



## **Flexa4Dreams A/S**

**Teglækvej 16  
8361 Hasselager**

**Annual report 2023**

**Reg. No.: 32 77 57 05**

These financial statements are presented and approved at the  
Annual General Meeting

28 June 2024

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(chairman)

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Flexa4Dreams A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 28 June 2024

### **Executive Board:**

Malene Gammelgaard Nielsen  
CEO

### **Board of Directors:**

Mikael Hee  
Chairman

Adrian Vanderspuy

Carsten Dan Madsen

# Independent auditor's report

## To the shareholders of Flexa4Dreams A/S

### Opinion

We have audited the financial statements of Flexa4Dreams A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those charged with Governance 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, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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.

## Independent auditor's report

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

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

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

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

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Aarhus, 28 June 2024

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Steffen S. Hansen

State Authorised

Public Accountant

mne32737

Katrine Gybel

State Authorised

Public Accountant

mne45848

## Management's review

### Company details

|                   |   |
|-------------------|---|
| The Company       | Flexa4Dreams A/S<br>Tegl­bækvej 16<br>8361 Hasselager |
| Telephone         | +45 76 68 80 55                                       |
| E-mail            | <a href="mailto:flexa@flexa.dk">flexa@flexa.dk</a>    |
| Registration No.  | 32 77 57 05   |
| Established       | 23 February 2010                                      |
| Registered office | Aarhus Kommune  |
| Financial year    | 1 January - 31 December                               |

### Board of Directors

Mikael Hee, chairman  
Adrian Vanderspuy  
Carsten Dan Madsen

### Executive Board

Malene Gammelgaard Nielsen

### Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Frederiks Plads 42  
8000 Aarhus C  
Denmark

### Annual general meeting

Annual general meeting is held on 28 June 2024.

## Management's review

| <b>Financial highlights for the Company</b>    |                |                |               |               |               |
|--|----------------|----------------|---------------|---------------|---------------|
|  | 2023           | 2022           | 2021          | 2020          | 2019          |
|  | DKK '000       | DKK '000       | DKK '000      | DKK '000      | DKK '000      |
| Revenue  | 204,392        | 226,173        | 288,024       | 278,689       | 307,535       |
| Gross profit                                   | 48,533         | 52,538         | 72,423        | 66,092        | 62,898        |
| EBITDA   | -12,474        | -10,175        | 13,922        | 13,510        | -2,142        |
| Operating profit                               | -12,945        | -11,737        | 11,709        | 10,681        | -4,749        |
| Profit/loss from financial income and expenses | -1,914         | -1,167         | 962           | -629          | -394          |
| <b>Profit/loss for the year</b>                | <b>-14,859</b> | <b>-12,904</b> | <b>12,671</b> | <b>17,452</b> | <b>-5,143</b> |

|   |        |         |         |        |        |
|---|--------|---------|---------|--------|--------|
| Non-current assets                          | 963    | 598     | 1,885   | 3,620  | 5,322  |
| Investment in property, plant and equipment | 6      | 831     | 274     | 1,127  | 3,439  |
| Current assets                              | 93,724 | 107,670 | 113,341 | 73,206 | 69,176 |
| Total assets                                | 94,687 | 108,268 | 115,226 | 76,826 | 74,499 |
| Total equity                                | 19,386 | 34,245  | 57,149  | 44,478 | 27,027 |

|                                      |       |         |         |        |        |
|--------------------------------------|-------|---------|---------|--------|--------|
| Cash flows from operating activities | 9,751 | 334     | -15,113 | 19,071 | 2,408  |
| Cash flows from investing activities | -973  | -274    | -608    | -962   | -3,433 |
| Cash flows from financing activities | 0     | -10,000 | 0       | 0      | 1,032  |

