CARL HANSEN & SØN HOLDING A/S

Hylkedamvej 77-79
5591 Gelsted
CVR No. 26900921

ANNUAL REPORT 2023

The Annual General Meeting adopted.

Knud Erik Hansen
Chairman of the General Meeting

BY APPOINTMENT TO
THE ROYAL DANISH COURT

CARL HANSEN & SØN

Contents

Entity details

Entity

Carl Hansen & Søn Holding A/S
Hylkedamvej 77-79
5591 Gelsted

Business Registration No.: 26900921
Registered office: Middelfart
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Rune Stephansen
Preben Larsen
Knud Erik Hansen
Niels Johan Holm
Carsten Fode

Executive Board

Knud Erik Hansen
Inger Marie Jensen Hansen
Torben Agerbak
Morten Lauge Jensen
Søren Schøllhammer
Flemming Glamann
Peter Moberg Aarup

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
P. O. Box 10
5100 Odense

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Carl Hansen & Søn Holding A/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Gelsted, 25.04.2024

Executive Board

Knud Erik Hansen

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Torben Agerbak

Morten Lauge Jensen

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Independent auditor's report

To the shareholders of Carl Hansen & Søn Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Carl Hansen & Søn Holding A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Odense, 25.04.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Knage Nielsen
State Authorised Public Accountant
Identification No (MNE) mne10074

Allan Dydensborg Madsen
State Authorised Public Accountant
Identification No (MNE) mne34144

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Revenue	773,039	991,209	966,243	707,182	673,210
Operating profit/loss	5,656	93,929	183,064	98,795	45,893
Net financials	(21,104)	(13,542)	(6,719)	(5,530)	(9,257)
Profit/loss for the year	(17,029)	62,419	136,894	71,617	27,701
Balance sheet total	820,521	867,600	719,375	579,767	522,394
Equity	349,772	372,733	310,426	174,185	132,914
Cash flows from operating activities	52,336	(27,968)	31,074	183,023	43,133
Cash flows from investing activities	(37,534)	(82,491)	(82,490)	(51,446)	(24,741)
Cash flows from financing activities	(4,167)	112,161	39,001	(124,341)	(27,070)
Average number of employees	854	1,123	1,436	1,212	1,458
Ratios					
Gross margin (%)	41.58	41.70	45.60	44.00	38.60
Return on assets	0.69	10.83	25.49	17.00	8.80
Solvency ratio	42.63	42.96	42.65	30.00	25.40

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit* 100
Revenue

Return on assets (%):
Profit before financials * 100
Total assets

Solvency ratio (%):
Equity at year end * 100
Total assets at year end

Primary activities

Over the past 116 years, Carl Hansen & Søn has been manufacturing and trading high-end Danish designer furniture throughout the world. The sales are undertaken through various channels: business-to- customer, business-to-business, the Group's own flagship stores and e-commerce platforms. Raw materials are sourced from local markets in Europe, US, South America, and Southeast Asia respectively.

Development in activities and finances

The consolidated income statement for 2023 shows an operating profit of DKK 5,7 million, which is in line with expectations. The consolidated balance sheet reduced to DKK 820,5 million and the solvency ratio at 43% remain at the at the same high level as the previous 2 years.

Market trends changed during the second half of 2022, where 2 very busy years was succeeded by general market recession, which continued during 2023. All sales channels were exposed to these market conditions, but the Flagship stores managed to achieve organic growth.

Total revenue reduced by 22%. Gross margin level remained unchanged despite volume reductions and a pricing strategy, where material price increases where only partly offset in sales prices. Distribution costs and administrative expenses remained at same level as 2023. Net financial expenses increased by DKK 7,6 million reflecting the increase of interest rates.

Cash flow from operating activities increased to DKK 52,3 million driven by working capital reduction, i.e. reduction of inventory. Investments were strictly prioritized and focused at building a modern IT platform. In summary free cash flow of DKK 14,8 million was achieved.

Profit/loss for the year in relation to expected developments

As expected, the Group achieved a reduction in turnover, which caused a reduction in profit before tax. Despite the high uncertainty outlined a year ago, turnover and profit before tax were at budget level. Cash flow was as planned supported by strict investment discipline and focus on working capital management.

Outlook

The international furniture markets remain under pressure as private consumers continue holding back due to general uncertainty or prioritizing leisure spending.

However, the Group is well represented in many international markets and is aiming at strengthening sales in those markets where opportunities have been identified. Sales management has been strengthened and the international contract market has been identified as a focus area. Within the last couple of years, a very strong portfolio of Flagship stores has been established in the main markets and further growth is expected from this sales channel. Provided that the worldwide uncertainty will not accelerate further the Group through these sales initiatives expects to achieve single digit growth in 2024.

Cost base initiatives has been launched to compensate inflation and to support profitability.

The Group expects to deliver a modest positive result in 2024.

Working capital management will remain a focus area in 2024, and investments will be focused on fundamental improvements of the total IT platform.

Free cash flow generated in 2024 is expected to exceed the 2023 level.

Strategy

During the past 6 years it has been the Group's strategy to continue investing in the market opening Flagship Stores (FSS) and by employing more sales personnel world-wide. The stores have been a valued contribution to the overall branding of the Carl Hansen & Søn image – as the Group has been able to exhibit its top-quality products in the most efficient way and to a liking of everybody visiting the stores. Today, the stores are a valued contributor to the yearly financial result of the Group and Carl Hansen & Søn is constantly looking for new areas to advance its market presents worldwide through more Flagship Stores.

