FRITZ HANSEN A/S

ALLERØDVEJ 8, 3450 ALLERØD

CENTRAL BUSINESS REGISTRATION NO. 1412 0211

ANNUAL REPORT

FOR 1 JANUARY - 31 DECEMBER 2019

18 MARCH 2020

CHAIRMAN:

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COMPANY DETAILS

Company
Fritz Hansen A/S
Allerødvej 8, 3450 Allerød
Municipality of reg. office: Allerød
Founded: 30/3/1955
Central Business Registration no. 14 12 02 11
Telephone +45 48 17 23 00
Internet: www.fritzhansen.com

Shareholder
Skandinavisk Holding A/S
Sankt Annæ Plads 13, st. th., DK-1250 Copenhagen K

Board of Directors
Henrik Brandt, Chairman
Anders Obel, Deputy Chairman
Christian Madsbjerg
Claus Gregersen
Jennifer Galimberti
Jacob Holm
Anne Katrine Friis-Holm Ottosen *
Henning Petersen *
*) Employee board member

Executive Board
Josef Kaiser, Chief Executive Officer
Lars Torp Madsen, Chief Financial Officer
Lars Hardboe Galsgaard, Executive Vice President, Sales & Brand

Company Auditors
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Subsidiaries
Fritz Hansen Inc., USA
Fritz Hansen Production Sp. z.o.o, Poland
Fritz Hansen Via Tessa S.r.l., Italy

Branches
Fritz Hansen, Japan

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Fritz Hansen A/S for the financial year 1 January - 31 December 2019.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2019.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Allerød, 18 March 2020.

Executive Board

Josef Kaiser (Chief Executive Officer)	Lars Torp Madsen (Chief Financial Officer)	Lars Hardboe Galsgaard (Executive Vice President, Sales & Brand)

Board of Directors

Henrik Brandt Chairman	Anders Obel Deputy Chairman	Christian Madsbjerg
Claus Gregersen	Jennifer Galimberti	Jacob Holm
Anne Katrine Friis-Holm Ottosen	Henning Petersen	

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Fritz Hansen A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Fritz Hansen A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.
Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 18 March 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Cvr.no. 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Allan Wøhlk Høgh
State Authorised Public Accountant
mne34528

MANAGEMENT'S REVIEW

Group financial highlights

	2015	2016	2017	2018	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Income Statement:					
Revenue	559,957	601,982	631,974	619,271	573,128
EBITDA	129,391	153,164	149,013	130,181	91,315
EBIT	105,990	130,064	126,128	107,603	67,142
Net Financials	-2,148	-4,894	-978	-4,662	-2,073
Profit for the year	79,452	96,130	94,224	77,718	48,221
Balance Sheet:					
Inventories	42,244	54,283	70,437	77,606	67,239
Trade Receivables	53,147	45,940	60,526	59,708	50,144
Trade Payables	21,048	32,896	21,883	34,964	27,089
Equity	270,691	309,760	312,220	322,282	314,828
Balance Sheet Total	431,433	497,318	511,324	528,576	490,809
Investments	94,490	20,635	7,237	6,820	17.126
Average Operating Assets	237,164	278,092	287,312	265,296	237,879
Net Working Capital	44,521	40,030	85,657	85,347	63,485
Net interest-bearing debt	10.199	-39,679	-29,077	-89,888	-88,477
Cash Flow:					
Free Cash Flow	2,358	104,778	84,498	125,811	53,589
Ratios in %					
Profit Margin	18.9	21.6	20.0	17.4	11.7
Return on Capital Employed	44.7	46.8	43.9	39.5	28.2
Return on Equity	32.4	33.1	30.3	24.5	15.1
Equity Ratio (%)	62.7	62.3	61.0	61.0	64.1
Employees:					
Average number of full-time employees	185	202	237	246	252

Primary Activity

The Company manufactures timeless high-quality designer furniture and lighting that has been developed in co-operation with reputable Danish and international architects and designers.

Development in activities and financial position

Financial development

Profit before tax is DKK 65,1 million and did not meet the expectations for the financial year.