### Financial ratios

|                            |        |        |       |       |        |
|----------------------------|--------|--------|-------|-------|--------|
| Operating margin           | -6.3%  | -5.2%  | 4.1%  | 3.8%  | -1.5%  |
| Return on invested capital | -26.7% | -17.7% | 19.9% | 23.9% | -10.1% |
| Gross margin               | 23.7%  | 23.2%  | 25.1% | 23.7% | 20.5%  |
| EBITDA ratio               | -6.1%  | -4.5%  | 4.8%  | 4.8%  | -0.7%  |
| Solvency ratio             | 20.5%  | 31.6%  | 49.6% | 57.9% | 36.3%  |

|                             |    |    |    |    |    |
|-----------------------------|----|----|----|----|----|
| Average number of employees | 42 | 58 | 58 | 58 | 70 |
|-----------------------------|----|----|----|----|----|

### Financial ratios

The Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios":

#### Operating margin:

$$\frac{\text{Ordinary operating profit} \times 100}{\text{Revenue}}$$

#### Return on invested capital:

$$\frac{\text{Operating profit} \times 100}{\text{Average capital invested}}$$

#### Invested capital:

Goodwill, property, plant and equipment and net working capital

#### Gross margin:

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

#### EBITDA ratio:

$$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$$

#### Solvency ratio:

$$\frac{\text{Total Equity, at the end of year} \times 100}{\text{Total equity and liabilities, at the end of year}}$$

# Management's review

## Operating review

### Principal activities of the Company

Flexa4Dreams A/S' main activities are marketing and sale of furniture, interior and related products for children's rooms.

FLEXA Group today is the largest chain of stores dedicated to kids' room interior solutions. We have more than 150 specialist stores located in Europe, Asia, North Africa and Americas. Everyday our dedicated and knowledgeable partners around the world guide and advice parents to design the best possible room solutions for their kids.

### Development in activities and financial position

The revenue for 2023 was 204,4 mill. DKK compared to 226,2 mill. DKK the year before. Ordinary result before depreciations and financial expenses (EBITDA) was -12,5 mill. DKK compared to -10,2 mill. DKK, and operating profit was -12,9 mill. DKK compared to -11,7 mill. DKK. Cash generated from operating activities was 9,8 mill. DKK compared to 0,3 mill DKK.

The year did not develop as expected in the beginning of the year. During the year it was decided to reduce the number of own stores and cut drastically in the costs. This however led to increased one-time costs of 8.4 mill. DKK, which is included in this years costs. Without these costs the EBITDA would have been negative with -4.0 mill. DKK against -10.2 mill DKK in 2022.

The gross margin increased by 0.1% point to 23.3%. Distribution costs decreased by 14.5%-point or 6.1 mill. DKK to 36.2 mill. DKK. Administration costs increased by 3.3 mill. DKK to 25.3 mill. DKK. The major part of the one-time costs is within these costs.

Profit for the year is -14,9 mill. DKK compared to -12,9 mill. DKK last year.

Turnover in 2023 has not developed as expected, which relates to the big uncertainties caused by the war in Ukraine and the increased costs of living for the individual families. This has lead to a reduction in consumer confidence, which again has impacted the sale of childrens furnitures.

### Capital resources

Equity end of December 2023 amounts to 19,4 mill. DKK compared to 34,2 mill. DKK the year before. The company has sufficient capital resources to execute its business plan.

### Outlook

Despite the uncertainties from the consumer confidence , it is expected that turnover will at least will be on the same level in 2024 compared with 2023. Based on the current sales strategy and improvement of product portfolio , the Group expects to gain further market share. At the same time we will continue developing our e-commerce sales channel further, this will bring us closer to the end consumers. During the year we have overall reduced our overheads, eg. we have reduced the number of people employed and we have moved our office space. These actions will impact the overheads with full effect in 2024. Resultwise we expect a positive result in 2024.

The Company continue investments in the Digital platform. The investments in the Digital platform is expected to increase the turnover and profitability on this channel.

## Management's review

### Risks

#### General risks

The management of Flexa4Dreams A/S assesses regularly the Company's risk exposure. Operational and strategic risks that may affect the Company's earnings and financial position are monitored and assessed regularly.

#### Financial risks

The Company is due to its operating, investing and financing exposed to fluctuations in exchange and interest rates. The Company's policy is not actively to speculate in financial risks. The Company's financial management is only aimed at management of already assumed financial risks.