Likewise has the sales through the Webstores strongly value-added the Group's name and image. Through the past two years Carl Hansen & Søn has gained additional market manifestation in all the countries where it trades both through its Flagship Stores and the Webstores.

In 2022, the Group has introduced furniture products designed by one of the major Danish Architect Companies, Vilhelm Lauritzen. Several contemporary, classic chairs have been introduced both in Europe, Asia and USA. From all the areas where it was introduced the new furniture received full approval. Carl Hansen & Søn has thus decided to introduce additional Vilhelm Lauritzen furniture designs during 2024.

The Group shall continue to expand its presence in all major markets also by introducing a number of original and contemporary products.

Use of financial instruments

A significant number of the products manufactured by the Group are sold world-wide and sales are denominated in local currency. Manufacturing costs are concentrated in Denmark and supported by the Groups facility in Vietnam. Raw materials are predominantly purchased in DKK.

The Group does not wish to speculate, in any form of currency fluctuations or other matters that are not directly related to the primary activities of the Group as described above. The Group aims to hedge the expected positions for the next 12 months by forward exchange contracts. Currency risks associated with investments in subsidiaries are not hedged.

World-wide sale on credit generates international trade receivables. The Group has an international debtor insurance program, which cover the significant positions in the majority of the markets.

The Group has external financing provided through mortgage, leases and bank credit facilities. Most of the external financing is at variable interest rates.

Knowledge resources

The Group manufactures a variety of products of the highest quality of craftsmanship, supported by the newest machine technology on the market. These requirements demand a high degree of skilled labor.

The Group works continuously to attract the best employees, while focusing on continuous improvement of technical standards throughout its entire operation.

Research and development activities

Product development

During 2023, Carl Hansen & Søn spent DKK 3,6 million on product development, which is a similar amount compared to previous years. This total, relating to the development of new prototypes, has been capitalized. A development project in average covers a development period of 6 to 12 months, whereafter the products are introduced to the markets. The Group expects to develop four to six new products yearly.

Foreign branches

Carl Hansen & Søn A/S branch, Stockholm, Sweden

Statutory report on corporate social responsibility

Our company builds on over 100 years of traditional furniture craftmanship that has brought iconic and timeless designs to people all over the world. We pair this century of traditional techniques with the finest materials to create pieces made to last and to be passed on for generations to come.

With this, we possess in our DNA some of the most important attributes that the world needs from businesses if we are to turn the tide and navigate towards a sustainable future.

Along this we continued in 2023 developing both our long-term strategies and governance of responsible business conduct as well as the everyday solutions that help us improve withing social and environmental sustainability.

Regarding our Business Model, please refer to section "Primary activities".

Sustainability due diligence – risks and impacts

The Group is increasingly exposed to a wide range of risks and opportunities related to its social and environmental impacts. Therefore in 2023 we identified the need for greater dissemination of holistic sustainability due diligence processes which towards the end of 2023 led us to onboard new expertise and additional resources to the area of sustainability and ESG management. In 2024 we plan to carry out double materiality assessments at our manufacturing plants, giving us a two-sided perspective on materiality of our impacts and risks of impacts. This will also prepare the Group to meet the EU's new Corporate Sustainability Reporting Directive, which we are required to comply with from 2025.

The Group has been operating our manufacturing plant, Studio CHS, in Vietnam for 7 years. The plant is operating in accordance with local Vietnamese law and standards. Studio CHS is managed locally by a Danish citizen, and the legal and safety requirements as laid down by the head office exceeds any local and legal requirements.

Material impacts and risks of impacts identified and managed during 2023 within climate and environmental sustainability are related to energy and materials consumption. The Carl Hansen & Søn largest manufacturing plant in Gelsted is operated with renewable electricity, which is secured through guarantees that the electricity comes from wind turbines and solar panels. Regarding the Group's consumption of materials, wood by far accounts for the largest share. We manage this impact by using FSC certified wood, guaranteeing the wood originates from forests managed in ways that are ecologically responsible, socially beneficial, and economically viable. Besides, the risks related to materials consumption are mitigated by our focus on supporting circular economy. We do this by offering furniture repairs at our Danish manufacturing plant to extend the life of the products even further.

Within social sustainability we have a risk of impact from physical craftmanship on employees' well-being which we have a continuous focus on mitigating. We do this by offering employees free use of our well-equipped gym which is based on site. In connection to the gym, we employ a physiotherapist who instructs employees in proper working positions and techniques, as well as encourages and guides execution of exercises and offers free physiotherapy treatment. Generally, our Health & Safety Committee continuously registers all working accidents and near misses, addresses these with preventive and corrective actions and generally works on promoting and ensuring health and safety in the workplace.

Another risk of impact is employees experiencing stress in the workplace. The Group mitigates the risk via various initiatives such as balancing working hours, breaks and vacation.

The risk of negative human rights impacts in our value chain are managed by requesting our suppliers to follow our Code of Conduct. We expect our business relationships to carry out sustainability due diligence and inform us of actual adverse impacts. In accordance with the UN Guiding Principles on Businesses and Human Rights and the OECD Guidelines on Multinational Enterprises we deal with our value chain impacts by engaging where we contribute, cause or are merely linked to an actual impact.

