

# F. Junckers Industrier A/S

Værftsvej 4, 4600 Køge

CVR no. 66 92 02 16

## Annual report 2020

Approved at the Company's annual general meeting on 25 May 2021

Chair of the meeting:



A handwritten signature in blue ink, appearing to read 'Egon Rasmussen', is written over a horizontal dotted line.





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### 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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

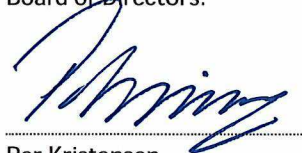
Køge, 25 May 2021

Executive Board:

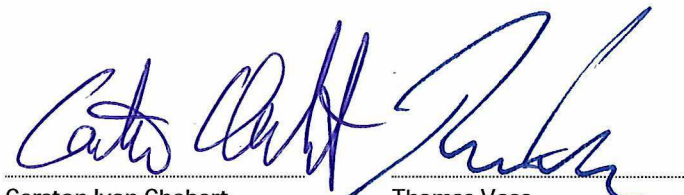


Lars Gjødssøl

Board of Directors:



Per Kristensen  
Chair



Carsten Ivan Chabert

Thomas Voss



Asbjørn Berge



Michael Lund Thrane



Henrik Sigurd Kaaterud

## 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 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### 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.

## Independent auditor's report

- ▶ 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.
- ▶ 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, 25 May 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Lars Koudal Jensen  
State Authorised Public Accountant  
mno26778



## 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, Chair Carsten Ivan Chabert Thomas Voss Asbjørn Berge Michael Lund Thrane Henrik Sigurd Kaaterud
Executive Board	Lars Gjødsbøl
Auditors	EY Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark

## Management's review

### Financial highlights

DKK'000	2020	2019	2018	2017	2016
<b>Key figures</b>					
Revenue	399,243	403,108	400,795	370,998	388,856
Gross profit	74,837	80,542	84,662	77,862	87,919
Operating profit/loss	-2,475	-6,171	1,289	2,306	19,556
Net financials	-3,275	-790	73	-6,429	3,406
Profit/loss before tax	1,522	-3,092	115,640	7,008	25,363
Profit for the year	6,009	9,539	142,102	8,332	25,255
<b>Total assets</b>					
Total assets	360,452	362,308	349,887	446,391	428,611
Investments in property, plant and equipment	12,768	7,923	9,649	11,256	5,826
Equity	221,747	224,713	214,938	152,498	144,649
<b>Financial ratios</b>					
Gross margin	18.7%	20.0%	21.1%	21.0%	22.6%
Equity ratio	61.5%	62.0%	61.4%	34.2%	33.7%
Return on equity	2.7%	4.3%	77.3%	5.6%	19.0%
<b>Average number of employees</b>					
Average number of employees	298	329	309	299	289

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. Especially the long life of the solid floors and an optimized production process with utilization of all wood purchase ensures a positive CO2 footprint.

Junckers is represented in 7 countries through subsidiaries and 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.

As for many other companies, 2020 has in many ways been an extraordinary year for Junckers Industrier A/S. A series of new words and terms found its way into our vocabulary; most importantly, COVID-19. We have had to rethink the way we manage and run our business and have managed to adapt and find ways to adjust our behaviour to these new conditions.

### Financial review

The income statement for 2020 shows a profit of DKK 6,009 thousand against a profit of DKK 9,539 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 221,747 thousand.

Revenue in 2020 reached DKK 399 million, which is DKK 4 million lower than 2019. Denmark, US and Sweden have been the key growth markets for 2020, while our business on the British Isles and Southern Europe have suffered severely from closedowns driven by COVID-19.

Gross profit reached DKK 75 million compared to DKK 81 million in 2019. While we managed to reduce the overall product cost prices during, the reduction in gross profit was negatively affected by changes in country and product mix.

Result before net financials is DKK 1 million compared with a loss of DKK 3 million in 2019. The operating result benefit from lower spending on travel, exhibitions, and other customer related expenses as a result of lower activities due to COVID-19.

From a financial perspective the result is in accordance with plans and budget for the year.

In early 2021, 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 2021 compared with the end of 2020.



## Management's review

The Company has misinterpreted the facts and circumstances and presumptions in connection with recognition of prepayments in 2017 (as assets).

This has been corrected as a material error by correcting the equity on the beginning of 2019 (reduction). Comparative figures as well the financial highlights have been adjusted.

The adjustment have the following impact on the financial statement:

Profit for the year on DKK 1,325 thousand (2019; increase on DKK 1,299 thousand, 2018; increase on DKK 1,273 thousand and a decrease in 2017 on DKK 13,953 thousand)

Assets for the year decrease on DKK 10,056 thousand (31 December 2019; decrease on DKK 11,381 thousand, 31 December 2018; decrease on DKK 12,680 thousand and as per 31 December 2017; decrease on DKK 13,953 thousand)

Equity for the year a decrease DKK 10,056 thousand (31 December 2019; decrease on DKK 11,381 thousand, 31 December 2018; decrease on DKK 12,680 thousand and as per 31 December 2017; decrease on DKK 13,953 thousand).