#### Currency risks

The Company is exposed to currency risk on three levels. First of all there is currency risks relating to investments in foreign subsidiaries. These risks are not hedged, as it is the Group's opinion that an ongoing hedging of such long-term investments will not be optimal from an overall risk and cost consideration. Secondly, there is a risk in relation to the current cash flow. The Group hedges currency risks on estimated cash flows 6-12 months forward. Finally, there is currency risk in relation to translation of intra-group debts in foreign currency at the balance sheet date. Such translation comprises an exchange rate adjustment which is not hedged.

#### Interest rate risks

The Company's interest bearing net debt, calculated as bank debt less cash and part of other debt, amounted 31 December 2023 to 16.1 mill. DKK compared to 24.9 mill. DKK.

The Company's total bank debt is based on floating interest rates. There is no hedging of the operational impact of a rate increase.

#### Credit risks

The Company has no material risks relating to a single customer or partner. The Company's policy for inclusion of credit risks leads to that all major customers and partners are credit rated, and credit insurance has been established.

#### Intellectual capital

The employees are a significant asset in the company, which operates from a united set of values. Based on the shared values the Company can realise its vision to be the preferred supplier of furniture and interior for the children's room.

#### Environmental issues

The Company continuously tries to minimize the environmental impact of its activities. The Company continuously strives to produce products using materials and technologies giving the least possible impact on the environment.

The Company will constantly strive to meet customers' and society's demand for the least environmentally harmful products.

#### Research and development activities

Expenses for development and testing of both new and existing products are recognized as expenses in the income statement, as future earnings of this is uncertain.

## Financial statements

### Income statement

|                                 | Notes | <u>2023</u><br>DKK '000 | <u>2022</u><br>DKK '000 |
|---------------------------------|-------|-------------------------|-------------------------|
| Revenue                         |       | 204,392                 | 226,173                 |
| Production costs                | 2     | <u>-155,859</u>         | <u>-173,635</u>         |
| <b>Gross profit</b>             |       | 48,533                  | 52,538                  |
| Distribution costs              | 2     | -36,170                 | -42,306                 |
| Administrative expenses         | 2     | <u>-25,308</u>          | <u>-21,969</u>          |
| <b>Operating profit/loss</b>    |       | -12,945                 | -11,737                 |
| Financial expenses              | 3     | <u>-1,914</u>           | <u>-1,167</u>           |
| <b>Profit/loss before taxes</b> |       | -14,859                 | -12,904                 |
| Tax on profit/loss              |       | <u>0</u>                | <u>0</u>                |
| <b>Profit/loss for the year</b> | 4     | <u><u>-14,859</u></u>   | <u><u>-12,904</u></u>   |

## Financial statements

| <b>Balance sheet</b>                      | <b>Note</b> | <u>2023</u>     | <u>2022</u>     |
|---|-------------|-----------------|-----------------|
|   |             | <b>DKK '000</b> | <b>DKK '000</b> |
| <b>ASSETS</b>                             |             |                 |                 |
| <b>Non-current assets</b>                 |             |                 |                 |
| <b>Intangible assets</b>                  | 5           |                 |                 |
| Goodwill                                  |             | <u>0</u>        | <u>0</u>        |
|   |             | <u>0</u>        | <u>0</u>        |
| <b>Property, plant and equipment</b>      | 6           |                 |                 |
| Leasehold improvements                    |             | 164             | 82              |
| Plant and machinery                       |             | -77             | 14              |
| Fixtures and fitting, tools and equipment |             | <u>876</u>      | <u>502</u>      |
|   |             | <u>963</u>      | <u>598</u>      |
| <b>Total non-current assets</b>           |             | <u>963</u>      | <u>598</u>      |
| <b>Current assets</b>                     |             |                 |                 |
| <b>Inventories</b>                        |             |                 |                 |
| Finished goods and goods for resale       |             | <u>27,652</u>   | <u>31,674</u>   |
|   |             | <u>27,652</u>   | <u>31,674</u>   |

