CARL HANSEN & SØN HOLDING A/S

Hylkedamvej 77-79
5591 Gelsted
CVR No. 26900921

ANNUAL REPORT 2021

The Annual General Meeting adopted the annual report on 25.04.2022

Knud Erik Hansen
Chairman of the General Meeting

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: 01.01.2021 - 31.12.2021

Board of Directors
Clas Nylandsted Andersen, chairman
Preben Larsen
Carsten Fode
Rune Stephansen
Knud Erik Hansen

Executive Board
Knud Erik Hansen, CEO
Inger Marie Jensen Hansen
Torben Agerbak
Lars Hansen
Morten Lauge Jensen
Christian Mølsted

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 30.03.2022

Executive Board

Knud Erik Hansen
CEO

Inger Marie Jensen Hansen

Torben Agerbak

Lars Hansen

Morten Lauge Jensen

Christian Mølsted

Board of Directors

Clas Nylandsted Andersen
chairman

Preben Larsen

Carsten Fode

Rune Stephansen

Knud Erik Hansen

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 30.03.2022

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

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	966,243	707,182	673,210	628,244	497,395
Profit/loss before financial income and expenses	180,251	96,806	46,855	23,955	41,362
Operating profit/loss	183,064	98,795	45,893	24,317	43,635
Net financials	(6,719)	(5,530)	(9,257)	(13,456)	(11,302)
Profit/loss for the year	136,894	71,617	27,701	5,423	22,541
Balance sheet total	719,375	579,767	522,394	518,404	467,037
Equity	310,426	174,185	132,914	102,381	99,707
Cash flows from operating activities	31,074	183,023	43,133	15,087	20,387
Cash flows from investing activities	(82,490)	(51,446)	(24,741)	(48,429)	(178,879)
Cash flows from financing activities	39,001	(124,341)	(27,070)	29,780	96,102
Average number of employees	1,436	1,212	1,458	1,661	713
Ratios					
Gross margin (%)	45.60	44.00	38.60	38.60	42.80
Return on assets	25.49	17.00	8.80	4.59	14.00
Solvency ratio	42.65	30.00	25.40	19.70	21.30

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 114 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 Company'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 2021 shows a profit of DKK 176,3 million, which is higher than expected. The consolidated balance sheet has risen to an equity of DKK 306,3 million as per 31st December 2021.

The Management is very satisfied with the 2021-result.

The Company only experienced a limited negative impact on the business due to the Covid-19 pandemic.

Carl Hansen & Søn has continued to expand its Gelsted production facilities further during 2021. Additionally new CNC- machines and the number of employees rose substantially.
Additionally, an independent Horsens based upholstery company was acquired.

The Company achieved a growth of 37%. The Scandinavian markets continue to be important for the Company.

While constantly looking for new strategic business opportunities - It is the Company's strategy to continue the growth within the furniture and design industries.

Profit/loss for the year in relation to expected developments

The Company achieved a higher growth in turnover than expected, which is reflected in a higher result.
The increase in turnover, has also meant an increase in the investments, which have had a negative impact on the cash flow on a short-term basis.

Outlook

The growth in sales is continuing during the first quarter of 2022, but it is expected that revenue will be negatively affected by the war in Ukraine. The war has led to immediate difficulties in the supply of first-class oak, which will have an impact on the expected level of turnover this year. Furthermore, rising costs in purchasing of raw materials, higher wages, and salaries as well as sales and marketing costs may impact the result negatively.

It is the decision of Management not to reduce the budgeted investments but to judge the developments through the coming months before taking any drastic decision of changes depending on the developments in Ukraine.
The decision may have a negative influence on the cash-flow this year.

Strategy

It is the Company's strategy to continue investing in the market by for instance opening more flagship stores and by employing more sales personnel world-wide.

Moreover, expansion of the product range and growing major markets overseas are key elements in the continued expansion of the Company.

Use of financial instruments

A significant number of the products manufactured by the Company are sold world-wide. On all major markets the Company trades with its own tariffs in foreign currencies. Such an organized sales strategy implies that the income of the Company would be affected by currency fluctuations. However, the Company aims to hedge all such major currency fluctuations for the next 12-24 months by forward exchange contracts or other financial instruments.

