



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 980 910 857  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: THE ORCHARD AS  
Forretningsadresse: Storgata 7  
0155 OSLO

### Regnskapsår

Årsregnskapets periode: 01.04.2020 - 31.03.2021

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Sveinung Rindal  
Dato for fastsettelse av årsregnskapet: 03.12.2021

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 21.10.2022



### Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Sales revenue	10	174 985 043	171 641 689
<b>Sum inntekter</b>		<b>174 985 043</b>	<b>171 641 689</b>
<b>Kostnader</b>			
Label costs		162 579 897	159 036 959
Payroll expenses	2	5 619 894	8 170 256
Depreciation	6	40 394	40 394
Other operating expenses	2, 3, 4	2 172 237	4 473 163
<b>Sum kostnader</b>		<b>170 412 422</b>	<b>171 720 772</b>
<b>Driftsresultat</b>		<b>4 572 621</b>	<b>-79 083</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		3 329	76 359
Net foreign exchange gain (loss)		-2 514 972	832 487
<b>Sum finansinntekter</b>		<b>-2 511 643</b>	<b>908 846</b>
<b>Netto finans</b>		<b>-2 511 643</b>	<b>908 846</b>
<b>Ordinært resultat før skattekostnad</b>			
Tax expense	9	496 753	169 479
<b>Ordinært resultat etter skattekostnad</b>		<b>1 564 225</b>	<b>660 285</b>
<b>Årsresultat</b>		<b>1 564 225</b>	<b>660 285</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>1 564 225</b>	<b>660 285</b>
<b>Totalresultat</b>		<b>1 564 225</b>	<b>660 285</b>
<b>Overføringer og disponeringer</b>			
Other equity		1 564 225	660 285
<b>Sum overføringer og disponeringer</b>	8	<b>1 564 225</b>	<b>660 285</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Licenses, patents etc	6	117 325	142 025
Utsatt skattefordel	9	441 004	715 654
<b>Sum immaterielle eiendeler</b>		<b>558 329</b>	<b>857 679</b>
<b>Varige driftsmidler</b>			
Fixtures and office supplies	6	64 483	80 177
<b>Sum varige driftsmidler</b>		<b>64 483</b>	<b>80 177</b>
<b>Finansielle anleggsmidler</b>			
Andre langsiktige fordringer	3	4 814 890	5 506 989
<b>Sum finansielle anleggsmidler</b>		<b>4 814 890</b>	<b>5 506 989</b>
<b>Sum anleggsmidler</b>		<b>5 437 703</b>	<b>6 444 845</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Trade receivables	3		
Other receivables	3	15 506 976	15 064 099
Konsernfordringer	10	13 846 434	14 199 077
<b>Sum fordringer</b>		<b>29 353 409</b>	<b>29 263 175</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and bank deposit	7	8 161 462	7 468 252
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>8 161 462</b>	<b>7 468 252</b>
<b>Sum omløpsmidler</b>		<b>37 514 871</b>	<b>36 731 427</b>
<b>SUM EIENDELER</b>		<b>42 952 575</b>	<b>43 176 272</b>

## BALANSE - EGENKAPITAL OG GJELD



## Balanse

Beløp i: NOK	Note	2021	2020
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	5, 8	1 282 600	1 282 600
Overkurs	8	10 277 294	10 277 294
<b>Sum innskutt egenkapital</b>		<b>11 559 894</b>	<b>11 559 894</b>
<b>Opptjent egenkapital</b>			
Other equity	8	11 688 231	10 124 006
<b>Sum opptjent egenkapital</b>		<b>11 688 231</b>	<b>10 124 006</b>
<b>Sum egenkapital</b>		<b>23 248 125</b>	<b>21 683 900</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		16 997 498	15 678 225
Tax payable	9	222 103	1 186 354
Other current liabilities		2 484 848	4 627 793
<b>Sum kortsiktig gjeld</b>		<b>19 704 450</b>	<b>21 492 372</b>
<b>Sum gjeld</b>		<b>19 704 450</b>	<b>21 492 372</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>42 952 575</b>	<b>43 176 272</b>



