

FRITZ HANSEN A/S

ALLERØDVEJ 8, 3450 ALLERØD

CENTRAL BUSINESS REGISTRATION NO. 1412 0211

ANNUAL REPORT

FOR 1 JANUARY - 31 DECEMBER 2021

21 MARCH 2022

CHAIRWOMAN:

A handwritten signature in blue ink, appearing to read 'Svend Erik', is written over the printed name 'CHAIRWOMAN:'. The signature is fluid and cursive.

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COMPANY DETAILS

Company

Fritz Hansen A/S
Allerødvej 8, 3450 Allerød
Municipality of reg. office: Allerød
Founded: 30/3/1955
Central Business Registration no. 14 12 02 11
Telephone +45 48 17 23 00
Internet: www.fritzhansen.com

Shareholder

Skandinavisk Holding A/S
Sankt Annæ Plads 13, st. th., DK-1250 Copenhagen K

Board of Directors

Henrik Brandt, Chairman
Anders Obel, Deputy Chairman
Christian Madsbjerg
Claus Gregersen
Jennifer Galimberti
Jacob Holm
Anne Katrine Friis-Holm Ottosen *
Pia Lorenzen Landmark *
Ulrik Gammelmark West *

*) Employee board member

Executive Board

Josef Kaiser, Chief Executive Officer
Lars Torp Madsen, Chief Financial Officer
Lars Hardboe Galsgaard, Executive Vice President, Sales & Brand

Company Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Subsidiaries

Fritz Hansen Inc., USA
Fritz Hansen Production Sp. z.o.o, Poland
Fritz Hansen Via Tessa S.r.l., Italy
Fritz Hansen Trading Co, Ltd, China

Branches

Fritz Hansen, Japan
Fritz Hansen, Korea

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Fritz Hansen A/S for the financial year 1 January - 31 December 2021.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2021.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Allerød, 21 March 2022.

Executive Board



Josef Kaiser
(Chief Executive Officer)



Lars Torp Madsen
(Chief Financial Officer)



Lars Hardboe Galsgaard
(Executive Vice President,
Sales & Brand)

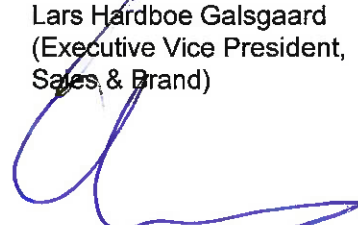
Board of Directors



Henrik Brandt
Chairman



Anders Obel
Deputy Chairman



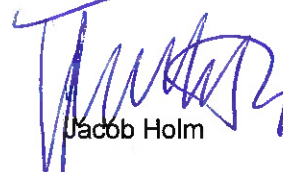
Christian Madsbjerg



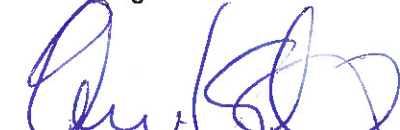
Claus Gregersen



Jennifer Galimberti



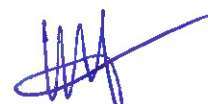
Jacob Holm



Anne Katrine Fris-Holm Ottosen



Pia Lorenzen Landmark



Ulrik Gammelmark West

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Fritz Hansen A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Fritz Hansen A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

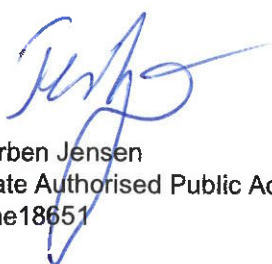
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 21 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Cvr.no. 33 77 12 31



