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BDO Statsautoriseret revisionsaktieselskab  
Kystvejen 29  
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CVR no. 20 22 26 70

**MIE5 DATTERHOLDING 8 APS**  
**MOSEVEJ 20A, 8240 RISSKOV**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 27 June 2023**

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**Kristoffer Møller Pedersen**

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**COMPANY DETAILS**

<b>Company</b>	MIE5 Datterholding 8 ApS Mosevej 20A 8240 Risskov  CVR No.: 40 21 63 24 Established: 25 January 2019 Municipality: Copenhagen Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Thomas Riis, chairman Christina Wendelbo Kristoffer Møller Pedersen
<b>Executive Board</b>	Kristoffer Møller Pedersen Thomas Riis
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C
<b>Bank</b>	Jyske Bank A/S Vesterbrogade 9 1780 Copenhagen V

## MANAGEMENT'S STATEMENT

*Today the Board of Directors and Executive Board have discussed and approved the Annual Report of MIE5 Datterholding 8 ApS for the financial year 1 January - 31 December 2022.*

*The Annual Report is presented in accordance with the Danish Financial Statements Act.*

*In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2022 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2022.*

*The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.*

*We recommend the Annual Report be approved at the Annual General Meeting.*

Copenhagen, 12 May 2023

Executive Board

\_\_\_\_\_  
Kristoffer Møller Pedersen

\_\_\_\_\_  
Thomas Riis

Board of Directors

\_\_\_\_\_  
Thomas Riis  
Chairman

\_\_\_\_\_  
Christina Wendelbo

\_\_\_\_\_  
Kristoffer Møller Pedersen

## INDEPENDENT AUDITOR'S REPORT

*To the Shareholders of MIE5 Datterholding 8 ApS*

### **Opinion**

*We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of MIE5 Datterholding 8 ApS for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.*

*In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2022 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2022 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 Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements 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 Consolidated Financial Statements and the Annual Financial Statements of the Company**

*Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.*

*In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.*

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements**

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

## INDEPENDENT AUDITOR'S REPORT

*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 Consolidated Financial Statements and the Annual Financial Statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.*
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.*
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.*

*We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.*

## INDEPENDENT AUDITOR'S REPORT

### **Statement on Management Commentary**

*Management is responsible for Management Commentary.*

*Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.*

*In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.*

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

*Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.*

Aarhus, 12 May 2023

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Morten Trap Olesen  
State Authorised Public Accountant  
MNE no. mne35625

Jonas Lund Jacobsen  
State Authorised Public Accountant  
MNE no. mne46611

**FINANCIAL HIGHLIGHTS OF THE GROUP**

	2022	2021	2020	2019
	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>				
Net revenue.....	182,999	142,273	122,983	122,919
Gross profit/loss*.....	54,089	44,690	38,793	36,851
Adjusted EBITDA**.....	1,378	-2,026	7,736	19,823
Operating profit/loss of main activities.....	-10,863	-13,727	-3,336	-5,984
Financial income and expenses, net.....	-5,384	-778	-4,122	-1,151
Profit/loss for the year before tax.....	-16,247	-14,505	-7,459	-7,135
Profit/loss for the year.....	-15,364	-13,679	-8,176	-7,908
Results for the year without minority interests.....	-15,272	-13,517	-8,140	-7,959
<b>Balance sheet</b>				
Total assets.....	167,217	204,039	203,475	195,799
Equity.....	65,699	80,911	93,968	101,484
Equity ex minority interests.....	65,723	80,847	93,754	101,209
<b>Cash flows</b>				
Cash flows from operating activities.....	-4,682	-6,244	-10,808	12,856
Cash flows from investing activities.....	-1,579	-3,243	-1,217	-179,944
Cash flows from financing activities.....	-6,068	4,753	15,834	178,789
Total cash flows.....	-12,329	-4,734	3,809	11,701
Investment in property, plant and equipment.....	-1,406	-2,587	-624	-2,416
<b>Key ratios</b>				
Equity ratio.....	39.3	39.6	46.1	51.7
Return on equity.....	-21.0	-15.6	-8.4	-7.8

*The financial key figures for 2019 do not cover a 12 months period, but a period from 19 February 2019 to 31 December 2019, due to the group was established for the first time at this point.*

*\*) Gross profit/loss is the gross profit/loss without other operating income.*

*\*\*\*) Adjusted EBITDA is operating profit before depreciation adjusted for non-recurring costs in connection with group establishment and transaction costs.*

The ratios stated in the list of key figures and ratios have been calculated as follows:

*Equity ratio:* 
$$\frac{\text{Equity (ex. minorities), at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

*Return on equity:* 
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$



## MANAGEMENT COMMENTARY

### ***Principal activities***

The Group's main activities are to manufacture and sell furniture under the Wendelbo brand and the private label brand, Your Furn Partner. The production is carried out from a subsidiary in Vietnam while the products are sold from the Danish subsidiary, Wendelbo Interiors A/S. The Wendelbo Møbel Design A/S subsidiary's principal activity is to develop new products in cooperation with external designers and is therefore the legal holder of production rights for externally owned design rights.