Skatteetaten

Vår dato 19.11.2019	Din/Deres dato 15.10.2019	Saksbehandler Katerina Stepanenko
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 94523587
Org.nr 974761076	Vår referanse 2019/6625926	Postadresse Postboks 9200 Grønland 0134 OSLO

RSM NORGE AS  
Postboks 1312 Vik  
0112 OSLO

Att: Cecilie Tronstad

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Phonofile AS, org.nr. 980 910 857

Vi viser til deres brev av 15. oktober 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Phonofile AS. Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Phonofile AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

### Bakgrunn

Phonofile AS er eid av et utenlandsk selskap og er integrert i The Orchard-konsernet i USA. Selskapet er en digital musikkdistributør og forvalter digitale rettigheter for mange norske artister. Engelsk er det primære språket i konsernet. Bransjespråket som selskapet opererer i er også engelsk. Styrets medlemmer er utenlandske.

### Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører



kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er direkte eid av et utenlandsk selskap og inngår i ett internasjonalt konsern. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Katerina Stepanenko  
spesialrevisor  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



THE ORCHARD AS

ANNUAL REPORT 2020/2021

## **Nature of the business**

The Orchard AS (the company) is a digital music distributor with headquarters in Oslo, Norway. The company markets, sells and distribute music for independent record labels. Since 1999, the company has managed "digital rights" on behalf of many Norwegian and international independent record companies.

## **Overview of development and results**

The 2020/2021 annual report represents the twelve-month period from 4.1.20-31.3.21.

For the twelve-month from 4.1.20-31.3.21, turnover was kr. 174 985 043 compared to kr. 171 641 689 in 2019/2020.

Profit for the period 4.1.20-31.3.21 stands at kr. 2 060 978 before tax. Total Equity per. 31.3.21 is at a positive kr. 23 248 125. Equity ratio is 54.1% versus 50.2% per share 31.3.20. The liquidity situation is satisfactory.

The digital market share in Norway for The Orchard group (including The Orchard AS) increased from 9.5% to 10.9% from calendar year 2020 to 2021 (mid-year numbers).

The company is focused on expanding and growing its market share in 2021 and beyond. COVID-19 pandemic did not have any direct negative impact on the profitability of the company, and the company ended fiscal year 2021 with stable revenues, and it is projected to continue into 2022 and beyond.

## **Financial market risk**

Since the company's acquisition by The Orchard Enterprises Inc. in 2017, the company is working with its parent company to reduce the various financial risks.

## **Market risk**

The company has no major long-term loan obligations. The company is exposed to exchange rate risk since label costs are paid in five various foreign currencies. The exchange rate risk is similar to prior years and the company continues to monitor exchange rate risk.

## **Credit risk**

There is no risk of losses as the company's receivables are mainly intercompany where The Orchard Enterprises Inc. collects receivables on behalf of the company.



## **Liquidity Risk**

The company's liquidity is good, and risk is low due to the company's access to funding from its parent company. In addition, outstanding receivables with major digital customers are negotiated by the company's parent company on behalf its subsidiaries.

## **Statement of future developments**

The company will continue to focus on growth. A strong position has been achieved in the company's home market, but at the same time the market is becoming more globalized and growth in new territories will be in focus. The company's catalogue's biggest growth now is happening in the greatest music markets like the US, UK, Germany, and Japan. Though the Nordics are considered mature markets with less growth potential, the company continues to improve its services to maintain a stable market share. Nordics see new competitor initiatives all the time, and the company meets this competition with our extended services. The company has local success of adding a stronger frontline music offering to the existing back catalog, which will continue to develop an even stronger position in the future. Globally, the company is also actively working to be the market leader in technology in the platform that the company offers its customers.

