



ROSENDAHL
DESIGN GROUP

Rosendahl Design Group

Annual Report 2022



Approved at the company general Assembly , May 15. 2023

CHAIRMAN

Susanne Ægidius



ROSENDAHL DESIGN GROUP A/S

Slotsmarken 1
2970 Hørsholm
Denmark

CVR-nr.: 52843111 (registration number
with the Danish Business Authority)

FINANCIAL YEAR

01.01.2022 - 31.12.2022

BOARD OF DIRECTORS

Henrik Rosendahl, chairman
Jimmi Mortensen, vice chairman
Jacob Erik Holm
Nille Skalts

EXECUTIVE MANAGEMENT

Mette Maix, CEO
Lisbeth Dau, CFO

INDEPENDENT AUDITORS

Deloitte Statsautoriseret
Revisionspartnerselskab
Weidekampsgade 6
2300 København S
Denmark

Further information available on
Rosendahl Design Group's website:
www.rosendahl.com



Rosendahl Design Group at a glance

ICONIC DANISH DESIGN

As a multi brand house Rosendahl Design Group brings together eight iconic Danish brands, designed for the wear and tear of everyday life and the charm of life's special occasions.

Featuring both timeless masterpieces and modern classics, our portfolio of brands honors the Danish design tradition making quality design available to everyone, enabling it to be passed on through generations.

ROSENDAHL



— Est. 1936 —
 LYNGBY PORCELÆN
 THE DANISH
 PORCELAIN FACTORY

BY APPOINTMENT TO THE
 ROYAL DANISH COURT
**HOLME
 GAARD**
 1825

Boje/Bojesen

KÄHLER

JUNA

ARNE JACOBSEN
 CLOCKS

BY APPOINTMENT TO THE
 ROYAL DANISH COURT
**KAY
 BOJESEN**
 DENMARK

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Management's Review



ROSENDAHL
DESIGN GROUP

CEO Letter

Navigating
turbulence,
while building
for the future



When reflecting on 2022 today, it is clear that the numbers themselves did not live up to what we expected following both record revenue and a record result the year before. When, however, we are still satisfied with our achievements in 2022, it is because we stayed true to our ambition to further develop the company and invest in the future. Despite facing strong headwinds and a number of macroeconomic challenges.

In 2022, Rosendahl Design Group incl. subsidiaries in Norway and Sweden reported a total turnover of DKK 542 M. Operating profit before depreciation and amortization, EBITDA, was DKK 32 M while total loss for the year ended at DKK -2 M.

The war in Ukraine, soaring inflation, rising energy prices and a challenged Supply Chain set the tone early in the year. We countered by implementing a string of remedy actions that allowed us navigate the current storm and stay fully focused on our long term ambitions.

EXECUTING ON OUR STRATEGY

The transformation of Rosendahl Design Group, initiated in 2020, remained well on course last year as a string of strategic priorities were achieved. In late Spring, we launched our brand-new e-commerce platform across Denmark, Norway, Sweden, Germany and by servicing customers in North America and Asia on our international platform. And with our first partner setup outside of Scandinavia, we accelerated our international ambitions through a joint venture agreement boosting our presence on the North American scene.

Among other main initiatives, we repaid term loans of DKK 105 M, which gives us greater independence in our future choice of financing partner, while securing that the company's solvency also remains at a robust level.

RESPONSIBLY INTO THE FUTURE

An integral part of the transformation of Rosendahl Design Group is our increased emphasis on responsibility across all our actions. In our overarching business strategy, corporate social responsibility is one of our five prioritized areas as it is integrated in our core business and ways of working.

Last year, we launched our new responsibility strategy, formulated our societal ambition, outlined our lines of action and our promises to our stakeholders. We used the B Corp framework as an initial structure for our approach. During the process, we decided to push ourselves further by applying for an actual

B Corp certification which we look to obtain in 2023. While this will mark a significant step in our progress, it is by no means an end goal or the final destination of our journey. On the contrary, we expect to challenge ourselves and our business partners further going forward.

I am truly inspired by the way my colleagues have taken it upon themselves to drive this and other changes throughout the year. Together, we have worked purposefully to professionalize the organization, empowering all levels of the company to drive processes and make informed choices along the way. During the pandemic, my colleagues showed an ability to perform in crunch times and since then they have embraced changes in a way that allows us to move rapidly ahead. Were it not for their efforts and commitment, we would not have achieved any of our targets in 2022 and therefore I owe them my sincerest gratitude.

LOOKING AHEAD FROM STRONG PLATFORM

On the back of the momentum gained in the previous year, Rosendahl Design Group is well positioned for challenges ahead. Consumer confidence remains deeply negative, war in Ukraine wages on and spiraling costs persist to challenge our supply chain. However, while the forecast for 2023 and beyond may continue to be clouded by prolonged turbulence, we approach the coming years having strengthened the organization, adjusted our cost base, and revitalized our brand portfolio with many exciting and vibrant designs in place and our overarching design principles aligned with our fundamental societal ambition.

One of our main focus areas in 2023 is to develop and integrate a more flexible sourcing model. Overall we will continue to drive progress on our strategic objectives in order to become even more competitive and an increasingly attractive companion for suppliers and business partners, consumers and wholesale and retail customers.

On the back of an eventful year that solidified our basis for future accomplishments, I wish to thank everyone involved with Rosendahl Design Group for outstanding cooperation in 2022.



Mette Maix
CEO, Rosendahl Design Group

A word from our owner



"Last year, Rosendahl Design Group had to overcome significant adversity, as the negative effects of fluctuating markets, inflation, and energy crisis made it a challenging year for our industry. Faced with these challenges, I am especially pleased that we were able to remain fully focused on our long term, value-driven initiatives such as implementing our responsibility strategy, formally applying for B Corp certification, and continuing to drive our values throughout the business.

On behalf of the Board of Directors, I express my sincerest gratitude and recognition to the management team and to each and every colleague throughout the organization for their outstanding effort and dedication in 2022."

A handwritten signature in black ink, appearing to be 'H. Rosendahl'.

Henrik Rosendahl
Owner & Chairman of the Board,
Rosendahl Design Group A/S



Our Business



Danish design holds a special place in the hearts of Danes – both in our everyday lives and as a unique part of our shared cultural heritage.

At Rosendahl Design Group, our proud commitment to preserve and develop Danish design icons is how we continue making quality design available to the many. This has been our approach ever since the company was born out of an entrepreneurial family's curiosity and love of design. Today we are inspired more than ever to share and build upon this heritage.

We also embrace a responsibility to lead the way when it comes to developing and renewing traditions – ensuring that they are not merely a thing of the past but continue to play an important role in the lives of generations to come. At Rosendahl Design Group, we bring Danish design traditions into the future – responsibly.

MISSION

WE PRESERVE
AND DEVELOP
DANISH DESIGN
ICONS TO MAKE
THEM AVAILABLE
FOR THE MANY

SOCIAL AMBITION

WE BRING
DANISH DESIGN
TRADITIONS
INTO THE
FUTURE —
RESPONSIBLY.