The Parent Company's main activity is to own shares in Wendelbo Møbel Design A/S as well as other activities relating hereto.

### ***Development in activities and financial and economic position***

The Group experienced an increase in activities in 2022 compared to 2021. Since the summer of 2022, the Group experienced a drop in activities due to geopolitical events and the following high inflation rates. The Group realised in the financial year 2022 a loss of DKK ('000) -16.247 before tax.

### ***Profit/loss for the year compared to the expected development***

The Group increased turnover in 2022 compared to 2021 across all geographic segments, however the slow activities in the second half of 2022 effected the revenue, and the revenue did not meet the expectations of the management for the whole year. The profit/loss for 2022 did not turn out as expected due to the lower activities in the second half of 2022.

### ***Significant events after the end of the financial year***

The company is not aware of any significant events after closing.

### ***Financial risk***

The nature of the Groups operations, investments, and financial arrangements, expose the Group to financial risks from fluctuations in foreign exchange rates and interest rate levels.

#### ***Currency risk***

The international activities imply that the Group's financial results, cash flows and equity are exposed to fluctuations in various foreign currencies. The main exchange rate exposure relates to the purchase of goods in foreign currency, mainly USD and the production costs in VND. The exposure is mitigated by sales conducted in USD.

Exchange rate exposures related to translation of the financial results and equity of the Vietnamese subsidiary into DKK are not hedged.

#### ***Interest rate risk***

The Group is exposed to interest risk because entities of the Group borrow funds at variable interest rates.

#### ***Credit Risk***

The Group has limited credit risk exposure to trade receivables as the Group uses a credit insurance company to mitigate the credit risk.

#### ***Tax***

As part of the Group conducting business at multiple sites, the group is exposed to potential tax and transfer pricing disputes with local tax authorities. The Group is committed to ensuring compliance with local tax laws and international transfer pricing regulations in the markets in which the Group operates.

#### ***Knowledge resources***

The Group aims consciously to employ highly qualified people, especially with high technical knowledge within the Group's main activities.

## MANAGEMENT COMMENTARY

### ***Research and development activities***

Currently, the Group works on raising the competence level by training and educating employees and recruiting people with expert knowledge and competencies to complete the complex customer projects, that the company finalises, and in general to pursue the Group's strategy.

### ***Future expectations***

The management expectations for 2023 are that activities will remain at the same level as in 2022. The expectations for earnings for 2023 are in the range of 3 - 6 million DKK before tax. There are no major investments planned for 2023, other than investments following normal operations.

### ***Treasury shares***

On December 31, 2022, the Parent Company owns equity interests of a nominal amount of DKK 312, equal to 0.30 per cent of the share capital. No shares have been sold or bought during the year.

### ***Corporate social responsibility (CSR) report***

At Wendelbo, we take our corporate commitments concerning the impact of actions and decisions very seriously and it is essential for us to continuously act and improve our efforts. In 2022, our main objective was to concretise our ESG policy and strategies, resulting in five ESG commitments with subpoints consisting of specific actions and aims aligned with the UN Sustainable Development Goals (SDGs). Though the total list of SDGs spans an extensive range of global issues and concerns, Wendelbo has identified a line of priority areas that correspond to those goals related to the design business, namely Responsible Consumption and Production (No. 12), Decent Work and Economic Growth (No. 8), and Gender Equality (No. 5).

Below, the five ESG commitments are listed and in the following sections, the actions and aims are unfolded in detail.

- Conscious designs
- Considered materials
- Climate and CO2 transparency
- Caring community
- Codes of conduct

### ***Environmental efforts***

#### ***Conscious Designs***

Wendelbo works with subsidiary policies and goals concerning SDG No. 12: Responsible Consumption and Production. Accordingly, we aim to bring enduring designs to the market - in terms of aesthetics, functionality, and quality.

All our products are tested and certified by independent institutes (BIFMA and EN) to ensure the highest levels of strength and stability. Today, all products are EN-certified, while all products to the contract market are BIFMA-certified. From January 1, 2023, we offer a 5-year warranty on all furniture in our collection and a 2-year warranty on all rugs to further accentuate the durability and high quality of our designs. By 2024, we are launching a programme to extend the lifecycle of our designs as much as possible. We aim to do this by offering spare parts and sofas with changeable covers, whilst educating responsible end-users.

#### ***Considered Materials***

Aiming to challenge ourselves to make more sustainable choices in the design process and production, we carefully consider each component that goes into a design and the packaging surrounding it.

Our archived initiatives and future ambitions include:

#### **Packaging**

- In 2022, we converted from plastic to FSC-certified envelopes for fittings.
- By 2023, we aim to switch to 100% FSC-certified carton boxes.
- From 2024, we will eliminate all use of Styrofoam and virgin plastic in packaging.

## MANAGEMENT COMMENTARY

### *Corporate social responsibility (CSR) report (continued)*

#### Wood

- By 2023, all pine wood will be FSC-certified.
- In 2025, we will be FSC-COC-certified, applicable to all types of wood.

#### Leather

- By 2024, we will launch one chrome-free leather in the Wendelbo collection.

#### Virgin Plastic

- By 2022, no new products will be launched with virgin plastic as the main material.