The year's cash flows from operating activities are 70,4 million.

MANAGEMENT'S REVIEW (CONTINUED)

Investments

The Group have made investment in an expansion of the production facility, besides the normal and ongoing replacement of plant equipment.

Capital resources

The Group is self-supporting. It is recommended to the Annual General Meeting that dividend of DKK 35 million be distributed.

New products, research and development activities

The Group's development costs in the period totalled DKK 9 million (2018: DKK 8 million).

Significant events after the balance sheet date

After the balance sheet date, the global outbreak of COVID-19 (coronavirus) has had a negative impact on the macro-economic outlook and financial markets. The scale and duration of this remains uncertain, but could negatively impact the Group and the Parent Company going forward.

No other events have occurred after the balance sheet date of importance to the 2019 consolidated financial statements and the financial statements of the Parent Company.

Outlook & Expectations

Due to the world-wide development of the Covid-19 situation, we are not able to provide financial expectations to our financial performance for 2020.

§99 b statement

In 2017 a policy was adopted to increase the diversity in the company, including the share of the underrepresented gender, in the Company's general management on all levels. The aspiration was to have 1 woman in the board of directors by 2021, which was fulfilled during 2019.

When changes in board of directors or management should occur, specific attention will be given to female candidates, however it was not considered possible to change a management composition in 2019.

The remaining management is currently represented by 20% women and 80% men. The ambition is, to increase the number of female managers by the following policies:

- All job postings should be attractive towards both male and female candidates.
- External talent bureaus must present both male and female candidates.
- Female talent is given specific attention when promoting internally.

SPECIFIC RISKS

General risks

The Group’s primary operating risks relate to the general economic developments as its sale of furniture depends on the financial development of our customers, who are primarily located in Western Europe, Japan and the USA.

Financial risks

As a consequence of its operations, investments and financing, the Group is exposed to changes in the level of interest and exchange rates. The Group pursues a policy under which currency exposure, interest rate exposure and credit risks only arise from commercial affairs and conditions. The Group’s application of derivative financial instruments is governed by a written policy adopted by the Board of Directors and by internal business procedures which determine the maximum amounts allowed and what types of derivative financial instruments may be applied.

Currency exposure

The Group’s activities are affected by exchange rate fluctuations since revenue is primarily invoiced in foreign currencies whereas costs, including wages and salaries, are primarily incurred in DKK.

The Group’s currency exposure is primarily hedged by matching payments received and made in the same currency and by taking up loans in the relevant currencies. It is the Group’s exchange rate policy to hedge 80% of estimated currency risks at the beginning of every calendar year.

Interest rate exposure

The Group's positive net interest-bearing debt, which has been calculated as holdings of negotiable securities and cash funds less mortgage debt and bank debt, has decreased from an asset of DKK 90 million to an asset of DKK 88 million in the year. The gross interest bearing debt is raised in GBP, SEK, USD and YEN.

Based on the net asset at the end of the financial year, an increase of one percentage point in the general interest level would cause the Group’s annual interest income before tax to increase by max. DKK 0.9 million. The Group does not hedge the interest rate exposure as it is considered insignificant and, accordingly, not profitable.

Credit risks

Credit risks related to financial assets correspond to the values recognised in the balance sheet. The Group is not exposed to major risk from a single customer or business partner. As a consequence of the Group’s credit risk policy, all major customers and other business partners are rated on a current basis.

Intellectual capital resources

It is material for Fritz Hansen A/S’ continued growth to attract and retain competent and highly skilled employees holding expertise within furniture design and quality.

Environmental performance

Fritz Hansen A/S is conscious of the environment and makes an ongoing effort to reduce the environmental impact of its operating activities.

CSR mission & ambition

"To show the world how sustainability, quality and exclusive design are all part of the same solution".

We believe that sustainability, quality and design are all equally important. We will strive to make our activities as environmentally and socially sustainable as possible, while maintaining quality and design at the highest level. That's what we call "Sustainable Quality".

Our four Focus Areas*:*

Long-lasting products:

We want our products to last and be used for the longest time and offer up to 20 years of guarantee.