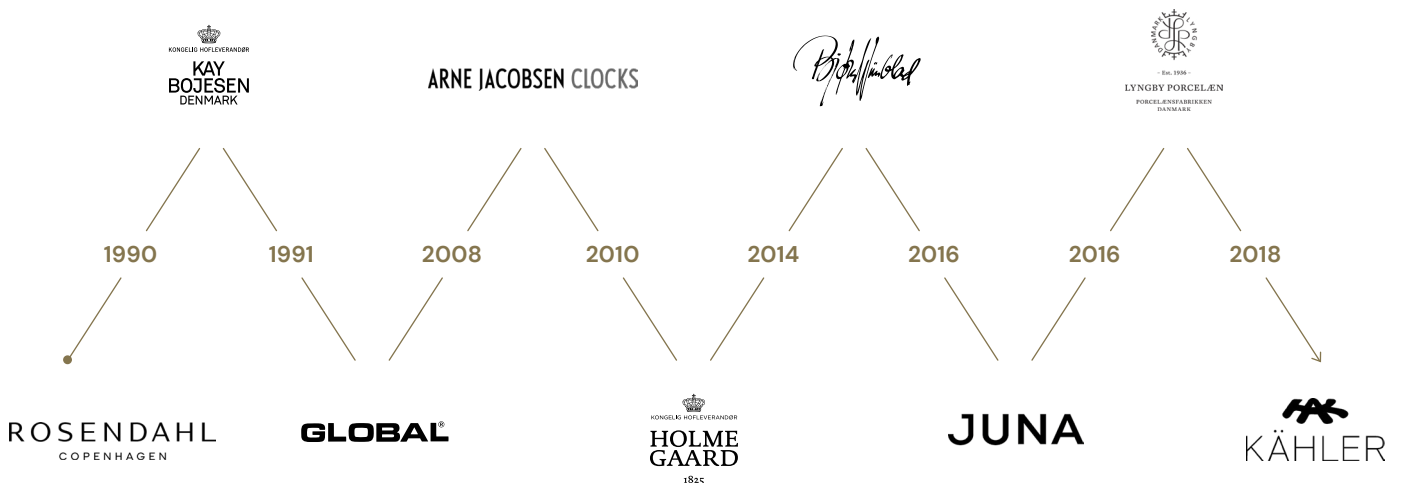
Our Heritage: A proud history of nurturing Danish design

Our company is rooted in the ability to think freely, seek new opportunities and push the boundaries to create lasting designs. The story of Rosendahl Design Group dates back to 1984, when the industrious Erik Rosendahl founded our company. What began as an agency focused on reselling has since developed into the largest Danish-owned design house and into one of the country's strongest manufacturers of designs for tables and homes.

To this day, innovation, creativity and respect for the Danish design tradition remain the cornerstones of Rosendahl Design Group. Our ambition is to showcase and protect Danish design treasures by rediscovering classics – and creating new ones in accordance with our strong heritage. We are proud to add value to our customers' life by presenting a brand portfolio that includes beloved classics within Danish design as well as innovative lifestyle products for tables, kitchens and homes around the world.



Founder of Rosendahl Design Group Erik Rosendahl (1936–2022)







Our responsibility strategy

OUR RESPONSIBILITY REACHES TO EVERY AREA OF OUR BUSINESS

Based on our social ambition, we have charted a strategy for our responsibility efforts. The wheel illustrates how we are taking action in all areas where we have influence as a company. We are responsible for our employees, and together we take responsibility for our customers, partners, local community and the environment.



FIGURE 1
RESPONSIBILITY STRATEGY FRAMEWORK

STRATEGIC LINES OF ACTION BASED ON OUR
SOCIAL AMBITION

We bring Danish
design traditions
into the future –
responsibly

VALUE-CREATING WORKPLACE

3. Our social ambition inspires each of us to make a difference in our everyday work.
4. We prioritize development, learning and diversity.

ETHICAL BUSINESS

1. Operating our business responsibly is priority one.
2. We are transparent in everything we do.

ENVIRONMENTALLY CONSCIOUS BUSINESS

5. We strive to minimize the footprint of our collective activities.
6. We are working to drive our industry in a more environmentally conscious direction.

ENGAGED PARTNER

7. We take action to make our value chain more responsible.
8. We are an active and positive contributor in the local community.

BOLD INNOVATOR

9. We represent renewal and innovation of Danish design traditions.
10. We make it easier to act responsibly.

How we design

Our design principles

Rosendahl Design Group's design principles guide our actions. They help us focus on the right things when we design new products and packaging. They serve as a "positive resistance" that unleashes our creativity in a focused way, ensuring that we bring Danish design into the future – responsibly.