### *Climate and CO2 Transparency*

We are continuously working on our policies towards reducing our waste, our energy consumption and lowering our carbon footprint.

In 2022, we have initiated a process with a screening tool, tracking our products' components and their origins, thereby calculating the total CO2 emission of each product to reduce the emissions and avoid toxic substances. Our aim is that in 2023, 50% of approx. 50 product families will be screened, and in 2024: 100% of all product families. Furthermore, we are in the process of mapping all our direct and indirect CO2 emissions to identify where and how to reduce our carbon footprint. In Q2 2023, status reports concerning scopes 1 and 2 will be released.

Today, all Danish offices and showrooms are running on 100% renewable energy and by 2025, all offices, showrooms and production facilities will be running on 100% renewable energy.

In terms of waste reduction, we aim to sort waste into as many categories as possible at all Wendelbo facilities throughout 2023 to be able to optimise the company's waste reduction and disposal scheme policies.

As a result of our environmental efforts, the Group has not identified any significant environmental risks.

### *Social efforts*

#### *Caring Community*

At Wendelbo, we continuously seek to improve our social and staff policies to protect labour rights, human rights, and to create a safe and secure working environment for all employees in alignment with SDG No. 8, concerning Decent Work and Economic Growth.

In the production facilities in Vietnam, the noise level, microclimate, air humidity and chemical levels are regularly assessed to ensure an acceptable level and work wear, ergonomic chairs and workstations are offered to employees. At our production site, we celebrate women's day, give birthday gifts, and offer catered lunch meals. Employees must attend safety courses as well as first aid and fire courses. Our facilities are regularly undergoing 3rd party safety inspections.

### *Governance efforts*

#### *Codes of Conduct*

We are dedicated to ensuring that Wendelbo's policies reflect our ethical and responsible business conduct that fully complies with all applicable rules, regulations, and laws. In addition to adhering to Danish laws and high standards, we follow regulations in the markets where we operate. We advocate for diversity, encourage transparency, and are strongly opposed to corruption in any form, including bribery and extortion. Furthermore, we are annually BSCI-audited to offer full transparency of our ethical and responsible business conduct.

#### *Supplier Code of Conduct*

Throughout our supply chain, we nurture long-lasting relationships based on mutual value creation, respectful behaviour, and transparent communication. As we aim to take responsibility for our operations, our policy is that our suppliers should do the same. Therefore, we have formed a Code of

## MANAGEMENT COMMENTARY

### ***Corporate social responsibility (CSR) report (continued)***

Conduct for all partners in our supply chain. The Code of Conduct includes principles that respect labour laws, human rights, ethical conduct as well as the environment. Key issues include anti-corruption policies and prohibiting child labour. We continuously encourage our suppliers to sign and comply with our supplier code of conduct. To date, 46% have signed, among them the 10 biggest suppliers.

### ***Whistle-blower Policy***

Ultimo 2022, we established a task group whose purpose is to formulate the Group's whistle-blower policy. During 2023, the work will result in a policy providing guidance on receiving and dealing with complaints and concerns within the company.

### ***Target figures and policy for the underrepresented gender***

Additionally, Wendelbo works with policies regarding specific subsidiary goals under SDG No. 5, concerning Gender Equality. The total number of board members in the company is three of which the underrepresented gender accounts for 1/3, which fulfils the criteria for equal distribution of men and women.

At the other managerial levels in the Group, which includes executives and a small number of department and team managers, there is at present time an equal gender distribution. The Group aims to maintain an equal gender distribution of managers in the Group itself and the subsidiaries, and the Group policy in this respect is that the focus should, as far as possible, be on an equal gender distribution at the managerial level.

The Group has not identified any significant social risks in correlation to our social efforts.

### ***Statutory Report on Data Ethics Policy***

At Wendelbo, we have a data policy and place great emphasis on our moral obligations to treat data with respect and transparency. In line with the increased focus on the protection of personal data and data in general, Wendelbo likewise has a policy concerning the ethically correct treatment of data, not only by complying with applicable laws but also in line with our moral principles.

At Wendelbo, our data policy is based on the following core areas: customer data, internal processes and how we act in accordance with the outside world.

Our customers can always request and gain insight into the information we store about them and how we process this information. We work continuously on optimising the information structure so that we ensure a continuous overview and increased transparency towards our customers. To achieve this, we constantly focus on what information we store and what information we pass on to 3rd parties. Only information that is necessary for delivering the product will be passed on. Likewise, we continuously focus on deleting personal information and obsolete data. The overall policy is to ensure that Wendelbo never stores more information about customers and partners than necessary.

Our employees hold a profound responsibility for this trust and transparency. Therefore, we continuously optimise our internal data policies. We are dedicated to ensuring that all employees follow a common path and operate within the same moral principles, and we continuously train employees in GDPR.

At Wendelbo, we ensure high protection of employees' private information and we have gained consent to be able to share specified personal data, such as pictures on websites, which may be revoked at any time. All new employees receive a thorough introduction to our internal systems and an introduction to our data policy and the ethical framework under which we operate. Our aim is that our moral code of conduct becomes an inherent and visible part of our corporate culture and not just a written statement.