Reducing toxic chemicals:

We want to reduce gas emission and exposure to toxic chemicals.

Responsible sourcing:

We will prioritise materials that provide a reduced environmental impact from responsible suppliers who care about their employees and surroundings as much as we do.

MANAGEMENT’S REVIEW (CONTINUED)

Reducing CO_2 emissions:

We will focus on the areas where we can achieve the right balance between our efforts and the impact on the environment.

Read more about CSR and the statutory statement of Corporate Social Responsibility:

https://fritzhansen.com/da-dk/about-us/sustainability/csr-reports

(§99a statement under the Danish Financial Statements Act.)

ACCOUNTING POLICIES

The Annual Report of Fritz Hansen A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The Annual Report of Fritz Hansen A/S and its subsidiaries are included in the consolidated financial statements of Chr. Augustinus Fabrikker Aktieselskab and the Augustinus Fonden, Copenhagen.

The accounting policies applied for this Annual Report are consistent with those applied last year.

Generally about Recognition and Measurement

Income is recognised in the income statement when earned. Costs incurred to earn revenues for the year, including amortisation, depreciation, impairment and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognised in the income statement, are also recognised.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Gains, losses and risks that arise before the time of presentation of the Annual Report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Consolidated Financial Statements

The Consolidated Financial Statements comprise Fritz Hansen A/S (Parent Company), and subsidiaries, cf. overview on page 1.

Control is achieved by the Parent Company, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

ACCOUNTING POLICIES (CONTINUED)

Consolidation Policies
The Consolidated Financial Statements are prepared on the basis of the Financial Statements of Fritz Hansen A/S and its subsidiaries. The Consolidated Financial Statements are prepared by combining uniform items.

On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and that in effect at the payment date as well as exchange adjustments of accounts denominated in foreign currencies using the balance sheet date exchange rate are recognised as financial income or expenses.

The foreign subsidiaries' income statements are translated into Danish kroner at average exchange rates. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange differences arising on the translation of the subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and on the exchange adjustment of the income statement from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments
Forward exchange contracts, which primarily consist of raising loans in foreign currencies, entered into to hedge future revenues and expenses are measured at fair value at the balance sheet date, and value adjustments are recognised directly in equity. Income and expenses regarding such hedging transactions are transferred from equity upon realisation and recognised under the same financial statements item as the hedged amount.

Revenue
Revenue from invoiced sales is recognised in the income statement if delivery to the buyer has taken place before the end of the financial year and if revenue can be stated reliably and expected received. Revenue is recognised net of VAT and duties.

Raw materials, consumables and purchased goods
Raw materials, consumables and purchased goods comprise direct and indirect costs for raw materials and consumables, wages and salaries, goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

ACCOUNTING POLICIES (CONTINUED)

Other external expenses
Other external expenses include expenses relating to the ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions and pension contributions.

Depreciation, amortisation and impairment losses and other income
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year. Other income comprises of income of a secondary nature as viewed in relation to the primary activities.

Income/(loss) from investments in subsidiaries after tax
Income/(loss) from investments in subsidiaries after tax comprises the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Financial income
Financial income comprises interest income, including interest income on receivables from group enterprises, exchange gains on receivables, payables and transactions in foreign currencies etc.

Financial expenses
Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, exchange losses on receivables, payables and transactions in foreign currencies etc.

Income taxes and deferred tax
The Parent Company is jointly taxed with Chr. Augustinus Fabrikkers Aktieselskab and a number of other group enterprises.

Calculated tax on the profit for the year, which comprises current tax and change in deferred tax, is recognised in the income statement calculated under the liability method.

Deferred tax is provided for on the difference between carrying amount and tax base.

Intangible assets
Intangible assets are measured at cost net of accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the assets' estimated useful life, which is five years for rights. The period of amortisation for rights is determined based on Management's experience in the Company's business areas, and Management considers it to reflect the best estimate of the useful life of rights.

ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and recoverable amounts. Land is not depreciated.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when the asset is ready to be put into operation.