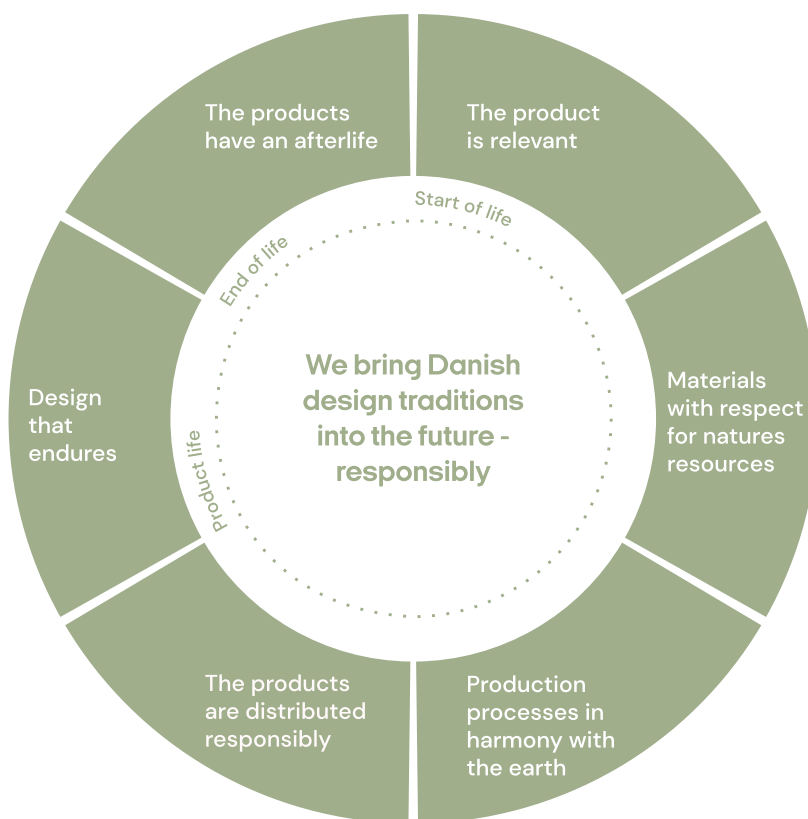


FIGURE 2
ROSENDAHL DESIGN GROUP DESIGN PRINCIPLES





2022 in numbers

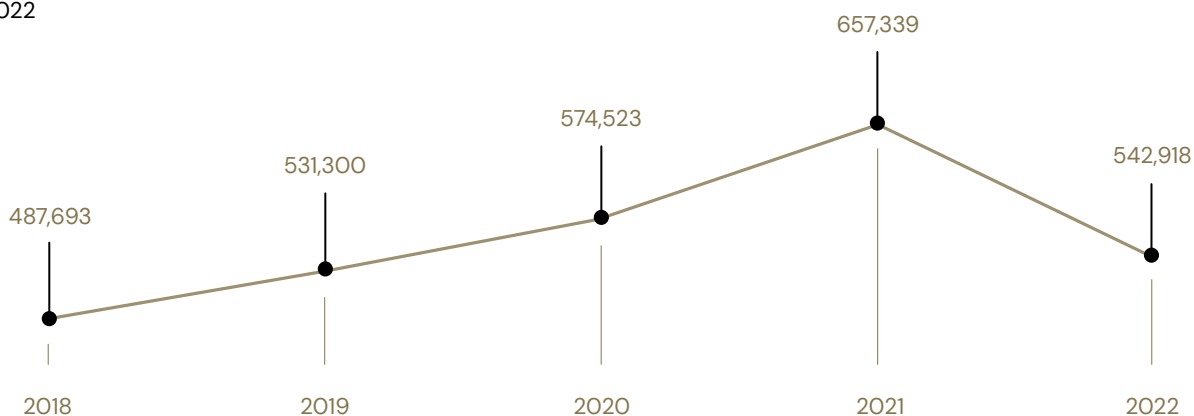
REVENUE
2022

EBITDA
2022

542,918

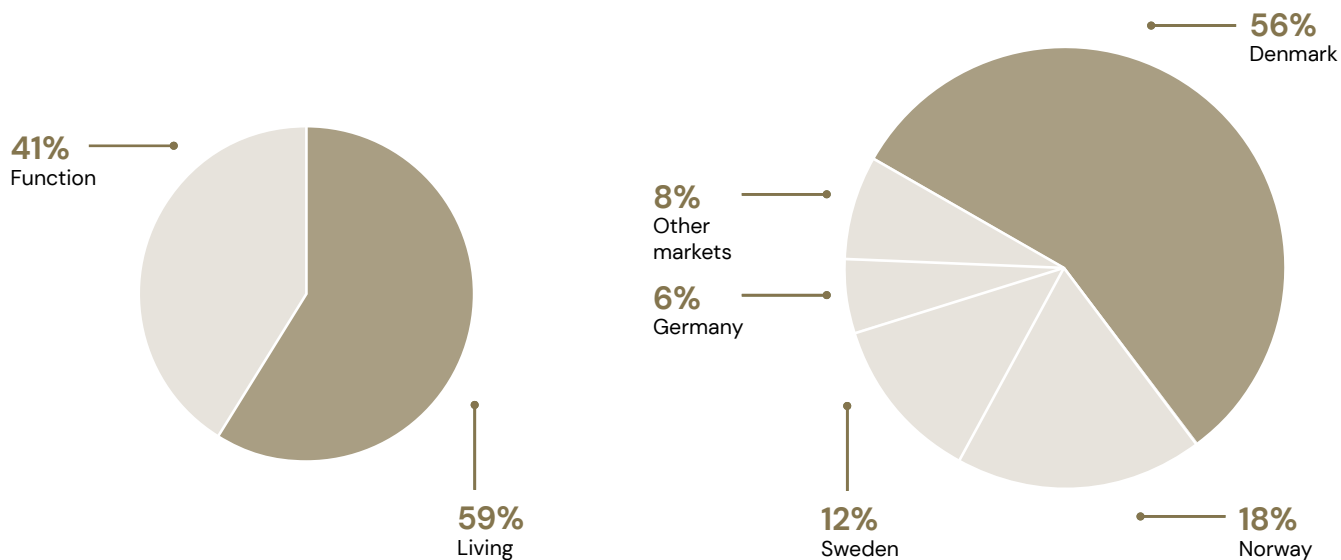
+31,886

YEAR-ON-YEAR DEVELOPMENT IN REVENUE
2018-2022



DISTRIBUTION OF SALES

The distribution of revenue based on activities and geographical markets



Financial key figures

	2022 DKK'000	2021 DKK'000	2020 DKK'000
Revenue	542,918	657,339	574,523
Gross profit/loss	131,016	197,033	144,893
EBITDA	31,886	103,333	44,011
Operating profit/loss	12,531	84,838	25,125
Net financials	(14,763)	2,121	(8,358)
Profit/loss for the year	(2,381)	67,326	12,704
Profit for the year excl. minority interests	(1,518)	67,326	12,704
Balance sheet total	679,098	629,520	655,492
Investments in property, plant and equipment	2,076	3,064	4,087
Equity	244,001	272,149	207,465
Equity excl. minority interests	244,446	272,149	207,465
Cash flows from operating activities	(103,213)	81,372	64,637
Cash flows from investing activities	(13,955)	(12,221)	(6,786)
Cash flows from financing activities	110,255	(91,942)	(37,159)
Ratios			
Gross margin (%)	24.13	29.97	25.22
EBITDA margin (%)	5.87	15.72	7.66
Net margin (%)	(0.44)	10.24	2.21
Equity ratio (%)	36.00	43.23	31.65

Rosendahl Design Group A/S has voluntarily prepared consolidated financial statements since 2020. Financial ratios for the fiscal years 2018 – 2019 are thus omitted in accordance to the Danish Financial Statements Act §101 and §128.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

$$\text{GROSS MARGIN (\%)} = \frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$$

$$\text{NET MARGIN (\%)} = \frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$$

$$\text{EBITDA MARGIN (\%)} = \frac{\text{EBITDA} * 100}{\text{Revenue}}$$

$$\text{EQUITY RATIO (\%)} = \frac{\text{Equity excl. minority interests} * 100}{\text{Balance sheet total}}$$



Primary activities

Rosendahl Design Group is among Denmark's leading and most influential design houses with activities across the globe and an annual turnover of approx. DKK 550 M. Our goal is to develop new, sustainable designs and preserve and rediscover classics, distributing them throughout selected markets.

The company is home to eight brands and our designs are sold through wholesale and retail partners to thousands of end consumers each year and increasingly through our online platform. Since the late 1990s, we have exported Danish design primarily to Northern Europe as well as to Japan and the United States. The majority of our revenue is generated in Denmark (56% in 2022), while Norway as our largest export market accounting for 18% of our revenue in 2022 with Sweden, Germany and the US as the additional markets in focus.

Furthermore, the Group is comprised of a sister company – RDG Property ApS – primarily managing the company's facilities in Hørsholm, Denmark.

Development in activities and finances

Following a year of unprecedented growth in 2021, one could have been excused for hoping that the upwards curve would continue for a prolonged period. And actually, 2022 began well for Rosendahl Design Group, with H1 almost at the same level as 2021. However, H2 – which traditionally by far includes the most important months of trade for Rosendahl Design Group – finished significantly lower than H2 2021, as it was heavily influenced by the effects in the global economy following the Russian aggression in Ukraine.

Consolidation, store closures, and bankruptcy among significant retail customers in core markets coupled with a complete slowdown in spending on home and interior design in Germany, beforehand singled out as the Group's primary growth market, added to the challenging environment. Despite finishing with a lower than expected result and not in line with initial plans, 2022 is assessed as an acceptable year, given the circumstances and the fact that Rosendahl Design Group carried out a series of forward-looking, strategic initiatives.

The unforeseen speed with which the market changed following the war in Ukraine combined with inflation, rising interest rates, and consumer confidence falling off a cliff, made it highly challenging for us to mitigate all risks, e.g. to adapt our purchases and inventory levels quickly enough. Given our current business model, prevalent in the market, where purchase orders are placed well ahead, we are vulnerable to such rapid and profound changes in the market. Not least following a 2021 characterized by shortage of goods and prolonged lead time from suppliers mixed in with an ongoing battle for production slots, containers and freight capacity. Although adopting a conservative approach as markets slowed down in H2, we finished the year with high inventory levels. While short-term increasing our working capital, we do not view this as a long-term challenge or obstacle, as the inventory consists primarily of core goods that are sold continuously.

An important KPI since 2020 has been the repayment of our term loans in 2022 which we carried out by the end of the year. And although a high working capital leads to higher gearing, it will decrease in the coming years as our working capital stabilizes at a lower level, once inventory levels are re-adapted to the current situation.

Where in 2021, we experienced a substantial capital gain, in 2022 we suffered a significant capital loss. The USD exchange rate rose so rapidly, that hedging proved insufficient. With the

value of NOK and SEK decreasing simultaneously, it created the perfect storm, as currencies received for the sale of our goods declined, and the currency used for purchasing in our supply chain increased rapidly. Due to instability in the global economy, we were DKK 29 M adverse on exchange rates alone compared to 2021.