Within economic sustainability corruption is identified as a general risk of negative impact in the furniture industry, and we are aware of the specific challenges we face. One of the primary risks we identify is the need to ensure transparency and integrity in our supply chain. This area can be particularly vulnerable to corruption, as it involves a wide range of suppliers, contractors, and subcontractors across different geographic areas with varying legal and cultural norms. This the Group mitigates by having suppliers following our Code of Conduct which gives strict guidelines to identify and address potential corruption risks in our supply chain. Additionally, we recognize the need to address risks in our sales and distribution channels, where illegal incentives or bribery could pose a threat to our integrity and reputation. Our anti-corruption policy is designed to ensure that our employees and business partners understand and adhere to our high standards of ethical conduct in all aspects of our business. We are firmly committed to maintaining a culture characterized by integrity, transparency, and accountability to minimize the risk of corruption and ensure a healthy and sustainable business practice.

Responsible business conduct policies

The following policies frame the Group's responsible business conduct: CSR-Policy, Environmental Policy, Health & Safety Policy, Procurement Policy, and Code of Conduct, which also covers Human Rights and Anti-Corruption. All documents are made available to our employees, guiding their work, and understanding of our company requirements and expectations.

The **CSR-Policy** describes how the Group commits to sustainability within the core areas of sustainable development:

- human rights (including labour rights),
- environment (including climate), and
- economic sustainability (including anti-corruption).

And how the Group works to prevent and mitigate any adverse impacts within these three areas both in own operations as well as in the value chain. In addition to the CSR-policy and to ensure the Groups expectations are expressed to the value chain, the Group has a Code of Conduct in place that is reviewed on a regular basis. When committing to the Code of Conduct, suppliers are furthermore requested to fill in a Supplier Self-assessment Questionnaire, which is a tool for having a proactive dialogue.

Carl Hansen & Søn's **Environmental Policy** states the commitment to protecting the environment and reducing the environmental impact of the Group's activities. The Group aims to comply with relevant environmental rules and regulations, and to be proactive in dealing with market and legislative requirements. The Group works to reduce the environmental impact and use of resources, and to continually manage all identified impacts on the environment. Finally, the Group aims to communicate with all stakeholders in an honest and transparent manner, to inform openly of its environmental impact and to involve its employees in the continuous improvements in this area.

The CSR and Environmental policies are translated into action via procedures throughout the company and continuous follow-up on the achievement of targets. We are continuously keeping ourselves updated on the green transitioning agenda, participating in industry initiatives, and on the lookout for new opportunities to approve and adopt new ambitions.

Carl Hansen & Søn's **Health & Safety Policy** underlines that a healthy working environment and the safety of employees are key focus areas for the Group. Carl Hansen & Søn strives to prevent and mitigate negative impacts on the physical and mental health of our employees. We do this by monitoring the number of occupational injuries, including near-miss accidents, and by initiating preventive measures such as training and instruction, providing proper physical surroundings and equipment.

The Group's **Procurement Policy** describes how it is working with suppliers, and commits to identifying and managing impacts on people, planet, and profit within the supply chain. And how it commits to sourcing materials of the highest quality and responsibly sourced. Whenever there is an option within reasonable costs the Group will choose the more sustainable solution. This is effectuated in procurement procedures and continuous follow-up on the achievement of targets e.g. FSC procedures and share of FSC certified products.

Activities and results – managing impacts and risks of impact
Environmental sustainability
Energy consumption
To mitigate our impact related to energy consumption, over the past years we have put great focus on optimizing and reducing the use of electricity and heating at the Carl Hansen & Søn Møbelfabrik production plant.

During 2023 we have made three significant investments in electricity and heat reduction as an outcome of an energy audit where external consultants who have mapped our usage and opportunities for reduction:

1. **Electricity:** Ventilation and air extraction at production machines is automated, so that it only runs when there is a need, that is typically when the machine is running.

2. **Heating:** Installation of a heat management system which monitors and controls heating in production to a maximum heat of 19 degrees and in the warehouse to a maximum of 17 degrees. In addition, there is a weekend and night lowering of the temperature.

3. **Heating:** Central IT connection to the heating management system so that the entire production plant's heating can be monitored and controlled centrally.

This among other initiatives have resulted in a 38,7% reduction in electricity consumption and 27,1 % in heating consumption from 2022 to 2023 at Carl Hansen & Søn Møbelfabrik.

ELECTRICITY	2022	2023
Consumption	4.844 MWh	2.969 MWh
Reduction		1.875 MWh
Reduction in %:		38,7 %

HEATING	2022	2023
Consumption	7.121 MWh	5.191 MWh
Reduction		1.931 MWh
Reduction in %:		27,1 %

The collaboration with Gelsted District Heating on supplying wood briquettes made of excess sawdust and wood chips from our carpentry facilities continued in 2023. The Group built and installed a briquette plant in 2021-2022, which turns sawdust and wood chips into briquettes thus providing the local community and the factory with heating. In 2023 the briquettes delivered by us to Gelsted District Heating accounted for 33% of the total energy generated for heating the local community, including our own factory.

Wood briquettes delivered to Gelsted District Heating	
2022	2023
635,8 tons	813,0 tons

FSC certified furniture and cardboard packaging

Another Group target since 2020 has been to increase the proportion of FSC certified products and packaging and eventually have all Carl Hansen & Søn products and packaging 100% certified in 2025.

The development in the share of FSC certified purchased wood at Carl Hansen & Søn Møbelfabrik A/S:

	2018	2019	2020	2021	2022	2023
FSC Certified wood	1%	18%	89%	95%	96%	96%
Non-FSC	99%	82%	11%	5%	4%	4%

The challenge to transition the last 4% of purchased wood to FSC lies in the fact that walnut timber comes from North America; a geographical area which has no tradition for FSC certification but is instead dominated by other similar certifications such as PEFC and SFI. It is our goal to find a solution to this challenge – either try to use our leverage to motivate suppliers to become FSC certified, source walnut from another continent, or phase out walnut from our furniture range.