The basis of depreciation is cost with addition of any revaluation and less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets, however, no more than the following:

Goodwill	10 years
Rights	5 years
Land and buildings:	
Buildings	33 years
Installations	10 years
Plant and machinery:	
Manufacturing machinery	10 years
Tools	5 years
Other fixtures and fittings, tools and equipment:	
Factory and warehouse equipment	10 years
Office furniture and machinery	5 years
IT equipment and software	3-5 years
Leasehold improvements	5-7 years

Gains and losses on current replacement of property, plant and equipment are recognised in the income statement.

Intangible assets and property, plant and equipment are depreciated to the lower of recoverable amount and carrying amount. Recoverable amount is calculated as the higher of net selling price and capital value.

ACCOUNTING POLICIES (CONTINUED)

Fixed Asset Investments
Investments in the subsidiaries are measured in the Parent Company under the equity method, i.e. the proportionate share of the companies' equity less unrealised intra-group profits.

The proportionate share of the companies' profit/loss after elimination of intra-group profits is recognised in the income statement.

Inventories
Raw materials, consumables and goods for resale are measured at the lower of cost calculated under the FIFO method and net realisable value.

Finished goods and work in progress are measured at the cost of direct materials and labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

The net realisable value of inventories is calculated as the expected sales sum less completion costs and expenses necessary to execute the sale and is determined allowing for marketability and obsolescence.

Receivables
Receivables are measured at their estimated realisable value based on an individual assessment. Write-down is made for bad and doubtful debts.

Equity - Dividends
Proposed dividends are recognised as a liability at the time of adoption at the Annual General Meeting. Dividends expected to be distributed for the year are disclosed as a separate equity item.

Financial liabilities other than provisions
Fixed-interest loans, such as mortgage loans and loans at credit institutions, intended to be held to maturity are recognised at the time of contracting the debt at the proceeds received net of transaction expenses. Subsequently, the loans are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value (capital loss) is recognised in the income statement over the loan period.

Cash flow statement
The cash flow statement is presented using the indirect method and shows the year’s consolidated cash flows from operating, investing and financial activities, the year’s changes in cash and cash equivalents as well as the Group’s cash and cash equivalents at the beginning and the end of the financial year.

ACCOUNTING POLICIES (CONTINUED)

Cash flows from operating activities
Cash flows from operating activities are calculated on the basis of earnings before depreciation and amortisation adjusted for changes in working capital, payments relating to financial items as well as income tax paid.

Cash flows from investing activities
Cash flows from investing activities comprise payments in connection with the purchase and sale of property, plant and equipment as well as fixed asset investments. Upon the acquisition and sale of enterprises, cash flows are adjusted for additions to and disposals of assets and liabilities. Cost is stated at acquisition price adjusted for cash and cash equivalents received.

Cash flows from financing activities
Cash flows from financing activities comprise changes in the size or composition of share capital and related expenses, borrowing, instalments on interest-bearing debt as well as payment of dividends.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand and short-term bank debt.

Segment information
Segment information is provided for geographical markets (primary segment). Since the Company has only one business area, no segment information has been provided for the secondary segment. Segment disclosures are stated based on the Company's financial reporting and comply with the applied accounting policies.

Ratios

Profit Margin = $\dfrac{\text{Operating profit x 100}}{\text{Revenue}}$

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

Average Operating Assets = Operating assets are balance sheet total less cash at bank and in hand and non-interest bearing debt.