## Financial statements

| <b>Balance sheet (continued)</b>     | Note | <u>2023</u>          | <u>2022</u>           |
|--------------------------------------|------|----------------------|-----------------------|
|                                      |      | <u>DKK '000</u>      | <u>DKK '000</u>       |
| <b>Receivables</b>                   |      |                      |                       |
| Trade receivables                    |      | 17,484               | 18,438                |
| Amounts owed by affiliated companies |      | 19,284               | 23,324                |
| Other receivables                    |      | 2,009                | 9,009                 |
| Deferred tax asset                   | 7    | 7,400                | 7,400                 |
| Prepayments                          |      | <u>3,044</u>         | <u>3,915</u>          |
|                                      |      | 49,222               | 62,086                |
| <b>Cash at bank and in hand</b>      |      | <u>16,850</u>        | <u>13,910</u>         |
| <b>Total current assets</b>          |      | <u>93,724</u>        | <u>107,670</u>        |
| <b>TOTAL ASSETS</b>                  |      | <u><u>94,687</u></u> | <u><u>108,268</u></u> |

## Financial statements

| <b>Balance sheet (continued)</b>                 | Note | <u>2023</u><br>DKK '000 | <u>2022</u><br>DKK '000 |
|--|------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>                    |      |                         |                         |
| <b>Equity</b>                                    |      |                         |                         |
| Share capital                                    | 8    | 1,000                   | 1,000                   |
| Retained earnings                                |      | <u>18,386</u>           | <u>33,245</u>           |
| <b>Total equity</b>                              |      | <u>19,386</u>           | <u>34,245</u>           |
| <b>Provisions</b>                                |      |                         |                         |
| Other provisions                                 | 9    | <u>2,671</u>            | <u>3,093</u>            |
|  |      | <u>2,671</u>            | <u>3,093</u>            |
| <b>Current liabilities other than provisions</b> |      |                         |                         |
| Bank loans and overdraft                         |      | 32,951                  | 38,788                  |
| Prepayments from customers                       |      | 1,989                   | 509                     |
| Trade payables                                   |      | 9,583                   | 9,878                   |
| Amounts owed to affiliated companies             |      | 21,334                  | 13,703                  |
| Other payables                                   |      | <u>6,773</u>            | <u>8,052</u>            |
|  |      | <u>72,630</u>           | <u>70,930</u>           |
| <b>Total liabilities other than provisions</b>   |      | <u>72,630</u>           | <u>70,930</u>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>              |      | <u><u>94,687</u></u>    | <u><u>108,268</u></u>   |
| <b>Contingent liabilities and collateral</b>     | 10   |                         |                         |
| <b>Related parties</b>                           | 11   |                         |                         |
| <b>Subsequent events</b>                         | 12   |                         |                         |

## Financial statements

### Statement of changes in equity

DKK '000

|                       | <u>Share<br/>capital</u> | <u>Retained<br/>earnings</u> | <u>Total</u>         |
|-----------------------|--------------------------|------------------------------|----------------------|
| Equity at 1 January   | 1,000                    | 33,245                       | 34,245               |
| Profit for the year   | 0                        | -14,859                      | -14,859              |
| Proposed dividend     | <u>0</u>                 | <u>          </u>            | <u>0</u>             |
| Equity at 31 December | <u><u>1,000</u></u>      | <u><u>18,386</u></u>         | <u><u>19,386</u></u> |

