

FRITZ HANSEN A/S

ALLERØDVEJ 8, 3450 ALLERØD

CENTRAL BUSINESS REGISTRATION NO. 1412 0211

ANNUAL REPORT

FOR 1 JANUARY - 31 DECEMBER 2022

28 MARCH 2023

CHAIRWOMAN:

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

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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 2022.

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 2022 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 2022.

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, 28 March 2023.


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



Claus Gregersen



Christian Madsbjerg



Jennifer Galimberti



Jacob Holm



Viggo Haremsst



Anne Katrine Friis-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 2022, 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 2022 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 2022, 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 Financials 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, 28 March 2023


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

	2018	2019	2020	2021	2022
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
	_____	_____	_____	_____	_____
Income Statement:					
Revenue	619,271	573,128	620,862	777,777	860,510
EBITDA	130,181	91,315	132,908	140,206	43,991
EBIT	107,603	67,142	111,187	118,697	1,927
Net Financials	-4,662	-2,073	-3,954	-6,511	-8,929
Profit for the year	77,718	48,221	80,689	80,394	-10,820
Balance Sheet:					
Inventories	77,606	67,239	68,734	98,545	242,458
Trade Receivables	59,708	50,144	64,369	67,211	94,890
Trade Payables	34,964	27,089	34,822	52,352	58,316
Equity	322,282	314,828	359,335	383,751	315,824
Balance Sheet Total	528,576	490,809	547,986	587,028	694,926
Investments	6,820	17,126	21,422	30,608	32,909
Average Operating Assets	265,296	237,879	226,595	236,154	559,687
Net Working Capital	85,347	63,485	71,307	83,639	264,923
Net interest-bearing debt	-89,888	-88,477	-129,636	-139,896	247,636
Cash Flow:					
Free Cash Flow	125,811	53,589	76,160	65,260	-191,450
Ratios in %					
Profit Margin	17.4	11.7	17.9	15.3	0.2
Return on Capital Employed	39.5	28.2	49.1	52.3	0.5
Return on Equity	24.5	15.1	23.9	21.6	-3.1
Equity Ratio (%)	61.0	64.1	65.6	65.4	45.4
Employees:					
Average number of full-time employees	246	252	268	316	394

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 did not live up to the expectations for the financial year. The general market condition in the residential markets challenged the sales performance for 2022, while increasing cost drove profitability down as the increasing cost only was partial passed on to customers. The net result also includes one-off cost of DKK 11 mill. relating to merger cost and adjustment of the organisation.

Investments

Fritz Hansen acquired Skagerak Denmark A/S on January 5, 2022 and was merged with effect from the same date. The cost associated with the merger and integration is reflected in the 2022 financials.

Capital resources

The Group is self-supporting. The acquisition of Skagerak Denmark A/S and increased working capital has increased the capital demand which was funded via cash available and short-term financing.

It is recommended to the Annual General Meeting that dividend is not distributed for 2022 to reduce the debt gearing during 2023.

New products, research and development activities

The Group's development costs in the period totalled DKK 18 million (2021: DKK 12 million).

Significant events after the balance sheet date

The geo-political outlook and financial markets remain challenged and could negatively impact the Group and the Parent Company going forward. It remains difficult to predict the market development under the current circumstances.

Outlook & Expectations

Revenue is for the coming year expected to decrease by around 10% due to the challenging market conditions. Profit before tax is expected to increase to around 10% of net sales.

MANAGEMENT'S REVIEW (CONTINUED)

§99 b statement

Goals were in 2022 set 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 2026 (currently 1 woman is represented out of 7 members).

Other management levels (Tier 1 & 2) are currently represented by 29% women and 71% men. It is the aspiration for 2025 to have an equal gender representation represented by a minimum of 40% women and 60% men.

When changes in board of directors or management should occur, specific attention will be given to female candidates. While it was not considered possible to change the board composition in 2022, the equality was improved for the management composition during 2022.

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 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 139 million to a debt of DKK 248 million in the year. The gross interest-bearing debt is raised in DKK, SEK, USD and YEN.