Equity Ratio = $\dfrac{\text{Equity x 100}}{\text{Balance sheet total}}$

Return on Equity = $\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

Parent Company				Group	
2018	**2019**			**2019**	**2018**
DKK'000	**DKK'000**		**Note**	**DKK'000**	**DKK'000**
601,598	544,844	Revenue	1	573,128	619,271
225,779	202,546	Raw materials, consumables and purchased goods		189,206	206,349
159,058	148,917	Other external expenses	2	170,031	177,206
94,988	109,895	Staff costs	3	122,576	105,535
121,773	**83,486**	**Profit before amortisation, depreciation, impairment losses & other income (EBITDA)**		**91,315**	**130,181**
16,647	17,231	Amortisation, depreciation, impairment losses & other income	4	24,173	22,578
105,126	**66,255**	**Operating profit/loss (EBIT)**		**67,142**	**107,603**
746	-499	Income/(loss) from investments in subsidiaries after tax	5	**-**	**-**
105,872	**65,756**	**Profit before financial income & expenses**		**67,142**	**107,603**
892	1,256	Financial income	6	727	358
4,669	2,439	Financial expenses	7	2,800	5,020
102,095	**64,573**	**Profit before tax**		**65,069**	**102,941**
24,377	16,352	Tax on profit for the year	8	16,848	25,223
77,718	**48,221**	**PROFIT FOR THE YEAR**	**9**	**48,221**	**77,718**

BALANCE SHEET AT 31 DECEMBER

Parent Company				Group	
2018	2019			2019	2018
DKK'000	DKK'000		Note	DKK'000	DKK'000
52,234	44,094	Goodwill		44,094	52,234
256	128	Rights		128	256
52,490	**44,222**	**Intangible Assets**	**10**	**44,222**	**52,490**
32,963	35,170	Land and buildings		71,968	66,015
6,522	7,094	Plant and machinery		22,336	24,578
6,129	5,880	Other fixtures and fittings, tools and equipment		6,364	8,242
3,145	3,456	Property, plant and equipment in progress		3,456	3,613
48,759	**51,600**	**Property, plant and equipment**	**11**	**104,124**	**102,448**
9,218	8,570	Deferred tax assets	8	11,176	11,751
3,117	2,916	Deposits		3,197	3,395
14,226	14,037	Investments in subsidiaries	12	-	-
26,561	**25,523**	**Financial Asset Investments**		**14,373**	**15,146**
127,810	**121,345**	**FIXED ASSETS**		**162,719**	**170,084**
74,168	**63,047**	**Inventories**	**13**	**67,239**	**77,606**
54,122	44,989	Trade receivables		50,144	59,708
47,459	46,699	Receivables from group enterprises		147	-
5,763	6,227	Other receivables		6,174	5,716
4,804	1,127	Prepayments	14	1,247	4,924
112,148	**99,042**	**Receivables**		**57,712**	**70,348**
208,515	201,704	Cash at bank and in hand		203,139	210,538
394,831	**363,793**	**CURRENT ASSETS**		**328,090**	**358,492**
522,641	**485,138**	**ASSETS**		**490,809**	**528,576**

BALANCE SHEET AT 31 DECEMBER

Parent Company				Group	
2018	2019			2019	2018
DKK'000	DKK'000		Note	DKK'000	DKK'000
22,000	22,000	Share Capital		22,000	22,000
1,296	2,034	Revaluation by the equity method		-	-
243,986	255,794	Retained Earnings		257,828	245,282
55,000	35,000	Proposed dividends for the financial year		35,000	55,000
322,282	**314,828**	**EQUITY**		**314,828**	**322,282**
120,650	114,242	Bank debt		114,662	120,650
32,407	25,492	Trade payables		27,089	34,964
23,011	-	Payable to group enterprises		-	23,037
24,291	30,576	Other payables		34,230	27,643
200,359	**170,310**	**Current Liabilities other than Provisions**		**175,981**	**206,294**
200,359	**170,310**	**LIABILITIES OTHER THAN PROVISIONS**		**175,981**	**206,294**
522,641	**485,138**	**EQUITY AND LIABILITIES**		**490,809**	**528,576**

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Subsequent events	18

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER

Parent Company	Share capital DKK'000	Revaluation by the equity method DKK'000	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000
Equity at 1 January 2019	**22,000**	**1,296**	**243,986**	**55,000**	**322,282**
Dividends paid	-	-	-	-55,000	-55,000
Profit for the year	-	724	12,497	35,000	48,221
Exchange adjustments, subsidiaries	-	14	9	-	23
Net adjustments, hedging instruments	-	-	-698	-	-698
Equity at 31 December 2019	**22,000**	**2,034**	**255,794**	**35,000**	**314,828**