However, despite challenging currency rates, increased supplier prices, energy and distribution costs going up, and overall demand dropping, Rosendahl Design Group succeeded in implementing several of our strategic objectives, not least by launching our new and improved e-commerce platform and establishing our US joint venture with the ambition and potential for growth through local presence and a regional organization. And by positioning ourselves on Amazon and learning rapidly, submitting our application for B Corp certification, and finding the rhythm internally through a significant interdisciplinary project that helped improve internal structures, workflows and procedures. Combined with significant investments in new design, this series of elements has carried us well into 2023 and will prove a strong platform in the future.

REGARDING THE 2022 RESULT:

Based on FY 2021 and early 2022, projections by Rosendahl Design Group were that both revenue and EBITDA would decrease slightly compared to 2021. Total turnover was expected in the region of DKK 615–625 M and an EBITDA of 10–11%. Rosendahl Design Group finished the year with a decrease in gross revenue of 10% compared to 2021, while the result of primary operations EBITDA ended at DKK 32 M, corresponding to 6%, with multiple elements affecting last year's performance. Primary factors influencing the 2022-result adversely include significant increases in prices on raw materials, energy and freight, which were not possible to mitigate in full, extraordinary severance payments due to head office and management reduction in November, and, not least, investments in our new e-commerce platform and US partner agreement.

Term loans were settled during 2022, working capital increased to DKK 103 M due to DKK 90 M increase of inventory levels while solvency decreased from 43% in 2021 to 36% in 2022. Overall, however, the capital structure is sufficiently robust to support operations over the coming years and focus is on optimizing, thus improving working capital and making the structure even more robust by the end of 2023.



Outlook

The economic situation has not improved significantly. Consumer confidence and consumption remain low, we expect 2023 to be characterized by the same trends as 2022 and we do not expect growth in 2023. We have planned for a minor decline in turnover and expect the year to end around DKK 500-520 M. As a result of the many cost adjustments, however, we expect an EBITDA around 6-8 % and a positive result of DKK 3-5 M.

Risks

Rosendahl Design Group is exposed to a wide range of generic financial and non-financial risks and opportunities. The application of holistic risk management is thus an important management tool for Rosendahl Design Group.

PRODUCT FAILURE

An extensive and widespread supply chain distributed over large parts of the world increases the risk of product failure. Therefore, Rosendahl Design Group works systematically to ensure that all our products can be used without any risk to end users. Production in the supply chain carries a risk e.g. for exceeding permitted limits for harmful ingredients and health damage as a result of chemical residues. Our products are systematically tested for health hazardous substances, we regularly carry out unannounced checks in production facilities and submit declarations of conformity under Danish and international legislation for products that come in contact with food.

ENVIRONMENT AND CLIMATE

At Rosendahl Design Group we work long-term and systematically on reducing our environmental impact and with ensuring environmental responsibility and accountability in our supply chain. The production of goods can affect the environment in several different ways, including in the form of CO₂e emissions from energy-intensive production or in connection with improper handling, mismanagement or inappropriate disposal of production waste, chemicals and other harmful substances.

We strive to always work in accordance with existing and internationally recognized environmental regulations, standards and principles that fully or partially apply to liability for the environment and climate, including, among other things, the UN Global Compact, Greenhouse Gas Protocol and the regulations within

REACH and WEEE. These guidelines contribute to our systematic work ensuring, that both our activities are carried out responsibly in relation to the environment and climate.

AGREEMENTS RESTRICTING COMPETITION

A competitive market increases the risk of anti-competitive practices agreements, e.g. price agreements, division of the market and division of supply sources and suppliers. Such disputes clearly violate Rosendahl Design Group's values and desired business practices. In such an event the company seeks to fully cooperate with relevant authorities.

REPUTATION

It is of significant importance to Rosendahl Design Group's license to operate, that we act ethically and socially responsible, and that we achieve the goals we set as a company in a responsible manner. Thus in our risk management, we seek to ensure that the company's reputation not damaged, but is indeed continuously improved, so that we can remain a trusted partner.

Furthermore, we seek to provide all candidates who are in contact with us, with a positive impression of us - regardless of whether the dialogue leads to employment at Rosendahl Design Group or not.



Financial risks

Rosendahl Design Group's financial risks include interest and exchange rate risks. Neither production nor procurement is undertaken primarily in Denmark, and furthermore a significant part of the Group's turnover is generated outside Denmark and settled in currencies other than DKK. Therefore, the company is exposed to ongoing fluctuations in exchange rates, which impact both profit and cash flows. Ongoing hedging is carried out to limit risks and the overall impact has been higher than usual as a result of inflation, interest rate increases and general unrest in the financial markets. Only cash flows are hedged and not speculated. Following the rapidly increasing interest levels last year and expected increases in 2023 – with the interest market still uncertain and volatile – if possible, optimizing cash flow has become even more important than ever in order to minimize future financial costs.

Macroeconomic trends in 2023 still expected to cause significant fluctuations in currencies in which the company is exposed, as was the case 2021–2022. The company's risks and uncertainties are expected to increase despite ongoing hedging, influencing both profit and cash flow.

Events after the balance sheet date

No subsequent events have occurred that affect the annual report for 2022.