The development in the share of FSC certified purchased wood at Studio CHS:

	2022	2023
FSC Certified wood	100%	100%
Non-FSC	0%	0%

Studio CHS in Vietnam produces furniture not only for Carl Hansen & Søn but also for other external customers. As a result of the group's goal of producing 100% FSC certified furniture, we have chosen to exclusively offer FSC certified furniture to Studio CHS's other customers. This has pushed customers to also transition towards ecologically responsible, socially beneficial, and economically viable wooden furniture.

The development in the share of FSC certified cardboard Packaging at Carl Hansen & Søn Møbelfabrik A/S:

	2022	2023
FSC certified packaging	94%	96%
Non-FSC	6%	4%

At Studio CHS all cardboard packaging used for Carl Hansen & Søn furniture is 100% FSC certified.

Circular Economy – resell and repair

Globally there is a growing market for second-hand products. The US 2023 Mercari Reuse Report1 shows that the US resale market grew from 2021 to 2022 with 8,6% to $174.1 billion – Furniture counts for $7.2 billion. While another study by the American recycling exchange ThredUp2 shows how this is a global phenomenon and predicts that the resale market will grow by 127 % until 2026, which is three times faster than the general market.

At Carl Hansen & Søn we welcome this tendency and wants to support its further development. Therefore, we launched The Relove Project in April 2022 offering customers in our Danish flagship stores to buy their used CH24 chairs back. In return the customers get a voucher to use on our stores or webshop. We then repair the used chairs and resell them in a part of our stores which is dedicated furniture resale. In 2023 we continued promoting this option in our stores.

An important link in the Carl Hansen & Søn resell value chain is our workshop for furniture repairs at our Danish Carl Hansen & Søn production plant. The workshop is called The Lab and houses besides for dedicated employees also between 15-30 cabinetmaker and machine operator apprentices. An important part of the training and development of a valuable education program for future generations of cabinetmakers and machine operators, as we see it, is teaching them good traditional carpentry and furniture craftmanship including how to repair furniture. Therefore, the apprentices play an important part in The Relove project and vice versa.

	2022	2023
Pieces of repaired furniture in The Lab	1.317	1.396
Development		6% ↑

Read more about The Lab below under Social Sustainability and on our website The Lab -Carl Hansen & Søns eget lærlingeværksted.

When developing our new sustainability strategy moving towards 2030, we will consider the resale market and how we can support and expand it even further.

Waste

In 2023, we continued the work we started out to optimize even further how our waste from production is reduced through among others disciplined sorting of waste as well as through directing useful materials towards positive use. As an example, when we turn excess materials such as wood, textiles, and leathers into useful accessories.

We realize that this effort is hard to measure as the wood waste that is now turned into accessories would have otherwise been turned into wood briquettes for the district heating.

The amount of briquettes in Carl Hansen & Søn Møbelfabrik A/S does not give a credible indicator of how much wood has been turned into accessories, nor does the reduction of residual waste. We therefore plan to find ways in 2024 for how to better measure how much material (wood, leather, textiles) are turned into useful accessories in both our production plants.

Reduction of the proportion of residual waste at Carl Hansen & Søn Møbelfabrik A/S:

	2021	2022	2023
Percentage of residual waste	53%	62%	50%
Percentage of recycled waste	47%	39%	50%

Social sustainability
In 2024 we plan to carry out double materiality assessments at our manufacturing plants, giving us a two-sided perspective on materiality of our impacts and risks of impacts. This impacts assessment will include social sustainability, hereunder own workforce health and safety. As part of this project, we are investing in a software system in which all impacts and risk of impacts within E, S and G will be systematically listed and managed including the mitigating and preventive actions and deadlines we identify. In addition, we plan to continue working with our already ongoing successful initiatives.

In 2019, we introduced The Lab, a new mentor-guided program intended to supplement the time apprentices spend learning on the production floor. The Lab provides opportunities to learn at a slower, less production-focused pace, so that apprentices can ask questions, study specific skills and tools, and work together with their mentors and peers to develop collaborative and problem-solving skills. With our apprentice program, we believe that we are not only preserving design icons – we are also investing in the future of quality craftsmanship.

Besides, we see this as our contribution to a society in maintaining traditional skills in modern craftsmanship. We have seen a dramatic decrease in traditional skills in modern society over the past decades to an extend where many of such skills are at risk of being lost. These skills required to make lasting quality furniture and repairs we see as one of the keys to a circular economy and sustainable future.

In 2023 this effort resulted in The Lab being awarded "Apprenticeship of the year 2023". The jury justified this with the words: "The apprenticeship's focus on the professional craftsmanship traditions and time for reflection is not something you just have. It is something you prioritize. To create the right professional progression, infuse confidence, believing in own abilities and professional pride in your apprentices – and not the least secure that they go happy to work every day, describes a successful apprenticeship which deserves to be honoured with this award."

In 2020 we defined a goal to increase the number of apprentices in The Lab from 15 to 30, however we have learnt there is a fine balance between housing as many as possible while maintaining a high-quality education program with time for our mentors to dedicate proper time and develop everyone. The number of apprentices therefore is quite stable, and the goal is to maintain this effort and high standard of education.

Apprenticeships: Cabinet makers, Machine operators and upholsterers			
	2021	2022	2023
Total number of apprentices converted to full-year equivalents	21	21	20

Regarding the right to a safe and healthy working environment, the Group is systematically undertaking continuous improvements, and this has a high priority. During the previous years as well as in 2023, the Group has continued to focus on the working environment at the plant in Vietnam. Also, at the Vietnamese plant the Group constantly improves on local working and safety environments.