## **Going concern**

The Board confirms that the assumption of going concern is present and this assumption is based on the presentation of the annual accounts. The company has examined the consequences of COVID-19 and resolved there is no material uncertainty on the company's ability to continue operating.

## **Research and development activities**

The company has not had research and development activities in 2020/2021.

## **The working environment**

The Orchard AS employs 9 permanent employees and 1 intern as of 31.3.21. The board considers the working environment as good and has not implemented special measures in 2020/2021 apart from the ongoing COVID-19 protocols and restrictions of going to office premises across the Sony Music Entertainment Group. The company has adhered and continue to adhere to local Norwegian COVID19 protocols. No accident or workplace accidents have been reported in 2020/2021. There was a total of 59 days of sick leave reported in 2020/2021, 49 of which followed an employee's termination period.

## **Equal opportunities**

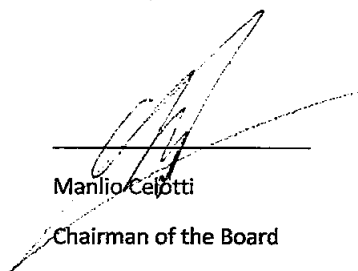
In the election of board representatives and in working conditions, the company aims to ensure that there is no difference in treatment based on gender.



**Environment**

The company' activities does not involve pollution or emissions that could be detrimental to the external environment.

New York, 03.12.2021



---

Manlio Cejotti

Chairman of the Board



---

Bradley P Navin

Director



---

Sveinung Ringdal

Managing Director



## The Orchard AS

### Income statement

Operating income and expenses	Notes	1.4.20 - 31.3.21	1.1.19 - 31.3.20
Sales revenue	10	174 985 043	171 641 689
<b>Total revenue</b>		<b>174 985 043</b>	<b>171 641 689</b>
Label costs		162 579 897	159 036 959
Payroll expenses	2	5 619 894	8 170 256
Depreciation	6	40 394	40 394
Other operating expenses	2, 3, 4	2 172 237	4 473 163
<b>Total operating expenses</b>		<b>170 412 422</b>	<b>171 720 772</b>
<b>Operating result</b>		<b>4 572 621</b>	<b>-79 083</b>
<b>Financial income and expenses</b>			
Interest income		3 329	76 359
Net foreign exchange gain (loss)		-2 514 972	832 487
<b>Net financial income and expenses</b>		<b>-2 511 643</b>	<b>908 846</b>
<b>Ordinary result before tax</b>		<b>2 060 978</b>	<b>829 763</b>
Tax expense	9	-496 753	-169 479
<b>Net result</b>		<b>1 564 225</b>	<b>660 285</b>
<b>Net profit is distributed as follows:</b>			
Other equity		1 564 225	660 285
<b>Total distribution</b>	8	<b>1 564 225</b>	<b>660 285</b>



## The Orchard AS

### Balance sheet

	Notes	pr. 31.3.2021	pr. 31.3.2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Licenses, patents etc	6	117 325	142 025
Deferred tax asset	9	441 004	715 654
<b>Sum intangible assets</b>		<b>558 329</b>	<b>857 679</b>
<b>Tangible fixed assets</b>			
Fixtures and office supplies	6	64 483	80 177
<b>Sum tangible fixed assets</b>		<b>64 483</b>	<b>80 177</b>
<b>Financial fixed assets</b>			
Andre langsiktige fordringer	3	4 814 890	5 506 989
<b>Sum finansielle anleggsmidler</b>		<b>4 814 890</b>	<b>5 506 989</b>
<b>Sum Fixed assets</b>		<b>5 437 703</b>	<b>6 444 845</b>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables group companies	10	13 846 434	14 199 077
Other receivables	3	15 506 976	15 064 099
<b>Sum receivables</b>		<b>29 353 409</b>	<b>29 263 175</b>
Cash and bank deposit	7	8 161 462	7 468 252
<b>Total current assets</b>		<b>37 514 871</b>	<b>36 731 427</b>
<b>TOTAL ASSETS</b>		<b>42 952 575</b>	<b>43 176 272</b>




