2021

ANNUAL REPORT

The Annual General Meeting adopted
the annual report on 19.05.2022

Rasmus Edelgaard
Chairman of the General Meeting

Fredericia

Fredericia Furniture A/S
Treldevej 183
7000 Fredericia
CVR No. 45607313

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Entity details

Entity

Fredericia Furniture A/S
Treldevej 183
7000 Fredericia

Business Registration No.: 45607313
Registered office: Fredericia
Financial year: 01.01.2021 - 31.12.2021
Phone number: 7592 3344
Fax: 7592 3876
URL: www.fredericia.com
E-mail: sales@fredericia.com

Board of Directors

Niels Hermansen, Chairman
Torsten Leif Moe, Vice Chairman
Thomas Graversen
Mogens Volmer Simonsen
Dorthe Dittweiler

Executive Board

Kaja Wiegand Møller, Managing Director
Thomas Graversen, Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Fredericia Furniture A/S for the financial year 01.01.2021 - 31.12.2021.

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

Fredericia, 19.05.2022

Executive Board

Kaja Wiegand Møller
Managing Director

Thomas Graversen
Director

Board of Directors

Niels Hermansen
Chairman

Torsten Leif Moe
Vice Chairman

Thomas Graversen

Mogens Volmer Simonsen

Dorthe Dittweiler

Independent auditor's report

To the shareholders of Fredericia Furniture A/S

Opinion
We have audited the financial statements of Fredericia Furniture A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 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 financial statements" section of this auditor's report. 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 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 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 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 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 judgement and maintain professional scepticism 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 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 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 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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary
Management is responsible for the management commentary.

Our opinion 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 audit 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 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 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.

Kolding, 19.05.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Ole Søndergaard Larsen
State Authorised Public Accountant
Identification No (MNE) mne11676

Peter Rasmussen
State Authorised Public Accountant
Identification No (MNE) mne46587

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Gross profit/loss	100,345	51,195	41,902	38,502	33,965
Operating profit/loss	37,491	15,656	4,094	5,856	5,536
Net financials	906	351	578	374	261
Profit/loss for the year	29,569	13,055	3,594	4,820	4,436
Total assets	146,765	125,391	74,838	69,471	66,239
Investments in property, plant and equipment	35,166	1,051	3,302	1,787	3,173
Equity	68,486	58,917	45,862	42,268	37,448
Cash flows from (used in) operating activities	28,606	14,202	5,785	5,733	2,098
Cash flows from (used in) investing activities	12,253	(27,539)	(4,557)	(2,786)	(2,380)
Cash flows from (used in) financing activities	(30,724)	19,030	(1,683)	(2,566)	416
Average number of employees	110	57	61	60	56
Ratios					
Return on equity (%)	46.42	24.92	8.16	12.09	12.59
Equity ratio (%)	46.66	46.99	61.28	60.84	56.53
Return on invested capital (%)	26.30	13.40	5.50	8.80	8.40

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

Return on equity (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$$

Equity ratio (%):

$$\frac{\text{Equity} * 100}{\text{Total assets}}$$

Return on invested capital (%):
EBIT * 100
Total assets

Primary activities

The Company manufactures and markets high-quality design furniture developed in cooperation with recognized Danish and international architects. The furniture is sold nationally and internationally to the retail as well as the contract markets

Development in activities and finances

The Company has merged with its subsidiary Erik Jørgensen Møbelfabrik A/S as of 01.01.2021. We refer to further description of this merger in the Accounting Policies section. The subsidiary Erik Jørgensen Møbelfabrik A/S is included in the 2020 annual report for the company for 3 months and in the 2021 annual report with 12 months.

The Company has had a satisfactory increase in activity level in 2021. The increase in gross profit of 96% is mainly due to the merger with its subsidiary.

The Company's balance sheet as per balance date, shows an equity of MDKK 68.5 corresponding to a solvency ratio of 47.0%.

Significant investments in product development, sales resources, communication, and branding continues, as part of the Company's strategy.

The Company continues to have a long-term goal of profitable growth and a healthy balance, which means that in 2022, investments will continue to be made in growth initiatives to ensure the fulfillment of the financial targets set in the strategy.

Financial risks and use of financial instruments

The company is affected by currency developments. There are no risks other than the common risks for the industry.

Profit/loss for the year in relation to expected developments

The income statement shows a profit before tax of MDKK 38.4 against MDKK 16.9 the year before, which is above the Company’s expectations going in to 2021. Overall, the result for the year is above expectations and based upon this, the management assesses, that the result for the year is very satisfactory.

