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PRESS RELEASE

Fritz Hansen releases strong financial statements

Republic of Fritz Hansen™ releases positive financial statements for 2016 with a turnover of DKK 602m and an 8% growth rate. Profit before tax amounted to DKK 125m, which is an 16% increase compared to 2015, and the best result in the company's 145-year history. The result should be seen as part of the growth plan aimed at ensuring a turnover of DKK 750m for the company in 2018.

Market development in 2016

The greater part of the realised growth derives from the Danish domestic market, which has experienced an increase of 7%, and from the US and Asia with an increase of 20 and 31%, respectively. In the US, there is an increasing interest in Danish design, particularly in the contract market where the growth derives from a number of large project orders for both new Fritz Hansen designs and classics. One example of this is the cooperation between Bjarke Ingels' design division, KiBiSi and Fritz Hansen which in May 2016 resulted in the presentation of the VIA57™ chair, designed for the prestigious VIA57 WEST skyscraper in New York, which is BIG architects' first project in Manhattan.

In 2016, the company also celebrated the 60th anniversary of Poul Kjærholm's iconic PK22 chair and PK61 table, and the collection's turnover increased by 24%, particularly as a result of some large US contract orders. This was also the case with Jaime Hayon's designs RO™ and FRI™, which had an increase in turnover of 32% compared to 2015.

Growth catalysts

Fritz Hansen's 2018 plan identifies three areas to drive growth towards the goal of a turnover of DKK 750m. These are: constant innovation and relevance in time of the company's classics, such as Series 7™, an expansive retail strategy as well as an extension of the product portfolio by acquisition of the lighting company LIGHTYEARS and the accessories collection Objects.

Two-tier retail strategy

In 2014, Republic of Fritz Hansen™ initiated a transformation from being a leading manufacturer and distributor to also being leader within the fields of branding, marketing and sales, with an extended, two-tier retail strategy, which also forms the basis of the company's vision of the future partner matrix and what it means to be part of a branded retail house like Fritz Hansen. The consumers may now meet design classics such as the Egg™ and the Swan™ in Fritz Hansen's own concept stores as well as in a consolidated retail partner network.

Previously, Fritz Hansen's products were sold via 100 global partner-owned and managed Shop-in-Shops. But since 2015, Fritz Hansen has opened new concept stores in Asia, managed by partners, e.g. in Hong Kong, Singapore, Jakarta, Seoul and, in June 2016, also in Mexico City. In 2016, Fritz Hansen opened four additional concept stores, managed by Fritz Hansen, in Milan, Tokyo, Copenhagen and San Francisco in addition to the

one that was already established in New York. The goal towards 2018 and ahead is to continue the opening of new concept stores in other cities in Europe and the US.

New measures contribute to a positive result

CFO at Republic of Fritz Hansen™, Lars Torp Madsen, emphasises the acquisition of LIGHTYEARS and the establishment of a separate lighting division in the Republic as an important contribution to the positive results of the financial statements, which showed a growth rate of 10% in 2016. "Since LIGHTYEARS was founded in 2005, the company has experienced nothing but growth, and with Fritz Hansen's global distribution network and close relations with the contract market, the potential is laid out for further growth," Lars Torp Madsen says, and adds: "We have spent all of 2016 getting the company integrated in the Fritz Hansen family, and against this background we expect further growth in 2017," he concludes.

Also the accessories collection Objects has gotten off to a positive start and lived up to the expectations. Lars Torp Madsen says: "The market has responded very positively to our Objects collection and our experience is that we have expanded our target group with these products to include a younger segment that will now also have the opportunity to buy into the Fritz Hansen universe."

Success in Poland

The Fritz Hansen factory in Poland from 2014 continued to deliver products of very high quality and with great efficiency, which is also reflected in the financial results. Against this successful background, it was decided in 2016 to expand the physical settings by almost 50% in order to have room for new production facilities and new products to be introduced in 2017 and 2018. The new production facility is expected to be fully functional at the beginning of Q2 2017.

Growth towards the goal

2017 will be the year of the grand introduction of the modular sofa Lune™, designed by the renowned Spanish designer Jaime Hayon. Lune is the sixth product designed by the popular Hayon, and the company expects great sales figures, particularly in Asia.

The final phase before reaching the goal also marks the 60th anniversary of three of the company's most iconic designs. In 2018, it is 60 years ago that the world-famous Danish architect Arne Jacobsen designed the Egg™, the Swan™ and the Drop™ in connection with the opening of one of the first design hotels in the world, Hotel Royal in Copenhagen, where Arne Jacobsen was not only responsible for the building and the architecture, but also for the interior design, such as furniture, door handles, crockery etc.

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Republic of Fritz Hansen™ is an exclusive brand founded in Denmark in 1872 with the mission of crafting timeless design. Fritz Hansen is based in Denmark with concept stores around the world. The Fritz Hansen collection consists of world-famous classics and contemporary products, all made in collaboration with leading international designers such as Arne Jacobsen, Poul Kjærholm, Piero Lissoni, Kasper Salto and Jaime Hayon, with more to come. Fritz Hansen also offers an exclusive range of home interior accessories with the Objects collection. In 2015 Fritz Hansen acquired LIGHTYEARS which offers contemporary Danish design lamps and focuses on bringing a combination of light and beauty into people's everyday lives. The collection is created in collaboration with Danish and international designers such as Cecilie Manz, GamFratesi, Jo Hammerborg, Iskos-Berlin, KiBiSi, Jørn Utzon and Christian Dell. We believe that a single piece of furniture can beautify an entire room or building – and the minds of the people who live or work there. We aim to design beautiful furniture without compromising on comfort. It is our ambition to become a niche company in the absolute global elite in the field of design, luxury and lifestyle.