Carl Hansen & Søn Møbelfabrik A/S and Studio CHS have both applied a code of conduct. None of the companies have observed any adverse impacts in our supply chain during 2023. In 2023, the Group continued the work to highlight the importance of respecting human rights and focus this work where we consider it to be most critical which is in our supply chain and where we'll continue to require suppliers to adhere to our Code of Conduct.

In 2024, we plan to rework and standardize our policies and code of conducts across the group to optimize and ensure all companies within the group operate according to the same high standards both for responsible business conduct both within environmental and social sustainability incl. health and safety, as well as anti-corruption.

Anti-corruption

The risks within corruption identified are - as noted above - on the supply chain side addressed by having suppliers following our Code of Conduct whereas risks in our sales and distribution channels, are mitigated by having an anti-corruption policy in accordance with high international standardsUN Gu The Danish authorities punish violations of the Danish regulations on corruption by fine or imprisonment. This may also be the case if the punishable act is committed abroad.

Key indicators of our performance in the field of anti-corruption are notifications of material impacts from suppliers and reports filed via our whistleblower mechanism. We have received no such notifications or reports in 2023.

Statutory report on the underrepresented gender

	2023	2022	2021	2020	2019
Supreme management body					
Total number of members	5	5	5	5	4
Underrepresented gender (%)	0.00	0.00	0.00	0.00	0.00

	2023	2022	2021	2020	2019
Other management levels					
Total number of members	6	6	6	5	4
Underrepresented gender (%)	17.00	17.00	17.00	25.00	25.00

Policy

As Carl Hansen & Søn Holding employs less than 50 employees it is not required to have a policy on gender diversity. However, we do have a policy on Group level on anti-discrimination, which includes equality, and defines how skills and personal match are decisive when hiring new employees, and how skills and experience determine salary, not gender, age, ethnicity nor similar.
Gender equality, diversity and inclusion is an area of focus for the Group, where internal policies have been developed at Group level.

Actions to meet targets

As Carl Hansen & Søn Holding employs less than 50 employees it is not required to set target figures and actions to promote gender diversity. However, the individuals representing our Board of Directors and management in our Holding company is also represented in the Board of Directors and management in our subsidiary Carl Hansen & Søn Møbelfabrik A/S. Therefore, we refer to the statutory report for Carl Hansen & Søn Møbelfabrik A/S for target figures and actions to promote gender diversity which thereby also covers the holding company.

Statutory report on data ethics policy

The Group has developed and implemented data ethics policy. The policy covers employees, customers and suppliers' data that are collected, stored, and used securely and confidentially. The policy is designed to work in conjunction with the Group's GDPR policy and communicated to the Group's organization. It is the Group's experience that a good knowledge of the Group's GDPR policy among employees helps to support a responsible use of sensitive data.

In general, the Group emphasises that data is only stored to the extent necessary or required by law. Likewise, the aim is that data is, as far as possible, only available to employees who need the relevant data in question. The Group operates in both the B2B market and the B2C market, whereby data management is linked to the collection of relevant customer data, as well as from the conclusion of contracts with suppliers and partners.

The Group handles data about the companies' employees to the extent relevant to their employment. The Group only strives to collect and use data that is necessary in the specific employment relationship.

The Group's data ethics policy is approved at the Group's management level and communicated to the Group's employees, and it is assessed that the policy contributes to responsible handling of data.

Consolidated income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	2	773,039	991,209
Production costs		(451,644)	(578,067)
Gross profit/loss		**321,395**	**413,142**
Distribution costs		(250,495)	(249,581)
Administrative expenses	3	(68,310)	(69,973)
Other operating income		5,361	1,453
Other operating expenses		(2,295)	(1,112)
Operating profit/loss		**5,656**	**93,929**
Other financial income		686	25,474
Other financial expenses		(21,790)	(39,016)
Profit/loss before tax		**(15,448)**	**80,387**
Tax on profit/loss for the year	5	(1,581)	(17,968)
Profit/loss for the year	6	**(17,029)**	**62,419**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	8	18,094	19,859
Acquired intangible assets		26,230	5,642
Acquired patents		1,410	1,742
Goodwill		36,504	34,392
Intangible assets	7	**82,238**	**61,635**
Land and buildings		202,725	210,086
Other fixtures and fittings, tools and equipment		67,760	84,163
Leasehold improvements		10,241	10,510
Property, plant and equipment in progress		146	7
Property, plant and equipment	9	**280,872**	**304,766**
Deposits		14,458	13,956
Financial assets	10	**14,458**	**13,956**
Fixed assets		**377,568**	**380,357**
Raw materials and consumables		79,445	102,854
Work in progress		77,944	104,979
Manufactured goods and goods for resale		162,540	155,509
Inventories		**319,929**	**363,342**