## Financial statements

| <b>Cash flow statement</b>   |    | <u>2023</u>           | <u>2022</u>           |
|--|----|-----------------------|-----------------------|
|  |    | DKK '000              | DKK '000              |
| Revenue  |    | 204,392               | 226,173               |
| Expenses   |    | <u>-216,728</u>       | <u>-236,348</u>       |
| Cash from operations before changes in working capital                   |    | -12,336               | -10,175               |
| Change in working capital  | 13 | <u>24,001</u>         | <u>11,677</u>         |
| Cash generated from operations (ordinary activities)                     |    | 11,665                | 1,502                 |
| Financial income and expenses, net                                       |    | <u>-1,914</u>         | <u>-1,167</u>         |
| <b>Cash flows from operating activities</b>                              |    | <u><b>9,751</b></u>   | <u><b>334</b></u>     |
| Purchase of intangible assets and property, plant and equipment          |    | -831                  | -274                  |
| Purchase/sale of activities  |    | <u>-142</u>           | <u>0</u>              |
| <b>Cash flows from investing activities</b>                              |    | <u><b>-973</b></u>    | <u><b>-274</b></u>    |
| Dividend   |    | 0                     | -10,000               |
| <b>Cash flows from financing activities</b>                              |    | <u><b>0</b></u>       | <u><b>-10,000</b></u> |
| <b>Net cash flows form operating, investing and financing activities</b> |    | <u><b>8,778</b></u>   | <u><b>-9,939</b></u>  |
| Cash and cash equivalents at 1 January                                   |    | <u>-24,878</u>        | <u>-14,939</u>        |
| <b>Cash and cash equivalents at 31 December</b>                          |    | <u><b>-16,101</b></u> | <u><b>-24,878</b></u> |

The cash flow statement cannot be derived directly from the accounts.

# Financial statements

## Notes

### 1. Accounting policies

The annual report of Flexa4Dreams A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

The accounting policies applied remain unchanged from last year, and financial statements for 2023 are presented in DKK.

#### Omission of consolidated financial statement

According to section 112(1) of the Danish Financial Statements Act no consolidated financial statements is prepared. The financial statement of Flexa4Dreams A/S is included in the consolidated financial statements of the parent company, Flexa4Dreams Holding A/S, Aarhus.

### Income statement

#### Revenue

Income from the sale of goods for resale and finished goods, which comprises sale of furniture products, is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place and that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

Production costs also include research- and development costs, which do not fulfill the conditions for capitalisation.

#### Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

#### Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

#### Other operating income and expenses

Other operating income comprises items secondary to the principal activities of the enterprise.

#### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities.

## Financial statements

### Notes

#### Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

The company is covered by the Danish rules on compulsory joint taxation.

Flexa4Dreams Holding A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

#### Balance sheet

##### Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience. Goodwill is amortised on a straight-line basis over the amortisation period.

The amortisation period is 10 years and is based on the acquired activities strong market position and longterm earning profile.

The carrying amount of goodwill is assessed regularly and written down to the recoverable amount over the income statement if the carrying amount exceeds forecast future net income from the activities to which goodwill relates.

##### Property, plant and equipment

Leasehold improvements represent the renovation of storage facilities for continuous use and leasehold improvements of concept shops.

Leasehold improvements recognised in the balance sheet are measured at cost less accumulated depreciation or recoverable amount if this is lower.

Recognised costs of renovation are depreciated on a straight-line basis over the residual term of leases.

Other property, plant and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

|  |            |
|--|------------|
| Leasehold improvements                     | 3-5 years  |
| Plant and machinery                        | 4-7 years  |
| Fixtures and fittings, tools and equipment | 3-10 years |

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

## Financial statements

### Notes

#### Property, plant and equipment (cont.)

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Impairment of assets

The carrying amount of intangible and tangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Leases

Leases in terms of which the company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the fixed assets of the company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

## Financial statements

### Notes

#### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

#### Equity - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### Equity - other reserves

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

#### Corporation tax and deferred tax

According to the joint taxation rules, the subsidiaries' liability for their own corporation tax payments to the tax authorities is settled concurrently with payment of the joint taxation contribution to the administrative company, Flexa4Dreams Holding A/S.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

#### Provisions

Provisions are recognised when the company as a result of a past event has a legal or constructive obligation or intention to undertake a commitment, and it is likely that the obligation will result in an outflow of economic resources.

Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

#### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.

## Financial statements

### Notes

#### Deferred income

Deferred income comprises payments received concerning income in subsequent years.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

#### Cash flow statement

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

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

#### Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term operating credits.