ESG Reporting

2022



ROSENDAHL
DESIGN GROUP

Double materiality assessment

– A two-sided perspective on materiality

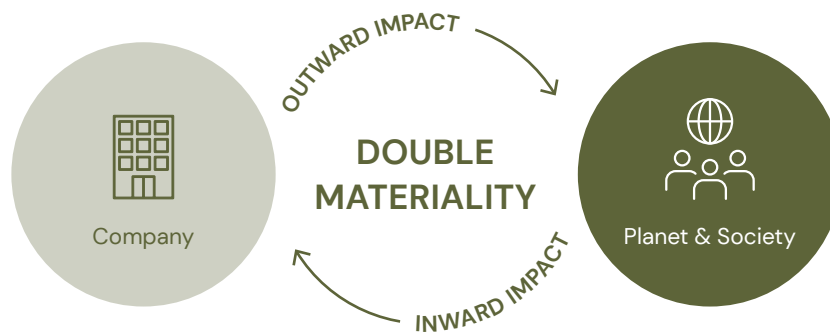


FIGURE 3
DOUBLE MATERIALITY

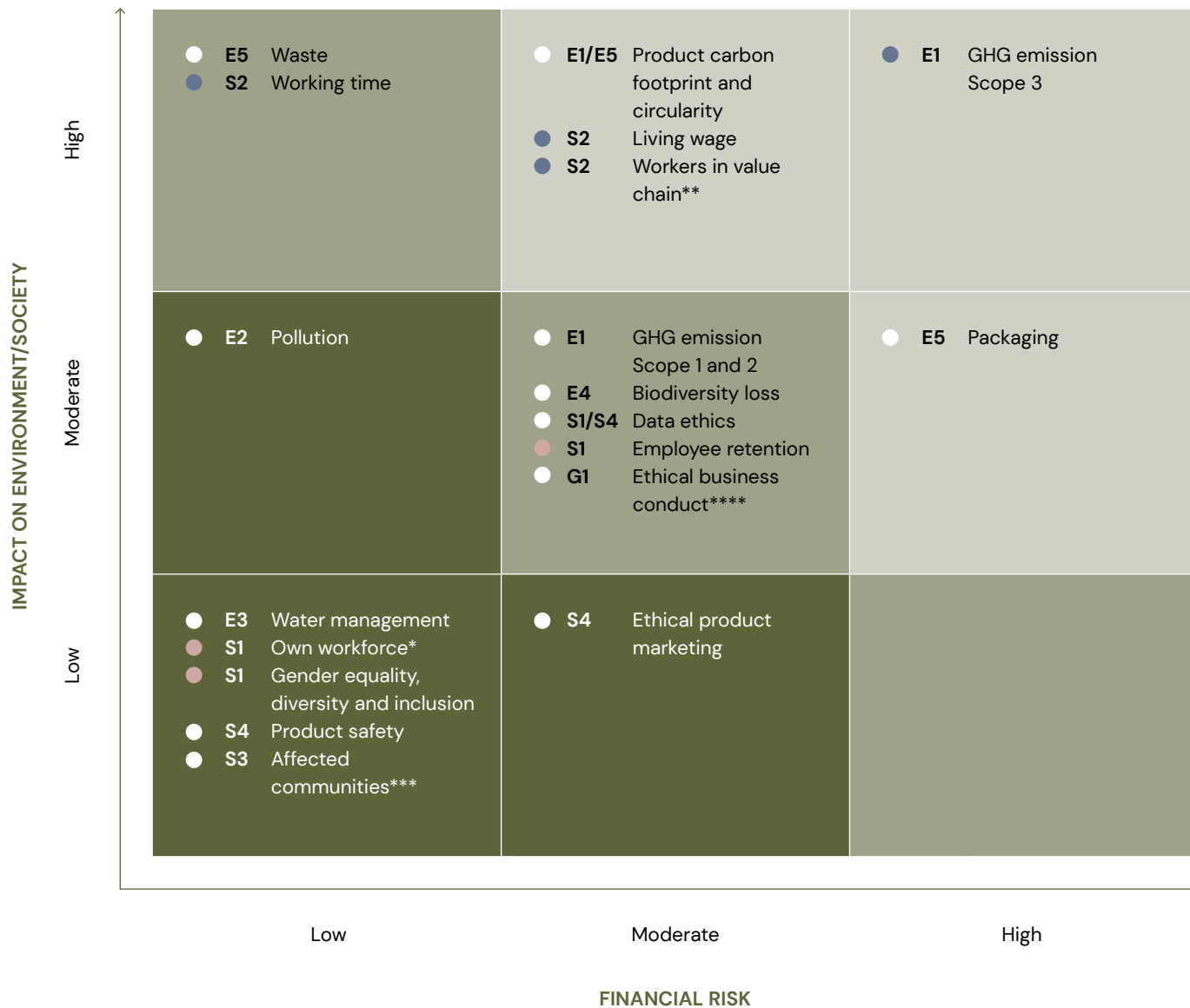
Double materiality is one of the cornerstones in the coming European Corporate Sustainability Reporting Directive (CSRD). Due to the size and turnover of Rosendahl Design Group, we are **not required to comply with the CSRD until reporting year 2025**, but the requirements are extensive, and we have therefore started preparing already now. The Double Materiality Assessment is a first step towards complying with the coming legislation and the European Sustainability Reporting Standard (ESRS). Simply put, double materiality entails that organizations should consider a topic as material if it is relevant from either of the following perspectives:

The impact-perspective (also referred to as inside-out impact) which refers to the significant impacts that the organization can have on people or the environment. Directly caused or contributed to by the company in its own operations, products or services and impacts in upstream and downstream value chain, taking short-, middle- and long-term into perspective.

The financial-perspective (also referred to as outside-in impact) refers to identifying sustainability topics that trigger financial effects on companies. Risks or opportunities that influence or are likely to influence the future cash flows and therefore the enterprise value of the company in the short-, medium- or long-term, but it is not captured or not yet fully captured by financial reporting at the reporting date.

The double materiality assessment presented in this report is a first step towards aligning with the ESRS (European Sustainability Reporting Standard) to identify what areas are material, as well as identifying our data gaps according to the standard, to be able to improve year by year in the future reporting. We have made some delineations in this year's assessment, which we plan to include in future assessments. We have conducted an internal assessment based on available data and experiences. We have not involved external stakeholders in the process, and we have only focused on risks and potential/existing negative impacts and thereby not discussed opportunities, nor potential/existing positive impacts. Scoring is based on a mix of internal data, secondary data sources and assumptions, as actual impact data still needs to be improved in quality and collection in many areas. The visual material matrix below shows the identified material topics, ranked from low to high, impact and financial materiality presented on each axis.

FIGURE 4
MATERIALITY ASSESSMENT



○ Own operation ● Value chain ● Both

The areas covered in the matrix above corresponds to the identified material impact areas in the European Sustainability Reporting Standard (ESRS), covering topics within Environment (E), Social (S) and Governance (G).

* Includes Secure employment, Adequate wages, Employee involvement/freedom of association, Working time, Work-life balance, Violence and harassment at workplace, Training and skills development, Health and safety, Diversity and inclusion
 ** Includes Secure employment, Migrant workers, Freedom of association, Health and safety, Gender equality, Discrimination, Child labour, Forced labour
 *** Includes Local communities, Indigenous people
 **** Includes business ethic and company values, Management of supplier relations, Corruption and bribery, Political influence and lobbying, Protection of whistleblowers, Animal welfare practices and Tax

HIGHLY MATERIAL TOPICS

The grid to the left shows the result of our first double materiality assessment. The top right corner (light green boxes) represents the areas we have identified as most important, both seen from an impact and financial perspective. Mitigation plans are to be developed as is target setting, to ensure improvements within these areas. This includes **the scope 3 GHG emissions**, our **packaging, product carbon footprint and circularity**, ensuring **living wages** in our value chain as well as general working conditions for the **workers in the value chain** (focusing on tier 2 and 3 suppliers). For further insight into these topics, refer to the following E, S and G sections of this report.

MODERATE MATERIAL TOPICS

The moderate material topics (semi-dark green) are important, although not as urgent as for the previously mentioned topics. **Waste** in the supply chain as well as **working time** at supplier factories are areas where challenges are known, data needs to be improved, based on that an action plan for mitigation and improvements can be developed. **Scope 1 and 2 emissions** are known and documented, though with a limited scope compared to scope 3 emission, therefore the need for action is not as urgent but still important to us. **Biodiversity loss** is ranked in this group due to the lack of data within this area, we work with natural raw materials, and engage in production worldwide, but have not yet tracked the biodiversity effect of our activities. As this is becoming an important topic within Environment we must focus on data gathering to better understand our business impacts within this area. **Data ethics** is an area of focus as it is also heavily regulated. **Ethical business conduct** is of high focus and importance with a high internal attention already, this is to be continued and developed moving forward. Lastly **employee retention** is important, and we can see that our retention rate has lowered over the last couple of years. We will therefore focus on how to retain employees and knowledge within the company, exploring reasons for this development and act on it.

TOPICS OF LOW MATERIALITY

The lower left corner (dark green) represents the areas where impact is identified as low, either due to the magnitude of the topic, or already implemented mitigation actions in terms of policies, processes, controls etc. **Pollution** and **water management** are areas where we do not have qualified data, but where there is no evidence or indications of potential high negative impact. These are yet areas where we must monitor the development and the possible need for further action. Topics concerning our **own workforce** and working environment are highly regulated in the regions where we employ people. We comply with regulation, and furthermore offer employees additional benefits to create a secure and good working environment for all. **Gender equality, diversity and inclusion** is an area of focus already, where internal policies have been developed, and is also a focus in hiring processes. We are aware that we have a majority of female leaders, which also reflect the general composition in the company, as well as in the industry, although targets are set to achieve a more even male/female split in management (see p. 42). Matters concerning **product safety** is highly regulated in the regions where we sell our products. Compliance with regulation and beyond therefore ensure that we perform within this areas. **Affected communities** is like pollution and water management, an area where we do not have sufficient data, but where there is no evidence or indications of potential high negative impact. Nonetheless, it is an area where we must monitor the development and the possible need for further action. Lastly, **ethical product marketing** is a hot topic in the markets where we operate and we therefore focus on avoiding green washing in our communication. Policy development is therefore of focus within this area to help employees navigate the rules and guidelines available.

In the following chapters material topics within each area (E, S, G) will be presented and explained.