## The Orchard AS

### Balance sheet

EQUITY AND LIABILITIES	Notes	pr. 31.3.2021	pr. 31.3.2020
<b>Egenkapital</b>			
<b>Paid in capital</b>			
Share capital	5, 8	1 282 600	1 282 600
Share premium	8	10 277 294	10 277 294
<b>Sum paid in capital</b>		<b>11 559 894</b>	<b>11 559 894</b>
<b>Retained earnings</b>			
Other equity	8	11 688 231	10 124 006
<b>Sum retained earnings</b>		<b>11 688 231</b>	<b>10 124 006</b>
<b>Total equity</b>		<b>23 248 125</b>	<b>21 683 900</b>
<b>Current liabilities</b>			
Trade creditors		16 997 498	15 678 225
Tax payable	9	222 103	1 186 354
Other current liabilities		2 484 848	4 627 793
<b>Sum current liabilities</b>		<b>19 704 450</b>	<b>21 492 372</b>
<b>Total liabilities</b>		<b>19 704 450</b>	<b>21 492 372</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>42 952 575</b>	<b>43 176 272</b>

New York, 03.12.2021

  
Marlie Celotti  
Chairman of the board

Bradley P Navin  
Director

  
Sveinung Rindal  
CEO



## The Orchard AS Balance sheet

EQUITY AND LIABILITIES	Notes	pr. 31.3.2021	pr. 31.3.2020
<b>Egenkapital</b>			
<b>Paid in capital</b>			
Share capital	5, 8	1 282 600	1 282 600
Share premium	8	10 277 294	10 277 294
<b>Sum paid in capital</b>		<b>11 559 894</b>	<b>11 559 894</b>
<b>Retained earnings</b>			
Other equity	8	11 688 231	10 124 006
<b>Sum retained earnings</b>		<b>11 688 231</b>	<b>10 124 006</b>
<b>Total equity</b>		<b>23 248 125</b>	<b>21 683 900</b>
<b>Current liabilities</b>			
Trade creditors		16 997 498	15 678 225
Tax payable	9	222 103	1 186 354
Other current liabilities		2 484 848	4 627 793
<b>Sum current liabilities</b>		<b>19 704 450</b>	<b>21 492 372</b>
<b>Total liabilities</b>		<b>19 704 450</b>	<b>21 492 372</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>42 952 575</b>	<b>43 176 272</b>

New York, 03.12.2021

\_\_\_\_\_  
Manlio Celotti  
Chairman of the board

\_\_\_\_\_  
Bradley P Navin  
Director

\_\_\_\_\_  
Sveinung Rindal  
CEO



**The Orchard AS**  
**Cash flow statement**

<b>Cash flow from operating activities</b>	<b>1.4.20 - 31.3.21</b>	<b>1.4.19 - 31.3.20</b>
Profit before tax expense	2 060 978	829 763
Tax paid	(1 186 354)	(76 734)
Depreciation	40 394	40 394
Change in accounts receivable	352 643	28 936 302
Change in other receivables	249 221	1 651 298
Change in trade creditors	1 319 274	(7 246 827)
Change in other current liabilities	(2 142 946)	(24 966 746)
<i>Net cash flow from operating activities</i>	693 210	(832 550)
<b>Cash flow from investing activities</b>		
<i>Net cash flow from investing activities</i>	0	0
<b>Cash flow from financing activities</b>		
Change in Group loan		(420 478)
<i>Net cash flow from financing activities</i>	0	(420 478)
Net change in cash and bank accounts	693 210	(1 253 028)
Cash 1.4.	7 468 252	8 721 280
<b>Cash 31.3.</b>	8 161 462	7 468 252



## The Orchard AS

### Notes 2021

#### **Note 1 Accounting principles**

The accounting period is from April - March.