Torben Jensen
State Authorised Public Accountant
mne18651



Jasmin Serrano
State Authorised Public Accountant
mne 47222

MANAGEMENT'S REVIEW

Group financial highlights

	2017	2018	2019	2020	2021
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Income Statement:					
Revenue	631,974	619,271	573,128	620,862	777,777
EBITDA	149,013	130,181	91,315	132,908	140,206
EBIT	126,128	107,603	67,142	111,187	118,697
Net Financials	-978	-4,662	-2,073	-3,954	-6,511
Profit for the year	94,224	77,718	48,221	80,689	80,394
Balance Sheet:					
Inventories	70,437	77,606	67,239	68,734	98,545
Trade Receivables	60,526	59,708	50,144	64,369	67,211
Trade Payables	21,883	34,964	27,089	34,822	52,352
Equity	312,220	322,282	314,828	359,335	383,751
Balance Sheet Total	511,324	528,576	490,809	547,986	587,028
Investments	7,237	6,820	17,126	21,422	30,608
Average Operating Assets	287,312	265,296	237,879	226,595	236,154
Net Working Capital	85,657	85,347	63,485	71,307	83,639
Net interest-bearing debt	-29,077	-89,888	-88,477	-129,636	-139,896
Cash Flow:					
Free Cash Flow	84,498	125,811	53,589	76,160	65,260
Ratios in %					
Profit Margin	20.0	17.4	11.7	17.9	15.3
Return on Capital Employed	43.9	39.5	28.2	49.1	52.3
Return on Equity	30.3	24.5	15.1	23.9	21.6
Equity Ratio (%)	61.0	61.0	64.1	65.6	65.4
Employees:					
Average number of full-time employees	237	246	252	268	316

Primary Activity

The Company manufactures timeless high-quality designer furniture, lighting and accessories that has been developed in co-operation with reputable Danish and international architects and designers.

MANAGEMENT'S REVIEW (CONTINUED)

Development in activities and financial position

Financial development

Revenue and Profit before tax exceeded the expectations for the financial year. Continued strong retail markets and overall strong Asian growth secured the highest Net Sale in the 150 years history of Fritz Hansen. The company did not seek or receive funds from government support programs from Covid support programs.

Investments

The Group has made significant investments in expansion of the digital capabilities, besides the normal and ongoing replacement of plant equipment. Fritz Hansen also acquired Skagerak Denmark A/S in January 2022, the acquisition cost related to the transaction was expensed in 2021.

Capital resources

The Group is self-supporting. It is recommended to the Annual General Meeting that dividend of DKK 55 million be distributed.

New products, research and development activities

The Group's development costs in the period totalled DKK 12 million (2020: DKK 11 million).

Significant events after the balance sheet date

After the balance sheet date, the conflict in Ukraine has had a negative impact on the geo-political outlook and financial markets. The scale and duration of this remains uncertain but could negatively impact the Group and the Parent Company going forward.

Outlook & Expectations

Growth in revenue is expected for the coming year of approx. 15-20% from organic growth and acquisition of Skagerak Denmark A/S in January 2022. Profit for the year is expected to decrease by 5-10% due to additional resources to strategic growth initiatives and goodwill amortisation.

MANAGEMENT'S REVIEW (CONTINUED)

§99 b statement

Achieving the already set goals in 2021, a new policy was adopted in 2022 to increase the diversity in the company, including the share of the underrepresented gender, in the Company's general management on all levels. The aspiration is to have 2 women in the board of directors by 2025 (currently 1 woman is represented out of 6 members).

When changes in board of directors or management should occur, specific attention will be given to female candidates, however it was not considered possible to change a management composition in 2021.

Other management levels are currently represented by 25% women and 75% men. The ambition is to increase the number of female managers by the following policies:

- All job postings should be attractive towards both male and female candidates.
- External talent bureaus must present both male and female candidates.
- Female talent is given specific attention when promoting internally.

§99 d statement – Data Ethics Policy

The Group Data Ethics policy describes how data ethics is considered and included in the use of data and design and implementation of technologies used for processing of data at the Fritz Hansen Group. We have during the year re-evaluated all use of data, to ensure compliance with the new policy, that applies in all aspects of processing of data whether the data enables identification of a natural person ("personal data") or not.

The full policy is available on our website: www.fritzhansen.com/en/Sales-Support/Terms-and-Conditions/data-ethics-policy

SPECIFIC RISKS

General risks

The Group's primary operating risks relate to the general economic developments as its sale of furniture depends on the financial development of our customers, who are primarily located in Western Europe, Asia and the USA.

MANAGEMENT'S REVIEW (CONTINUED)

Financial risks

As a consequence of its operations, investments and financing, the Group is exposed to changes in the level of interest and exchange rates. The Group pursues a policy under which currency exposure, interest rate exposure and credit risks only arise from commercial affairs and conditions. The Group's application of derivative financial instruments is governed by a written policy adopted by the Board of Directors and by internal business procedures which determine the maximum amounts allowed and what types of derivative financial instruments may be applied.

Currency exposure

The Group's activities are affected by exchange rate fluctuations since revenue is primarily invoiced in foreign currencies whereas costs, including wages and salaries, are primarily incurred in DKK.