	ESG DATA	2022
1	CO2 Absolute Scope 1 Emission	91.237 kg CO2e
2	CO2 Absolute Scope 2 Emission	51.458 kg CO2e
3	CO2 Absolute Scope 3 Emission	27.760.985 kg CO2e
4	CO2 Total	27.903.680 kg CO2e
5	Carbon Intensity	51.479,4 kg CO2e / MDKKMDK
6	Energy Consumption	2.181 MWh
7	Energy Intensity	0,004 kWh/DKK
8	Share Of Renewable Energy	50%*
9	Water Consumption	2.944,25 m3
10	Hazardous Waste	None Hazardous waste in 2022
11	Recyclable Waste	63 %
12	Sickness Absence	2,2 %
13	Lost Time Injury Frequency	0
14	Employee Turnover	23,5 %
15	Employee Satisfaction	23 (eNPS-score)
16	Gender Diversity All Employees	70/30
17	Gender Diversity Management	100 %
18	Gender Diversity Other Management Levels	76 %
19	Gender Diversity Board Of Directors	25 %
20	CEO Pay Ratio	6,52
21	Gender Pay Ratio	5,43 %

* District heating used in Hørsholm office is not considered renewable in this case, as we lack data regarding the input mix for generating district heating in our area. Renewables are therefore the majority of electricity and wood pellets used for heating at the warehouse in Nakskov.

For further explanation on accounting principles, see p. 83.





ENVIRONMENT

We run a value-based, international design company with focus on responsibility and sustainability. This means, for example, that we are working to ensure that our production processes do not harm or damage the environment in areas where production takes place. The many products in Rosendahl Design Group's product range are produced from a variety of materials and our supply chain spans large parts of the world. We strive to continuously improve transparency in our supply chain, as well as in our own operations.

Our corporate responsibility for environmental impact has become more important for Rosendahl Design Group, as climate related challenges become more present. This includes our local impact at own locations in the Nordics, as well as our supply chain around the world. Rosendahl Design Group took the first step to unfold and categorize the environmental impacts caused by the company in 2020, when the first Carbon footprint report was produced. Some improvements have been implemented since and the result of the materiality assessment will help guide and prioritize future actions.

ENVIRONMENTAL MATERIAL TOPICS AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
E1 GHG Emissions Scope 1 & 2 (Moderate)	<ul style="list-style-type: none"> • Own facilities (of operational control) are limited to a few offices, one store and a warehouse. • No energy intensive activities • Scope 1 and 2 emissions is proven and measured to be of minor negative impact (1% of total emissions) compared to our scope 3 emissions. • All electricity consumption at major sites are either from own sun panels, or bought via renewable energy certificates (RECS) 	<ul style="list-style-type: none"> • Carbon tax is expected to be implemented and thereby cause a price increase. • The use of RECs certificates causes a reputational risk due to media coverage regarding the effectiveness of the certificates. 	<ul style="list-style-type: none"> • We measure our co2e emissions for Scope 1 and 2 and publish our yearly climate report. • Sun panels are used to generate part of Head Office energy consumption (10%). • RECs are bought to cover all electricity use in Danish facilities. 	<ul style="list-style-type: none"> • In 2023 we will commit to a reduction target aligned with Science Based Target Initiative (SBTi) SME track, for our SCOPE 1 and 2 emissions.
E1 GHG Emissions Scope 3 (High)	<ul style="list-style-type: none"> • Scope 3 accounts for 99% of our co2e emissions (reporting on 6 out of 15 GHG scope 3 categories) • Category 1 "Purchased goods and services" represents 94% of total co2e emissions 	<ul style="list-style-type: none"> • Carbon tax is expected and will most likely cause a price increase in production of goods sold. • Green transport requirements will cause price increase on transportation which will effect cost of goods sold primarily from outside of Europe. • Potential operational disruption in value chain due to an intensified change in climate leading to extreme weather events 	<ul style="list-style-type: none"> • 6 out of 15 categories in scope 3 are measured and reported on. Input data is a mix of spend-based, activity-based and supplier data, the majority being spend-based. 	<ul style="list-style-type: none"> • In 2023 we will increase the share of activity-based, and supplier data for scope 3 emissions. Among other initiatives, by conduction Lifecycle analysis (LCA) of a larger part of the product portfolio, also enabling us to make targeted changes and improvements based on data.

ENVIRONMENTAL MATERIAL TOPICS AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
E1 Product carbon footprint & Circularity (High)	<ul style="list-style-type: none"> We offer a large range of products (approx. 3000) that all have a carbon footprint, caused by material, energy use in production, transport, packaging etc. There is a growing interest for product carbon footprint calculations from customers in the market. Circular product solutions are gaining importance in the industry. 	<ul style="list-style-type: none"> Risk of customers losing interest in our products if we cannot supply relevant data. Off-set of product carbon footprint potentially becoming necessary, will cause a price increase on products. Risk of losing market share if circular solutions are not implemented and offered to customers. 	<ul style="list-style-type: none"> We calculate the carbon footprint with the Målbar tool on all new developments from season AW23 moving forward. Small share of previously launched products are calculated based on a customer request. Recycled materials are used to produce part of our textile, plastic and glass products. Design for disassembly is applied to products made by more than one material, to ensure circularity at end of life. 	<ul style="list-style-type: none"> We aim to use more recycled materials in the production of plastic (non-food contact products), glass and textiles, where applicable. In 2023 we aim to conduct trials of products in recycled porcelain and ceramics. In 2023 we aim to conduct product carbon footprint calculations on the majority of our existing products.
E2 Pollution (air, water, soil) (Low)	<ul style="list-style-type: none"> Low impact of own operations as potential risks have been identified (waste handling) and mitigated. Low understanding and insight in impact handling of potential pollutants in supply chain (closed-loop water systems, chemical handling etc.) 	<ul style="list-style-type: none"> Risk of regulatory non-compliance with the expected increased regulation in this area. 	<ul style="list-style-type: none"> Waste is sorted in own operations, including hazardous waste. All suppliers of textile products are either OEKO-TEX, GOTS or GRS certified. Standards limiting the use of chemicals in production and end product. 	<ul style="list-style-type: none"> In 2023 we will initiate a closer dialogue with our largest suppliers to gain insight in operations impact in terms of pollution. Dialogue will also be focused on possible environmental improvements at the production sites, as well as environmental data availability.

ENVIRONMENTAL MATERIAL TOPICS AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
<p>E3 Water management / stress</p> <p>(Low)</p>	<ul style="list-style-type: none"> Majority of supplier production facilities use water to some extent. The water is kept in a closed loop at many factories, resulting in processes being less vulnerable to water stress, and minimizing the negative impact on the availability of water in the surrounding areas. Cotton is used in many of our textile products, as well as in packaging. Cotton farming is highly dependent on water. 	<ul style="list-style-type: none"> Cotton products accounts for a small part of our total turnover and therefore it is considered as low risk. 	<ul style="list-style-type: none"> The cotton we use is organically grown and audited to use water in a responsible manner via the Global Organic Textile Standard certification. We work with recycled cotton where applicable to avoid using virgin cotton fibers. 	<ul style="list-style-type: none"> We aim for all our 100% cotton products to be GOTS certified by 2025. We also aim for textile products in general to be GOTS, GRS or OEKO-TEX certified by 2025.
<p>E4 Direct impact drivers of biodiversity loss</p> <p>(Moderate)</p>	<ul style="list-style-type: none"> Low understanding of impact as we neither track, nor have established a policy for the area. We use natural materials that could potentially have an impact on the biodiversity and ecosystems surrounding us. Apart from this, there is a potential impact of other raw materials used, as well as from production sites, on the surrounding biodiversity and ecosystems. 	<ul style="list-style-type: none"> Risk of regulatory non-compliance with the expected increased regulation in this area. 	<ul style="list-style-type: none"> Certified input materials are used for wood and cotton products. Rosendahl Design Group is certified according to Forest Stewardship Council® (FSC®) and Global Organic Textile Standard (GOTS). 	<ul style="list-style-type: none"> We aim for all our 100% cotton products and all our wooden products to be made from certified materials (GOTS, FSC) by 2025. In 2023 we will focus on gaining knowledge to better understand the potential negative/positive biodiversity impacts in our value chain.

