



F. Junckers Industrier A/S

Værftsvej 4, 4600 Køge

CVR no. 66 92 02 16

Annual report 2022

Approved at the Company's annual general meeting on 21 June 2023

Chair of the meeting:

.....
Thomas Englund

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Notes to the financial statements	14

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of F. Junckers Industrier A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Køge, 21 June 2023
Executive Board:

.....
Lars Gjødsbøl

Board of Directors:

.....
Per Kristensen
Chairman

.....
Jeanette Kærgaard
Jacobsen

.....
Thomas Voss

.....
Signe Trock Hilstrøm

.....
Peter Rathsach

.....
Michael Lund Thrane

Independent auditor's report

To the shareholders of F. Junckers Industrier A/S

Opinion

We have audited the financial statements of F. Junckers Industrier A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Vejle, 21 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Koudal Jensen
State Authorised Public Accountant
mne26778

Management's review

Company details

Name	F. Junckers Industrier A/S
Address, Postal code, City	Værftsvej 4, 4600 Køge
CVR no.	66 92 02 16
Established	24 February 1932
Financial year	1 January - 31 December
Board of Directors	Per Kristensen, Chairman Jeanette Kærgaard Jacobsen Thomas Voss Signe Trock Hilstrøm Peter Rathsach Michael Lund Thrane
Executive Board	Lars Gjødsbøl
Auditors	EY Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	401,103	399,477	447,499	451,653	456,728
Gross profit	95,796	63,131	74,837	80,542	84,662
Operating profit/loss	16,173	-17,977	-2,475	-6,171	1,289
Net financials	776	434	-3,275	-790	73
Profit/loss before tax	19,108	-4,579	1,522	-3,092	115,640
Profit for the year	21,794	5,622	6,009	9,539	142,102
Total assets					
Investments in property, plant and equipment	7,859	9,424	12,768	7,923	9,649
Equity	190,880	185,871	221,747	224,713	214,938
Financial ratios					
Gross margin	23.9%	15.8%	16.7%	17.8%	18.5%
Equity ratio	58.3%	57.7%	61.5%	62.0%	61.4%
Return on equity	11.6%	2.8%	2.7%	4.3%	77.3%
Average number of full-time employees					
	264	283	298	329	309

The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management's review

Business review

Junckers Industrier A/S is Europe's leading manufacturer of solid wood flooring for the sports, residential and commercial segments.

At the same time, we are the only flooring company in the market that can complement our flooring products with a carefully balanced range of our own developed and produced wood-care products for regular maintenance and renovation of wooden floors.

All our wood floors and wood-care products are developed and produced in Denmark and are therefore a result of the solid traditions of Danish craftsmanship.

At Junckers, we have worked for many years to produce floors with a positive environmental footprint. In 2022 we have taken this work one step further and released our first climate accounts. The result of the climate accounts also emphasises that our business model and production methods take nature into account.

Junckers is represented in 7 countries through subsidiaries and worldwide through a network of distributors and agents. Exports account for two-thirds of the total sales and the products are sold in more than 45 countries worldwide.

2022 has been a turbulent and challenging year with repercussions of the COVID-19 pandemic and a new crisis with the Russian invasion of Ukraine. Although we have limited business in Russia, Ukraine and Belarus, indirectly the crisis has impacted our business significantly. We have however managed the impact well.

Financial review

The income statement for 2022 shows a profit of DKK 21,794 thousand against a profit of DKK 5,622 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 190,880 thousand.

Revenue in 2022 reached DKK 403 million, which is DKK 1 million higher than 2021. US sports segment, France and UK have been the key growth markets for 2022, while our business in Germany have suffered setbacks. In 2022 we have changed the classification of certain income related to sale from residual product from production cost to revenue. The classification has increased the revenue with tDKK 35,660 (2021; tDKK 42,633). Profit before tax and equity is not effected by the change in classification.

Gross profit reached DKK 98 million compared to DKK 65 million in 2021. The gross profit has been under pressure in 2022 as a consequence of continuous elevated raw material prices and freight cost.

Result before net financials is DKK 18 million compared with a loss of DKK -5 million in 2021. The operating result benefit from lower spending on maintenance and consultants and lower claim costs.

From a financial perspective the result for 2022 is better than anticipated, due to an improved gross-profit margin.

In early 2023, the Group renewed its agreement on future capital resources with its main bank contact. The agreement will run until further notice on an annual basis. The Group's liquidity situation is expected to be unchanged by the end of 2023 compared with the end of 2022.