Group	Share capital DKK'000	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000
Equity at 1 January 2019	**22,000**	**245,282**	**55,000**	**322,282**
Dividends paid	-	-	-55,000	-55,000
Profit for the year	-	13,221	35,000	48,221
Exchange adjustments, subsidiaries	-	23	-	23
Net adjustments, hedging instruments	-	-698	-	-698
Equity at 31 December 2019	**22,000**	**257,828**	**35,000**	**314,828**

Share capital consists of:

4 shares at DKK'000 2,500	10,000
1 share at DKK'000 12,000	12,000
Total	22,000

There have been no capital increases or reductions in the last five years.

CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY - 31 DECEMBER

Group

	2019	2018
	DKK'000	DKK'000
Profit for the year before amortisation, depreciation and impairment	91,315	130,181
Change in inventories	10,367	-7,167
Change in receivables	10,494	-339
Change in trade payables & other payables from operating activities	-1,977	5,119
Cash flow from operating activities before net financials and tax	**110.199**	**127,792**
Interest income, etc.	164	358
Interest expenses, etc.	-2,800	-3,503
Corporation tax paid	-37.168	7,598
Cash flow from ordinary activities	**70,395**	**132,245**
Acquisition of property, plant and equipment	-17,126	-6,820
Sale of property, plant and equipment	122	110
Acquisition/sale of financial assets investments	198	276
Cash flow from investing activities	**-16,806**	**-6,434**
Dividends paid to shareholders in the Parent Company	-55,000	-65,000
Cash flow from financing activities	**-55,000**	**-65,000**
Cash flows for the year	-1,411	60,811
Cash and cash equivalents at 1 January	89,888	29,077
Cash and cash equivalents at 31 December	**88,477**	**89,888**
Cash at bank and in hand	203,139	210,538
Short-term bank debt	-114,662	-120,650
Cash and cash equivalents at 31 December	**88,477**	**89,888**

NOTES

Parent Company 2018 DKK'000	Parent Company 2019 DKK'000		Group 2019 DKK'000	Group 2018 DKK'000
		1. Segment information		
		Revenue		
		Geographical primary segment		
465,312	413,923	Europe	413,923	465,312
136,286	130,921	Rest of the world	159,205	153,959
601,598	**544,844**		**573,128**	**619,271**
		2. Other external expenses		
		This item includes the following fee to the auditors appointed at the General Meeting		
390	390	Statutory audit	464	455
-	15	Other services	53	-
390	**405**		**517**	**455**
		3. Staff costs Total salaries and remuneration, etc., are distributed as follows:		
85,645	100,095	Wages and salaries	110,675	94,430
5,626	5,743	Pension costs	5,892	5,766
3,717	4,057	Other social security costs	6,009	5,339
94,988	109,895		122,576	105,535
1,682	1,817	Board of Directors	1,817	1,682
10,883	19,849	Executive Board	19,849	10,883
142	148	Average number of employees	252	246

NOTES (CONTINUED)

Parent Company			Group	
2018	2019		2019	2018
DKK'000	DKK'000		DKK'000	DKK'000
		4. Amortisation, depreciation, impairment losses and other income		
8,269	8,269	Goodwill & Rights	8,269	8,269
2,411	2,419	Land and buildings	4,246	4,220
2,695	2,922	Plant and machinery	6,400	6,433
3,289	3,355	Other fixtures & fittings, tools & equipment	4,993	3,674
16,664	**16,965**	Amortisation, depreciations and impairment losses	**23,908**	**22,596**
-17	266	Other income, gain/loss on sale of assets	265	-18
16,647	**17,231**		**24,173**	**22,578**
		5. Profit from investment in subsidiaries after tax		
445	724	Fritz Hansen Inc. USA	-	-
-1,066	-370	Fritz Hansen Production Sp. z.o.o, Poland	-	-
3	-	Fritz Hansen Singapore Pte Ltd, Singapore	-	-
65	-944	Fritz Hansen Via Tessa S.r.l., Italy	-	-
1,299	91	Adjustment of internal profit	-	-
746	**-499**		**-**	**-**
		6. Financial income		
565	544	Interest income, intra-group	-	-
327	142	Interest income, other	164	358
-	570	Exchange gains	563	-
892	**1,256**		**727**	**358**
		7. Financial expenses		
1,953	1,872	Interest expenses, banks	1,872	1,953
1,202	567	Interest expenses, other	928	1,550
1,514	-	Exchange losses	-	1,517
4,669	**2,439**		**2,800**	**5,020**