Based on the net debt 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 expenses before tax to increase by DKK 2,9 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.fritzhanzen.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.

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.

Business Acquisition

Newly acquired entity is recognised from the date of obtaining control. Upon acquisition of the entity, the acquisition method is applied. Cost is stated as the fair value of the assets transferred, obligations undertaken and shares issued.

Expenses related to the acquisition are recognised in the income statement in the period in which they are incurred.

Identifiable assets, liabilities and contingent liabilities (net assets) relating to the entity acquired are recognised at the fair value at the date of acquisition calculated in accordance with Fritz Hansen's accounting policies.

Goodwill relating to the entity acquired comprises a positive difference, if any, between the total fair value of the entity acquired and the fair value of the total net assets for accounting purposes. Goodwill is recognised in intangible assets and amortised on a straight-line basis over the assets' estimated useful life.

ACCOUNTING POLICIES (CONTINUED)

Following the acquisition, Skagerak Denmark A/S was merged with the parent entity Fritz Hansen A/S using the book value method, where the aggregation is done at the acquisition date to book values. Comparative figures are not adjusted. The merger between Fritz Hansen A/S and Skagerak Denmark A/S is effected with effect per 5 January 2022.

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.

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.

ACCOUNTING POLICIES (CONTINUED)

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.

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.

ACCOUNTING POLICIES (CONTINUED)

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.

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

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

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

Average Operating Assets = 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	
2021	2022			2022	2021
DKK'000	DKK'000		Note	DKK'000	DKK'000
759,715	830,540	Revenue	1	860,510	777,777
292,476	359,461	Raw materials, consumables and purchased goods		336,178	271,548
203,439	275,524	Other external expenses	2	304,987	221,526
132,184	158,778	Staff costs	3	175,354	144,497
131,616	36,777	Profit before amortisation, depreciation, impairment losses & other income (EBITDA)		43,991	140,206
16,532	37,295	Amortisation, depreciation, impairment losses	4	42,064	21,509
115,084	-518	Operating profit/loss (EBIT)		1,927	118,697
1,910	1,278	Income/(loss) from investments in subsidiaries after tax	5	-	-
116,994	760	Profit/loss before financial income & expenses		1,927	118,697
432	825	Financial income	6	617	101
6,241	9,140	Financial expenses	7	9,546	6,612
111,185	-7,555	Profit/loss before tax		-7,002	112,186
30,791	3,265	Tax on profit for the year	8	3,818	31,792
80,394	-10,820	PROFIT/LOSS FOR THE YEAR	9	-10,820	80,394

BALANCE SHEET AT 31 DECEMBER

Parent Company			Group	
2021	2022		2022	2021
DKK'000	DKK'000	Note	DKK'000	DKK'000
27,814	156,057		156,057	27,814
27,814	156,057		156,057	27,814
30,814	38,741	Land and buildings	67,020	61,357
6,957	7,164	Plant and machinery	12,975	15,909
20,334	47,632	Other fixtures and fittings, tools and equipment	47,739	20,355
27,706	3,966	Property, plant and equipment in progress	4,196	27,872
85,811	97,503	Property, plant and equipment	131,930	125,493
4,697	3,443	Deferred tax assets	7,271	6,395
4,404	7,043	Deposits	7,232	4,582
19,746	20,417	Investments in subsidiaries	-	-
28,847	30,903	Financial Asset Investments	14,503	10,977
142,472	284,463	FIXED ASSETS	302,490	164,284
95,649	234,971	Inventories	242,458	98,545
60,741	81,019	Trade receivables	94,890	67,211
24,561	34,962	Receivables from group enterprises	-	-
11,180	8,345	Other receivables	8,347	11,415
5,246	5,399	Prepayments	5,900	5,486
101,728	129,725	Receivables	109,137	84,112
238,784	39,917	Cash at bank and in hand	40,841	240,087
436,161	404,613	CURRENT ASSETS	392,436	422,744
578,633	689,076	ASSETS	694,926	587,028

