



Kaerly A/S

Møllegade 32, st. tv
8000 Aarhus C
CVR No. 42815454

Annual report 2023

The Annual General Meeting adopted the annual report on 28.06.2024

Carsten Niclas Moritz
Chairman of the General Meeting

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Entity details

Entity

Kaerly A/S

Møllegade 32, st. tv

8000 Aarhus C

Business Registration No.: 42815454

Registered office: Aarhus

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Michaela Mølholm

Allan Mølholm

Carsten Niclas Moritz

Executive Board

Carsten Niclas Moritz

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Kaerly A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Aarhus, 28.06.2024

Executive Board

Carsten Niclas Moritz

Board of Directors

Michaela Mølholm

Allan Mølholm

Carsten Niclas Moritz

Independent auditor's extended review report

To the shareholders of Kaerly A/S

Report on extended review of the financial statements

Conclusion

We have performed an extended review of the financial statements of Kaerly A/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Report on other legal and regulatory requirements

Violation of the Companies Act on the purchase of own shares

During the year, the company has been in possession of own capital shares in violation of section 203 of the Companies Act. The management has disposed of these after the deadline of 6 months. As a result, the management may be held liable.

Aarhus, 28.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Kasper Pagter Gjerløv

State Authorised Public Accountant
Identification No (MNE) mne50622

Management commentary

Primary activities

The purpose of the company is the design, sale, and logistics within the furniture and interior design industry, as well as any other purpose that, in the opinion of the board of directors, is related thereto.

Description of material changes in activities and finances

The annual result shows a deficit of DKK 9,632 thousand, which management considers unsatisfactory.

Development in activities and finances

The only remaining retail store in Aarhus was optimized in terms of sales. Simultaneously, a new brand, Kaerly, was developed.

In early summer, a decision was made to close the retail store in Aarhus, with the closure occurring in late summer. Outstanding orders were fulfilled by the end of the year, and all existing employment contracts, except one, were terminated. Further expansion of sales activities is planned for 2024/2025, once the economic downturn-induced demand restraint has been overcome.

The future mission of the company is no longer to operate retail stores but to market the Kaerly-brand and its designs. The company will receive royalties for both the use of the brand name for Kaerly Studios and for each product sold. The initial target market is Germany.

All costs associated with the creation of the Kaerly brand and the sales concept created direct losses. Capitalization was not possible as the company had already developed a brand. To offset negative equity, the lender has granted a subordination agreement.

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 2023

	Notes	2023 DKK	2021/22 DKK
Gross profit/loss		(6,019,535)	(6,301,602)
Staff costs	2	(3,313,735)	(3,916,478)
Depreciation, amortisation and impairment losses		(33,111)	(14,805)
Operating profit/loss		(9,366,381)	(10,232,885)
Income from investments in group enterprises		(29,294)	(667,018)
Other financial income		6,541	8,946
Other financial expenses		(243,184)	(889,565)
Profit/loss for the year		(9,632,318)	(11,780,522)
Proposed distribution of profit and loss			
Retained earnings		(9,632,318)	(11,780,522)
Proposed distribution of profit and loss		(9,632,318)	(11,780,522)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2021/22 DKK
Other fixtures and fittings, tools and equipment		20,417	53,528
Property, plant and equipment	3	20,417	53,528
Investments in group enterprises		0	0
Deposits		85,400	102,000
Financial assets	4	85,400	102,000
Fixed assets		105,817	155,528
Raw materials and consumables		0	1,113,010
Prepayments for goods		170,592	365,464
Inventories		170,592	1,478,474
Trade receivables		833,103	318,861
Other receivables		605,862	184,584
Prepayments		279,729	614,652
Receivables		1,718,694	1,118,097
Cash		54,398	132,605
Current assets		1,943,684	2,729,176
Assets		2,049,501	2,884,704