## Financial statements

### Notes

|  | <u>2023</u>   | <u>2022</u>   |
|--|---------------|---------------|
|  | DKK '000      | DKK '000      |
| <b>2 Staff costs</b>   |               |               |
| Wages and salaries   | 26,064        | 28,685        |
| Pensions   | 2,356         | 2,150         |
| Other social security costs  | 372           | 481           |
| Other staff costs  | <u>95</u>     | <u>111</u>    |
|  | <u>28,888</u> | <u>31,427</u> |
| Remuneration to the Executive Board  | <u>2,939</u>  |               |
| Remuneration to the Board of Directors   | <u>200</u>    |               |
| In accordance with section 98b (3)(I) of the Danish Financial Statement Act, remuneration of management is shown in aggregate for both categories for 2022 |               |               |
| Remuneration to the Executive Board and the Board of Directors   |               | <u>3,408</u>  |
| Staff costs are recognised in the financial statements as follows:   |               |               |
| Production costs   | 95            | 160           |
| Distribution costs   | 11,723        | 16,993        |
| Administrative expenses  | <u>17,069</u> | <u>14,274</u> |
|  | <u>28,888</u> | <u>31,427</u> |
| Average number of employees  | <u>42</u>     | <u>52</u>     |
| <b>3 Financial expenses</b>  |               |               |
| Foreign exchange loss, net   | 462           | 137           |
| Other interest expenses  | <u>1,452</u>  | <u>1,030</u>  |
|  | <u>1,914</u>  | <u>1,167</u>  |

## Financial statements

### Notes

|   | <u>2023</u>    | <u>2022</u>    |
|---|----------------|----------------|
|   | DKK '000       | DKK '000       |
| <b>4 Proposed distribution of profit</b>  |                |                |
| Dividend  | 0              | 0              |
| Retained earnings   | <u>-14,859</u> | <u>-12,904</u> |
|   | <u>-14,859</u> | <u>-12,904</u> |
| <b>5 Intangible assets</b>  |                |                |
| Cost at 1 January   | 10,000         | 10,000         |
| Cost at 31 December   | <u>10,000</u>  | <u>10,000</u>  |
| Amortisation and impairment losses at 1 January                                 | 10,000         | 10,000         |
| Depreciation  | <u>0</u>       | <u>0</u>       |
| Amortisation and impairment losses at 31 December                               | <u>10,000</u>  | <u>10,000</u>  |
| <b>Carrying amount at 31 December</b>   | <u>0</u>       | <u>0</u>       |
| Depreciation over 10 years  |                |                |
| Depreciations are included in the financial statement under distribution costs. |                |                |

### 6 Property, plant and equipment

|  | <u>Leasehold<br/>improve-<br/>ments</u> | <u>Plant and<br/>machinery</u> | <u>Fixtures and<br/>fittings,<br/>tools, etc.</u> | <u>Total</u>  |
|--|---|--------------------------------|---|---------------|
| Cost at 1 January                                    | 571                                     | 1,172                          | 10,256  | 11,999        |
| Addition   | 198                                     | 0                              | 633   | 831           |
| Disposal   | <u>0</u>                                | <u>-216</u>                    | <u>0</u>  | <u>-216</u>   |
| Cost at 31 December                                  | <u>768</u>                              | <u>957</u>                     | <u>10,889</u>                                     | <u>12,614</u> |
| Depreciation and impairment losses<br>at 1 January   | 489                                     | 1,158                          | 9,754   | 11,401        |
| Depreciation   | 116                                     | 0                              | 493   | 609           |
| Depreciation of assets sold                          | <u>0</u>                                | <u>-124</u>                    | <u>-234</u>                                       | <u>-358</u>   |
| Depreciation and impairment losses<br>at 31 December | <u>605</u>                              | <u>1,034</u>                   | <u>10,013</u>                                     | <u>11,651</u> |
| <b>Carrying amount at 31 December</b>                | <u>164</u>                              | <u>-77</u>                     | <u>876</u>  | <u>963</u>    |
| Finance lease included in above figures              | <u>0</u>                                | <u>0</u>                       | <u>0</u>  | <u>0</u>      |

## Financial statements

### Notes

|   | <u>2023</u> | <u>2022</u>  |
|---|-------------|--------------|
|   | DKK '000    | DKK '000     |
| <b>6 Property, plant and equipment (continued)</b>                          |             |              |
| Depreciation, amortisation and impairment losses are recognised as follows: |             |              |
| Production costs  | 62          | 7            |
| Distribution costs  | 66          | 107          |
| Administrative expenses   | <u>343</u>  | <u>1,448</u> |
|   | <u>470</u>  | <u>1,562</u> |