The Company does not wish to speculate, in any form of currency fluctuations or other matters that are not directly related to the main activities of the Company as described above.

Currency risks associated with investments in subsidiaries are not hedged but are partly off-set by long-term loans in the same underlying currency.

Knowledge resources

The Company 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 Company works continuously to attract the best employees, while focusing on continuous improvement of technical standards throughout it's entire operation.

Research and development activities

Product development

During 2021, Carl Hansen & Søn spent DKK 5 million on product development, which is at a similar amount 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, after which time the products are introduced to the markets. The Company 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

The objective of the Company is to have the lowest possible impact on the environment. The Company has established several internal objectives to ensure optimal health and safety measures at work as well as reducing the consumption of energy.

Regarding our Business Model, please refer to section “Main activity of Carl Hansen & Søn Holding A/S the Group”.

Risk analysis

The Company has been operating a manufacturing plant “DAFI Furniture Ltd” in Vietnam for 6 years. The plant is operating in according with local Vietnamese law and standards. DAFI is managed locally by Danish Citizens, and the legal and safety requirements as laid down by the head office exceeds any local and legal requirements.
We believe our most significant risk within climate and environment is related to our energy and material consumption. We try to mitigate this risk by using low emission energy and FSC certified wood. It is a risk that our employees experience stress in the workplace which we try to mitigate via various initiatives regarding working hours, breaks and vacation. Our risks within human rights are mostly related to our suppliers. We try to mitigate human rights breaches by having suppliers to follow our Code of Conduct. We believe our risks within corruption

is relatively low as we mainly operate in Denmark. However, we acknowledge that there could be corruption risk overseas and related to our suppliers. This we also try to avoid by having our suppliers to follow our Code of Conduct.

Policies
The policies of Carl Hansen & Søn in relation to corporate social responsibility comprise our CSR-Policy, Environmental Policy, Health & Safety Policy, Procurement Policy, and Code of Conduct, which covers our Human Rights and Anti-Corruption Policy.

Our CSR-strategy is based on the UN sustainable development goals no. 4 – Quality Education, 12 – Responsible Consumption and Production, and 15 – Life on Land goals. Our CSR Policy describes how we work with human rights, labor rights, environmental improvements, and anti-corruption. We will support and respect the protection of human rights. We want to make sure that we are not complicit in any human rights abuses. Neither at our own sites, nor at our suppliers'. Therefore, we have a Code of Conduct in place that will be reviewed on a regular basis. When signing our Code of Conduct, our suppliers are requested to fill in a Supplier Self-assessment Questionnaire which is a tool for having a proactive dialogue.

Our Environmental Policy states the commitment of the Company to protecting the environment and reducing the environmental impact of our activities. The Company aims to comply with relevant environmental rules and regulations, and to be proactive in dealing with market and legislative requirements. The Company aim to limit our environmental impact and use of resources, and to continually reduce our impact on the environment. The Company is working on documenting our efforts and results concerning our environmental considerations. Finally, the Company aims to communicate with our stakeholders in an honest and credible manner, to inform openly of our environmental impact and to involve our employees in the continuous improvements in this area.

Our Health & Safety Policy underlines that a healthy working environment and the safety of our employees are key focus areas for the Company. We strive to reduce any physical and mental disabilities by monitoring the number of occupational injuries, including near-miss accidents, and by initiating preventive measures.

Our Procurement Policy describes how we are working with our suppliers, and how they treat humans, the environment, and economy. Sourcing materials of the highest quality is our priority. When possible, we want to use responsibly sourced, safe materials. When possible, we will choose the more sustainable option. Within our CSR-strategy for 2020-2025 we have defined annual goals for increasing the amount of responsible wood, environmentally certified fabrics and leathers, and sustainable packaging in our production.

Our Human Rights Policy underlines our commitment to respecting general labor and human rights as well as keeping our employees healthy and safe; and protecting the environment.

Our Anti-Corruption Policy is designed to ensure that the Company and suppliers comply with a high level of business integrity.

The Company is experiencing a growing focus on the environmental dimension among customers and the public in general. In 2020, the Company adopted a CSR strategy for 2020-2025 and now has a 5-year action plan in place to ensure follow-up on projects and targets.