NOTES (CONTINUED)

Parent Company 2018 DKK'000	Parent Company 2019 DKK'000		Group 2019 DKK'000	Group 2018 DKK'000
		8. Tax on profit for the year		
23,367	15,704	Current tax of profit for the year	16,273	24,030
1,010	648	Adjustment of deferred tax re. profit for the year and adjustments relating to tax rate changes	575	1,193
24,377	**16,352**		**16,848**	**25,223**
		9. Proposed distribution of profit/loss		
55,000	35,000	Proposed dividends		
445	724	Reserve for net revaluation under the equity method		
22,273	12,497	Retained earnings		
77,718	**48,221**			

10. Intangible Asset	Parent Company Goodwill DKK'000	Parent Company Rights DKK'000	Group Goodwill DKK'000	Group Rights DKK'000
Cost at 1 January	81,402	5,909	81,402	5,909
Additions	-	-	-	-
Cost at 31 December	81,402	5,909	81,402	5,909
Depreciation & impairment at 1 Jan.	29,168	5,653	29,168	5,653
Depreciation	8,140	129	8,140	129
Depreciation & impair. at 31 Dec.	37,308	5,781	37,308	5,781
Carrying amount at 31 Dec. 2019	**44,094**	**128**	**44,094**	**128**
Carrying amount at 31 Dec. 2018	52,234	256	52,234	256

NOTES (CONTINUED)

11. Property, plant and equipment – Parent Company

	Land & buildings DKK'000	Plant & machi-nery DKK'000	Other fix-tures and fittings, tools and equipment DKK'000	Property, plant and equipment and assets in progress DKK'000	Total DKK'000
Cost at 1 January	143,318	58,675	45,084	3,145	250,222
Currency adjustment	-	-	72	-	72
Additions	4,759	3,494	3,312	2,498	14,063
Retirements	-212	-	-1,527	-2,187	-3,926
Cost at 31 December	147,865	62,169	46,941	3,456	260,431
Depreciation & impairment at 1 Jan.	110,355	52,153	38,955	-	201,463
Currency adjustment	-	-	43	-	43
Depreciation	2,419	2,922	3,355	-	8,696
Retirements	-79	-	-1,292	-	-1,371
Depreciation & impair. at 31 Dec.	112,695	55,075	41,061	-	208,831
Carrying amount at 31 Dec. 2019	**35,170**	**7,094**	**5,880**	**3,456**	**51,600**
Carrying amount at 31 Dec. 2018	32,963	6,522	6,129	3,145	48,759

11. Property, plant and equipment – Group

	Land & buildings DKK'000	Plant & machi-nery DKK'000	Other fix-tures and fittings, tools and equipment DKK'000	Property, plant and equipment and assets in progress DKK'000	Total DKK'000
Cost at 1 January	182,968	91,338	48,152	3,613	326,071
Currency adjustment	441	363	99	8	911
Additions	9,985	3,994	3,312	2,498	19,789
Retirements	-212	-	-1,527	-2,663	-4,402
Cost at 31 December	193,182	95,695	50,036	3,456	342,369
Depreciation & impairment at 1 Jan.	116,953	66,760	39,910	-	223,623
Currency adjustment	94	199	61	-	354
Depreciation	4,246	6,400	4,993	-	15,639
Retirements	-79	-	-1,292	-	-1,371
Depreciation & impair. at 31 Dec.	121,214	73,359	43,672	-	238,245
Carrying amount at 31 Dec. 2019	**71,968**	**22,336**	**6,364**	**3,456**	**104,124**
Carrying amount at 31 Dec. 2018	66,015	24,578	8,242	3,613	102,448