Non-financial matters

F. Junckers Industrier A/S is owned 100% by Junckers Holding A/S. Junckers Holding A/S is owned 94% of Jysk-Fynsk Kapital J ApS.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Management's review

Knowledge resources

The Group possesses industry and market knowledge that enables the Group and the organisation to operate efficiently in the wood flooring industry. This knowledge is maintained on an ongoing basis by gathering relevant information and by improving the skills and qualifications of the staff.

The staff and its experience are vital to the management and further development of the Group.

Financial risks and use of financial instruments

Significant risks have been identified, reviewed and mapped and details on how to disclose such risks have been stated. The information gathered is continuously updated. The most significant risks are identified in areas such as supply of raw wood, energy supply and breakdown in the production plant.

The Group is also exposed to currency and interest rate risks. Current currency risks arise from sales revenue generated in export markets and from the purchase of raw materials. For both, the euro area accounts for the majority.

The policy on foreign currency and financial interest rates is currently to follow market fluctuations. Thus, no hedging is currently made.

Impact on the external environment

Junckers' main impact on the external environment includes the noise, dust, energy, and waste parameters. Efforts are being made to continuously reduce the impact on the external environment by establishing noise reduction measures, driving projects to sustainably reduce energy consumption, and securing activities to ensure waste reduction. All with the purpose of minimising the environmental impact of Junckers, while improving business performance. The Group's energy consumption in relation to production and transportation of raw materials and finished products also affects the environment.

By outlining the Junckers CO2 footprint in our first climate accounts we are able to set concrete goals for how we will work actively to reduce the company's footprint in the future.

Junckers is environmentally certified according to ISO 14001, certified in accordance with OHSAS 18001 and for energy according to ISO 50001. The environmental management system also includes the areas of safety in electricity work (KLS) and certification according to PEFC and FSC standards. Junckers' products are Indoor Climate and CE-labelled.

Statutory CSR report

In 2011, Junckers joined the UN Global Compact to support the organisation's work and to strengthen its own corporate social responsibility.

Parts of the Global Compact's ten principles in terms of human rights, labour rights, environment and anticorruption are already integrated in the Group's operations, as Junckers has already worked systematically with these areas for many years under its environmental and work environment certifications.

The Group complies with applicable laws and regulations. The daily activities and processes in the Group include working with the principles of CSR and the Group's progress in this area is described in the annual CSR report published on: <https://www.junckers.com/sustainability/how-we-collaborate-with-nature/corporate-social-responsibility>

Management's review

Account of the gender composition of Management

The Board of Directors has adopted target figures and policies on the equal gender balance of the Board of Directors. The Company's target is that the proportion of the underrepresented gender of the Board of Directors among non-employee representatives will constitute one Board Member within 2025. The policy entails that the underrepresented gender must be represented among the candidates when replacing non-employee representatives of the Board of Directors. Of the four non-employee representatives of the Board of Directors in 2022 are three male persons and one female person.

As for the Board of Directors, the policy and initiative for an equal gender balance also applies on the management levels: President and Vice Presidents, who currently represent three male persons. The target for replacing employees on the company's management levels is that at least one from the underrepresented gender is among the candidates.

Data ethics

The company has chosen to publish its statement on data ethics on the Company's website:

<https://www.junckers.dk/om-junckers/privatlivspolitik-disclaimer>

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Outlook

Entering 2023 we expect the year to be challenging with the global economy slowing down and inflation remaining high and we expect our turnover to come under pressure. Hence we expect a revenue close to DKK 400 million with an operating profit around DKK 10 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
3	Revenue	401,103	399,477
15	Production costs	-305,307	-336,346
	Gross profit	95,796	63,131
	Distribution costs	-56,339	-55,088
15.4	Administrative expenses	-23,283	-26,020
	Operating profit/loss	16,174	-17,977
	Other operating income	2,158	12,964
	Profit/loss before net financials	18,332	-5,013
	Income from investments in group enterprises	557	-32
5	Financial income	5,710	5,061
6	Financial expenses	-5,491	-4,595
	Profit/loss before tax	19,108	-4,579
7	Tax for the year	2,686	10,201
	Profit for the year	21,794	5,622