The Group's currency exposure is primarily hedged by matching payments received and made in the same currency and by taking up loans in the relevant currencies. It is the Group's exchange rate policy to hedge 80% of estimated currency risks at the beginning of every calendar year.

Interest rate exposure

The Group's positive net interest-bearing debt, which has been calculated as holdings of negotiable securities and cash funds less mortgage debt and bank debt, has increased from an asset of DKK 130 million to an asset of DKK 139 million in the year. The gross interest-bearing debt is raised in GBP, SEK, USD and YEN.

Based on the net asset at the end of the financial year, an increase of one percentage point in the general interest level would cause the Group's annual interest income before tax to increase by max. DKK 1.4 million.

The Group does not hedge the interest rate exposure as it is considered insignificant and, accordingly, not profitable.

Credit risks

Credit risks related to financial assets correspond to the values recognised in the balance sheet. The Group is not exposed to major risk from a single customer or business partner. As a consequence of the Group's credit risk policy, all major customers and other business partners are rated on a current basis.

MANAGEMENT'S REVIEW (CONTINUED)

Intellectual capital resources

It is material for Fritz Hansen A/S' continued growth to attract and retain competent and highly skilled employees holding expertise within furniture design and quality, through a focused employee development program and diligent efforts into employee motivational schemes and relevant training programs.

Environmental performance

Fritz Hansen A/S is conscious of the environment and makes an ongoing effort to reduce the negative impact of its operating activities and eventually eliminate all negative environmental impact to be a positive contributor to society.

Sustainability mission & ambition

"Fritz Hansen will show how extraordinary Design, long-lasting Quality and Sustainability are all part of the same solution".

Sustainability, Design and Quality are all part of the same solution. Therefore, Fritz Hansen has developed a strategy based on the core DNA and values of our company.

We will continuously strive for sustainable quality in all our activities. Sustainability refers to solutions where the quality, design and sustainability aspects are all equally important.

Fritz Hansen will not compromise quality or design while working continuously on creating sustainable solutions. We will continuously seek unique solutions that will improve sustainability, quality and design simultaneously.

Our three Environmental Focus Areas:

Climate commitment:

Follow the Paris agreement and reduce our CO₂e emissions according to the Net-Zero standard by SBTi

Long-Lasting beauty:

Moving from a linear to a circular business model. Extending the lifetime indefinitely

Sustainable materials:

Only use safe, healthy and recyclable/recycled materials

Read more about CSR and the statutory statement of Corporate Social Responsibility:

<https://downloads.fritzhansen.com/asset-bank/action/browseItems?categoryId=536&categoryTypeId=1&cachedCriteria=1>

(§99a statement under the Danish Financial Statements Act.)

ACCOUNTING POLICIES

The Annual Report of Fritz Hansen A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The Annual Report of Fritz Hansen A/S and its subsidiaries are included in the consolidated financial statements of Chr. Augustinus Fabrikker Aktieselskab and the Augustinus Fonden, Copenhagen.

The accounting policies applied for this Annual Report are consistent with those applied last year.

Generally about Recognition and Measurement

Income is recognised in the income statement when earned. Costs incurred to earn revenues for the year, including amortisation, depreciation, impairment and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognised in the income statement, are also recognised.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Gains, losses and risks that arise before the time of presentation of the Annual Report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Consolidated Financial Statements

The Consolidated Financial Statements comprise Fritz Hansen A/S (Parent Company) and subsidiaries, cf. overview on page 1.

Control is achieved by the Parent Company, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

ACCOUNTING POLICIES (CONTINUED)

Consolidation Policies

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of Fritz Hansen A/S and its subsidiaries. The Consolidated Financial Statements are prepared by combining uniform items.

On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and that in effect at the payment date as well as exchange adjustments of accounts denominated in foreign currencies using the balance sheet date exchange rate are recognised as financial income or expenses.

The foreign subsidiaries' income statements are translated into Danish kroner at average exchange rates. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange differences arising on the translation of the subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and on the exchange adjustment of the income statement from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Forward exchange contracts, which primarily consist of raising loans in foreign currencies, entered into to hedge future revenues and expenses are measured at fair value at the balance sheet date, and value adjustments are recognised directly in equity. Income and expenses regarding such hedging transactions are transferred from equity upon realisation and recognised under the same financial statements item as the hedged amount.