Trade receivables		79,311	88,693
Deferred tax	11	1,624	0
Other receivables		3,591	8,250
Prepayments	12	7,526	6,621
Receivables		**92,052**	**103,564**
Cash		**30,972**	**20,337**
Current assets		**442,953**	**487,243**
Assets		**820,521**	**867,600**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		520	520
Translation reserve		(8,420)	(3,835)
Reserve for fair value adjustments of hedging instruments		0	1,347
Retained earnings		357,672	374,701
Equity		**349,772**	**372,733**
Deferred tax	11	10,476	15,125
Provisions		**10,476**	**15,125**
Mortgage debt		43,283	46,426
Lease liabilities		40,684	52,113
Non-current liabilities other than provisions	13	**83,967**	**98,539**
Current portion of non-current liabilities other than provisions	13	14,907	20,229
Bank loans		202,692	186,965
Prepayments received from customers		32,550	29,969
Trade payables		72,874	78,200
Payables to owners and management		17,483	16,349
Tax payable		1,069	11,966
Other payables	14	34,731	37,525
Current liabilities other than provisions		**376,306**	**381,203**
Liabilities other than provisions		**460,273**	**479,742**
Equity and liabilities		**820,521**	**867,600**
Events after the balance sheet date	1		
Staff costs	4		
Unrecognised rental and lease commitments	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	520	(3,835)	1,347	374,701	372,733
Exchange rate adjustments	0	(4,585)	0	0	(4,585)
Value adjustments	0	0	(1,347)	0	(1,347)
Profit/loss for the year	0	0	0	(17,029)	(17,029)
Equity end of year	**520**	**(8,420)**	**0**	**357,672**	**349,772**

The share capital consists of 519,556 shares of DKK 1. No shares carry any special rights.

Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		5,656	93,929
Amortisation, depreciation and impairment losses		38,947	35,379
Working capital changes	15	52,144	(132,957)
Equity adjustments regarding financial instruments		(1,347)	1,662
Exchange rate adjustments		(4,585)	(1,386)
Cash flow from ordinary operating activities		**90,815**	**(3,373)**
Financial income received		686	25,474
Financial expenses paid		(21,790)	(39,016)
Taxes refunded/(paid)		(17,375)	(11,053)
Cash flows from operating activities		**52,336**	**(27,968)**
Acquisition etc. of intangible assets		(32,210)	(6,987)
Acquisition etc. of property, plant and equipment		(6,157)	(75,622)
Sale of property, plant and equipment		1,335	2,685
Additions, other financial asset investments		(502)	(2,567)
Cash flows from investing activities		**(37,534)**	**(82,491)**
Free cash flows generated from operations and investments before financing		**14,802**	**(110,459)**

Loans raised	351	49,672
Repayments of loans etc.	(20,245)	(41,252)
Changes in short terms bankloans	15,727	103,741
Cash flows from financing activities	**(4,167)**	**112,161**
Increase/decrease in cash and cash equivalents	**10,635**	**1,702**
Cash and cash equivalents beginning of year	20,337	18,635
Cash and cash equivalents end of year	**30,972**	**20,337**
Cash and cash equivalents at year-end are composed of:		
Cash	30,972	20,337
Cash and cash equivalents end of year	**30,972**	**20,337**

Notes to consolidated financial statements

1 Events after the balance sheet date

No events have occurred after year end which could materially affect the Company's financial position.

2 Revenue

	2023 DKK'000	2022 DKK'000
Denmark	207,053	283,121
Other countries in Europe	309,306	367,096
USA and Canada	88,973	132,545
Japan	112,188	134,639
Asia Pacific	50,300	61,868
Other	5,219	11,940
Total revenue by geographical market	**773,039**	**991,209**
Sale of self-constructed furniture and goods for resale	773,039	991,209
Total revenue by activity	**773,039**	**991,209**

3 Fees to the auditor appointed by the Annual General Meeting

	2023 DKK'000	2022 DKK'000
Statutory audit services	715	685
Other assurance engagements	50	30
Tax services	551	750
Other services	537	547
	1,853	**2,012**

4 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	221,059	252,138
Pension costs	16,698	17,050
Other social security costs	5,449	5,890
Other staff costs	15,519	14,660
	258,725	**289,738**
Average number of full-time employees	**854**	**1,123**

	Remuneration of Management 2023 DKK'000	Remuneration of Management 2022 DKK'000
Executive Board	544	445
Board of Directors	17,269	17,784
	17,813	**18,229**

5 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Current tax	2,675	17,886
Change in deferred tax	(3,899)	(266)
Adjustment concerning previous years	2,805	348
	1,581	**17,968**

6 Proposed distribution of profit/loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(17,029)	62,419
	(17,029)	**62,419**

7 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired patents DKK'000	Goodwill DKK'000
Cost beginning of year	44,197	18,542	3,796	55,894
Exchange rate adjustments	0	(59)	(26)	(4)
Additions	3,629	23,562	0	5,019
Disposals	(3,376)	0	0	0
Cost end of year	**44,450**	**42,045**	**3,770**	**60,909**
Amortisation and impairment losses beginning of year	(24,338)	(12,900)	(2,054)	(21,502)
Exchange rate adjustments	0	43	11	4
Amortisation for the year	(3,981)	(2,958)	(317)	(2,907)
Reversal regarding disposals	1,963	0	0	0
Amortisation and impairment losses end of year	**(26,356)**	**(15,815)**	**(2,360)**	**(24,405)**
Carrying amount end of year	**18,094**	**26,230**	**1,410**	**36,504**

8 Development projects

Development projects includes new products to be introduced to the market. A development project typically spans over a period of 6-12 months, after which the product is introduced to the market. We expect to develop 4-6 new products per year.