### *Non-financial matters*

F. Junckers Industrier A/S is owned 100% by Junckers Holding A/S. Junckers Holding A/S is owned 55.7% 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.

### *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. Due to continuous improvement efforts and due to high utilisation of residual wood from production used in public district heating Junckers' CO<sub>2</sub> accounts remain positive.

The Parent 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.

## Management's review

### 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: [www.junckers.com/about/corporate-social-responsibility-csr](http://www.junckers.com/about/corporate-social-responsibility-csr).

### 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. One Board of Director member was replaced during 2020; however, the target is currently not achieved due to missing female candidates. The four non-employee representatives of the Board of Directors are, therefore, still male persons.

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.

### 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 into 2021 with significant uncertainties related to the COVID-19 pandemic and its impact on the business, especially in the first half of the year, a revenue close to DKK 400 million is expected with an operating result around DKK 0 million.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2020	2019
2	Revenue	399,243	403,108
12	Production costs	-324,406	-322,566
	Gross profit	74,837	80,542
	Distribution costs	-51,739	-65,581
	Administrative expenses	-25,574	-21,131
	Operating profit/loss	-2,476	-6,170
	Other operating income	4,378	4,028
	Other operating expenses	-700	-913
	Profit/loss before net financials	1,202	-3,055
	Income from investments in group enterprises	3,595	753
3	Financial income	4,143	6,320
4	Financial expenses	-7,418	-7,110
	Profit/loss before tax	1,522	-3,092
5	Tax for the year	4,487	12,631
	Profit for the year	6,009	9,539



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Acquired intangible assets	794	1,852
	Development projects in progress and prepayments for intangible assets	458	696
		<u>1,252</u>	<u>2,548</u>
7	Property, plant and equipment		
	Land and buildings	5,356	3,912
	Plant and machinery	48,992	36,884
	Fixtures and fittings, other plant and equipment	4,300	3,419
	Property, plant and equipment under construction	471	9,478
		<u>59,119</u>	<u>53,693</u>
8	Investments		
	Investments in group enterprises	17,624	15,004
	Other receivables	3,055	4,290
	Deposits, investments	13,635	13,500
		<u>34,314</u>	<u>32,794</u>
	Total fixed assets	<u>94,685</u>	<u>89,035</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	25,611	30,657
	Work in progress	56,663	56,700
	Finished goods and goods for resale	45,140	55,681
		<u>127,414</u>	<u>143,038</u>
	Receivables		
	Trade receivables	32,179	29,783
	Receivables from group enterprises	39,075	29,027
10	Deferred tax assets	43,071	52,082
	Joint taxation contribution receivable	15,434	15,362
	Other receivables	6,379	2,179
	Prepayments	2,036	1,074
		<u>138,174</u>	<u>129,507</u>
	Cash	179	728
	Total non-fixed assets	<u>265,767</u>	<u>273,273</u>
	TOTAL ASSETS	<u>360,452</u>	<u>362,308</u>





## 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 2020	65,336	162,758	8,000	236,094
	Adjustment of equity through corrections of errors	0	-11,381	0	-11,381
	Adjusted equity at 1 January 2020	65,336	151,377	8,000	224,713
17	Transfer, see "Appropriation of profit"	0	-35,991	42,000	6,009
	Adjustment of investments through foreign exchange adjustments	0	-975	0	-975
	Dividend distributed	0	0	-8,000	-8,000
	Equity at 31 December 2020	65,336	114,411	42,000	221,747

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of F. Junckers Industrier A/S for 2020 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.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Material misstatements

The Company has misinterpreted the facts and circumstances and presumptions in connection with recognition of prepayments in 2017 (as assets).

This has been corrected as a material error by correcting the equity on the beginning of 2019 (reduction). Comparative figures as well the financial highlights have been adjusted.

The adjustment have the following impact on the financial statement:

Profit for the year on DKK 1,325 thousand (2019; increase on DKK 1,299 thousand, 2018; increase on DKK 1,273 thousand and a decrease in 2017 on DKK 13,953 thousand)

Assets for the year decrease on DKK 10,056 thousand (31 December 2019; decrease on DKK 11,381 thousand, 31 December 2018; decrease on DKK 12,680 thousand and as per 31 December 2017; decrease on DKK 13,953 thousand)

Equity for the year a decrease DKK 10,056 thousand (31 December 2019; decrease on DKK 11,381 thousand, 31 December 2018; decrease on DKK 12,680 thousand and as per 31 December 2017; decrease on DKK 13,953 thousand).

#### Changes in accounting estimates

Management has changed its accounting estimate regarding the useful life of plant and machinery due to managements experience of actual useful life.

The change has had a significant impact on the financial statements, as depreciations has decreased by DKK 3,682 thousand. Equity was affected by DKK 2,872 thousand.

#### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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 subsidiaries 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 subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

### 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 and operating expenses

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



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The item includes dividend received from subsidiaries.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

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".

##### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

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 subsidiaries 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).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

#### Receivables

Receivables are measured at amortised cost.

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

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.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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".