BALANCE SHEET AT 31 DECEMBER

Parent Company			Group	
2021	2022		2022	2021
DKK'000	DKK'000	Note	DKK'000	DKK'000
22,000	22,000	Share Capital	22,000	22,000
-2,156	-3,213	Hedging Reserve	-3,213	-2,156
-		Revaluation by the equity method		-
308,907	297,037	Retained Earnings	297,037	308,907
55,000	0	Proposed dividends for the financial year	0	55,000
383,751	315,824	EQUITY	315,824	383,751
2,500	2,500	Warranty provision	2,500	2,500
100,191	288,477	Bank debt	288,477	100,191
48,423	56,946	Trade payables	58,316	52,352
584	1,000	Tax payable	1,453	838
730	0	Payable to group enterprises	0	730
42,454	24,329	Other payables	28,356	46,666
192,382	370,752	Current Liabilities other than Provisions	376,602	200,777
192,382	370,752	LIABILITIES OTHER THAN PROVISIONS	376,602	200,777
578,633	689,076	EQUITY AND LIABILITIES	694,926	587,028

Currency, interest and credit exposure	16
Contingent Liabilities, etc.	17
Related Parties	18

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>Revalua- tion by the equity method DKK'000</u>	<u>Retained earnings DKK'000</u>	<u>Proposed dividends DKK'000</u>	<u>Total DKK'00 0</u>
Equity at 1 January 2022	22,000	-2.156	-	308,907	55,000	383,751
Dividends paid	-	-	-	-	-55,000	-55,000
Profit for the year	-	-	-	-10,820	-	-10,820
Exchange adjustments, subsidiaries	-	-	-	-1,050	-	-1,050
Adjustments, hedging instruments	-	-1,295	-	-	-	-1,355
Tax related to Hedging instruments	-	238	-	-	-	298
Equity at 31 December 2022	22,000	-3,213	-	297,037	-	315,824

<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 2022	22,000	-2.156	308,907	55,000	383,751
Dividends paid	-	-	-	-55,000	-55,000
Profit for the year	-	-	-10,820	-	-10,820
Exchange adjustments, subsidiaries	-	-	-1,050	-	-1,050
Adjustments, hedging instruments	-	-1,295	-	-	-1,355
Tax related to Hedging Instruments	-	238	-	-	298
Equity at 31 December 2022	22,000	-3,213	297,037	-	315,824

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

	2022	2021
	DKK'000	DKK'000
Profit for the year before amortisation, depreciation and impairment	43,991	140,206
Change in inventories	-143,913	-29,811
Change in receivables	-25,025	-7,668
Change in trade payables & other payables from operating activities	-16,135	21,017
Cash flow from operating activities before net financials and tax	-141,082	123,744
Interest income, etc.	617	101
Interest expenses, etc.	-7,017	-3,119
Corporation tax paid	-1,449	-26,824
Cash flow from ordinary activities	-148,931	93,902
Acquisition of property, plant and equipment	-32,909	-30,608
Sale of property, plant and equipment	6,856	12
Acquisition/sale of financial assets investments	-157,548	1,954
Cash flow from investing activities	-183,601	-28,642
Dividends paid to shareholders in the Parent Company	-55,000	-55,000
Cash flow from financing activities	-55,000	-55,000
Cash flows for the year	-387,532	10,260
Cash and cash equivalents at 1 January	139,896	129,636
Cash and cash equivalents at 31 December	-247,636	139,896
Cash at bank and in hand	40,841	240,087
Short-term bank debt	-288,477	-100,191
Cash and cash equivalents at 31 December	-247,636	139,896

NOTES

Parent Company			Group	
2021	2022		2022	2021
DKK'000	DKK'000		DKK'000	DKK'000
		1. Segment information		
		Revenue		
		Geographical primary segment		
570,728	588,377	Europe	588,377	570,728
188,987	242,163	Rest of the world	272,133	207,049
759,715	830,540		860,510	777,777
		2. Other external expenses		
		This item includes the following fees to the auditors appointed at the General Meeting		
420	645	Statutory audit	733	490
1,284	124	Other services	166	1,320
1,704	769		899	1,810
		3. Staff costs		
		Total salaries and remuneration, etc., are distributed as follows:		
119,661	141,753	Wages and salaries	154,924	129,822
6,997	11,380	Pension costs	12,262	7,069
5,526	5,645	Other social security costs	8,168	7,606
132,184	158,778		175,354	144,497
2,575	2,827	Board of Directors	2,827	2,575
14,544	8,912	Executive Board	8,912	14,544
166	229	Average number of employees	394	316