The annual accounts have been prepared in accordance with the Accounting Act and in accordance with generally accepted accounting principles in Norway.

The following accounting principles have been applied:

#### *Revenues*

Revenues are recognized based on a cost-plus model with group companies. See further information in note 10.

#### *Assessment and classification of assets and liabilities*

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Claims to be repaid within one year are nevertheless classified as current assets. For the classification of short-term debt, corresponding criteria have been taken into account.

Fixed assets are valued at acquisition cost, but are written down to fair value when the fall in value is expected not to be transient. Fixed assets with a limited economic life are depreciated according to plan.

Current assets are valued at the lower of acquisition cost and fair value. Current liabilities are capitalized at nominal amount received at the time of establishment.

#### *Currency*

Monetary items in foreign currency are translated at the exchange rate at the balance sheet date.

#### *Intangible assets*

Expenditure on intangible assets, including research and development expenses, is capitalized in it to the extent that the criteria for capitalization are met.

#### *Fixed assets*

Tangible fixed assets are amortized over the expected useful lives. Depreciation is generally distributed linearly over estimated economic life.

#### *Receivables*

Trade receivables and other receivables are stated at face value after deduction of provisions for expected losses. Provisions for losses are made on the basis of an individual assessment of the individual receivables.



## Taxes

Taxes are expensed when incurred, ie the tax expense is linked to the accounting result before taxes. The tax expense consists of tax payable (tax on taxable income for the year) and change in net deferred tax. Deferred tax and deferred tax asset are presented net in the balance sheet.

## Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents includes cash and bank deposits.

## Note 2 Payroll costs, number of employees, loan to employees and allowances

	1.4.20- 31.3.21	1.4.19- 31.3.20
Salaries	4 398 472	6 798 121
Social security	878 939	1 025 391
Pension costs	341 090	372 727
Other Staff costs	1 393	(25 983)
Sum personnel costs	5 619 894	8 170 256
Man-years	9,5	10,5

From 1.1.2019 the employees was formerly employed by the group company Sony Music Entertainment Norway AS and the payroll costs are recharged from Sony.

The company has the necessary mandatory occupational pension scheme for its employees.

Salary and remuneration for CEO for the period 01.04.20 - 31.03.21: salary 1 240 714 pension 76 131 and other 9 180.

Board fees has not been paid during the financial year.

## Audit costs for the period 1.4.20 - 31.3.21:

Audit	535 875
Preparation fo financial statements	-
Preparation of tax statement	17 110
Other	11 075
Total	564 060

## Note 3 Accounts receivable and other receivables

Customer receivables are listed at nominal value and reduced with provision of NOK 1 808 349. (2019: 3 075 170) for potential losses.

Pr. 31.3.21 the company has outstanding label advances on NOK 16 937 072, NOK 4 814 890 with maturity later than one year.



## Note 4 Lease costs

Leases are operational and are charged to the accounts with the following amounts:

	1.4.19- 31.3.20	1.4.19- 31.3.20
Premises	624 876	690 813
Fixtures	49 203	49 203
Total	674 079	740 016

## Note 5 Number of shares and shareholders

The company's share capital is per. 31.3.21 on NOK 1 282 600, divided into 11 660 000 shares denominated kr. 0.11, consisting of only one share class. The Articles of Association contain no voting restrictions.

The company's shareholder is:	Antall aksjer	Ownership
Orchard Enterprises Entertainment GmBh	11 660 000	100 %

The ultimate shareholder is Sony Music Entertainment Inc.

## Note 6 Fixed assets and capitalized rights

	Enabled rights	Art	Fittings and equipment	Sum
Cost 01.04.	247 000	52 712	611 435	911 147
Additions	0	0	0	0
Cost 31.3.	247 000	52 712	611 435	911 147
Acc. depreciation 01.04.	104 975	0	583 971	688 946
Depreciation for the year	24 700	0	15 694	40 394
Acc. depreciation 31.3	129 675	0	599 665	729 340
Book value 31.3.	117 325	52 712	11 770	181 807
Depreciated linearly	10 %	0 %	20 %	

## Note 7 Debt and restricted bank account

### Long-term debt

The company has no debt with maturity later than 5 years.