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
8	Intangible assets		
	Acquired intangible assets	216	370
	Development projects in progress and prepayments for intangible assets	11,987	2,096
		<u>12,203</u>	<u>2,466</u>
9	Property, plant and equipment		
	Land and buildings	7,426	7,474
	Plant and machinery	50,427	47,057
	Fixtures and fittings, other plant and equipment	2,530	2,717
	Property, plant and equipment under construction	1,726	1,757
		<u>62,109</u>	<u>59,005</u>
10	Investments		
	Investments in group enterprises	18,610	18,093
	Other receivables	1,407	1,682
	Deposits, investments	14,176	13,898
		<u>34,193</u>	<u>33,673</u>
	Total fixed assets	<u>108,505</u>	<u>95,144</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	29,045	23,643
	Work in progress	48,985	51,706
	Finished goods and goods for resale	42,252	43,526
		<u>120,282</u>	<u>118,875</u>
	Receivables		
	Trade receivables	28,258	29,001
	Receivables from group enterprises	24,855	16,820
11	Deferred tax assets	28,544	35,910
	Joint taxation contribution receivable	0	4,418
	Other receivables	80	1,374
12	Prepayments	1,174	843
		<u>82,911</u>	<u>88,366</u>
	Cash	<u>15,921</u>	<u>19,850</u>
	Total non-fixed assets	<u>219,114</u>	<u>227,091</u>
	TOTAL ASSETS	<u><u>327,619</u></u>	<u><u>322,235</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	65,336	65,336
	Retained earnings	115,544	103,790
	Dividend proposed	10,000	16,745
	Total equity	190,880	185,871
	Liabilities other than provisions		
14	Non-current liabilities other than provisions		
	Lease liabilities	6,931	5,528
	Other payables	20,340	28,850
		27,271	34,378
	Current liabilities other than provisions		
14	Short-term part of long-term liabilities other than provisions	3,594	2,760
	Prepayments received from customers	3,263	4,774
	Trade payables	52,021	43,469
	Payables to group enterprises	23,310	16,266
	Other payables	27,280	34,717
		109,468	101,986
	Total liabilities other than provisions	136,739	136,364
	TOTAL EQUITY AND LIABILITIES	327,619	322,235

- 1 Accounting policies
- 2 Special items
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral
- 18 Related parties
- 19 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2022	65,336	103,790	16,745	185,871
19	Transfer, see "Appropriation of profit"	0	11,794	10,000	21,794
	Adjustment of investments through foreign exchange adjustments	0	-40	0	-40
	Dividend distributed	0	0	-16,745	-16,745
	Equity at 31 December 2022	65,336	115,544	10,000	190,880

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of F. Junckers Industrier A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

In 2022 the Management has identified that certain income related to sale from residual product in previous years financial statements have been presented as part of production cost instead of revenue. This misstatement has been corrected in the 2022 financial statements, whereby revenue and production costs for 2021 (the comparative figures) have been restated and increased by tDKK 42,633. The restatement does neither affect gross profit, profit for the year nor the equity.

Comparative figures, including financial highlights, have been changed.

The accounting policies used in the preparation of the financial statements are consistent with those of last year

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign group entities and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign group entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Distribution costs are recognised in the income statement when the Company obtains control of the distribution product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	25 years
Plant and machinery	7-20 years
Fixtures and fittings, other plant and equipment	3-5 years

Land is not depreciated.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as capital gains and losses on transactions in foreign currencies under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Deposits, investments

Investments in group entities

Equity investments in group entities are measured according to the equity method.

The Company has chosen to consider the equity method a measurement method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in group entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with weighted-average method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities. Special items comprises to significant one-off items that, in Management's opinion, do not form part of the company's operating activities.

As disclosed in the Management's review, the profit/loss for the year is affected by a number of matters that Management does not consider part of the operating activities.

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

DKK'000	2022	2021
Income		
Insurance compensation	0	10,540
	<u>0</u>	<u>10,540</u>
Expenses		
Product liability payments regarding products sold in previous years (settlement)	0	-19,460
	<u>0</u>	<u>-19,460</u>
Special items are recognised in the below items of the financial statements		
Other operating income	0	10,540
Productions cost	0	-19,460
Net profit/loss on special items	<u>0</u>	<u>-8,920</u>

3 Segment information

Breakdown of revenue by geographical segment:

Europe	324,583	326,896
North and South America	42,342	37,869
Asia	16,250	16,742
Other countries	17,928	17,970
	<u>401,103</u>	<u>399,477</u>

4 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Jysk-Fynsk Kapital A/S.