9 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	236,079	190,463	23,871	7
Exchange rate adjustments	(577)	(90)	(492)	14
Additions	2,367	937	2,728	125
Disposals	(1,814)	(2,583)	(1,920)	0
Cost end of year	**236,055**	**188,727**	**24,187**	**146**
Depreciation and impairment losses beginning of year	(25,993)	(106,300)	(13,361)	0
Exchange rate adjustments	196	(375)	315	0
Reversal of impairment losses	0	0	1,503	0
Depreciation for the year	(7,586)	(16,590)	(2,403)	0
Reversal regarding disposals	53	2,298	0	0
Depreciation and impairment losses end of year	**(33,330)**	**(120,967)**	**(13,946)**	**0**
Carrying amount end of year	**202,725**	**67,760**	**10,241**	**146**
Recognised assets not owned by Entity	370	55,657	0	0

10 Financial assets

	Deposits DKK'000
Cost beginning of year	13,956
Exchange rate adjustments	(444)
Additions	1,603
Disposals	(657)
Cost end of year	**14,458**
Carrying amount end of year	**14,458**

11 Deferred tax

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	(15,125)	(15,381)
Recognised in the income statement	3,899	266
Recognised directly in equity	380	0
Exchange rate adjustments	25	(10)
Ajustment to prior years	1,969	0
End of year	**(8,852)**	**(15,125)**

Deferred tax has been recognised in the balance sheet as follows	2023 DKK'000	2022 DKK'000
Deferred tax assets	1,624	0
Deferred tax liabilities	(10,476)	(15,125)
	(8,852)	**(15,125)**

Deferred tax relates to intangible assets, property, plant and equipment, inventories, other provisions and tax losse carried forward.

Deferred tax assets
Provision for deferred tax has been made at the tax rate at which the temporary differences are expected realised.

12 Prepayments

Prepayments comprise prepaid expenses concerning rent, marketing, insurance premiums and subscriptions.

13 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Mortgage debt	3,143	3,047	43,283	29,460
Bank loans	0	4,500	0	0
Lease liabilities	11,764	12,218	40,684	10,859
Other payables	0	464	0	0
	14,907	**20,229**	**83,967**	**40,319**

14 Other payables

	2023 DKK'000	2022 DKK'000
VAT and duties	2,443	5,421
Wages and salaries, personal income taxes, social security costs, etc. payable	22,780	22,029
Other costs payable	9,508	10,075
	34,731	**37,525**

15 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in inventories	43,413	(94,905)
Increase/decrease in receivables	13,136	(4,884)
Increase/decrease in trade payables etc.	(4,405)	(33,168)
	52,144	**(132,957)**

16 Unrecognised rental and lease commitments

The group enterprises have entered into operating lease obligations with total nominal residual lease payments of DKK 5.126 The leases have a remaining term of up to 48 months.

The group enterprises have entered into contractual obligations with total nominal residual lease payments of DKK 162.032k. The leases have a remaining term of up to 122 months.

17 Assets charged and collateral

As security for bank commitments of DKK 160.060k, a owner's mortgage of nom. DKK 5,000k secured on buildings has been issued, as well as a floating charge of DKK 65,000ksecured on unsecured claims originating from sale of goods, machinery and equipment, inventories as well as goodwill and patents of a total carrying amount of DKK 311.243k.

As security for mortgage debt a morgtage of nom. DKK 55,401k, secured on property of a carrying amount of DKK 176.749k for recorded remaning debt of DKK 46.426k has been deposited.

18 Transactions with related parties

Related party transactions have been carried out on an arm's length basis. With reference to section 98 c(7) of the Danish Financial Statements Act, related party transactions have not been disclosed.

19 Subsidiaries

	Registered in	Ownership %
Carl Hansen & Søn Møbelfabrik A/S	Denmark	100.00
Carl Hansen & Søn Retail A/S	Denmark	100.00
Carl Hansen & Son Italy S.R.L	Italy	100.00
Carl Hansen & Son Japan K.K.	Japan	100.00
Carl Hansen & Son Corp.	USA	100.00
Carl Hansen & Son Asia Pacific Limited	Hong Kong	100.00
Carl Hansen & Son UK Limited	United Kingdom	100.00
Carl Hansen & Søn France SAS	France	100.00
Carl Hansen & Son Germany GmbH	Germany	100.00
Carl Hansen & Son Poland sp. z o.o.	Poland	100.00
Carl Hansen & Son (Shanghai) Furniture CO., Ltd.	China	100.00
Carl Hansen & Søn Norge A/S	Norway	100.00
Tropicdane Holding Ltd	British Virgin Island	100.00
Living With Nature Co., Ltd	Hong Kong	100.00
Tropicdane CO., Ltd	Turks- and Caicos Island	100.00
Studio CHS Company Limited	Vietnam	100.00
Carl Hansen & Søn Finland Oy	Finland	100.00
Carl Hansen & Son Netherlands B.V.	Netherlands	100.00
Carl Hansen & Søn Spain S.L.V	Spain	100.00

Carl Hansen & Søn Belgium	Belgium	100.00
Carl Hansen & Son PTE. LTD	Singapore	100.00
Pandul ApS	Denmark	100.00