NOTES (CONTINUED)

12. Investments in subsidiaries	Parent Company 2019 DKK'000	2018 DKK'000
Cost at 1 January	21,997	21,997
Additions	-	-
Cost at 31 December	21,997	21,997
Value adjustment at 1 January	1,926	2,588
Retirement	-	-130
Exchange adjustments, beginning of year	275	8
Profit for the year	-590	-553
Exchange adjustment of profit for the year	23	13
Value adjustment at 31 December	1,634	1,926
Internal profit	-9,594	-9,697
Carrying amount at 31 December	**14,037**	**14,226**

Name	Reg. address	Voting/ownership share
Fritz Hansen Inc.	New York City, USA	100%
Fritz Hansen Production Sp. z.o.o.	Rawicz, Poland	100%
Fritz Hansen Via Tessa S.r.l.	Milan, Italy	100%

13. Inventories

Parent Company 2018 DKK'000	Parent Company 2019 DKK'000		Group 2019 DKK'000	Group 2018 DKK'000
30,235	24,230	Raw materials and consumables	24,230	30,235
10,972	7,903	Work in progress	7,903	10,972
32,961	30,914	Finished goods	35,106	36,399
74,168	**63,047**		**67,239**	**77,606**

NOTES (CONTINUED)

14. Prepayments

Parent Company			Group	
2018	**2019**		**2019**	**2018**
DKK'000	**DKK'000**		**DKK'000**	**DKK'000**
3,529	904	Other prepayments	1,024	3,649
1,275	223	Prepaid rent	223	1,275
4,804	**1,127**		**1,247**	**4,924**

15. Currency, Interest and Credit Exposure

Trade Receivables

The credit period for trade receivables varies by market from 30 days to 60 days. The credit period for trade receivables is free of interest.

Bank debt

The bank debt consists of ordinary credits. The average term is one year. The rate of interest averaged 1.4% at 31 December 2019.

Derivative financial instruments:

There are no forward exchange contracts at 31 December 2019. Foreign currency loans of DKK 114 million have been raised to ensure expected future sales in foreign currency.

NOTES (CONTINUED)

16. Contingent Liabilities

Rental and lease commitments

The Group has assumed rental and lease commitments with payments of DKK 40 million in the period of notice (parent DKK 36 million). In the financial year 2020, group payments amounts to DKK 11 million (parent DKK 8 million). The balance of DKK 29 million (parent DKK 27 million) is due for payment in the financial years 2021 to 2026 (group and parent). The commitments relate primarily to leases of showrooms and motor vehicles.

The Company has guaranteed payments of DKK 484k relating to performance guarantees.

17. Related Parties

Related parties of Fritz Hansen A/S comprise the following:

The Company's shareholder Skandinavisk Holding A/S (Sankt Annæ Plads 13, st. th., 1250 Copenhagen K), intermediate holding company Chr. Augustinus Fabrikker Aktieselskab (Sankt Annæ Plads 13, st. th., 1250 Copenhagen K), intermediate holding company C.W. Obel A/S (Vestergade 2, 1456 Copenhagen K), ultimate 65% shareholder Augustinus Fonden (Sankt Annæ Plads 13, st. th., 1250 Copenhagen K) and ultimate 35% shareholder Det Obelske Familiefond (Kastetvej 2, st., 9000 Aalborg).

Controlling influence

Skandinavisk Holding A/S, which holds 100% of the Company’s share capital.

Transactions with related parties

Transactions with related parties has been conducted at market terms.

No transactions have been carried out with the members of Executive Board and the Board of Directors in financial year, apart from remuneration and staff purchase to these members.

18. Subsequent events

After the balance sheet date, the global outbreak of COVID-19 (coronavirus) has had a negative impact on the macroeconomic outlook and financial markets. The scale and duration of this remains uncertain, but could negatively impact the Group and the Parent Company going forward.

No other events have occurred after the balance sheet date of importance to the 2019 consolidated financial statements and the financial statements of the Parent Company.