##### 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

DKK'000	2020	2019
2 Segment information		
Breakdown of revenue by geographical segment:		
Europe	273,960	263,655
North and South America	58,921	47,093
Asia	50,252	71,599
Other countries	16,110	20,762
	<u>399,243</u>	<u>403,109</u>
3 Financial income		
Interest receivable, group entities	753	742
Other financial income	3,390	5,578
	<u>4,143</u>	<u>6,320</u>
4 Financial expenses		
Interest expenses, group entities	333	321
Other financial expenses	7,085	6,789
	<u>7,418</u>	<u>7,110</u>
5 Tax for the year		
Estimated tax charge for the year	58	9
Deferred tax adjustments in the year	9,011	2,722
Tax adjustments, prior years	1,878	0
Refund in joint taxation	-15,434	-15,362
	<u>-4,487</u>	<u>-12,631</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Intangible assets

DKK'000	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2020	16,806	696	17,502
Additions	262	456	718
Disposals	-956	0	-956
Transferred	694	-694	0
Cost at 31 December 2020	16,806	458	17,264
Impairment losses and amortisation at 1 January 2020	14,954	0	14,954
Amortisation for the year	2,014	0	2,014
Reversal of accumulated amortisation and impairment of assets disposed	-956	0	-956
Impairment losses and amortisation at 31 December 2020	16,012	0	16,012
Carrying amount at 31 December 2020	794	458	1,252

#### 7 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 2020	15,155	543,953	38,840	9,478	607,426
Additions	1,504	8,397	2,815	52	12,768
Disposals	0	0	-6,188	0	-6,188
Transferred	239	8,820	0	-9,059	0
Cost at 31 December 2020	16,898	561,170	35,467	471	614,006
Impairment losses and depreciation at 1 January 2020	11,243	507,069	35,421	0	553,733
Depreciation	299	5,109	1,934	0	7,342
Reversal of accumulated depreciation and impairment of assets disposed	0	0	-6,188	0	-6,188
Impairment losses and depreciation at 31 December 2020	11,542	512,178	31,167	0	554,887
Carrying amount at 31 December 2020	5,356	48,992	4,300	471	59,119
Property, plant and equipment include finance leases with a carrying amount totalling	0	5,839	1,575	0	7,414

Note 14 provides more details on security for loans, etc. as regards property, plant and equipment.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Investments

DKK'000	Investments in group enterprises	Other receivables	Deposits, investments	Total
Cost at 1 January 2020	27,108	4,290	13,500	44,898
Additions	0	-1,100	0	-1,100
Transferred	0	-135	135	0
Cost at 31 December 2020	27,108	3,055	13,635	43,798
Value adjustments at 1 January 2020	-12,104	0	0	-12,104
Foreign exchange adjustments	-975	0	0	-975
Profit/loss for the year	3,595	0	0	3,595
Value adjustments at 31 December 2020	-9,484	0	0	-9,484
Carrying amount at 31 December 2020	17,624	3,055	13,635	34,314
Name		Domicile		Interest
Subsidiaries				
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	2020	2019
9 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.

#### 10 Deferred tax

Deferred tax at 1 January	-52,082	-54,804
Deferred tax adjustment for the year	9,011	2,722
Deferred tax at 31 December	-43,071	-52,082

The company's deferred tax assets relates to tax loss carry forwards and depreciable assets.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 11 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	7,498	1,456	6,042	1,935
Other payables	24,858	2,068	22,790	3,016
	<u>32,356</u>	<u>3,524</u>	<u>28,832</u>	<u>4,951</u>

DKK'000	2020	2019
12 Staff costs		
Wages/salaries	130,642	140,131
Pensions	9,563	10,585
Other social security costs	3,705	4,028
	<u>143,910</u>	<u>154,744</u>
Average number of full-time employees	<u>298</u>	<u>329</u>

Total remuneration to management categories: DKK 3,792 thousand (2019: DKK 3,820 thousand)

#### 13 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

Guarantee commitments	650	150
	<u>650</u>	<u>150</u>

Other possible contingent liabilities include possible material liabilities in respect of previously sold products, etc., where it is unlikely that the settlement will result in the transfer of future economic benefits. With reference to IAS 37 item 91/92 (uncertainty of possible figures and influence on legal position) the Company cannot disclose further details. Management considers that such possible liabilities will not affect the financial position of the Company beyond the obligations recognised in the annual report.

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>297,014</u>	<u>314,151</u>
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Rent and lease liabilities include rent agreements with remaining contract terms up to 17 years(2019: 18 years).



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 14 Collateral

The company has made a pledge of nominally DKK 70,000 thousand (2019: DKK 70,000 thousand) as collateral for debt to banks and credit institutions amounting to DKK 4,409 thousand (2019: DKK 28,402 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

#### 15 Related parties

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

##### Significant influence

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

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
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:

DKK'000	2020	2019
Sale, group entities	149,029	148,860
Receivables from group entities	39,075	29,027
Payables to group entities	22,016	11,142

#### 16 Fee to the auditors appointed by the Company 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.

#### 17 Appropriation of profit

Recommended appropriation of profit		
Proposed dividend recognised under equity	42,000	8,000
Retained earnings/accumulated loss	-35,991	1,539
	<u>6,009</u>	<u>9,539</u>