ENVIRONMENTAL MATERIAL TOPICS AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
E5 Packaging (High)	<ul style="list-style-type: none"> All products are sold in packaging, ranging from a hangtag and a polybag, to a giftbox with filling. All of which have an environmental footprint. 	<ul style="list-style-type: none"> The EU regulation on extended producer responsibility for packaging will be implemented in 2025, which will result in a fee for all packaging placed on the European market. 	<ul style="list-style-type: none"> A majority of paperboard used for packaging is FSC® certified or recycled. Plastic filling used for transport packaging is made of 50% recycled material. We offer a reusable transport packaging alternative (when applicable) when buying goods on our own website. 	<ul style="list-style-type: none"> We aim to reduce our use of packaging materials by optimizing the packaging of outbound goods as well as optimizing the use of product packaging, using only recyclable materials. In 2023 we will continue the process of adding recycling symbols on all products, to guide the customers on how to handle the waste after un-packing.
E5 Waste (Moderate)	<ul style="list-style-type: none"> High quality requirements for products, result in a relatively high scrap rate for some products creating production waste. 	<ul style="list-style-type: none"> Risk of regulatory non-compliance with increased EU regulation due to lack of data within this area. 	<ul style="list-style-type: none"> Textile production is optimized to use cut-offs from production of bed-linen to produce textile accessories. A range of 2nd grade products are sold in our Danish outlet store. 	<ul style="list-style-type: none"> In 2023 we will initiate a closer dialogue with our largest suppliers regarding possible environmental improvements. Among others, minimizing of non-recyclable waste generated by scrap, will be a focus area in this dialogue, as well as collecting data for the same.

Climate reporting

We have measured our carbon footprint for SCOPE 1, 2 and 3 following the Greenhouse Gas Protocol standard since 2020. We use the BEWO platform to register all data, and to calculate the CO2e. Our Carbon report is a mix of supplier data, activity-based data and spend based data. We aim to have more supplier and activity-based data moving forward, to be able to actively work with reduction targets, and see the effect of these.

CARBON ACCOUNTING PRINCIPLES

The carbon footprint calculations of Rosendahl Design Group CO2e emissions is based on the internationally known Greenhouse Gas (GHG) Protocol. The standard covers the accounting and reporting of carbon footprint seven greenhouse gases covered by the Kyoto Protocol, which are calculated and presented in a so-called CO2 equivalent (CO2e) as a common unit for all. Rosendahl Design Group have used the Operational

approach, which means that all entities for which Rosendahl Design Group have operational control are included. The head office in Hørsholm, offices in Norway, Portugal and China, the Outlet in Ringsted, Denmark as well as the activities at the warehouse are all included in the carbon reporting. The report is divided into three different scopes. SCOPE 1 covers the direct CO2 emissions originating from sources "owned" by Rosendahl Design Group. SCOPE 2 covers the indirect energy emissions which are controlled but not owned by Rosendahl Design Group, and SCOPE 3 covers emissions related to Rosendahl Design Group activities in the supply chain, upstream and downstream. According to the GHG protocol it is mandatory to report on SCOPE 1 and 2, while SCOPE 3 is voluntary. In the report of Rosendahl Design Group all 3 SCOPES are covered, and we have focused on the upstream activities of our supply chain by including the most relevant categories for our company, as well as one downstream category covering employee commuting emissions.



FIGURE 5
GHG CATEGORIES INCLUDED IN SCOPE 1, 2 AND 3.



WHAT IS INCLUDED IN SCOPE 1, 2 AND 3?

SCOPE 1 — includes direct emissions from sources that are owned or controlled/leased by Rosendahl Design Group. This includes on-site fossil fuel combustion and fleet fuel consumption. In our case this is our leased and owned company cars and trucks, as well as gas, wood pellets and oil used for heating.

SCOPE 2 — includes all purchased energy for electricity, heating, and cooling. In our case this is electricity and district heating. The emissions for electricity are based on country specific electricity grid greenhouse gas emission factors, all calculated using the BEWO platform. The calculations for emissions caused by heating are based on direct data from HOFOR as well as DEFRA emission factors. Emissions for electricity are presented with a market-based approach as well as a location-based approach. This is mandatory since 2015. The location-based approach presents the average emission-intensity of grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen. In our case this reflects the green energy purchased via RECS certificates.

SCOPE 3 — includes 5 out of 15 predefined categories that are most relevant to Rosendahl Design Group.

- Category 1 is indirect emissions from purchased goods and services. The calculation is based on spend. It includes production spend as well as all kinds of purchases of goods and services to our offices, marketing, IT etc.
- Category 3 covers fuel- and energy-related emissions that are not included in SCOPE 1 and 2. Such as emissions related to extraction, production and transportation of fuels and energy purchased.
- Category 4 is all transportation of goods to and from Rosendahl Design Group, covering both inbound and outbound transportation. It includes transport of samples to and from suppliers as well as finished goods from suppliers to the warehouse, and from warehouse to customers.
- Category 5 covers the waste generated in our own operations, at the head office and warehouse. The other locations have not been included as data is not available.
- Category 6 is all business travel conducted. This includes taxi, train, ferry, flight, and km travelled in privately owned cars.
- Category 7 covers employee commuting. Including all employees means of transportation used for transport to and from the head office in Hørsholm, Denmark, and sales office in Oslo, Norway.

TABLE 2
Rosendahl Design Group CO2 emissions 2019–2022.

SCOPE / CATEGORY	2019 kg CO2e	2021 kg CO2e	2022 kg CO2e	Share	2022 vs. 2019 Change
SCOPE 1	176.627 kg	106.417 kg	91.237 kg	0,33%	-48%
1. Fuel and Refrigerants	42.664 kg	18.994 kg	7.394 kg	0,03%	-83%
1. Company Vehicles	133.963 kg	87.424 kg	83.842 kg	0,30%	-37%
SCOPE 2	306.317 kg	49.213 kg	51.458 kg	0,19%	-83%
(Location based)	(54.242 kg)	101.134 kg	101.134 kg		-39%
SCOPE 3	27.796.173 kg	26.352.113 kg	27.619.187 kg	99,49%	-1%
1. Purchased goods and services	26.186.164 kg	24.749.665 kg	26.412.136 kg	94,65%	1%
1. Water	642 kg	458 kg	438 kg	0,00%	-32%
3. Fuel- and energy-related activities	86.513 kg	107.501 kg	100.550 kg	0,36%	16%
4. Upstream transportation and distribution	1.108.316 kg	1.286.032 kg	1.017.810 kg	3,65%	-8%
5. Waste generated in operations	5.480 kg	4.763 kg	5.799 kg	0,02%	6%
6. Business travel	238.062 kg	62.935 kg	82.451 kg	0,30%	-65%
7. Employee commuting	170.995 kg	140.758 kg	141.801 kg	0,51%	-17%
TOTAL EMISSIONS	28.279.116 kg	26,507,743 kg	27,761,882 kg	100.00%	-2%

*Total CO2 emission equivalents calculated in cooperation with BEWO.