Equity and liabilities

	Notes	2023 DKK	2021/22 DKK
Contributed capital		402,000	402,000
Retained earnings		(21,371,506)	(11,780,522)
Equity		(20,969,506)	(11,378,522)
Payables to group enterprises		22,162,413	0
Other payables		0	12,695,466
Non-current liabilities other than provisions	5	22,162,413	12,695,466
Prepayments received from customers		115,137	720,530
Trade payables		492,892	631,965
Other payables		248,565	215,265
Current liabilities other than provisions		856,594	1,567,760
Liabilities other than provisions		23,019,007	14,263,226
Equity and liabilities		2,049,501	2,884,704
Going concern	1		
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	402,000	(11,780,522)	(11,378,522)
Exchange rate adjustments	0	41,334	41,334
Profit/loss for the year	0	(9,632,318)	(9,632,318)
Equity end of year	402,000	(21,371,506)	(20,969,506)

Notes

1 Going concern

During the year, the company received additional loans of 10 million DKK from individuals connected to the company's ownership group. The company has received an assurance that the necessary liquidity will be made available to enable the company to meet its obligations as they fall due.

2 Staff costs

	2023	2021/22
	DKK	DKK
Wages and salaries	2,992,968	3,584,148
Pension costs	246,795	248,107
Other social security costs	24,037	35,694
Other staff costs	49,935	48,529
	3,313,735	3,916,478
Number of employees at balance sheet date	3	4

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	68,333
Cost end of year	68,333
Depreciation and impairment losses beginning of year	(14,805)
Depreciation for the year	(33,111)
Depreciation and impairment losses end of year	(47,916)
Carrying amount end of year	20,417

4 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	7,281	102,000
Disposals	0	(16,600)
Cost end of year	7,281	85,400
Impairment losses beginning of year	(7,281)	0
Exchange rate adjustments	41,334	0
Share of profit/loss for the year	(29,294)	0
Investments with negative equity value depreciated over receivables	(12,040)	0
Impairment losses end of year	(7,281)	0
Carrying amount end of year	0	85,400

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Liyesi Interior A/S	Norway	A/S	100.00

5 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK
Payables to group enterprises	22,162,413
	22,162,413

6 Unrecognised rental and lease commitments

	2023 DKK	2021/22 DKK
Liabilities under rental or lease agreements until maturity in total	956,390	984,842

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Moelholm Invest 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.

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 are consistent with those applied last year.

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.

Tax on profit/loss for the year and deferred tax

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 profit or loss 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.

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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 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, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's normal 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 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 property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Property, plant and equipment

Other plant, operating equipment, and fixtures are measured at cost less accumulated depreciation and impairment losses.

The cost includes the purchase price, costs directly attributable to the acquisition, and costs for preparing the asset until it is ready for use.

The basis for depreciation is the cost less the expected residual value at the end of its useful life. Straight-line depreciation is applied based on the following assessment of the assets' expected useful lives:

	Useful life
Other fixtures and fittings, tools and equipment	3

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 recognized and measured in the parent company's financial statements using the equity method. This means that the investments are measured at the proportionate share of the subsidiaries' net asset value.

Group enterprises with a negative net asset value are measured at 0 DKK. Any receivables from these subsidiaries are written down to their net realizable value based on an individual assessment. If the parent company has a legal or constructive obligation to cover the subsidiary's liabilities, and it is probable that this obligation will result in a loss, a provision is recognized at the present value of the costs necessary to settle the liabilities at the balance sheet date.

Net revaluations of investments in group enterprises are transferred to the reserve for net revaluation according to the equity method under equity in connection with the appropriation of profits.

Investments in group enterprises are written down to their recoverable amount if this is lower than their carrying amount.

Inventories

Inventories are measured at cost, determined by the FIFO method, or at net realizable value, if this is lower.

The cost includes the purchase price plus any costs incurred to bring the inventories to their current location and condition. The cost of manufactured goods and work in progress includes the cost of raw materials, consumables, direct labor, and indirect production costs.

The net realizable value of inventories is calculated as the expected selling price less the costs of completion and the costs necessary to make the sale.

Receivables

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

doubtful debts.

Prepayments

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

Cash

Cash comprises cash in hand and 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.