We operate worldwide and are aware of our responsibilities according to our moral obligations in sharing the data we handle. We have signed data processor agreements with all relevant 3rd parties and our database is regularly updated with changes or when new agreements are being made.

**MANAGEMENT COMMENTARY**

***Corporate Governance***

The Private Equity fund, Maj Invest Equity 5 K/S, has since February 2019 been the majority shareholder in MIE5 Datterholding 8 ApS and, thus, the Wendelbo Group. Maj Invest Equity 5 K/S is a member of Active Owners (former DVCA) in Denmark, and the Company is therefore subject to Active Owners' guidelines. The guidelines can be found on the website aktiveejere.dk. As a private equity fund-owned business, MIE5 Datterholding 8 ApS complies with the guidelines. An audit committee has not been appointed due to the size of the Company. Such tasks are performed by the Board of Directors.

The company has six board meetings every year, and the Board of Directors reviews and approves guidelines for the company management.

**Development in Number of Employees**

	<b>Denmark</b>	<b>Abroad</b>	<b>Total</b>
On January 1, 2022	19	764	783
Additions/Disposals	4	-282	-278
On December 31, 2022	23	482	505

***Financial Risks of the Elected Capital Structure***

MIE5 Datterholding 8 ApS' share capital is not divided into classes. The Group's equity ratio is 39 per cent.

**MANAGEMENT COMMENTARY**
***Ownership and the Board of Directors' Managerial Duties***

Maj Invest Equity 5 K/S owns 66.8 per cent of MIE5 Datterholding 8 ApS.

**Board of Directors**

Name	Other management and board positions
Tomas Riis (chairman) Partner Maj Invest Equity A/S Nominated by Maj Invest Equity 5 K/S	Sticks 'N' Sushi A/S (board of directors) Management Equity Vietnam I ApS (executive board) Danish Microfinance Partners Management ApS (executive board) General Partner Equity Vietnam ApS (executive board) Danish Microfinance Partners General Partner ApS (executive board) Wendelbo Interiors A/S (board of directors) Wendelbo Møbel Design A/S (board of directors) Ole Riis Holding (executive board) Ferm Living ApS (board of directors) Sticks 'N' Sushi Holding A/S (board of directors) MIE4 Holding 2 ApS (executive board) DMP Holding 1 ApS (executive board) ACE Capital ApS (executive board) MIE5 Holding 1 ApS (executive board) MIFIF III GP ApS (executive board) MIE5 Holding 8 ApS (executive board) MIE5 Holding 9 ApS (executive board) MIE5 Datterholding 9 ApS (executive board) MIFIN GP ApS (executive board) Yellow Star Investment 3 Pte. Ltd. (board of directors) Yellow Star Investment 6 Pte. Ltd. (board of directors) Yellow Star Investment 21 Pte. Ltd. (board of directors)
Christina Wendelbo Nominated by Wendelbo Holding A/S	Wendelbo Holding A/S (chairman) Wendelbo Holding 3 ApS (executive board, chairman) Wendelbo Holding 2 ApS (executive board, chairman)
Kristoffer Møller Petersen Director Maj Invest Equity A/S Nominated by Maj Invest Equity 5 K/S	Investeringselskabet af 4. juli 2018 ApS (executive Board) MIE5 Holding 7 ApS (executive board) RoM Invest ApS (executive board) MIE5 Holding 8 ApS (executive board) MIE5 Holding 9 ApS (executive board) MIE5 Datterholding 9 ApS (executive board) MIE5 Holding 10 ApS (executive board)

