

Kvadrat Shade B.V

at Enter

**Financial report for the year ended
31 December 2020**

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The Netherlands

To the General Meeting and Board of Directors of
Kvadrat Shade B.V
Vonderweg 48
7468 DC Enter

Amstelveen, 7 June 2021
ref: 1074413//HE/IM

Dear Mister Baum Blaakær,

At your request we have compiled the 1-1-2020 / 31-12-2020 financial report of Kvadrat Shade B.V, Enter. The financial report is the responsibility of the management of the legal entity. Our conclusion can be found in the compilation report. The financial statements are included together with the other information in this financial report.



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Accountant's compilation report

To: the General Meeting and Board of Directors of Kvadrat Shade B.V.

The financial statements of Kvadrat Shade B.V, at Enter, have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2020 and the profit and loss account for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work in accordance with the applicable regulations on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Kvadrat Shade B.V.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

Amstelveen, 7 June 2021

For and on behalf of BDO Accountants,

H.J.M. Egberts RA

Balance sheet as at 31 December 2020

(After proposal distribution of result)

	31-12-2020		31-12-2019	
	€	€	€	€
ASSETS				
Fixed assets				
Intangible assets		222.034		250.243
Property, plant and equipment		21.658		27.308
Financial assets		263.707		98.000
Current assets				
Receivables				
Receivables from group companies	463.374		-	
Other receivables and accrued assets	224.558		25.208	
		687.932		25.208
Total assets		1.195.331		400.759

	<u>31-12-2020</u>		<u>31-12-2019</u>	
	€	€	€	€
LIABILITIES				
Equity				
Share capital paid called up	600.002		600.000	
Share premium reserve	999.998		-	
Other reserves	-1.131.803		-501.875	
		<u>468.197</u>		<u>98.125</u>
Current liabilities				
Payables to banks	187.250		60.686	
Trade payables	39.047		15.509	
Liabilities to group companies	329.269		104.394	
Payables relating to taxes and social security contributions	42.223		6.255	
Accruals and deferred income	129.345		115.790	
		<u>727.134</u>		<u>302.634</u>
Total equity and liabilities		<u><u>1.195.331</u></u>		<u><u>400.759</u></u>

Profit and loss account for the period 1 January 2020 until 31 December 2020

	<u>1-1-2020 / 31-12-2020</u>		<u>6-2-2019 / 31-12-2019</u>	
	€	€	€	€
Net turnover	394.979		60.842	
Cost of sales	-339.115		-81.626	
Gross margin		55.864		-20.784
Expenses of employee benefits	516.756		419.923	
Amortisation of intangible fixed assets	53.765		5.307	
Depreciation of property, plant and equipment	5.650		942	
Other operating expenses	271.839		152.613	
Total of sum of expenses		848.010		578.785
Total of operating result		-792.146		-599.569
Financial income and expense		-3.489		-306
Total of result before tax		-795.635		-599.875
Income tax expense		165.707		98.000
Total of result after tax		-629.928		-501.875

Accounting policies

Entity information

Registered address and registration number trade register

The registered and actual address of Kvadrat Shade B.V is Vonderweg 48, 7468 DC in Enter. Kvadrat Shade B.V is registered at the Chamber of Commerce under number 73912328.

General notes

The most important activities of the entity

The activities of Kvadrat Shade B.V consist mainly of: the development and sales of window coverings.

Disclosure of going concern

At the time of preparation of these financial statements the global COVID-19 (Coronavirus) pandemic is ongoing. The direct and indirect effects of the COVID-19 pandemic currently have and will have an impact on the activities and results of Kvadrat Shade B.V. The full impact is as yet uncertain as events and challenges continue to develop. We are working with our customers, suppliers and government institutions to understand the best solutions to minimise any long lasting impact. We will make use of the support measures from the national Governments and also the full support of our parent company when necessary. We do not expect acute problems to threaten Kvadrat Shade B.V. as going concern. Therefore the accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of going concern of the company.

Disclosure of group structure

Kvadrat Shade B.V is part of a group. Kvadrat Holding A/S and Coulisse B.V. both own 50% of the shares.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Kvadrat Shade B.V make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Basis of Conversion and Processing of Exchange Rate Differences Relating to Foreign Currency Transactions for the Balance Sheet

Receivables, liabilities and other commitments denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Transactions in foreign currencies during the financial year are recognised in the financial statements at the exchange rates prevailing at the transaction date. Exchange differences arising are recorded in the profit and loss account.