Revenue

Revenue from invoiced sales is recognised in the income statement if delivery to the buyer has taken place before the end of the financial year and if revenue can be stated reliably and expected received. Revenue is recognised net of VAT and duties.

Raw materials, consumables and purchased goods

Raw materials, consumables and purchased goods comprise direct and indirect costs for raw materials and consumables, wages and salaries, goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

ACCOUNTING POLICIES (CONTINUED)

Other external expenses

Other external expenses include expenses relating to the ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions and pension contributions.

Depreciation, amortisation and impairment losses and other income

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year. Other income comprises of income of a secondary nature as viewed in relation to the primary activities.

Income/(loss) from investments in subsidiaries after tax

Income/(loss) from investments in subsidiaries after tax comprises the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Financial income

Financial income comprises interest income, including interest income on receivables from group enterprises, exchange gains on receivables, payables and transactions in foreign currencies etc.

Financial expenses

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, exchange losses on receivables, payables and transactions in foreign currencies etc.

Income taxes and deferred tax

The Parent Company is jointly taxed with Chr. Augustinus Fabrikkers Aktieselskab and a number of other group enterprises.

Calculated tax on the profit for the year, which comprises current tax and change in deferred tax, is recognised in the income statement calculated under the liability method.

Deferred tax is provided for on the difference between carrying amount and tax base.

Intangible assets

Intangible assets are measured at cost net of accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the assets' estimated useful life, which is five years for rights and ten years for goodwill. The period of amortisation for rights and goodwill is determined based on Management's experience in the Company's business areas, and Management considers it to reflect the best estimate of the useful life of rights and goodwill.

ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and recoverable amounts. Land is not depreciated.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when the asset is ready to be put into operation.

The basis of depreciation is cost with addition of any revaluation and less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets, however, no more than the following:

Goodwill	10 years
Rights	5 years
Land and buildings:	
Buildings	33 years
Installations	10 years
Plant and machinery:	
Manufacturing machinery	10 years
Tools	5 years
Other fixtures and fittings, tools and equipment:	
Factory and warehouse equipment	10 years
Office furniture and machinery	5 years
IT equipment and software	3-10 years
Leasehold improvements	5-7 years

Gains and losses on current replacement of property, plant and equipment are recognised in the income statement.

Intangible assets and property, plant and equipment are depreciated to the lower of recoverable amount and carrying amount. Recoverable amount is calculated as the higher of net selling price and capital value.

ACCOUNTING POLICIES (CONTINUED)

Fixed Asset Investments

Investments in the subsidiaries are measured in the Parent Company under the equity method, i.e. the proportionate share of the companies' equity less unrealised intra-group profits.

The proportionate share of the companies' profit/loss after elimination of intra-group profits is recognised in the income statement.

Inventories

Raw materials, consumables and goods for resale are measured at the lower of cost calculated under the FIFO method and net realisable value.

Finished goods and work in progress are measured at the cost of direct materials and labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

The net realisable value of inventories is calculated as the expected sales sum less completion costs and expenses necessary to execute the sale and is determined allowing for marketability and obsolescence.

Receivables

Receivables are measured at their estimated realisable value based on an individual assessment. Write-down is made for bad and doubtful debts.

Equity - Dividends

Proposed dividends are recognised as a liability at the time of adoption at the Annual General Meeting. Dividends expected to be distributed for the year are disclosed as a separate equity item.

Financial liabilities other than provisions

Fixed-interest loans, such as mortgage loans and loans at credit institutions, intended to be held to maturity are recognised at the time of contracting the debt at the proceeds received net of transaction expenses. Subsequently, the loans are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value (capital loss) is recognised in the income statement over the loan period.

Cash flow statement

The cash flow statement is presented using the indirect method and shows the year's consolidated cash flows from operating, investing and financial activities, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

ACCOUNTING POLICIES (CONTINUED)

Cash flows from operating activities

Cash flows from operating activities are calculated on the basis of earnings before depreciation and amortisation adjusted for changes in working capital, payments relating to financial items as well as income tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with the purchase and sale of property, plant and equipment as well as fixed asset investments. Upon the acquisition and sale of enterprises, cash flows are adjusted for additions to and disposals of assets and liabilities. Cost is stated at acquisition price adjusted for cash and cash equivalents received.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of share capital and related expenses, borrowing, instalments on interest-bearing debt as well as payment of dividends.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term bank debt.