## Financial statements

### Notes

#### 7 Deferred tax asset

|   |               |               |
|---|---------------|---------------|
| Deferred taxes at 1 January                                     | 7,400         | 7,400         |
| Deferred taxes for the year, recognised in the income statement | <u>0</u>      | <u>0</u>      |
|   | <u>7,400</u>  | <u>7,400</u>  |
| Deferred taxes include:   |               |               |
| Non-current assets  | -6,675        | -6541         |
| Current assets  | -31           | -62           |
| Provisions  | -585          | -680          |
| Tax loss carryforwards  | -19,265       | -16006        |
|   | -26,556       | -23,289       |
| Write-down of calculated deferred taxes                         | <u>19,156</u> | <u>9,811</u>  |
|   | <u>-7,400</u> | <u>-7,400</u> |

Deferred tax asset is recognised based on expected earnings in 3-5 years.

#### 8 Share capital and proposed distribution of profit

##### Development in share capital

|   |              |              |
|---|--------------|--------------|
| Share capital, at the beginning of year | <u>1,000</u> | <u>1,000</u> |
| Share capital, at the end of year       | <u>1,000</u> | <u>1,000</u> |

Share capital consist of 10.001 shares of 100 DKK each.

#### 9 Provisions

|                           |              |              |
|---------------------------|--------------|--------------|
| Provisions at 1 January   | 3,093        | 3,367        |
| Adjustments for the year  | <u>-421</u>  | <u>-274</u>  |
| Provisions at 31 December | <u>2,671</u> | <u>3,093</u> |

Provision for agent commission obligation, based on average of last 5 year commissions.

## Financial statements

### Notes

#### 10 Contingent liabilities and collateral

|                             | <u>2023</u> | <u>2022</u> |
|-----------------------------|-------------|-------------|
|                             | DKK '000    | DKK '000    |
| Rent commitments            | 894         | 5,295       |
| Operating lease liabilities | 649         | 861         |

The Company's lease commitments have a remaining term of 4-44 months.

#### Collateral

The following assets have been provided as collateral for Flexa4Dreams A/S agreements with banks and subordinated loan capital in Flexa4Dreams Holding A/S:

|   | <u>Registered collateral</u> | <u>Carrying amount at 31.12.2023</u> |
|---|------------------------------|--------------------------------------|
|   | DKK '000                     | DKK '000                             |
| Company charge in operating equipment, goodwill, inventories and unsecured claims | 70,000                       | 40,945                               |

#### 11 Related parties

##### Control

The company's related parties exercising control include Flexa4Dreams Holding A/S, Aarhus, parent company.

Flexa4Dreams A/S is included in the consolidated accounts for Flexa4Dreams Holding A/S, which is the smallest and largest group, in which the Company is included as a subsidiary.

|                                       | <u>2023</u> |
|---------------------------------------|-------------|
|                                       | DKK '000    |
| <b>Related parties transactions</b>   |             |
| Sale of goods to a group entity       | 8,661       |
| Purchase of goods from a group entity | 121,348     |

Remuneration to the Company's Executive Board and Board of Directors is disclosed in note 2.

Receivables from and payables to related parties are disclosed in the balance sheet, and interests received and paid are disclosed in note 3.

#### 12 Subsequent events

No events have occurred after the balance sheet date to this date which may influence the evaluation of this annual report.

## Financial statements

### Notes

|                                     | <u>2023</u>   | <u>2022</u>   |
|-------------------------------------|---------------|---------------|
|                                     | DKK '000      | DKK '000      |
| <b>13 Change in working capital</b> |               |               |
| Inventories                         | 4,022         | -223          |
| Receivables                         | 12,864        | 1,447         |
| Prepayments from customers          | 1,480         | -295          |
| Trade payables and other payables   | <u>5,635</u>  | <u>10,747</u> |
|                                     | <u>24,001</u> | <u>11,677</u> |