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
<b>NET REVENUE</b> .....	1	<b>182,999</b>	<b>142,273</b>	<b>0</b>	<b>0</b>
Cost of sales.....		-95,669	-72,374	0	0
Other operating income.....		1,014	695	0	0
Other external expenses.....	2	-33,240	-25,213	-153	-75
<b>GROSS PROFIT/LOSS</b> .....		<b>55,104</b>	<b>45,381</b>	<b>-153</b>	<b>-75</b>
Staff costs.....	3	-53,726	-47,407	0	0
Depreciation, amortisation and impairment losses.....		-11,464	-11,137	0	0
Other operating expenses.....		-777	-564	0	0
<b>OPERATING LOSS</b> .....		<b>-10,863</b>	<b>-13,727</b>	<b>-153</b>	<b>-75</b>
Income from investments in subsidiaries.....		0	0	-13,598	-11,958
Other financial income.....	4	442	2,470	10	62
Other financial expenses.....	5	-5,826	-3,248	-2,237	-2,219
<b>LOSS BEFORE TAX</b> .....		<b>-16,247</b>	<b>-14,505</b>	<b>-15,978</b>	<b>-14,190</b>
Tax on profit/loss for the year.....	6	883	826	526	494
<b>LOSS FOR THE YEAR</b> .....	7	<b>-15,364</b>	<b>-13,679</b>	<b>-15,452</b>	<b>-13,696</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Intangible fixed assets acquired....		485	484	0	0
Goodwill.....		106,558	116,101	0	0
<b>Intangible assets.....</b>	<b>8</b>	<b>107,043</b>	<b>116,585</b>	<b>0</b>	<b>0</b>
Production plant and machinery....		2,283	3,992	0	0
Other plant, machinery tools and equipment.....		743	697	0	0
Leasehold improvements.....		1,461	0	0	0
<b>Property, plant and equipment...</b>	<b>9</b>	<b>4,487</b>	<b>4,689</b>	<b>0</b>	<b>0</b>
Equity investments in group enterprises.....		0	0	111,852	136,300
Receivables from group enterprises.....		0	0	0	1,318
Rent deposit and other receivables.....		1,869	1,635	0	0
<b>Financial non-current assets.....</b>	<b>10</b>	<b>1,869</b>	<b>1,635</b>	<b>111,852</b>	<b>137,618</b>
<b>NON-CURRENT ASSETS.....</b>		<b>113,399</b>	<b>122,909</b>	<b>111,852</b>	<b>137,618</b>
Raw materials and consumables....		13,421	20,816	0	0
Work in progress.....		3,624	11,951	0	0
Finished goods and goods for resale.....		18,816	18,716	0	0
<b>Inventories.....</b>		<b>35,861</b>	<b>51,483</b>	<b>0</b>	<b>0</b>
Trade receivables.....		7,228	5,249	0	0
Deferred tax assets.....	11	3,739	2,791	528	2
Other receivables.....		2,207	2,701	0	0
Corporation tax receivable.....		0	0	0	492
Prepayments and accrued income..	12	2,128	3,922	0	0
<b>Receivables.....</b>	<b>13</b>	<b>15,302</b>	<b>14,663</b>	<b>528</b>	<b>494</b>
<b>Cash and cash equivalents.....</b>		<b>2,655</b>	<b>14,984</b>	<b>560</b>	<b>68</b>
<b>CURRENT ASSETS.....</b>		<b>53,818</b>	<b>81,130</b>	<b>1,088</b>	<b>562</b>
<b>ASSETS.....</b>		<b>167,217</b>	<b>204,039</b>	<b>112,940</b>	<b>138,180</b>



## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Share capital.....	14	105	104	105	105
Retained earnings.....		65,618	80,743	67,621	82,924
Minority shareholders.....		-24	64	0	0
<b>EQUITY.....</b>		<b>65,699</b>	<b>80,911</b>	<b>67,726</b>	<b>83,029</b>
Bank loan.....		64,899	78,213	34,959	44,946
Other long-term liabilities.....		618	606	0	0
<b>Non-current liabilities.....</b>	<b>15</b>	<b>65,517</b>	<b>78,819</b>	<b>34,959</b>	<b>44,946</b>
Bank loan.....		21,031	13,785	10,000	10,000
Prepayments received from customers.....		3,595	10,864	0	0
Trade payables.....		6,149	13,264	90	40
Corporation tax.....		114	1,905	0	0
Other liabilities.....		5,112	4,491	165	165
<b>Current liabilities.....</b>		<b>36,001</b>	<b>44,309</b>	<b>10,255</b>	<b>10,205</b>
<b>LIABILITIES.....</b>		<b>101,518</b>	<b>123,128</b>	<b>45,214</b>	<b>55,151</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>167,217</b>	<b>204,039</b>	<b>112,940</b>	<b>138,180</b>
Contingencies etc.	17				
Charges and securities	18				
Related parties	19				
Fee to statutory auditor	2				
Consolidated Financial Statements	20				

## EQUITY

	Group			
	Share capital	Retained earnings	Minority shareholders	Total
Equity at 1 January 2022.....	105	80,741	65	80,911
Proposed distribution of profit, cf. note 7.....		-15,272	-92	-15,364
<b>Other legal bindings</b>				
Foreign exchange adjustments.....		149		149
Other adjustments.....			3	3
<b>Equity at 31 December 2022.....</b>	<b>105</b>	<b>65,618</b>	<b>-24</b>	<b>65,699</b>

  

	Parent Company			
	Share capital	Reserve for net revaluation according to equity value method	Retained earnings	Total
Equity at 1 January 2022.....	105	0	82,924	83,029
Proposed profit allocation, jf. note 7.....		-13,598	-1,854	-15,452
<b>Other legal bindings</b>				
Foreign exchange adjustments.....			149	149
<b>Transfers</b>				
Settlem. negative balance.....		13,598	-13,598	0
<b>Equity at 31 December 2022.....</b>	<b>105</b>	<b>0</b>	<b>67,621</b>	<b>67,726</b>

**CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER**

	<b>Group</b>	
	<b>2022</b> DKK '000	<b>2021</b> DKK '000
Profit/loss for the year.....	-15,364	-13,679
Depreciation and amortisation, reversed.....	11,452	11,137
Reversed realization gains.....	12	0
Tax on profit/loss, reversed.....	-883	1,216
Other adjustments.....	-277	229
Corporation tax paid.....	-1,803	450
Change in inventories.....	15,622	-17,937
Change in receivables (ex tax).....	4,602	2,648
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	-18,043	9,692
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>-4,682</b>	<b>-6,244</b>
Purchase of intangible assets.....	-181	-120
Purchase of property, plant and equipment.....	-1,406	-2,587
Exchange rate adjustments, property, plant and equipment.....	82	-256
Purchase of financial assets.....	-74	-280
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>-1,579</b>	<b>-3,243</b>
Proceeds from non-current borrowing.....	0	20,000
Instalments on loans.....	-13,333	-13,333
Paid/unpaid share capital.....	0	-1,800
Other cash flows from financing activities.....	7,265	-114
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>-6,068</b>	<b>4,753</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>-12,329</b>	<b>-4,734</b>
Cash and cash equivalents at 1. januar.....	14,984	19,718
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>2,655</b>	<b>14,984</b>
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	2,655	14,984
<b>CASH AND CASH EQUIVALENTS.....</b>	<b>2,655</b>	<b>14,984</b>

## NOTES

Note

	Group		Parent Company		
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Net revenue</b>					<b>1</b>
Revenue.....	182,975	142,266	0	0	
Exchange rate adjustments.....	24	7	0	0	
	<b>182,999</b>	<b>142,273</b>	<b>0</b>	<b>0</b>	
<b>Segment details (geography)</b>					
Africa.....	0	70	0	0	
America.....	89,573	77,824	0	0	
Asia.....	36,383	22,067	0	0	
Europe.....	47,752	35,741	0	0	
Oceania.....	9,291	6,571	0	0	
	<b>182,999</b>	<b>142,273</b>	<b>0</b>	<b>0</b>	
<b>Fee to statutory auditor</b>					<b>2</b>
Fee in total:					
BDO.....	425	364			
KPMG.....	134	130			
	<b>559</b>	<b>494</b>			
Fees specified:					
Statutory audit.....	310	272			
Assurance engagements.....	249	222			
	<b>559</b>	<b>494</b>			
<b>Staff costs</b>					<b>3</b>
Average number of employees	502	877	0	0	
Wages and salaries.....	50,516	44,463	0	0	
Pensions.....	1,960	2,098	0	0	
Social security costs.....	997	651	0	0	
Other staff costs.....	253	195	0	0	
	<b>53,726</b>	<b>47,407</b>	<b>0</b>	<b>0</b>	
Remuneration of Executive Board....	2,917	2,830	0	0	
Remuneration of Board of Directors..	475	400	0	0	
	<b>3,392</b>	<b>3,230</b>	<b>0</b>	<b>0</b>	

## NOTES

	Group		Parent Company		Note
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Other financial income</b>					<b>4</b>
Group enterprises.....	0	0	0	57	
Other interest income.....	442	2,470	10	5	
	<b>442</b>	<b>2,470</b>	<b>10</b>	<b>62</b>	
<b>Other financial expenses</b>					<b>5</b>
Group enterprises.....	0	36	0	0	
Other interest expenses.....	5,826	3,212	2,237	2,219	
	<b>5,826</b>	<b>3,248</b>	<b>2,237</b>	<b>2,219</b>	
<b>Tax on profit/loss for the year</b>					<b>6</b>
Calculated tax on taxable income of the year.....	0	1,216	0	-492	
Adjustment of tax in previous years..	4	0	0	0	
Adjustment of deferred tax.....	-887	-2,042	-526	-2	
	<b>-883</b>	<b>-826</b>	<b>-526</b>	<b>-494</b>	
<b>Proposed distribution of profit</b>					<b>7</b>
Allocation to reserve for net reval- uation according to equity value method.....	0	0	-13,598	-11,957	
Retained earnings.....	-15,272	-13,517	-1,854	-1,739	
Minority shareholders part of the results in subsidiary companies.....	-92	-162	0	0	
	<b>-15,364</b>	<b>-13,679</b>	<b>-15,452</b>	<b>-13,696</b>	
<b>Intangible assets</b>					<b>8</b>
			<b>Group</b>		
			Intangible fixed assets acquired	Goodwill	
Cost at 1 January 2022.....			1,302	143,139	
Additions.....			181	0	
<b>Cost at 31 December 2022.....</b>			<b>1,483</b>	<b>143,139</b>	
Amortisation at 1 January 2022.....			818	27,038	
Amortisation for the year.....			180	9,543	
<b>Amortisation at 31 December 2022.....</b>			<b>998</b>	<b>36,581</b>	
<b>Carrying amount at 31 December 2022.....</b>			<b>485</b>	<b>106,558</b>	

## NOTES

	<b>Group</b>			<b>Note</b>
	Production plant and machinery	Other plant, machinery tools and equipment	Leasehold improvements	
<b>Property, plant and equipment</b>				<b>9</b>
Cost at 1 January 2022.....	5,328	1,810	2,782	
Exchange adjustment at closing rate.....	148	15	77	
Additions.....	420	164	822	
Disposals.....	0	-15	0	
<b>Cost at 31 December 2022.....</b>	<b>5,896</b>	<b>1,974</b>	<b>3,681</b>	
Depreciation and impairment losses at 1 January 2022.....	2,661	828	1,742	
Exchange adjustment.....	74	7	48	
Reversal of depreciation of assets disposed of..	0	-3	0	
Depreciation for the year.....	878	399	430	
<b>Depreciation and impairment losses at 31 December 2022.....</b>	<b>3,613</b>	<b>1,231</b>	<b>2,220</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>2,283</b>	<b>743</b>	<b>1,461</b>	
<b>Financial non-current assets</b>				<b>10</b>
			<b>Group</b>	
			<b>Rent deposit and other receivables</b>	
Cost at 1 January 2022.....			1,795	
Additions.....			74	
Disposals.....			0	
<b>Cost at 31 December 2022.....</b>			<b>1,869</b>	
<b>Carrying amount at 31 December 2022.....</b>			<b>1,869</b>	