Segment information

Segment information is provided for geographical markets (primary segment). Since the Company has only one business area, no segment information has been provided for the secondary segment. Segment disclosures are stated based on the Company's financial reporting and comply with the applied accounting policies.

Ratios

$$\text{Profit Margin} = \frac{\text{Operating profit} \times 100}{\text{Revenue}}$$

$$\text{Return on Capital Employed (ROCE)} = \frac{\text{Profit from primary activities} \times 100}{\text{Average operating assets}}$$

$$\text{Average Operating Assets} = \text{Operating assets are balance sheet total less cash at bank and in hand and non-interest bearing debt.}$$

$$\text{Equity Ratio} = \frac{\text{Equity} \times 100}{\text{Balance sheet total}}$$

$$\text{Return on Equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

Parent Company				Group	
2020	2021			2021	2020
DKK'000	DKK'000		Note	DKK'000	DKK'000
600,742	759,715	Revenue	1	777,777	620,862
227,537	292,476	Raw materials, consumables and purchased goods		271,548	208,605
144,651	203,439	Other external expenses	2	221,526	160,888
105,892	132,184	Staff costs	3	144,497	118,461
122,662	131,616	Profit before amortisation, depreciation, impairment losses & other income (EBITDA)		140,206	132,908
16,486	16,532	Amortisation, depreciation, impairment losses & other income	4	21,509	21,721
106,176	115,084	Operating profit/loss (EBIT)		118,697	111,187
2,826	1,910	Income/(loss) from investments in subsidiaries after tax	5	-	-
109,002	116,994	Profit before financial income & expenses		118,697	111,187
512	432	Financial income	6	101	42
3,554	6,241	Financial expenses	7	6,612	3,996
105,960	111,185	Profit before tax		112,186	107,233
25,271	30,791	Tax on profit for the year	8	31,792	26,544
80,689	80,394	PROFIT FOR THE YEAR	9	80,394	80,689

BALANCE SHEET AT 31 DECEMBER

Parent Company			Group	
2020	2021		2021	2020
DKK'000	DKK'000		DKK'000	DKK'000
		Note		
35,954	27,814	Goodwill	27,814	35,954
35,954	27,814	Intangible Assets	27,814	35,954
33,191	30,814	Land and buildings	61,357	65,630
6,090	6,957	Plant and machinery	15,909	17,216
8,754	20,334	Other fixtures and fittings, tools and equipment	20,355	8,975
16,793	27,706	Property, plant and equipment in progress	27,872	16,793
64,828	85,811	Property, plant and equipment	125,493	108,614
7,585	4,697	Deferred tax assets	6,395	9,453
6,271	4,404	Deposits	4,582	6,536
15,269	19,746	Investments in subsidiaries	-	-
29,125	28,847	Financial Asset Investments	10,977	15,989
129,907	142,472	FIXED ASSETS	164,284	160,557
64,739	95,649	Inventories	98,545	68,734
50,459	60,741	Trade receivables	67,211	64,369
42,979	24,561	Receivables from group enterprises	-	-
9,546	11,180	Other receivables	11,415	9,700
3,540	5,246	Prepayments	5,486	3,759
106,524	101,728	Receivables	84,112	77,828
238,511	238,784	Cash at bank and in hand	240,087	240,867
409,774	436,161	CURRENT ASSETS	422,744	387,429
539,681	578,633	ASSETS	587,028	547,986

BALANCE SHEET AT 31 DECEMBER

Parent Company			Group	
2020	2021		2021	2020
DKK'000	DKK'000	Note	DKK'000	DKK'000
22,000	22,000	Share Capital	22,000	22,000
-634	-2,156	Hedging Reserve	-2,156	-634
-	-	Revaluation by the equity method	-	-
282,969	308,907	Retained Earnings	308,907	282,969
55,000	55,000	Proposed dividends for the financial year	55,000	55,000
359,335	383,751	EQUITY	383,751	359,335
2,000	2,500	Warranty provision	2,500	2,000
111,231	100,191	Bank debt	100,191	111,231
32,596	48,423	Trade payables	52,352	34,822
119	584	Tax payable	838	45
121	730	Payable to group enterprises	730	121
34,279	42,454	Other payables	46,666	40,432
178,346	192,382	Current Liabilities other than Provisions	200,777	186,651
178,346	192,382	LIABILITIES OTHER THAN PROVISIONS	200,777	186,651
539,681	578,633	EQUITY AND LIABILITIES	587,028	547,986