The Company has a Code of Conduct in place, which specifies the values of the Company so these can be clearly communicated to suppliers and other stakeholders. The Company will actively apply this document in dialogue with its suppliers and stakeholders by signing this as a part of the collaboration.

Activities and results

Environmental

The collaboration with Gelsted District Heating continued in 2021. The decentralized district heating plant was not able to process sawdust and wood chips as expected. Therefore, a new project saw the light in 2021. The Company will install a briquette plant in early 2022 that will turn sawdust into briquettes thus providing the local community and the factory with heating, which we consider to be a very positive achievement for the local environment. As part of our CSR strategy, we have focused on increasing the proportion of FSC certified wood in our production as well as all packaging and our ambition is that all printed matter must be FSC certified paper.

Work environment

Within the working environment, the Company is systematically undertaking continuous improvements, and this has a high priority.

During the previous years as well as in 2021, we have continued to focus on the working environment at the plant in Vietnam. Also at the Vietnamese plant we constantly improve on both our local working and safety environments.

The Company is heavily engaged in developing the training of young cabinet makers and machine operators. The apprentices' workshop in Gelsted was established in 2019 and is now running as a combined learning space and workshop with a dedicated supervisor and access to knowhow from experienced colleagues. Our goal was to have 15 apprentices in 2021, however, we had 24 apprentices. In 2025, we aim to have 35.

In 2021, we continued the process of changing surface treatments to more environmentally friendly alternatives, including water-based varnish and low-emission oil.

The Company has eliminated formaldehyde in all plywood during 2018, and the long-term ambition is to eliminate formaldehyde in all production.

The initiatives above will have a positive impact on both the working environment and the external environment.

Humans' rights

The Company applied a Code of Conduct Policy in 2019 and has not observed any violations during 2021. We strive to record no violations of this policy. During 2021 all new suppliers have signed our code of conduct, to make sure that they will operate according to our Code of Conduct.

Anti-corruption

The Company applied a Code of Conduct Policy in 2019 and has not observed any cases of violation of business integrity during 2021. We strive to record no violations of this policy. During 2021 all new suppliers have signed our code of conduct, to make sure that they will operate according to our Code of Conduct. In 2021 the group has also implemented a whistleblower solution to handle breaches of our Code of Conduct.

Data Ethics

Currently the Company does not have a policy on data ethics. The Company has a policy covering Personal Data, which is continuously updated in relation to current GDPR legislation. The purpose of the personal data policy is to explain how the company collects and processes personal data.

The Board of Directors have started formulating a Data Ethics Policy. The Policy is expected to be approved during 2022.

Statutory report on the underrepresented gender

Target for the Board of Directors

The board of directors consisted of four men and one woman. The composition of the Board of Directors has changed during 2021 but these changes have not led to meeting the target of 60/40. Going forward, the Board of Directors will, where possible, nominate qualified female candidates for the Board of Directors at future General Meetings to achieve the target in 2025.

Statutory report on the underrepresented gender – other management levels of Carl Hansen & Søn

The target is to strive towards a more equal distribution, but the Company's target is challenged by a relatively small number of female candidates for vacant management positions; however, in the event of equally qualified candidates for a vacant management position, the female candidate will be preferred to achieve the target of equal gender distribution among the Company's managers with personnel responsibility.

To ensure that the Company is able to comply with section 99b of the Danish Financial Statement Act, it remains the Company's objective for future recruitment to have an equal split between genders based on skills and competences, the participants in the Company's management training must be equally divided between genders over a number of years.