Outlook

In 2021, the Company gained favor of an extraordinary market situation in Denmark. The expectations for 2022 are, for the Company’s international markets positive, however the impact for a reduced market activity level in Denmark means, that the Company expects the profit for 2022 to be less than the level of 2021, but above the level of 2020.

Environmental performance

Encouraging customers to buy fewer but better products has been at the core of Fredericia’s company ethics ever since we began in 1911. Our pioneering work with Børge Mogensen is based on combining timeless, modern aesthetic with durable construction and good materials. The goal is creating furniture that becomes more beautiful with age and the products are intended to be passed on from one generation to the next. These core values are rooted in our sense of responsibility seen in our use of natural materials, our ethical methods of production and our respect for the people using our furniture every day.

Future ambitions
As sustainability is increasingly getting more important, we believe that by setting realistic targets for future achievements, we will enable continuous improvements within our sustainable performance.
Future targets are expressed in a roadmap.

United Nation Sustainability Development Goals
Fredericia supports the United Nations' Global Goals for Sustainable Development which address some of the biggest challenges we are facing in the world today.

Responsible assortment
In the phase of developing new products or re-engineering existing products, we follow the below principles:

- Timeless design
- Long material lifetime
- Crafted to last
- Easing disassembly of products to increase circularity and ease repair of broken parts
- Increase the use of recycled materials

To confirm that sustainability is a high focus, multiple product environmental certifications are implemented throughout the assortment. Most of our wood-based products are FSC or are in process to be FSC certified.

Selected Fredericia collections are EU Ecolabel and Greenguard Gold certified. Fredericia will for a handpicked number of products implement several product environmental certifications on an ongoing basis.

Additionally, we have initiated environmental product declarations on our core assortment. These are done to quantify the environmental impact that our products have. The baseline is created through Life Cycle Assessments, where valuable knowledge is gained throughout the process, affecting selection of materials, processes, and future production locations.

Responsible procurement
We are proud of cooperating with the best suppliers in the industry. Through our ongoing implementation of a 360-degree sustainable supplier selection and Code of Conduct, we ensure that our suppliers meet our conditions regarding human rights and environmental standards among other things. The Code of Conduct is the basis of a trustworthy partnership between us and our suppliers.

We mostly purchase raw materials, semi-finished and finished products from suppliers within Denmark and Europe. This is to ensure a high quality in our products and to minimize the transportation throughout the entire product life cycle. By selecting suppliers which are in Denmark or Europe, close to our production facilities, the required amount of transport is minimized.

Our packaging serves the purpose of protecting our products during transport, which ensures that our customers receive the products in the best condition. We focus on minimizing the material consumption and simultaneously protect the furniture. To ensure this, we equip the products with different types of foam shapes, when undergoing transport.

Contributing to the local community is important for Fredericia. A protective workshop is placed close to our HQ in Fredericia, which facilitate a safe, disability-friendly environment for citizens to develop and improve their skills and to earn an income. Fredericia have developed a respectful relationship throughout the years of collaboration, as we believe that this relationship both contributes to the local community, but also adds a high value for us as a company.

Governance

Our employees are of high value to Fredericia. Developing our employees and provide that everyone has the possibility to grow within the company is very important. As an example, we prioritize hiring trainees, interns, or student workers. It is of high value for the employees but also for us a company, as valuable knowledge is shared between both parties.

Diversity and inclusion in the workforce are an important part of the company. It is very essential for Fredericia to create a work atmosphere which increases knowledge sharing between its employees, and to create the most suited workspace for collaboration.

Long-term relationships with our employees, clients and designers are of high priority.

Responsible operation

According to the UN Paris agreement, all EU countries must be 55% Carbon neutral in 2030, and completely Carbon neutral in 2050. In Fredericia, we wish to meet these ambitions even sooner, as we feel a responsibility as a manufacturing company to contribute, by reducing our Carbon emissions quicker and thereby protecting the planet to ensure its survival for future generations.