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER

<u>Parent Company</u>	<u>Share capital DKK'000</u>	<u>Hedging Reserve DKK'000</u>	<u>Revaluation by the equity method DKK'000</u>	<u>Retained earnings DKK'000</u>	<u>Proposed dividends DKK'000</u>	<u>Total DKK'000</u>
Equity at 1 January 2021	22,000	-634	-	282,969	55,000	359,335
Dividends paid	-	-	-	-	-55,000	-55,000
Profit for the year	-	-	-	25,394	55,000	80,394
Exchange adjustments, subsidiaries	-	-	-	544	-	544
Adjustments, hedging instruments	-	-1,951	-	-	-	-1,951
Tax related to Hedging instruments	-	429	-	-	-	429
Equity at 31 December 2021	22,000	-2,156	-	308,907	55,000	383,751

<u>Group</u>	<u>Share capital DKK'000</u>	<u>Hedging Reserve DKK'000</u>	<u>Retained earnings DKK'000</u>	<u>Proposed dividends DKK'000</u>	<u>Total DKK'000</u>
Equity at 1 January 2021	22,000	-634	282,969	55,000	359,335
Dividends paid	-	-	-	-55,000	-55,000
Profit for the year	-	-	25,394	55,000	80,394
Exchange adjustments, subsidiaries	-	-	544	-	544
Adjustments, hedging instruments	-	-1,951	-	-	-1,951
Tax related to Hedging Instruments	-	429	-	-	429
Equity at 31 December 2021	22,000	-2,156	308,907	55,000	383,751

Share capital consists of:

4 shares at DKK'000 2,500	10,000
1 share at DKK'000 12,000	12,000
Total	22,000

There have been no capital increases or reductions in the last five years.

CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY - 31 DECEMBER

Group

	2021	2020
	DKK'000	DKK'000
Profit for the year before amortisation, depreciation and impairment	140,206	132,908
Change in inventories	-29,811	-1,495
Change in receivables	-7,668	-20,116
Change in trade payables & other payables from operating activities	21,017	17,302
Cash flow from operating activities before net financials and tax	123,744	128,599
Interest income, etc.	101	42
Interest expenses, etc.	-3,119	-2,900
Corporation tax paid	-26,824	-24,819
Cash flow from ordinary activities	93,902	100,922
Acquisition of property, plant and equipment	-30,608	-21,422
Sale of property, plant and equipment	12	-
Acquisition/sale of financial assets investments	1,954	-3,340
Cash flow from investing activities	-28,642	-24,762
Dividends paid to shareholders in the Parent Company	-55,000	-35,000
Cash flow from financing activities	-55,000	-35,000
Cash flows for the year	10,260	41,160
Cash and cash equivalents at 1 January	129,636	89,888
Cash and cash equivalents at 31 December	139,896	129,636
Cash at bank and in hand	240,087	240,867
Short-term bank debt	-100,191	-111,231
Cash and cash equivalents at 31 December	139,896	129,636

NOTES

Parent Company			Group	
2020	2021		2021	2020
DKK'000	DKK'000		DKK'000	DKK'000
		1. Segment information		
		Revenue		
		Geographical primary segment		
460,961	570,728	Europe	570,728	460,961
139,781	188,987	Rest of the world	207,049	159,901
600,742	759,715		777,777	620,862
		2. Other external expenses		
		This item includes the following fees to the auditors appointed at the General Meeting		
420	420	Statutory audit	490	494
15	1,284	Other services	1,320	53
435	1,704		1,810	547
		3. Staff costs		
		Total salaries and remuneration, etc., are distributed as follows:		
95,836	119,661	Wages and salaries	129,822	106,211
5,960	6,997	Pension costs	7,069	6,023
4,096	5,526	Other social security costs	7,606	6,227
105,892	132,184		144,497	118,461
2,124	2,575	Board of Directors	2,575	2,124
13,372	14,544	Executive Board	14,544	13,372
151	166	Average number of employees	316	268

NOTES (CONTINUED)