Financial instruments

Financial instruments refer to both primary financial instruments, such as receivables and payables, and derivatives. For the policies applied to primary financial instruments, reference is made to the note for each balance sheet item.

Accounting principles

Intangible assets

Intangible fixed assets are valued at cost less accumulated amortisation and any recognised impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life of an asset and the amortisation method used are reassessed at the end of each financial year.

Property, plant and equipment

Tangible fixed assets are valued at cost less accumulated depreciation and any recognised impairment in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Tangible fixed assets are depreciated when they are put into use.

The depreciation rate for tangible fixed assets is 20% per annum.

Deferred tax assets

Taxation at the current rate is provided on the aggregate of differences, if any, in the value of balance sheet items for accounting purposes and for tax purposes. The provision is reduced by the amount of taxation recoverable in the future in respect of the carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available in the future to absorb the tax losses.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Current liabilities

Current liabilities are liabilities due within one year after the balance sheet date. Current liabilities are recorded initially at face value and subsequently measured at amortised cost. This is equal to the nominal value.

Accounting principles for determining the result

The result for the year is the difference between net turnover and all related costs. The costs are determined using the stated accounting policies. Profits are recognised in the year when the corresponding turnover is recognised. Losses are recognised in the year in which they are first foreseen. Other gains and losses are recognised in the financial year to which they relate.

Revenue recognition

Net turnover represents amounts invoiced for goods supplied and services rendered during the financial year, net of discounts and value added taxes.

Turnover from the sale of goods is recognised when the risks and rewards of the goods have been transferred to the customer. The related cost of these goods is recognised in the same period.

Revenue from services is recognised to the extent to which the services have been rendered. The related cost of these services is recognised in the same period.

Applied policy of pension costs

Kvadrat Shade B.V applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accrual if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Notes to the balance sheet as at 31 December 2020

Fixed assets

	<u>31-12-2020</u>	<u>31-12-2019</u>
	€	€
<u>Intangible assets</u>		
Other intangible assets	222.034	250.243
	<u>222.034</u>	<u>250.243</u>
<u>Intangible assets</u>		<i>Other intangible assets</i>
		€
Book value as at 1 January 2020		250.243
Additions		25.556
Amortisations		-53.765
Book value as at 31 December 2020		<u>222.034</u>
	<u>222.034</u>	<u>250.243</u>
	<u>31-12-2020</u>	<u>31-12-2019</u>
	€	€
<u>Financial assets</u>		
Deferred tax assets	263.707	98.000
	<u>263.707</u>	<u>98.000</u>

The deferred tax assets relate to unutilised tax losses.

Current assets

	<u>31-12-2020</u>	<u>31-12-2019</u>
	€	€
<u>Receivables</u>		
<i>Receivables from group companies</i>		
Receivable from Kvadrat A/S	202.672	-
Receivable from Coulisse B.V.	243.881	-
Receivable from Kvadrat Ltd.	2.752	-
Receivable from Kvadrat B.V.	490	-
Receivable from Kvadrat Norway	4.521	-
Receivable from Kvadrat GmbH	9.058	-
	<u>463.374</u>	<u>-</u>
	<u>463.374</u>	<u>-</u>

Kvadrat Shade B.V, Enter

	<u>31-12-2020</u>	<u>31-12-2019</u>
	€	€
<i>Other receivables and prepayments</i>		
Taxes and social security charges	94.791	22.346
Accrued income and prepaid expenses	129.767	2.862
	<u>224.558</u>	<u>25.208</u>
	<u><u>224.558</u></u>	<u><u>25.208</u></u>
<i>Taxes and social security charges</i>		
Value added tax	94.791	22.346
	<u>94.791</u>	<u>22.346</u>
	<u><u>94.791</u></u>	<u><u>22.346</u></u>
<i>Accrued income and prepaid expenses</i>		
Accrued income	120.583	-
Prepaid personnel expenses	2.178	1.280
Other receivables	7.006	1.582
	<u>129.767</u>	<u>2.862</u>
	<u><u>129.767</u></u>	<u><u>2.862</u></u>

Equity

Movements in equity were as follows:

	<i>Share capital paid called up</i>	<i>Share premium reserve</i>	<i>Other reserves</i>	<i>Total</i>
	€	€	€	€
Balance as at 1 January 2020	600.000	-	-501.875	98.125
Appropriation of result	-	-	-629.928	-629.928
Addition in financial year	-	999.998	-	999.998
Issue of shares	2	-	-	2
Balance as at 31 December 2020	<u>600.002</u>	<u>999.998</u>	<u>-1.131.803</u>	<u>468.197</u>

Disclosure of share capital paid called up

The issued capital amounts to € 600,002 have been issued and fully paid up.