## NOTES

Fixed asset investments (continued)	Parent Company		Note
	Equity investments in group enterprises	Receivables from group enterprises	
Cost at 1 January 2022.....	180,264	1,318	10
Disposals.....	0	-1,318	
<b>Cost at 31 December 2022.....</b>	<b>180,264</b>	<b>0</b>	
Revaluation at 1 January 2022.....	-7,833	0	
Dividend.....	-11,000	0	
Profit/loss for the year.....	-3,876	0	
Equity movements.....	149	0	
<b>Revaluation at 31 December 2022.....</b>	<b>-22,560</b>	<b>0</b>	
Impairment losses and amortisation of goodwill at 1 January 2022.....	36,130	0	
Amortisation of goodwill.....	9,722	0	
<b>Impairment losses and amortisation of goodwill at 31 December 2022.....</b>	<b>45,852</b>	<b>0</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>111,852</b>	<b>0</b>	
<b>Investments in subsidiaries (DKK '000)</b>			
Name and domicil	Equity	Profit/loss for the year	Ownership
Wendelbo Møbel Design A/S, Aarhus, Denmark.	3,290	-3,876	100 %
Wendelbo Interios A/S , Aarhus, Denmark.....	21,591	-3,382	100 %
Wendelbo South East Asia JSC, Vietnam.....	-1,194	-4,591	98 %

## NOTES

## Note

**Deferred tax assets**

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Provision for deferred tax comprises deferred tax on intangible and tangible fixed assets as well as carry-forward losses.

	<u>Group</u>		<u>Parent Company</u>	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Deferred tax, beginning of year.....	2,791	596	2	0
Deferred tax of the year, income statement.....	887	2,042	526	2
Deferred tax from elimination.....	61	153	0	0
<b>Provision for deferred tax 31 December 2022.....</b>	<b>3,739</b>	<b>2,791</b>	<b>528</b>	<b>2</b>
It is recognized as follows:				
Deferred tax (assets).....	3,739	2,791	528	2
	<b>3,739</b>	<b>2,791</b>	<b>528</b>	<b>2</b>

The Group's deferred tax assets are recognized in the balance sheet in the amount of DKK ('000) 3,739. The deferred tax asset primarily relates to carry-forward losses in the income statement. The key factors that have been given a special impact regarding the recognition of the deferred tax assets, are that the group expects to go completely beyond the Covid-19 situation in the future, which has had a significant impact in the books for 2021 and also in 2022. In addition, the order books for the Group at the beginning of the new year has reach a very high level. The deferred tax assets is recognized on the basis of the expectations for the next few years' profits, whereby the deficits are expected to be fully utilized within 3-5 years.

**Prepayments and accrued income**

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Prepayments and accrued income with a booked value per 31 December 2022 of DKK ('000) 2,128 includes prepaid costs, primarily insurance and rents relating to the following years.

	<u>Group</u>		<u>Parent Company</u>	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
<b>Receivables falling due after more than one year</b>				
Prepayments and accrued income....	684	1,476	0	0
	<b>684</b>	<b>1,476</b>	<b>0</b>	<b>0</b>

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## NOTES

					Note
		2022		2021	
		DKK '000		DKK '000	
<b>Share capital</b>					<b>14</b>
Allocation of share capital:					
Shares, 104,742 unit in the denomination of 1 DKK.....		105		105	
		<b>105</b>		<b>105</b>	
<b>Long-term liabilities</b>					<b>15</b>
	<b>Group</b>				
	31/12 2022	Repayment	Debt	31/12 2021	
	total liabilities	next year	outstanding	total liabilities	
			after 5 years		
Bank loan.....	78,232	13,333	0	91,546	
Other long-term liabilities.....	618	0	606	606	
	<b>78,850</b>	<b>13,333</b>	<b>606</b>	<b>92,152</b>	
	<b>Parent Company</b>				
	31/12 2022	Repayment	Debt	31/12 2021	
	total liabilities	next year	outstanding	total liabilities	
			after 5 years		
Bank loan.....	44,959	10,000	0	54,946	
	<b>44,959</b>	<b>10,000</b>	<b>0</b>	<b>54,946</b>	
<b>Accruals and deferred income</b>					<b>16</b>
Accruals and deferred income relate to pre-invoiced revenue, which relates to income in subsequent financial years.					
<b>Contingencies etc.</b>					<b>17</b>
<b>Contingent liabilities</b>					
The group has made lease agreements with a yearly payment of DKK ('000) 6,371, total remaining payments of DKK ('000) 29,806, and an remaining lease period up to 45 months.					
The group has made tenancy agreements with a notice period of 6 months, and a liability of DKK ('000) 792 in the notice period.					
<b>Joint liabilities</b>					
The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.					
Tax payable on the Group's joint taxable income is stated in the annual report of MIE5 Holding 8 ApS, which serves as management company for the joint taxation.					