During 2021, there have been no major changes in the management levels, and as a result, the number of female managers and directors is roughly at the same level as last year. As the ratio is below the target of 40% (actual; 38%) the Company will have a target to increase the female/male ratio through ensuring there is always at least one female candidate in the hiring process.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	2	966,243	707,182
Production costs		(525,556)	(395,910)
Gross profit/loss		**440,687**	**311,272**
Distribution costs		(202,049)	(167,664)
Administrative expenses	3	(58,392)	(46,802)
Other operating income		3,534	5,399
Other operating expenses		(716)	(3,410)
Operating profit/loss		**183,064**	**98,795**
Other financial income	5	7,968	4,602
Other financial expenses	6	(14,687)	(10,132)
Profit/loss before tax		**176,345**	**93,265**
Tax on profit/loss for the year	7	(39,451)	(21,648)
Profit/loss for the year	8	**136,894**	**71,617**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	10	18,831	17,493
Acquired intangible assets		7,226	6,516
Acquired patents		2,056	2,473
Goodwill		37,165	37,019
Intangible assets	9	**65,278**	**63,501**
Land and buildings		163,164	110,089
Other fixtures and fittings, tools and equipment		82,953	85,335
Leasehold improvements		10,520	10,605
Property, plant and equipment in progress		319	513
Property, plant and equipment	11	**256,956**	**206,542**
Deposits		11,389	9,731
Financial assets	12	**11,389**	**9,731**
Fixed assets		**333,623**	**279,774**
Raw materials and consumables		78,014	39,820
Work in progress		90,331	74,049
Manufactured goods and goods for resale		100,092	53,148
Inventories		**268,437**	**167,017**

Trade receivables		80,654	77,728
Deferred tax	13	0	45
Other receivables		13,313	18,475
Prepayments	14	4,713	5,678
Receivables		**98,680**	**101,926**
Cash		**18,635**	**31,050**
Current assets		**385,752**	**299,993**
Assets		**719,375**	**579,767**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		520	520
Translation reserve		(2,427)	(5,354)
Reserve for fair value adjustments of hedging instruments		51	3,631
Retained earnings		312,282	175,388
Equity		**310,426**	**174,185**
Deferred tax	13	15,381	14,650
Provisions		**15,381**	**14,650**
Mortgage debt		15,030	16,367
Bank loans		4,500	28,500
Lease liabilities		49,639	30,785
Other payables		464	18,003
Non-current liabilities other than provisions	15	**69,633**	**93,655**
Current portion of non-current liabilities other than provisions	15	41,179	32,083
Bank loans		83,224	46,836
Prepayments received from customers		39,836	28,527
Trade payables		102,139	107,466
Payables to owners and management		16,523	18,435
Tax payable		4,785	20,718
Other payables	16	36,249	43,212
Current liabilities other than provisions		**323,935**	**297,277**
Liabilities other than provisions		**393,568**	**390,932**
Equity and liabilities		**719,375**	**579,767**
Events after the balance sheet date	1		
Staff costs	4		
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2021

	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	(5,354)	3,631	175,388	174,185
Exchange rate adjustments	0	2,927	0	0	2,927
Value adjustments	0	0	(3,580)	0	(3,580)
Profit/loss for the year	0	0	0	136,894	136,894
Equity end of year	**520**	**(2,427)**	**51**	**312,282**	**310,426**

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

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		183,064	98,795
Amortisation, depreciation and impairment losses		29,624	24,714
Working capital changes	17	(118,651)	63,812
Equity adjustments regarding financial instruments		(4,590)	6,421
Exchange rate adjustments		2,927	(1,848)
Cash flow from ordinary operating activities		**92,374**	**191,894**
Financial income received		7,968	4,602
Financial expenses paid		(14,687)	(10,132)
Taxes refunded/(paid)		(54,581)	(3,341)
Cash flows from operating activities		**31,074**	**183,023**
Acquisition etc. of intangible assets		(11,978)	(7,330)
Acquisition etc. of property, plant and equipment		(95,829)	(44,233)
Sale of property, plant and equipment		26,975	745
Additions, other fixed asset investments		(1,658)	(628)
Cash flows from investing activities		**(82,490)**	**(51,446)**
Free cash flows generated from operations and investments before financing		**(51,416)**	**131,577**
Loans raised		29,680	16,022
Repayments of loans etc.		(27,067)	(40,000)
Dividend paid		0	(30,000)
Changes in short terms bankloans		36,388	(70,363)
Cash flows from financing activities		**39,001**	**(124,341)**
Increase/decrease in cash and cash equivalents		**(12,415)**	**7,236**

Cash and cash equivalents beginning of year	31,050	23,814
Cash and cash equivalents end of year	**18,635**	**31,050**

Cash and cash equivalents at year-end are composed of:		
Cash	18,635	31,050
Cash and cash equivalents end of year	**18,635**	**31,050**