NOTES (CONTINUED)

Parent Company			Group	
2021	2022		2022	2021
DKK'000	DKK'000		DKK'000	DKK'000
		4. Amortisation, depreciation, impairment losses and other income		
8,140	23,294	Goodwill & Rights	23,294	8,140
2,602	2,592	Land and buildings	4,359	4,399
2,658	2,437	Plant and machinery	5,416	5,625
3,003	11,686	Other fixtures & fittings, tools & equipment	11,710	3,214
16,403	40,009	Amortisation, depreciations and impairment losses	44,779	21,378
-12	-3,108	Gain on sale of assets	-3,108	-12
141	394	Loss on sale of assets	393	143
16,532	37,295		42,064	21,509
		5. Profit from investment in subsidiaries after tax		
659	1,059	Fritz Hansen Inc. USA	-	-
719	1,840	Fritz Hansen Production Sp. z.o.o, Poland	-	-
-222	-	Fritz Hansen Via Tessa S.r.l., Italy	-	-
-	-	Fritz Hansen Trading Co. Ltd, China	-	-
-	437	Skagerak Inc. USA	-	-
754	-2,058	Adjustment of internal profit	-	-
1,910	1,278		-	-
		6. Financial income		
380	643	Interest income, intra-group	-	-
52	182	Interest income, other	617	101
432	825		617	101
		7. Financial expenses		
1,776	5,415	Interest expenses, banks	5,412	1,779
978	1,193	Interest expenses, other	1,605	1,340
3,487	2,532	Exchange losses	2,529	3,493
6,241	9,140		9,546	6,612

NOTES (CONTINUED)

Parent Company			Group	
2021	2022		2022	2021
DKK'000	DKK'000		DKK'000	DKK'000
8. Tax on profit for the year				
27,475	366	Current tax of profit for the year	1,540	28,305
3,316	2,899	Adjustment of deferred tax re. profit for the year and adjustments relating to tax rate changes	2,278	3,487
30,791	3,265		3,818	31,792
9. Proposed distribution of profit/loss				
55,000	-	Proposed dividends		
25,394	-10,820	Retained earnings		
80,394	-10,820			

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	151,537	-	151,537	-
Cost at 31 December	232,939	5,909	232,939	5,909
Depreciation & impairment at 1 Jan.	53,588	5,909	53,588	5,909
Depreciation	23,294	-	23,294	-
Depreciation & impair. at 31 Dec.	76,882	5,909	76,882	5,909
Carrying amount at 31 Dec. 2022	156,057	-	156,057	-
Carrying amount at 31 Dec. 2021	27,814	-	27,814	-

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	137,200	48,608	51,408	27,706	264,922
Currency adjustment	-	-	-156	-	-156
Additions	12,355	913	12,911	3,832	30,011
Additions merger	-	-	22,411	-	22,411
Transfer	1,920	1,731	23,921	-27,572	0
Retirements	-8,289	-314	-1,445	-	-10,048
Cost at 31 December	143,186	50,938	109,050	3,966	307,140
Depreciation & impairment at 1 Jan.	106,386	41,651	31,074	-	179,111
Currency adjustment	-	-	-24	-	-24
Depreciation	2,592	2,437	11,686	-	16,715
Addition merger	-	-	19,744	-	19,744
Retirements	-4,533	-314	-1,062	-	-5,909
Depreciation & impair. at 31 Dec.	104,445	43,774	61,418	-	209,637
Carrying amount at 31 Dec. 2022	38,741	7,164	47,632	3,966	97,503
Carrying amount at 31 Dec. 2021	30,814	6,657	20,334	27,706	85,811

NOTES (CONTINUED)