Parent Company			Group	
2020	2021		2021	2020
DKK'000	DKK'000		DKK'000	DKK'000
		4. Amortisation, depreciation, impairment losses and other income		
8,268	8,140	Goodwill & Rights	8,140	8,268
2,679	2,601	Land and buildings	4,399	4,530
2,844	2,658	Plant and machinery	5,625	5,986
2,611	3,002	Other fixtures & fittings, tools & equipment	3,214	2,853
16,402	16,401	Amortisation, depreciations and impairment losses	21,378	21,637
84	129	Other income, gain/loss on sale of assets	131	84
16,486	16,532		21,509	21,721
		5. Profit from investment in subsidiaries after tax		
634	659	Fritz Hansen Inc. USA	-	-
-454	719	Fritz Hansen Production Sp. z.o.o, Poland	-	-
-145	-222	Fritz Hansen Via Tessa S.r.l., Italy	-	-
-	-	Fritz Hansen Trading Co. Ltd, China	-	-
2,791	754	Adjustment of internal profit	-	-
2,826	1,910		-	-
		6. Financial income		
490	380	Interest income, intra-group	-	-
22	52	Interest income, other	101	42
512	432		101	42
		7. Financial expenses		
1,524	1,776	Interest expenses, banks	1,779	1,525
938	978	Interest expenses, other	1,340	1,375
1,092	3,487	Exchange losses	3,493	1,096
3,554	6,241		6,612	3,996

NOTES (CONTINUED)

Parent Company			Group	
2020	2021		2021	2020
DKK'000	DKK'000		DKK'000	DKK'000
8. Tax on profit for the year				
24,439	27,475	Current tax of profit for the year	28,734	24,821
832	3,316	Adjustment of deferred tax re. profit for the year and adjustments relating to tax rate changes	3,058	1,723
25,271	30,791		31,792	26,544
9. Proposed distribution of profit/loss				
55,000	55,000	Proposed dividends		
25,689	25,394	Retained earnings		
80,689	80,394			

10. Intangible Asset

	Parent Company		Group	
	Goodwill DKK'000	Rights DKK'000	Goodwill DKK'000	Rights DKK'000
Cost at 1 January	81,402	5,909	81,402	5,909
Additions	-	-	-	-
Cost at 31 December	<u>81,402</u>	<u>5,909</u>	<u>81,402</u>	<u>5,909</u>
Depreciation & impairment at 1 Jan.	45,448	5,909	45,448	5,909
Depreciation	<u>8,140</u>	<u>0</u>	<u>8,140</u>	<u>0</u>
Depreciation & impair. at 31 Dec.	<u>53,588</u>	<u>5,909</u>	<u>53,588</u>	<u>5,909</u>
Carrying amount at 31 Dec. 2021	27,814	0	27,814	0
Carrying amount at 31 Dec. 2020	35,954	0	35,954	0

NOTES (CONTINUED)

11. Property, plant and equipment – Parent Company

	Land & buildings DKK'000	Plant & machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment and assets in progress DKK'000	Total DKK'000
Cost at 1 January	136,976	45,083	42,497	16,793	241,350
Currency adjustment	-	-	-72	-	-72
Additions	224	1,088	8,203	19,871	29,386
Transfer	-	2,437	6,521	-8,958	0
Retirements	-	-	-5,741	-	-5,741
Cost at 31 December	137,200	48,608	51,408	27,706	264,923
Depreciation & impairment at 1 Jan.	103,785	38,993	33,743	-	176,521
Currency adjustment	-	-	-71	-	-71
Depreciation	2,601	2,658	3,002	-	8,261
Retirements	-	-	-5,600	-	-5,600
Depreciation & impair. at 31 Dec.	106,386	41,651	31,074	-	179,111
Carrying amount at 31 Dec. 2021	30,814	6,957	20,334	27,706	85,812
Carrying amount at 31 Dec. 2020	33,191	6,090	8,754	16,794	64,829

11. Property, plant and equipment – Group

	Land & buildings DKK'000	Plant & machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment and assets in progress DKK'000	Total DKK'000
Cost at 1 January	179,140	76,276	45,477	16,793	317,687
Currency adjustment	-380	-281	6	-2	-657
Additions	406	1,960	8,203	20,039	30,608
Transfer	-	2,437	6,521	-8,958	0
Retirements	-	-	-7,630	-	-7,630
Cost at 31 December	179,166	80,392	52,577	27,872	340,008
Depreciation & impairment at 1 Jan.	113,510	59,060	36,502	-	209,072
Currency adjustment	-100	-202	-5	-	-307
Depreciation	4,399	5,625	3,214	-	13,238
Retirements	-	-	-7,489	-	-5,600
Depreciation & impair. at 31 Dec.	117,809	64,483	32,222	-	214,514
Carrying amount at 31 Dec. 2021	61,357	15,909	20,355	27,872	125,494
Carrying amount at 31 Dec. 2020	65,630	17,216	8,975	16,794	108,615