### Restricted bank account

The company has no restricted cash.



## Note 8 Equity

	<i>Share capital</i>	<i>Share premium</i>	<i>Other equity</i>	<i>Sum</i>
Pr. 31.3.20	1 282 600	10 277 294	10 124 006	21 683 900
Proceeds from debt conversion				0
Profit for the year	0	0	1 564 225	1 564 225
Pr. 31.3.21	1 282 600	10 277 294	11 688 231	23 248 125

## Note 9 Taxes

	<b>1.4.20- 31.3.21</b>	<b>1.4.19- 31.3.20</b>
<i>The tax base for the year is as follows:</i>		
Profit before taxes	2 060 978	829 763
Other permanent differences	196 989	177 080
Change temporary differences	(1 248 408)	(59 363)
Difference basis for deferred tax asset 31.3.18		
Tax base for the year prior to applying tax loss carried forward	1 009 559	947 480
Use of tax loss carried forward	0	0
Tax base for the year	1 009 559	947 480
Tax payable 22%	222 103	208 446
<i>Tax expense for the year in the income statement</i>	<b>1.4.20- 31.3.21</b>	<b>1.4.18-31.3.19</b>
Tax payable	222 103	208 446
Difference in tax payable previous years	0	(42 528)
Change temporary difference	274 650	3 562
Tax expense in the income statement	496 753	169 479

### Deferred tax asset:

Deferred tax assets are calculated on the basis of the temporary differences between accounting and tax values. The company has the following temporary differences:

	<b>31.3.21</b>	<b>31.3.20</b>	<b>Change</b>
Tangible and intangible assets	(196 214)	(177 801)	18 414
Receivables	(1 808 349)	(3 075 170)	(1 266 821)
Tax loss carried forward	(2 004 563)	(3 252 971)	(1 248 408)
	0	0	0
Basis of deferred tax asset	(2 004 564)	(3 252 972)	1 248 408
Deferred tax asset	(441 004)	(715 654)	274 650
Tax rate	22 %	22 %	

The company expects to be able to utilize the deferred tax asset in the future.



**Note 10 Related party transactions**

All customer agreements with stores is entered in by group companies. The Orchard AS receives compensation for label costs to be settled with the labels and compensastion for all costs with an addition of 5 percent.

All revenues are from group companies.



RSM Norge AS

To the General Meeting of The Orchard AS

Filipstad Brygge 1, 0252 Oslo  
Pb 1312 Vika, 0112 Oslo  
Org.nr: 982 316 588 M VA

T +47 23 11 42 00  
F +47 23 11 42 01

[www.rsmnorge.no](http://www.rsmnorge.no)

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of The Orchard AS showing a profit of NOK 1 564 225. The financial statements comprise the balance sheet as at 31 March 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matters

The company's financial statements have been submitted after the expiry of the statutory time limit for preparation of financial statements.

#### Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/is a member of Den norske Revisorforening.

Penneo Dokumentnøkkel: 2MA7C-3FG3B-03KSP-LD5EN-PH48E-NEFUS



Independent Auditor's Report 2021 for The Orchard AS



for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 3. December 2021  
RSM Norge AS

Cecilie Tronstad  
State Authorised Public Accountant

Pennio Dokumentnr: 2MA7C-3FG3B-03KSP-LD5EN-PH48E-NEFUS



# PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".  
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Cecilie Tronstad

Statsautorisert revisor

På vegne av: RSM Norge AS

Serienummer: 9578-5999-4-1466689

IP: 188.95.xxx.xxx

2022-01-22 17:17:00 UTC



Penneo Dokumentnøkkel: 2NA7C-3FG3B-03KSP-LD5EN-PH48E-NEFUS

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>