**NOTES**

	<b>Note</b>
<b>Charges and securities</b>	<b>18</b>
<i>The Group</i>	
As security for debt to banks of DKK ('000) 21,011 a company charge has been given of DKK ('000) 2,500 on intangible rights, operating equipment, ordinary claims, inventories and receivables of a total carrying amount of DKK ('000) 62,317.	
<i>The Parent Company</i>	
As security for debt to banks, DKK ('000) 44,959, the company has granted a security on the investments in subsidiaries with a booked value of DKK ('000) 111,851.	
As security for the subsidiaries debt to banks, DKK ('000) 40,971, the company has granted a security on the investments in subsidiaries with a booked value of DKK ('000) 111,851.	
The company has provided a suretyship for subsidiaries' debt with banks. The Group's total debt to banks amounts to DKK ('000) 85,930 per 31 December 2022.	
<b>Related parties</b>	<b>19</b>
The Company's related parties include:	
<b>Controlling interest</b>	
MIE5 Holding 8 ApS, Gammeltorv 18, 1457 København K, CVR No. 40 21 58 08.	
<b>Transactions with related parties</b>	
The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.	
<b>Consolidated Financial Statements</b>	<b>20</b>
The Company is included in the Consolidated Financial Statements of MIE5 Holding 8 ApS, Gammeltorv 18, 1457 Copenhagen K, CVR no. 40 21 58 08, which is the Company's Parent Company.	

## ACCOUNTING POLICIES

*The Annual Report of MIE5 Datterholding 8 ApS for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.*

*The Annual Report is prepared consistently with the accounting principles applied last year.*

### **Consolidated Financial Statements**

*The consolidated financial statements include the parent company MIE5 Datterholding 8 ApS and its subsidiaries in which MIE5 Datterholding 8 ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.*

*The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.*

*New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.*

*The date of acquisition is the date at which the Group gains actual control over the acquired business.*

*Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Deferred tax on the acquired reassessments is recognised with the exception of goodwill.*

*Positive differences (goodwill) between the acquisition value and fair value of the acquired identified assets and liabilities are recognized under intangible fixed assets as goodwill and is depreciated systematically over the income statement after an individual assessment of the economic life.*

*Negative differences are recognized in the income statement at the time of acquisition. The difference in the amount from acquired companies amount to DKK ('000) 116,101 per 31 December 2021.*

*Transaction costs, incurred in connection with acquisition of businesses, are recognised in the income statement in the year when costs are incurred.*

*Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.*

### **Minority interests**

*The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under equity.*

## ACCOUNTING POLICIES

### INCOME STATEMENT

#### **Net revenue**

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

#### **Other operating income**

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

#### **Other operating expenses**

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

#### **Cost of sales**

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

#### **Other external expenses**

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

#### **Staff costs**

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

#### **Income from investments in subsidiaries**

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

#### **Financial income and expenses**

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

#### **Tax**

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

### BALANCE SHEET

#### **Intangible fixed assets**

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 15 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

**ACCOUNTING POLICIES**

Acquired intangible rights is measured at cost less accumulated amortisation or at the recoverable amount, if it is lower. Acquired intangible rights is depreciated over 3-7 years.

**Tangible fixed assets**

Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery.....	5-12 years	0 %
Other plant, fixtures and equipment.....	3-5 years	0 %
Leasehold improvements.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Financial non-current assets**

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

When acquiring companies, the acquisition method is used with a revaluation of all identified assets and liabilities at fair value on the acquisition date. The fair value is calculated on the basis of trades on an active market, alternatively calculated using generally accepted valuation models.

The acquisition date is the time when the company actually gains control of the acquired company.

Group goodwill is amortized over the estimated useful life, which is determined on the basis of management's experiences within the individual business areas. Group goodwill is amortized on a straight-line basis, the depreciation period, which is 15 years. The depreciation period is based on an assessment of it acquired company's market position and earnings profile as well as industry conditions.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiaries deficit.

## ACCOUNTING POLICIES

### **Impairment of fixed assets**

*The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.*

*In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.*

*The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.*

### **Inventories**

*Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.*

*The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.*

*The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.*

### **Receivables**

*Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.*

### **Accruals, assets**

*Accruals recognised as assets include costs incurred relating to the subsequent financial year.*

### **Tax payable and deferred tax**

*Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.*

*The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.*

*Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.*

*Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.*

*Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.*

## ACCOUNTING POLICIES

### **Liabilities**

*Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.*

*Amortised cost for short-term liabilities usually corresponds to the nominal value.*

### **Foreign currency translation**

*Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.*

*Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.*

*Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.*

## CASH FLOW STATEMENT

*With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.*

*The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.*

### **Cash flows from operating activities:**

*Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.*

### **Cash flows from investing activities:**

*Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.*

### **Cash flows from financing activities:**

*Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.*

### **Cash and cash equivalents:**

*Cash and cash equivalents include cash in hand.*