	<u>31-12-2020</u>	<u>31-12-2019</u>
	€	€
<i>Liabilities to group companies</i>		
Liability to Verosol	329.269	-
Liability to Kvadrat A/S	-	100.702
Liability to Coulisse B.V.	-	3.692
	<u>329.269</u>	<u>104.394</u>
<i>Accruals and deferred income</i>		
Holiday allowance	21.014	63.015
Payable royalty's on turnover	10.000	-
Other accruals	98.331	52.775
	<u>129.345</u>	<u>115.790</u>

Off-balance-sheet commitments, guarantees and security

Disclosure of off-balance sheet commitments

The company has contractual leasing obligations of € 84,111 which will fall due as follows (excluding value added tax):

31-12-2020	
<1 year	€ 24,980
1>5 years	€ 59,131
5< years	€ 0
Total	€ 84,111

Notes to the profit and loss account for the period 1 January 2020 until 31 December 2020

	<u>1-1-2020 / 31-12-2020</u>	<u>6-2-2019 / 31-12-2019</u>
	€	€
<u>Expenses of employee benefits</u>		
Wages and salaries	443.669	395.720
Social security premiums and pensions cost	73.087	24.203
	<u>516.756</u>	<u>419.923</u>
<u>Average number of full time equivalent employees</u>		
1-1-2020 / 31-12-2020		
		<u>Number</u>
Average number of employees		4,90
6-2-2019 / 31-12-2019		
		<u>Number</u>
Average number of employees		2,30
	<u>1-1-2020 / 31-12-2020</u>	<u>6-2-2019 / 31-12-2019</u>
	€	€
<u>Social security premiums and pensions cost</u>		
Social security charges	24.846	12.689
Pension charges	48.241	11.514
	<u>73.087</u>	<u>24.203</u>
<u>Amortisation of intangible fixed assets</u>		
Amortisation costs other intangible fixed assets	53.765	5.307
<u>Depreciation of property, plant and equipment</u>		
Other fixed assets	5.650	942
<u>Other operating expenses</u>		
Other expenses of employee benefits	15.343	1.761
Selling expenses	81.399	89.045
Car expenses	48.217	35.005
Office expenses	20.045	10.918
General expenses	106.835	15.884
	<u>271.839</u>	<u>152.613</u>

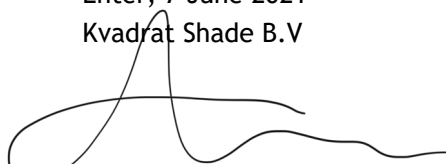
	<i>1-1-2020 / 31-12-2020</i>	<i>6-2-2019 / 31-12-2019</i>
	€	€
<i>Other expenses of employee benefits</i>		
Other staff expenses	15.343	1.761
<i>Selling expenses</i>		
Fairs and exhibitions	23.048	55
Travelling and hotel expenses	25.932	71.526
Other selling expenses	32.419	17.464
	<u>81.399</u>	<u>89.045</u>
<i>Car expenses</i>		
Fuel expenses	5.350	5.704
Repair and maintenance cars	373	1.921
Car tax and insurance	7.336	4.191
Lease expenses	31.578	14.362
Other car expenses	3.580	8.827
	<u>48.217</u>	<u>35.005</u>
<i>Office expenses</i>		
Office supplies	1.901	681
Telephone and fax expenses	1.774	2.924
Automation expenses	16.370	7.313
	<u>20.045</u>	<u>10.918</u>
<i>General expenses</i>		
Expenses regarding change of supplier	42.872	-
Consultancy expenses	37.116	-
Accountant and bookkeeping expenses	12.864	7.612
Litigation expenses	6.386	5.334
Other general expenses	7.597	2.938
	<u>106.835</u>	<u>15.884</u>

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Financial income and expense
Interest and similar expenses
Currency translation differences

	<u>1-1-2020 / 31-12-2020</u>	<u>6-2-2019 / 31-12-2019</u>
	€	€
Interest and similar expenses	-2.730	-294
Currency translation differences	-759	-12
	<u>-3.489</u>	<u>-306</u>

Enter, 7 June 2021
Kvadrat Shade B.V



C. Baum Blaakær
Director