	Total investments	0	2.054
	Total non-current assets	**16.787.285**	**20.613**
	Current assets		
	Manufactured goods and goods for resale	5.354.479	0
	Prepayments for goods	103.147	0
	Total inventories	5.457.626	0
	Trade receivables	0	107
	Receivables from group enterprises	5.273.135	5.222
	Tax receivables from group enterprises	61.483	61
	Other receivables	398	0
	Prepayments	82.319	0
	Total receivables	5.417.335	5.390
	Cash and cash equivalents	2.561.905	2.103
	Total current assets	**13.436.866**	**7.493**
	Total assets	**30.224.151**	**28.106**

Balance sheet at 31 December

Amounts concerning 2023: EUR.
Amounts concerning 2022: EUR thousand.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	5.367	5
	Retained earnings	154.937	139
	Total equity	**160.304**	**144**
	Liabilities other than provisions		
	Subordinate loan capital	25.297.792	21.531
	Lease liabilities	134.682	81
	Total long term liabilities other than provisions	25.432.474	21.612
	Current debt of long term liabilities	2.566.032	4.341
	Trade payables	1.033.531	1.411
	Payables to group enterprises	286.279	347
	Other payables	745.531	251
	Total short term liabilities other than provisions	4.631.373	6.350
	Total liabilities other than provisions	**30.063.847**	**27.962**
	Total equity and liabilities	**30.224.151**	**28.106**

1 Uncertainties concerning recognition and measurement

2 Subsequent events

9 Contingent assets, liabilities and other financial obligations

Statement of changes in equity

All amounts in EUR.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	5.367	138.106	143.473
Retained earnings for the year	0	16.831	16.831
	5.367	**154.937**	**160.304**

Notes

Amounts concerning 2023: EUR.
Amounts concerning 2022: EUR thousand.

		2023	2022

1. Uncertainties concerning recognition and measurement

The company's other fixtures, fittings, tools and equipment consist of rental of furniture, with a depreciation period set at 5-15 years. The depreciation period has been determined by management based on the estimated useful life of the rental assets. Due to the company's short history, there is inherent uncertainty regarding whether the estimated useful life of the included other fixed assets has been accurately estimated.

2. Subsequent events

NORNORM group has converted EUR 11 million of working capital loan in NORNORM International Furnishings ApS with Inter IKEA Development B.V.to equity in NORNORM A/S.

In addition to this NORNORM group has secured an additional loan facility of EUR 15 million Banco Santander S.A and European Investment Fund through a new subsidiary of NORNORM A/S.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

3. Depreciation and impairment of property, land, and equipment

	2023	2022
Depreciation of other fixtures and fittings, tools and equipment	1.241.988	617
Profit/loss on the sale of property, plant, and equipment	0	50
	1.241.988	**667**

4. Other financial income

	2023	2022
Interest, banks	29.254	0
Exchange gains	236.626	389
Interest received from group enterprises	72.479	89
	338.359	**478**

Notes

Amounts concerning 2023: EUR.
Amounts concerning 2022: EUR thousand.

		2023	2022
5.	**Other financial expenses**		
	Financial costs, group enterprises	1.826.030	862
	Other financial costs	359.900	488
		2.185.930	**1.350**
6.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	0	-62
		0	**-62**
7.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	19.194.616	6.547
	Additions during the year	4.823.715	12.697
	Disposals during the year	0	-50
	Transfers to inventory	-5.354.479	0
	Cost 31 December 2023	**18.663.852**	**19.194**
	Depreciation and write-down 1 January 2023	-634.578	-18
	Amortisation and depreciation for the year	-1.241.989	-617
	Depreciation and write-down 31 December 2023	**-1.876.567**	**-635**
	Carrying amount, 31 December 2023	**16.787.285**	**18.559**

For 2023, the company has commenced the purchase and sale of furniture to sister companies, which is why other fixtures, fittings, tools, and equipment are transfered to this category.

Amounts concerning 2023: EUR.
Amounts concerning 2022: EUR thousand.

		31/12 2023	31/12 2022
8.	**Receivables from group enterprises**		
	Cost 1 January 2023	2.053.906	1.959
	Additions during the year	0	95
	Repayment during the year	-2.053.906	0
	Cost 31 December 2023	**0**	**2.054**
	Carrying amount, 31 December 2023	**0**	**2.054**
	Other receivables	0	2.054
		0	**2.054**

9. Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of JAM Ventures ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

NORNORM Group is in dialog with Danish Tax Authorities regarding Tax Credit from 2021 and 2022. NORNORM International Furnishings ApS has received EUR thousand 176 regarding 2021 tax credit. There is a risk that NORNORM would have to repay this money.

There is uncertainty of tax asset of in NORNORM A/S and NORNORM International furnishings ApS 2022 of EUR thousand 450.

NORNORM International furnishing ApS's sister company NORNORM AB has leasing obligation of 17.527.302 SEK. Deployed furniture related to these lease obligations are collateralized toward the obligations. The assets has a book value of 747.768 EUR.