How we handle our waste has high focus in the operation at all facilities, therefore we are also ISO14001 certified. The material that we use in our products are of high value both in cost, but also as a resource in itself. We work systematically and continuously to ensure a reduction in waste, by eliminating overconsumption of material and by utilizing waste in the most sufficient way. Textile and leather waste material is collected and sorted separately. This ensures that the waste material can either be donated, used for smaller products, or sold to other companies which can use it in their operation. This prolongs the life of the materials, so that it does not end up as unrecyclable waste.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		**100,345,390**	**51,195,176**
Staff costs	2	(57,756,898)	(32,561,270)
Depreciation, amortisation and impairment losses		(5,097,616)	(2,977,957)
Operating profit/loss		**37,490,876**	**15,655,949**
Income from investments in group enterprises		0	854,460
Other financial income	3	2,393,196	2,176,264
Other financial expenses	4	(1,487,059)	(1,825,040)
Profit/loss before tax		**38,397,013**	**16,861,633**
Tax on profit/loss for the year	5	(8,827,936)	(3,806,751)
Profit/loss for the year	6	**29,569,077**	**13,054,882**

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		1,169,737	704,772
Acquired licences		0	0
Goodwill		13,397,347	0
Intangible assets	7	**14,567,084**	**704,772**
Land and buildings		16,053,406	8,519,066
Plant and machinery		1,979,764	1,773,744
Other fixtures and fittings, tools and equipment		4,029,603	2,774,933
Leasehold improvements		525,423	531,051
Property, plant and equipment	8	**22,588,196**	**13,598,794**
Investments in group enterprises		878	38,225,988
Investments in associates		25,000	0
Deposits		1,445,004	1,331,235
Financial assets	9	**1,470,882**	**39,557,223**
Fixed assets		**38,626,162**	**53,860,789**
Raw materials and consumables		35,565,165	21,553,552
Work in progress		1,329,956	530,564
Manufactured goods and goods for resale		12,584,134	12,340,745
Inventories		**49,479,255**	**34,424,861**
Trade receivables		28,697,800	24,672,004
Receivables from group enterprises		7,969,343	2,560,163
Other receivables		2,504,667	1,026,724
Prepayments	10	1,652,208	1,145,449
Receivables		**40,824,018**	**29,404,340**
Cash		**17,835,777**	**7,700,667**
Current assets		**108,139,050**	**71,529,868**
Assets		**146,765,212**	**125,390,657**

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	11	2,148,000	2,148,000
Reserve for net revaluation according to the equity method		0	854,460
Retained earnings		66,337,759	45,914,222
Proposed dividend		0	10,000,000
Equity		**68,485,759**	**58,916,682**
Deferred tax	12	2,538,322	2,048,902
Other provisions	13	6,160,983	11,800,000
Provisions		**8,699,305**	**13,848,902**
Mortgage debt		21,324,567	16,011,432
Other payables		0	1,842,411
Non-current liabilities other than provisions	14	**21,324,567**	**17,853,843**
Current portion of non-current liabilities other than provisions	14	1,800,096	1,446,978
Bank loans		39,856	8,957,173
Lease liabilities		1,786,637	841,729
Prepayments received from customers		3,913,019	2,332,707
Trade payables		14,588,709	10,526,565
Payables to group enterprises		878	0
Tax payable		63,163	11,270
Joint taxation contribution payable		8,978,989	3,908,745
Other payables		17,084,234	6,746,063
Current liabilities other than provisions		**48,255,581**	**34,771,230**
Liabilities other than provisions		**69,580,148**	**52,625,073**
Equity and liabilities		**146,765,212**	**125,390,657**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Transactions with related parties	20		
Group relations	21		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	2,148,000	854,460	45,914,222	10,000,000	58,916,682
Ordinary dividend paid	0	0	0	(10,000,000)	(10,000,000)
Extraordinary dividend paid	0	0	(10,000,000)	0	(10,000,000)
Transfer to reserves	0	(854,460)	854,460	0	0
Profit/loss for the year	0	0	29,569,077	0	29,569,077
Equity end of year	**2,148,000**	**0**	**66,337,759**	**0**	**68,485,759**

The reserve for net revaluation according to the equity method has been transferred to retained earnings as a result of the merger with the subsidiary Erik Jørgensen Møbelfabrik A/S as of 01.01.2021.

Cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		37,490,876	15,655,949
Amortisation, depreciation and impairment losses		5,097,616	2,977,957
Working capital changes	15	(10,570,604)	(3,741,284)
Cash flow from ordinary operating activities		**32,017,888**	**14,892,622**
Financial income received		2,393,196	2,170,317
Financial expenses paid		(1,487,059)	(1,819,093)
Taxes refunded/(paid)		(4,317,611)	(1,041,779)
Cash flows from operating activities		**28,606,414**	**14,202,067**
Acquisition etc of intangible assets		(914,978)	(292,345)
Acquisition etc of property, plant and equipment		(5,256,651)	(1,675,440)
Sale of property, plant and equipment		709,314	0
Acquisition of fixed asset investments		(113,769)	(25,571,528)
Other cash flows from investing activities		17,828,844	0
Cash flows from investing activities		**12,252,760**	**(27,539,313)**
Free cash flows generated from operations and investments before financing		**40,859,174**	**(13,337,246)**
Loans raised		0	20,111,239
Repayments of loans etc		(10,724,064)	(1,081,414)
Dividend paid		(20,000,000)	0
Cash flows from financing activities		**(30,724,064)**	**19,029,825**
Increase/decrease in cash and cash equivalents		**10,135,110**	**5,692,579**
Cash and cash equivalents beginning of year		7,700,667	2,008,088
Cash and cash equivalents end of year		**17,835,777**	**7,700,667**
Cash and cash equivalents at year-end are composed of:			
Cash		17,835,777	7,700,667
Cash and cash equivalents end of year		**17,835,777**	**7,700,667**

Notes

1 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

2 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	49,049,354	28,065,785
Pension costs	5,357,539	2,756,203
Other social security costs	1,335,553	736,871
Other staff costs	2,014,452	1,002,411
	57,756,898	**32,561,270**

Average number of full-time employees	110	57

	Remuneration of Management 2021 DKK	Remuneration of Management 2020 DKK
Executive Board	4,267,576	3,287,759
Board of Directors	436,666	320,000
	4,704,242	**3,607,759**

3 Other financial income

	2021 DKK	2020 DKK
Financial income from group enterprises	16,837	0
Other interest income	13,055	17,234
Exchange rate adjustments	1,582,661	1,349,437
Other financial income	780,643	809,593
	2,393,196	**2,176,264**

4 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	479,244	158,944
Exchange rate adjustments	978,864	1,641,057
Other financial expenses	28,951	25,039
	1,487,059	**1,825,040**

5 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	8,719,516	3,908,745
Change in deferred tax	108,420	(101,994)
	8,827,936	**3,806,751**

6 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Ordinary dividend for the financial year	0	10,000,000
Retained earnings	29,569,077	3,054,882
	29,569,077	**13,054,882**

7 Intangible assets

	Acquired intangible assets DKK	Acquired licences DKK	Goodwill DKK
Cost beginning of year	5,983,452	9,770,450	0
Addition through business combinations etc	0	0	15,275,709
Additions	914,978	0	0
Cost end of year	**6,898,430**	**9,770,450**	**15,275,709**
Amortisation and impairment losses beginning of year	(5,278,680)	(9,770,450)	0
Addition through business combinations etc	0	0	(347,237)
Amortisation for the year	(450,013)	0	(1,531,125)
Amortisation and impairment losses end of year	**(5,728,693)**	**(9,770,450)**	**(1,878,362)**
Carrying amount end of year	**1,169,737**	**0**	**13,397,347**

Goodwill is amortised straight-line over its estimated useful life, which is determined on the basis of management's experience in the individual business areas. It has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years in accordance with the Danish Financial Statements Act.

8 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	24,905,613	11,452,962	6,748,839	2,105,586
Addition through business combinations etc	17,857,200	0	10,936,387	170,939
Additions	2,837,048	955,050	2,162,548	246,913
Disposals	0	(49,052)	(1,015,933)	0
Cost end of year	**45,599,861**	**12,358,960**	**18,831,841**	**2,523,438**
Depreciation and impairment losses beginning of year	(16,386,547)	(9,679,218)	(3,973,906)	(1,574,535)
Addition through business combinations etc	(12,364,235)	0	(9,941,072)	(45,584)
Depreciation for the year	(795,673)	(749,030)	(1,278,710)	(377,896)
Reversal regarding disposals	0	49,052	391,450	0
Depreciation and impairment losses end of year	**(29,546,455)**	**(10,379,196)**	**(14,802,238)**	**(1,998,015)**
Carrying amount end of year	**16,053,406**	**1,979,764**	**4,029,603**	**525,423**
Recognised assets not owned by entity	-	-	1,786,637	-

Recognised assets not owned by the entity consists of leased fixed assets.