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

	2021 DKK'000	2020 DKK'000
Denmark	335,586	238,960
Other countries in Europe	343,552	252,604
USA and Canada	105,781	72,798
Japan	106,849	99,366
Asia Pacific	50,949	40,273
Other	23,526	3,181
Total revenue by geographical market	**966,243**	**707,182**
Sale of self-constructed furniture and goods for resale	966,243	707,182
Total revenue by activity	**966,243**	**707,182**

3 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	526	697
Other assurance engagements	0	109
Tax services	839	190
Other services	367	924
	1,732	**1,920**

Of this years fee is 1,687 k.DKK to Deloitte and 45 k.DKK to others. Last year 1,496 k.DKK was to Deloitte, 359 k.DKK was to PWC and 65 K.DKK for others.

4 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	214,622	165,075
Pension costs	14,300	11,568
Other social security costs	4,340	4,027
Other staff costs	19,666	19,098
	252,928	**199,768**

Average number of full-time employees	**1,436**	**1,212**

	Remuneration of Management 2021 DKK'000	Remuneration of Management 2020 DKK'000
Executive Board	455	420
Board of Directors	17,344	12,172
	17,799	**12,592**

5 Other financial income

	2021 DKK'000	2020 DKK'000
Other financial income	7,968	4,602
	7,968	**4,602**

6 Other financial expenses

	2021 DKK'000	2020 DKK'000
Other financial expenses	14,687	10,132
	14,687	**10,132**

7 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	38,648	20,762
Change in deferred tax	750	904
Adjustment concerning previous years	53	(18)
	39,451	**21,648**

8 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Extraordinary dividend distributed in the financial year	0	30,000
Retained earnings	136,894	41,617
	136,894	**71,617**

9 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired patents DKK'000	Goodwill DKK'000
Cost beginning of year	34,540	12,360	3,838	52,898
Exchange rate adjustments	0	77	46	(1)
Additions	5,010	3,968	0	3,000
Disposals	(97)	0	(99)	0
Cost end of year	**39,453**	**16,405**	**3,785**	**55,897**
Amortisation and impairment losses beginning of year	(17,047)	(5,844)	(1,365)	(15,879)
Exchange rate adjustments	0	(44)	(13)	1
Impairment losses for the year	(3,582)	0	(9)	0
Amortisation for the year	0	(3,291)	(342)	(2,854)
Reversal regarding disposals	7	0	0	0
Amortisation and impairment losses end of year	**(20,622)**	**(9,179)**	**(1,729)**	**(18,732)**
Carrying amount end of year	**18,831**	**7,226**	**2,056**	**37,165**

10 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.

11 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	124,956	163,656	19,865	513
Exchange rate adjustments	771	1,465	31	0
Transfers	0	513	0	(513)
Additions	57,240	35,968	2,302	319
Disposals	(68)	(27,536)	(458)	0
Cost end of year	**182,899**	**174,066**	**21,740**	**319**
Depreciation and impairment losses beginning of year	(14,867)	(78,321)	(9,260)	0
Exchange rate adjustments	(207)	(710)	23	0
Depreciation for the year	(4,668)	(13,164)	(2,226)	0
Reversal regarding disposals	7	1,082	243	0
Depreciation and impairment losses end of year	**(19,735)**	**(91,113)**	**(11,220)**	**0**
Carrying amount end of year	**163,164**	**82,953**	**10,520**	**319**
Recognised assets not owned by Entity	1,355	64,561		

12 Financial assets

	Deposits DKK'000
Cost beginning of year	9,731
Additions	1,658
Cost end of year	**11,389**
Carrying amount end of year	**11,389**

13 Deferred tax

	2021 DKK'000	2020 DKK'000
Intangible assets	(5,982)	(5,462)
Property, plant and equipment	(7,335)	(6,540)
Fixed asset investments	(2,064)	(2,603)
Deferred tax	**(15,381)**	**(14,605)**

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	(14,605)	(13,730)
Recognised in the income statement	(750)	(904)
Exchange rate adjustments	(26)	29
End of year	**(15,381)**	**(14,605)**

Deferred tax has been recognised in the balance sheet as follows	2021 DKK'000	2020 DKK'000
Deferred tax assets	0	45
Deferred tax liabilities	(15,381)	(14,650)
	(15,381)	**(14,605)**