DKK'000	2022	2021
5 Financial income		
Interest receivable, group entities	189	314
Other financial income	5,521	4,747
	<u>5,710</u>	<u>5,061</u>
6 Financial expenses		
Other financial expenses	5,491	4,595
	<u>5,491</u>	<u>4,595</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Tax for the year

Estimated tax charge for the year	0	-186
Deferred tax adjustments in the year	7,366	7,161
Refund in joint taxation	-10,052	-17,176
	<u>-2,686</u>	<u>-10,201</u>

8 Intangible assets

DKK'000	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	16,955	2,096	19,051
Additions	0	10,111	10,111
Transferred	220	-220	0
Cost at 31 December 2022	<u>17,175</u>	<u>11,987</u>	<u>29,162</u>
Impairment losses and amortisation at 1 January 2022	16,585	0	16,585
Amortisation for the year	374	0	374
Impairment losses and amortisation at 31 December 2022	<u>16,959</u>	<u>0</u>	<u>16,959</u>
Carrying amount at 31 December 2022	<u>216</u>	<u>11,987</u>	<u>12,203</u>

9 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	19,436	563,799	38,294	1,757	623,286
Additions	459	7,520	339	1,212	9,530
Disposals	0	-641	-2,186	0	-2,827
Transferred	0	1,243	0	-1,243	0
Cost at 31 December 2022	<u>19,895</u>	<u>571,921</u>	<u>36,447</u>	<u>1,726</u>	<u>629,989</u>
Impairment losses and depreciation at 1 January 2022	11,962	516,742	35,577	0	564,281
Depreciation	507	4,752	1,167	0	6,426
Depreciation and impairment of disposals	0	0	-2,827	0	-2,827
Impairment losses and depreciation at 31 December 2022	<u>12,469</u>	<u>521,494</u>	<u>33,917</u>	<u>0</u>	<u>567,880</u>
Carrying amount at 31 December 2022	<u>7,426</u>	<u>50,427</u>	<u>2,530</u>	<u>1,726</u>	<u>62,109</u>
Property, plant and equipment include finance leases with a carrying amount totalling	0	5,577	2,184	0	7,761

Financial statements 1 January - 31 December

Notes to the financial statements

10 Investments

DKK'000	Investments in group enterprises	Other receivables	Deposits, investments	Total
Cost at 1 January 2022	27,108	1,682	13,898	42,688
Disposals	0	3	0	3
Transferred	0	-278	278	0
Cost at 31 December 2022	27,108	1,407	14,176	42,691
Value adjustments at 1 January 2022	-9,015	0	0	-9,015
Foreign exchange adjustments	-40	0	0	-40
Profit/loss for the year	557	0	0	557
Value adjustments at 31 December 2022	-8,498	0	0	-8,498
Carrying amount at 31 December 2022	18,610	1,407	14,176	34,193

Group entities

Name	Domicile	Interest
Junckers Parkett GmbH	Germany	100.00%
Junckers France S.A.S.	France	100.00%
Junckers Limited	Great Britain	100.00%
Junckers Iberica	Spain	100.00%
Junckers Hardwood Inc.	US	100.00%
Junckers Italy S.r.l.	Italy	100.00%

DKK'000	2022	2021
11 Deferred tax		
Deferred tax at 1 January	-35,910	-43,071
Deferred tax adjustment for the year	7,366	7,161
Deferred tax at 31 December	-28,544	-35,910

The company's deferred tax assets relates to depreciable assets.

12 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, t.DKK 569 (2021: t.DKK 0) and other prepayments t.DKK 605 (2021: t.DKK 831).

13 Share capital

Analysis of the share capital:

65,335,787 shares of DKK 1.00 nominal value each	65,336	65,336
	65,336	65,336

The Company's share capital has remained DKK 65,336 thousand over the past 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

14 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	8,255	1,324	6,931	0
Other payables	22,610	2,270	20,340	11,921
	<u>30,865</u>	<u>3,594</u>	<u>27,271</u>	<u>11,921</u>

Other Payables includes financial liabilities amounting to DKK 8,703 thousand in total, payment next year amounts to DKK 1,379 thousand and longterm portion amounts to DKK 7,324 thousand with outstanding debt after 5 years amounting to DKK 1,524 thousand.