9 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Deposits DKK
Cost beginning of year	37,371,528	0	1,331,235
Addition through business combinations etc	(37,371,528)	25,000	0
Additions	878	0	113,769
Cost end of year	**878**	**25,000**	**1,445,004**
Revaluations beginning of year	854,460	0	0
Addition through business combinations etc	(854,460)	0	0
Revaluations end of year	**0**	**0**	**0**
Carrying amount end of year	**878**	**25,000**	**1,445,004**

Investments in subsidiaries	**Registered in**	**Corporate form**	**Equity interest %**
Fredericia Furniture UK LTD	London	LTD	100.00

Investments in associates	Registered in	Corporate form	Equity interest %
3 Days of Design ApS	København K	ApS	20.00

10 Prepayments

Prepayments comprises costs, which are payed in the financial year, but are related to the next financial year.

11 Share capital

	Number	Par value DKK	Nominal value DKK
A- share capital	315,000	1	315,000
B- share capital	1,833,000	1	1,833,000
	2,148,000		**2,148,000**

12 Deferred tax

	2021 DKK	2020 DKK
Intangible assets	857,347	755,055
Property, plant and equipment	1,121,569	773,646
Inventories	327,920	323,202
Receivables	231,486	196,999
Deferred tax	**2,538,322**	**2,048,902**

Changes during the year	2021 DKK	2020 DKK
Beginning of year	2,048,902	2,150,896
Recognised in the income statement	108,420	(101,994)
Addition through business combinations etc	381,000	0
End of year	**2,538,322**	**2,048,902**

13 Other provisions

Other provisions comprises earn-out payments related to the acquisition of Erik Jørgensen Møbelfabrik A/S. The provision is estimated at DKK 11.800 thousand, of which DKK 5.639 thousand is due in 2022 and is therefore presented as other short term payables. The provision can maximum extend to DKK 13.500 thousand. The provision is due upon the occurrence of special events from 2022 until 2024.

14 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Mortgage debt	1,800,096	1,446,978	21,324,567	16,941,875
	1,800,096	**1,446,978**	**21,324,567**	**16,941,875**

15 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(1,590,651)	(5,279,702)
Increase/decrease in receivables	(6,545,840)	(2,988,739)
Increase/decrease in trade payables etc	(2,434,113)	4,527,157
	(10,570,604)	**(3,741,284)**

16 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	11,669,802	13,756,269

Unrecognised rental and lease commitments consists of operating lease agreements of fixed assets.

There has been made an agreement for the commercial lease in Copenhagen, London and Norway, where the total obligations in total is 10.489 t.kr. The agreement in Copenhagen can be terminated earliest 31.12.2025. The lease agreement in London can be terminated earliest 31.10.2023. The agreement in Norway can be terminated earliest 31.12.2022.

17 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Thomas Graversen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as secondarily liable 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.

18 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The accounting value of the property is 16.053 t.kr. (2020: 8.519 t.kr.).

19 Related parties with controlling interest

Thomas Graversen Holding ApS, Fredericia, Business Registration no. 21322032, owns 90% of the entity’s equity and has therefore controlling influence on the entity.

Thomas Graversen, Fredericia holds 51% of the voting rights in Thomas Graversen Holding ApS and has therefore controlling influence on the entity.

20 Transactions with related parties

Only transactions with related parties that are not carried out at market terms are disclosed in the annual report. No such transactions have been performed.

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

Thomas Graversen Holding ApS, Fredericia, Business Registration no. 21322032

Accounting policies

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

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements
Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability
During the financial year the Company has merged with the subsidiary Erik Jørgensen Møbelfabrik A/S as of 01.01.2021. The merger has been carried out using the book value-method and therefore comparable figures have not been adjusted. As such the income statement and balance sheet for the financial year 2020 do not contain figures from Erik Jørgensen Møbelfabrik A/S.

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.

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 book value-method is applied to 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.

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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, costs of sales and other 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. 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 tangible and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

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 interest income, including interest income from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, amortisation of financial assets as well as 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 payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with it's Danish parent company. 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. It has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights and acquired licences.

Acquired intellectual property rights are production and sales rightes, which are measured at cost less accumulated amortisation. Production and sales rights are straight-line depreciated over the rights lifetime, which is 10 years.

Acquired licences are software, which are measured at cost less accumulated amortisation. Software is straight-line depreciated over 3-4 years, which is its estimated financial lifetime.

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

Property, plant and equipment
Land and buildings, 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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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:

Buildings	25-35 years
Plant and machinery	3-40 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

Investments in associates
Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

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 or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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 receivable or payable
Current tax receivable or payable 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 receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.

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 as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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

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