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

14 Prepayments

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

15 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	1,337	1,320	15,030	9,505
Bank loans	24,000	15,000	4,500	0
Lease liabilities	10,749	10,417	49,639	16,559
Other payables	5,093	5,346	464	0
	41,179	**32,083**	**69,633**	**26,064**

Other payables in 2020 includes holiday pay obligations with 12,799k

16 Other payables

	2021 DKK'000	2020 DKK'000
VAT and duties	3,000	4,966
Wages and salaries, personal income taxes, social security costs, etc. payable	24,451	29,137
Other costs payable	8,798	9,109
	36,249	**43,212**

17 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	(101,420)	(9,740)
Increase/decrease in receivables	3,201	(18,597)
Increase/decrease in trade payables etc.	(20,432)	92,149
	(118,651)	**63,812**

18 Derivative financial instruments

The Group has entered forward exchange contracts to hedge currency from future sale of goods covering the following amounts and periods:

- 350 k.JPY until april 2022
- 75.000 k.SEK until december 2022
- 66.000 k.NOK until december 2022
- 4.800k GBP until december 2022

The fair value of forward exchange contracts is included in other receivables. with a value of positive 1.301k.DKK.

The fair value of forward exchange contracts is included in other payables. with a value of negative 1.367k.DKK

19 Unrecognised rental and lease commitments

The group enterprises have entered into operating lease obligations with total nominal residual lease payments of 2,934k.DKK The leases have a remaining term of up to 37 months.

The group enterprises have entered into contractual obligations with total nominal residual lease payments of 106,037k.DKK The leases have a remaining term of up to 75 months.

20 Assets charged and collateral

As security for bank commitments of 101.638 k.DKK, a owner's mortgage of nom. 5,000 k.DKK secured on buildings has been issued, as well as a floating charge of 15,000 k.DKK secured on unsecured claims originating from sale of goods, machinery and equipment, inventories as well as goodwill and patents of a total carrying amount of 272,196 k.DKK.

As security for mortgage debt a morgtage of nom. 21,000 k.DKK, secured on property of a carrying amount of 136.513 k.DKK for recorded remaning debt of 16.367 k.DKK has been deposited.

21 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.

22 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 Ltd.	Hong Kong	100.00
Carl Hansen & Son UK Limited	United Kingdom	100.00
Carl Hansen & Son 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 Norway A/S	Norway	100.00
Tropicdane Holding Ltd	Islands	100.00
Living With Nature Co., Ltd	Hong Kong	100.00
Tropicdane CO., Ltd	British Virgin Islands	100.00
DAFI Company Limited	Vietnam	100.00
Carl Hansen & Søn Finland Oy	Finland	100.00
Carl Hansen & Son Netherlands B.V.	Netherlands	100.00

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Administrative expenses		(19,715)	(16,615)
Other operating income		15,107	24,144
Other operating expenses		(8)	(271)
Operating profit/loss		**(4,616)**	**7,258**
Income from investments in group enterprises		143,911	66,328
Other financial income	3	1,306	5,650
Other financial expenses	4	(5,621)	(6,086)
Profit/loss before tax		**134,980**	**73,150**
Tax on profit/loss for the year	5	1,914	(1,533)
Profit/loss for the year	6	**136,894**	**71,617**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Other fixtures and fittings, tools and equipment		3,340	546
Property, plant and equipment	7	**3,340**	**546**
Investments in group enterprises		380,528	283,512
Financial assets	8	**380,528**	**283,512**
Fixed assets		**383,868**	**284,058**
Receivables from group enterprises		37,174	9,967
Deferred tax	9	0	44
Other receivables		320	0
Tax receivable		33,175	0
Prepayments	10	294	149
Receivables		**70,963**	**10,160**
Current assets		**70,963**	**10,160**
Assets		**454,831**	**294,218**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		520	520
Reserve for net revaluation according to equity method		240,502	147,241
Retained earnings		69,404	26,424
Equity		**310,426**	**174,185**
Deferred tax	9	97	0
Provisions		**97**	**0**
Other payables	11	464	5,646
Non-current liabilities other than provisions	12	**464**	**5,646**
Current portion of non-current liabilities other than provisions	12	5,093	5,346
Bank loans		16,618	5,599
Trade payables		134	966
Payables to group enterprises		103,681	76,846
Payables to owners and management		16,522	18,435
Tax payable		0	892
Other payables	13	1,796	6,303
Current liabilities other than provisions		**143,844**	**114,387**
Liabilities other than provisions		**144,308**	**120,033**
Equity and liabilities		**454,831**	**294,218**
Events after the balance sheet date	1		
Staff costs	2		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2021