DKK'000	2022	2021
15 Staff costs and incentive programmes		
Wages/salaries	118,409	124,926
Pensions	8,918	9,194
Other social security costs	3,441	3,437
	<u>130,768</u>	<u>137,557</u>
Average number of full-time employees	<u>264</u>	<u>283</u>

Total remuneration to Executive Board and board of Directors categories: DKK 3,446 thousand (2021: DKK 3,452 thousand)

Incentive programmes

The company's CEO participates in a contact-based incentive program that runs from April 2022 to December 31, 2024. The incentive programme is primarily based on the valuation of F. Junckers Industrier A/S. It is Management assessment, that the amount is immaterial and nothing is reconised in the income statement and liabilities as per 31 December 2022.

16 Contractual obligations and contingencies, etc.

Other contingent liabilities

Guarantee commitments	<u>650</u>	<u>650</u>
	<u>650</u>	<u>650</u>

The Company is jointly taxed with its parent, Jysk-Fynsk Kapital A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year onwards as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>301,350</u>	<u>292,613</u>
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Rent and lease liabilities include rent agreements with remaining contract terms up to 15 years (2021: 16 years).

Financial statements 1 January - 31 December

Notes to the financial statements

17 Collateral

The company has made a pledge of nominally DKK 70,000 thousand (2021; DKK 70,000 thousand) as collateral for debt to banks and credit institutions amounting to DKK 0 thousand (2021: DKK 0 thousand). The pledge comprises inventories, Trade receivables and Plant and machinery.

The Company has mortgage registered to banks and credit institutions amounting to DKK 4,000 thousand

18 Related parties

F. Junckers Industrier A/S' related parties comprise the following:

Significant influence

<u>Related party</u>	<u>Domicile</u>	<u>Basis for significant influence</u>
Junckers Holding A/S	Køge, Denmark	Owner
Jysk-Fynsk Kapital A/S	Hedensted, Denmark	Ultimate owner

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Jysk-Fynsk Kapital A/S	Hedensted, Denmark	Jysk-Fynsk Kapital A/S

Related party transactions

F. Junckers Industrier A/S was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2022</u>	<u>2021</u>
Sale, group entities	131,121	133,230
Receivables from group entities	24,855	16,820
Payables to group entities	21,035	29,024

19 Appropriation of profit

Recommended appropriation of profit

Proposed dividend recognised under equity	10,000	16,745
Retained earnings/accumulated loss	11,794	-11,123
	<u>21,794</u>	<u>5,622</u>

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Lars Gjødsbøl

Executive Board

På vegne af: F. Junckers Industrier A/S

Serienummer: 8f4867d4-c20f-4cff-b1f6-0bbd4601e526

IP: 92.241.xxx.xxx

2023-06-22 10:50:35 UTC



Thomas Voss (CPR valideret)

Board of Directors

På vegne af: F. Junckers Industrier A/S

Serienummer: a9a8931c-cfe7-4fc2-8cd1-03a5810666c9

IP: 80.208.xxx.xxx

2023-06-22 11:38:35 UTC



Per Kristensen

Chairman

På vegne af: F. Junckers Industrier A/S

Serienummer: 5bbf1faa-e260-4d45-abe5-4728dce2ef1c

IP: 87.48.xxx.xxx

2023-06-22 11:58:09 UTC



Peter Rathsach

Board of Directors

På vegne af: F. Junckers Industrier A/S

Serienummer: 1790087b-61e3-432a-9187-a1f72fa5c503

IP: 80.208.xxx.xxx

2023-06-22 16:37:53 UTC



Jeanette Kærgaard Jacobsen

Board of Directors

På vegne af: F. Junckers Industrier A/S

Serienummer: be2e0b4f-290f-4a5b-bbe2-d59a20945677

IP: 92.241.xxx.xxx

2023-06-23 07:20:31 UTC



Michael Lund Thrane

Board of Directors

På vegne af: F. Junckers Industrier A/S

Serienummer: 4eafc2a3-3f93-4d86-95d6-d1c5083ef62d

IP: 92.241.xxx.xxx

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Signe Trock Hilstrøm

Board of Directors

På vegne af: F. Junckers Industrier A/S

Serienummer: 281197ef-01ff-4247-ac74-b1b4c0427ad6

IP: 94.147.xxx.xxx

2023-06-23 12:05:36 UTC



Lars Koudal Jensen

State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:1267704910153

IP: 82.99.xxx.xxx

2023-06-23 12:08:48 UTC



Thomas Engelund

Chair of the meeting

På vegne af: F. Junckers Industrier A/S

Serienummer: 9cc50f4d-608e-48f5-a27e-c03e6528eb40

IP: 77.33.xxx.xxx

2023-06-23 12:19:01 UTC



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