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	179,166	80,392	52,577	27,872	340,008
Currency adjustment	-760	-575	-93	-3	-1,432
Additions	12,355	913	12,911	4,064	30,243
Additions merger	-	-	22,411	-	22,411
Transfer	1,976	1,731	24,032	-27,737	0
Retirements	<u>-8,289</u>	<u>-314</u>	<u>-1,445</u>	<u>-</u>	<u>-10,048</u>
Cost at 31 December	<u>184,448</u>	<u>82,147</u>	<u>110,393</u>	<u>4,196</u>	<u>381,182</u>
Depreciation & impairment at 1 Jan.	117,809	64,483	32,223	-	214,515
Currency adjustment	-207	-413	39	-	-583
Addition merger	-	-	19,744	-	19,744
Depreciation	4,359	5,416	11,710	-	21,485
Retirements	<u>-4,533</u>	<u>-314</u>	<u>-1,062</u>	<u>-</u>	<u>-5,909</u>
Depreciation & impair. at 31 Dec.	<u>117,428</u>	<u>69,172</u>	<u>62,654</u>	<u>-</u>	<u>249,252</u>
Carrying amount at 31 Dec. 2022	67,020	12,975	47,739	4,196	131,930
Carrying amount at 31 Dec. 2021	61,357	15,909	20,355	27,872	125,493

NOTES (CONTINUED)

12. Deferred tax assets

Parent Company			Group	
2021	2022		2022	2021
DKK'000	DKK'000		DKK'000	DKK'000
1,431	-3,879	Intangible and tangible assets	-3,879	1,431
2,429	2,920	Inventories	2,920	2,429
-	-	Internal profit	3,162	1,590
229	262	Trade receivables	262	229
-	1,220	Liabilities and provisions	1,325	108
608	846	Hedging Reserve	846	608
-	2,074	Deferred tax loss	2,635	-
4,697	3,443		7,271	6,395
7,584	4,697	Provision deferred tax 1 January	6,395	9,453
-	1,407	Deferred tax from merger	2,916	-
-3,316	-2,899	Deferred tax of profit for the year	-2,278	-3,487
429	238	Deferred tax adjusted in Equity	238	429
4,697	3,443		7,271	6,395

NOTES (CONTINUED)

	Parent Company	
	2022 DKK'000	2021 DKK'000
13. Investments in subsidiaries		
Cost at 1 January	24,056	21,997
Retirement	-74	-
Additions	922	2,059
Cost at 31 December	24,904	24,056
Value adjustment at 1 January	1,738	75
Retirement	1,618	-
Exchange adjustments, beginning of year	311	500
Profit for the year	3,336	1,156
Exchange adjustment of profit for the year	-22	7
Value adjustment at 31 December	6,981	1,738
Internal profit incl. addition merger	-11,468	-6,048
Carrying amount at 31 December	20,417	19,746

<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 Trading Co. Ltd	Shanghai, China	100%
Skagerak Inc.	New York City, USA	100%

14. Inventories

Parent Company			Group	
2021 DKK'000	2022 DKK'000		2022 DKK'000	2021 DKK'000
39,717	42,544	Raw materials and consumables	42,295	39,717
11,104	7,345	Work in progress	7,345	11,104
44,829	185,082	Finished goods	192,818	47,724
95,649	234,971		242,458	98,545

NOTES (CONTINUED)

15. Prepayments

Parent Company			Group	
2021	2022		2022	2021
DKK'000	DKK'000		DKK'000	DKK'000
4,166	4,210	Other prepayments	4,579	4,288
1,080	1,189	Prepaid rent	1,321	1,198
5,246	5,399		5,900	5,486

16. 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 2,9% at 31 December 2022.

Derivative financial instruments:

Foreign currency loans of DKK 108 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 2,9 mill. as of 31 December 2022.

NOTES (CONTINUED)

17. Contingent Liabilities

Rental and lease commitments

The Group has assumed rental and lease commitments with payments of DKK 47 million in the period of notice (parent DKK 45 million). In the financial year 2023, group payments amount to DKK 16 million (parent DKK 15 million). The balance of DKK 31 million (parent DKK 30 million) is due for payment in the financial years 2023 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.

18. 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.