	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	147,241	26,424	174,185
Exchange rate adjustments	0	2,927	0	2,927
Value adjustments	0	(3,580)	0	(3,580)
Profit/loss for the year	0	93,914	42,980	136,894
Equity end of year	**520**	**240,502**	**69,404**	**310,426**

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

	2021 DKK'000	2020 DKK'000
Wages and salaries	14,183	11,128
Pension costs	856	1,098
Other social security costs	29	29
Other staff costs	65	(18)
	15,133	**12,237**

Average number of full-time employees	**5**	**5**

	Remuneration of Management 2021 DKK'000	Remuneration of Management 2020 DKK'000
Board of Directors	15,975	11,208
	15,975	**11,208**

3 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	619	485
Other interest income	687	5,165
	1,306	**5,650**

4 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	3,239	2,960
Other interest expenses	1,460	1,251
Exchange rate adjustments	919	1,859
Other financial expenses	3	16
	5,621	**6,086**

5 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	(2,055)	1,611
Change in deferred tax	141	(78)
	(1,914)	**1,533**

6 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Extraordinary dividend distributed in the financial year	0	30,000
Retained earnings	136,894	41,617
	136,894	**71,617**

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	960
Additions	3,620
Disposals	(960)
Cost end of year	**3,620**
Depreciation and impairment losses beginning of year	(414)
Depreciation for the year	(425)
Reversal regarding disposals	559
Depreciation and impairment losses end of year	**(280)**
Carrying amount end of year	**3,340**

8 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	136,271
Additions	3,756
Cost end of year	**140,027**
Revaluations beginning of year	147,241
Exchange rate adjustments	2,927
Adjustments on equity	(3,579)
Amortisation of goodwill	(2,542)
Share of profit/loss for the year	149,532
Adjustment of intra-group profits	(3,078)
Dividend	(50,000)
Revaluations end of year	**240,501**
Carrying amount end of year	**380,528**

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

9 Deferred tax

	2021 DKK'000	2020 DKK'000
Property, plant and equipment	(97)	44
Deferred tax	**(97)**	**44**

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	44	(34)
Recognised in the income statement	(141)	78
End of year	**(97)**	**44**

10 Prepayments

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

11 Other payables

	2021 DKK'000	2020 DKK'000
Holiday pay obligation	0	442
Other costs payable	464	5,204
	464	**5,646**

12 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000
Other payables	5,093	5,346	464
	5,093	**5,346**	**464**

All debt is due within 5 years.

13 Other payables

	2021 DKK'000	2020 DKK'000
VAT and duties	911	2,501
Wages and salaries, personal income taxes, social security costs, etc. payable	692	3,587
Other costs payable	193	215
	1,796	**6,303**

14 Unrecognised rental and lease commitments

The Entity has entered into operating lease obligations with total nominal residual lease payments of 110k.DKK. The leases have a remaining term of up to 11 months.

15 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.

16 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

17 Related parties with controlling interest

Morten Hai van Bui Hansen, Møllevangs Allé 157B, 8200 Århus N - 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
Clas Nylandsted Andersen, Revningevej 209, 5300 Kerteminde - Chairman
Carsten Fode, Strandborgvej 38, 8240 Risskov - 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

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.

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.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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 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:

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.

In accordance with an interpretation from the Danish Business Authority, withdrawals from the company's overdraft facility are classified in the cash flow statement as cash flows from financing activities, where the deduction on the overdraft facility was previously classified as cash and cash equivalents in the cash flow statement. The change has a positive effect on cash flows from financing activities of DKK 36,388 thousand. in 2021 (negative effect of DKK 70,363 thousand for 2020). The comparison figures are adapted.

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.