NOTES (CONTINUED)

	Parent Company	
	2021 DKK'000	2020 DKK'000
12. Investments in subsidiaries		
Cost at 1 January	21,997	21,997
Additions	2,059	-
Cost at 31 December	24,056	21,997
Value adjustment at 1 January	75	1,634
Retirement	-	-
Exchange adjustments, beginning of year	500	-1,501
Profit for the year	1,156	35
Exchange adjustment of profit for the year	7	-93
Value adjustment at 31 December	1,738	75
Internal profit	-6,048	-6,803
Carrying amount at 31 December	19,746	15,269

<u>Name</u>	<u>Reg. address</u>	<u>Voting/ownership share</u>
Fritz Hansen Inc.	New York City, USA	100%
Fritz Hansen Production Sp. z.o.o.	Rawicz, Poland	100%
Fritz Hansen Via Tessa S.r.l.	Milan, Italy	100%
Fritz Hansen Trading Co. Ltd	Shanghai, China	100%

13. Inventories

Parent Company			Group	
2020 DKK'000	2021 DKK'000		2021 DKK'000	2020 DKK'000
27,778	39,717	Raw materials and consumables	39,717	27,778
8,195	11,104	Work in progress	11,104	8,195
28,766	44,829	Finished goods	47,724	32,761
64,739	95,649		98,545	68,734

NOTES (CONTINUED)

14. Prepayments

Parent Company			Group	
2020	2021		2021	2020
DKK'000	DKK'000		DKK'000	DKK'000
2,434	4,165	Other prepayments	4,288	2,550
1,106	1,080	Prepaid rent	1,198	1,209
3,540	5,245		5,486	3,759

15. Currency, Interest and Credit Exposure

Trade Receivables

The credit period for trade receivables varies by market from 30 days to 60 days. The credit period for trade receivables is free of interest.

Bank debt

The bank debt consists of ordinary credits. The average term is one year. The rate of interest averaged 0,7% at 31 December 2021.

Derivative financial instruments:

Foreign currency loans of DKK 101 million have been raised to ensure expected future sales in foreign currency.

The value of the financial instruments recognised will be re-cycled from equity to profit & loss at the time the underlying cash flows from the hedging item is recognised in profit & loss i.e. within 12 months. The value of financial instruments had a negative market value of DKK 2,7 mill. as of 31 December 2021.

NOTES (CONTINUED)

16. Contingent Liabilities

Rental and lease commitments

The Group has assumed rental and lease commitments with payments of DKK 51 million in the period of notice (parent DKK 45 million). In the financial year 2022, group payments amount to DKK 13 million (parent DKK 11 million). The balance of DKK 38 million (parent DKK 34 million) is due for payment in the financial years 2022 to 2029 (group and parent). The commitments relate to leases of showrooms and motor vehicles.

The Company has guaranteed payments of DKK 0,5 million relating to performance guarantees.

17. Related Parties

Related parties of Fritz Hansen A/S comprise the following:

The Company's shareholder Skandinavisk Holding A/S (Sankt Annæ Plads 13, st. th., 1250 Copenhagen K), intermediate holding company Chr. Augustinus Fabrikker Aktieselskab (Sankt Annæ Plads 13, st. th., 1250 Copenhagen K), intermediate holding company C.W. Obel A/S (Vestergade 2, 1456 Copenhagen K), ultimate 65% shareholder Augustinus Fonden (Sankt Annæ Plads 13, st. th., 1250 Copenhagen K) and ultimate 35% shareholder Det Obelske Familiefond (Kastetvej 2, st., 9000 Aalborg).

Controlling influence

Skandinavisk Holding A/S, which holds 100% of the Company's share capital.

Transactions with related parties

Transactions with related parties has been conducted at market terms.

No transactions have been carried out with the members of Executive Board and the Board of Directors in financial year, apart from remuneration and staff purchase to these members.

18. Subsequent events

An acquisition of Skagerak Denmark A/S was made in January 2022. No other events have occurred after the balance sheet date of importance to the 2021 consolidated financial statements and the financial statements of the Parent Company.