Parent income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Administrative expenses		(23,106)	(22,304)
Other operating income		20,632	19,950
Other operating expenses		(69)	(139)
Operating profit/loss		**(2,543)**	**(2,493)**
Income from investments in group enterprises		(11,069)	67,530
Other financial income	3	1,345	897
Other financial expenses	4	(6,452)	(4,886)
Profit/loss before tax		**(18,719)**	**61,048**
Tax on profit/loss for the year	5	1,690	1,371
Profit/loss for the year	6	**(17,029)**	**62,419**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Other fixtures and fittings, tools and equipment		164	373
Property, plant and equipment	7	**164**	**373**
Investments in group enterprises		332,454	349,060
Financial assets	8	**332,454**	**349,060**
Fixed assets		**332,618**	**349,433**
Receivables from group enterprises		64,918	62,608
Deferred tax	9	1,712	29
Other receivables		0	25
Tax receivable		0	5,331
Prepayments	10	31	1,039
Receivables		**66,661**	**69,032**
Current assets		**66,661**	**69,032**
Assets		**399,279**	**418,465**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		520	520
Reserve for net revaluation according to equity method		190,915	207,917
Retained earnings		158,337	164,296
Equity		**349,772**	**372,733**
Current portion of non-current liabilities other than provisions	11	0	464
Bank loans		29,906	25,534
Trade payables		83	1,032
Payables to owners and management		17,483	16,349
Other payables	12	2,035	2,353
Current liabilities other than provisions		**49,507**	**45,732**
Liabilities other than provisions		**49,507**	**45,732**
Equity and liabilities		**399,279**	**418,465**
Events after the balance sheet date	1		
Staff costs	2		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	520	207,917	164,296	372,733
Value adjustments	0	(4,585)	0	(4,585)
Other entries on equity	0	(1,347)	0	(1,347)
Profit/loss for the year	0	(11,070)	(5,959)	(17,029)
Equity end of year	**520**	**190,915**	**158,337**	**349,772**

The share capital consists of 519,556 shares of DKK 1. No shares carry any special rights.

Notes to parent financial statements

1 Events after the balance sheet date

No events have occurred after year end which could materially affect the Company's financial position.

2 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	15,351	13,920
Pension costs	1,212	1,096
Other social security costs	42	38
Other staff costs	18	44
	16,623	**15,098**

Average number of full-time employees	**6**	**6**

	Remuneration of Manage-ment 2023 DKK'000	Remuneration of Manage-ment 2022 DKK'000
Executive Board	544	445
Board of Directors	17,269	16,463
	17,813	**16,908**

3 Other financial income

	2023 DKK'000	2022 DKK'000
Financial income from group enterprises	1,214	746
Other interest income	131	151
	1,345	**897**

4 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	3,697	2,786
Other interest expenses	2,726	1,731
Exchange rate adjustments	22	367
Other financial expenses	7	2
	6,452	**4,886**

5 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Current tax	0	(1,245)
Change in deferred tax	(1,683)	(126)
Adjustment concerning previous years	(7)	0
	(1,690)	**(1,371)**

6 Proposed distribution of profit and loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(17,029)	62,419
	(17,029)	**62,419**

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	491
Disposals	(235)
Cost end of year	**256**
Depreciation and impairment losses beginning of year	(118)
Depreciation for the year	(105)
Reversal regarding disposals	131
Depreciation and impairment losses end of year	**(92)**
Carrying amount end of year	**164**

8 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	141,143
Additions	396
Cost end of year	**141,539**
Revaluations beginning of year	207,917
Exchange rate adjustments	(4,585)
Adjustments on equity	(1,347)
Amortisation of goodwill	(2,140)
Share of profit/loss for the year	(22,255)
Adjustment of intra-group profits	13,325
Revaluations end of year	**190,915**
Carrying amount end of year	**332,454**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

9 Deferred tax

	2023 DKK'000	2022 DKK'000
Property, plant and equipment	42	29
Tax losses carried forward	1,670	0
Deferred tax	**1,712**	**29**

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	29	(97)
Recognised in the income statement	1,683	126
End of year	**1,712**	**29**

Deferred tax assets

Deferred tax assets is expectet to be used in group taxsation.

10 Prepayments

Prepayments comprise prepaid expenses concerning rent, marketing, insurance premiums and subscriptions.

11 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000
Other payables	464
	464

All debt is due within 5 years.

12 Other payables

	2023 DKK'000	2022 DKK'000
VAT and duties	1,238	1,182
Wages and salaries, personal income taxes, social security costs, etc. payable	627	1,083
Other costs payable	170	88
	2,035	**2,353**

13 Unrecognised rental and lease commitments

The Entity has entered into operating lease obligations with total nominal residual lease payments of DKK 850k. The leases have a remaining term of up to 36 months.

14 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

15 Assets charged and collateral

Collateral provided for group enterprises

The Parent Company Carl Hansen & Son Holding A/S has issued a joint and unlimited guarantee for the subsidiary's bank commitments. The total bankdebt amounts to DKK 172.823k.

16 Related parties with controlling interest

Morten Hai van Bui Hansen, 2 Mistri Road #39-04 Lumiere, Singapore 07962 - Controlling shareholder

Other related parties:
Knud Erik Hansen, Hellerupvej 20, 5750 Ringe - Member of the Board of Directors and co-owner
Inger Marie Jensen Hansen, Hellerupvej 20, 5750 Ringe - Member of the Board of Directors and co-owner
Carsten Fode, Strandborgvej 38, 8240 Risskov - Chairman
Niels Johan Holm, Islands Brygge 38F, 4. th, 2300 København S - Member of the Board of Directors
Preben Larsen, Sydkajen 10, 3.tv, 5800 Nyborg - Member of the Board of Directors
Rune Stephansen, Trättefjällsvägen 30, 434 94 Vallda, Member of the Board of Directors

17 Transactions with related parties

Related party transactions have been carried out on an arm's length basis. With reference to section 98 c(7) of the Danish Financial Statements Act, related party transactions have not been disclosed.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year except for the presentation of the cash flow statement as described in the cash flow statement section.

Recognition and measurement

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses 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.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent 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 and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 20 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are recognised directly in translation reserve in equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year.
Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 20 years. Goodwill relates to a strategic activity that is expected to be used over a minimum of 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost 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:

	Useful life
Buildings	10-50 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

Showroom furniture are recognised at cost.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.
Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.