REFERENCES FOR CONVERSION FACTORS

Carbon Footprint Ltd
www.carbonfootprint.com/docs/2022_01_emissions_factors_sources_for_2021_electricity_v10.pdf

Department for Environment, Food and Rural Affairs UK (DEFRA)
www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

Department for Environment, Food and Rural Affairs UK (DEFRA)
www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022

Danish Energy Agency
www.ens.dk/sites/ens.dk/files/Tilskud/co2-emissionsfaktorer_og_standardenergipriser_15-01-2021.pdf

United States Environmental Protection Agency (USEPA)
www.cfpub.epa.gov/si/si_public_record_Report.cfm?dirEntryId=349324&Lab=CESER

Association of Issuing Bodies (AIB)
www.aib-net.org/facts/european-residual-mix/2021

2022 HIGHLIGHTS

As can be seen in Table 2 presenting the total emissions in 2019 (base year), 2021 and 2022, our own operations (SCOPE 1 and 2) only account for less than 1% of the total emissions (for all 3 years). Meaning that most carbon emissions can be found in SCOPE 3.

- Emissions from **SCOPE 1 Fuel and Refrigerants** are reduced by 48% compared to base year 2019. Oil used for heating at the warehouse in Nakskov is now 100% phased out. Since district heating is not available in the area, wood pellets have been implemented as the new source of heating.
- Emissions from **SCOPE 1 Company Vehicles** have also decreased compared to base year 2019 (-37%). A larger part of company vehicles are now hybrid cars and therefore there has been an increase in the use of electricity, and a reduction in the use of fossil fuels. As an effect, electricity usage for cars causes an increase in emissions in SCOPE 2 compared to 2021.
- During 2022 SCOPE 3 emissions have increased compared to 2021 but is still down 1% compared to base year 2019. The increase in SCOPE 3 emissions in 2022 mostly relates to **SCOPE 3 Category 1. Purchased goods and services**. It is a result of a higher spend on purchased goods due to unsecure production and transport caused by external factors, throughout the year. A smaller part of the increase also relates to **SCOPE 3 Category 6 Business travel** emissions. Travelling has slightly increased, although is far from the level of 2019 (-65%). We are still not travelling long distances, but the number of short-distance trips is increasing.
- On the other hand, **SCOPE 3 Category 4. Upstream transportation** (including all transport of goods paid for by Rosendahl Design Group) has fallen despite the increase in emissions from the higher spend on purchased goods. In 2022 we implemented a new way of loading containers from our Asian suppliers, loading containers by hand instead of on pallets, and thereby increasing the utilization of the container. It is not clear how big an effect the new way of loading has on the CO₂e emissions, but it is assumed to have a positive effect on the development of emissions in this category.

- **SCOPE 3 Category 7. Employee commuting** has been added to this year's climate report. A survey was conducted with employees commuting to and from the Danish office in Hørsholm as well as the Norwegian office in Oslo. The answer rate of the survey was approximately 50%, and based on the aggregated data from the survey, estimation was made for the remaining 50%. Due to missing data from previous years, 2019 and 2021 category 7 emissions are estimated based on 2022 emissions and the number of employees working at the specific locations. Most employees commute by car, and the majority of the cars run on fossil fuels.

IMPROVEMENT IN DATA QUALITY

SCOPE 3 Category 1, Purchased goods and services have until 2022 solely been calculated based on spend. This year Lifecycle Analysis (LCA) calculations for several products (approximately 160 products) have been integrated in the calculation of Category 1 emissions. This is still a small part of the total emissions in this category, and calculations have mainly been conducted on newly released products. Therefore, the LCA calculations emission results have not been integrated in the calculations for previous years. The LCA calculations include transport and packaging emissions for the specific products, therefore it must be noted that there is a risk of double accounting, as SCOPE 3 Category 4 also accounts for the upstream transportation of products, and SCOPE 3 Category 1 emissions includes direct purchased packaging. All LCA calculations are calculated via the Målbar tool, but not verified by Målbar.



SOCIAL

Our corporate social responsibility encompasses both people working at Rosendahl Design Group and those linked to our business via our global supply chain. We aim to be a workplace where employees experience opportunities to develop personally and professionally. We aim to promote respectful relationships and excellent cooperation with our business partners, regardless of where they are in the world. Rosendahl Design Group cooperates with suppliers in many different countries. We wish to collaborate with suppliers who meet their country's requirements for employee working conditions, enforce international rules, and engage in continuous human and labour rights improvements. We require that our suppliers' production should never take place under conditions which violate human and labour rights.

SOCIAL MATERIAL TOPICS AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
S1 Own workforce (Low)	<ul style="list-style-type: none"> Majority of own employees are employed in Scandinavia, where the labour market is highly regulated to ensure a good working environment and compliance to human and labour rights. Thereby risk of negative impact is considered low. 	<ul style="list-style-type: none"> Reputational/Operational risk is deemed to be low due to proven compliance to regulation as well as a relatively high employee satisfaction score. 	<ul style="list-style-type: none"> Own employees are paid a decent wage, are free to organize, are not subject to violence nor harassment and are offered training on the job. The working committee at Rosendahl Design Group safeguards a safe and healthy working environment. A high degree of flexibility is provided enabling a good work-life balance. The overall employee engagement and satisfaction is monitored via a quarterly Peakon survey and follow-up. 	<ul style="list-style-type: none"> As a guiding principle encompassing the full organization and culture, Peakon survey tool is to be actively used throughout the Group.
S1 Gender equality, Diversity and Inclusion (Low)	<ul style="list-style-type: none"> The industry we are in is dominated by women, which is also reflected in our workforce, consisting of approximately 80% women. Top management consists of 100% women. Data is not available for gender pay gap. We are 120 employees including many different positions which are not necessarily comparable in salary. 	<ul style="list-style-type: none"> Reputational/Operational risk is low although we do not yet live up to a 40/60 gender split in leadership. 	<ul style="list-style-type: none"> Rosendahl Design Group support gender equality and equal pay for work of equal value. We have a policy defining skills and personal match being most important when hiring new employee, and skills and experience, determining salary, not gender, ethnicity nor similar. 	<ul style="list-style-type: none"> Targeted approach to diversify management at all levels, aiming for a 60/40 gender split.

SOCIAL MATERIAL TOPICS AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
S1 Employee turnover/retention (Moderate)	<ul style="list-style-type: none"> Due to the general market development as well as restructuring of the organization, we experience a relatively low retention rate. 	<ul style="list-style-type: none"> Potential operational risk of continuous low retention rate. 	<ul style="list-style-type: none"> We use the Peakon engagement and satisfaction survey actively to make sure to monitor and improve within the right areas to increase the retention rate of employees. 	<ul style="list-style-type: none"> Target of 90 % retention rate, allowing for natural in- and out-flow in the organization.
S1/S4 Data ethics (Moderate)	<ul style="list-style-type: none"> Rosendahl Design Group store and use data related to customers and employees. The data storage is regulated by the Danish General Data Protection Regulation (GDPR). 	<ul style="list-style-type: none"> Regulatory compliance risk due to increased regulation covering data management and increased enforcement and control of GDPR regulatory compliance. 	<ul style="list-style-type: none"> IT systems and processes are implemented in compliance with the Danish GDPR requirements. Internal trainings on data ethics and GDPR are offered on a regular basis. Internal policy on data management is adopted. External publicly available policy is adopted. Publicly available whistleblower provides the possibility to report in case of regulatory breach. 	<ul style="list-style-type: none"> In 2023 further improvements will be made to our IT security systems and processes. In 2023 minimum 2 yearly internal trainings on GDPR compliance will be offered to all employees.

SOCIAL MATERIAL TOPICS AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
<p>S2 Workers in value chain</p> <p>(High)</p>	<ul style="list-style-type: none"> We produce in risk-classified countries (based on the Amfori BSCI risk matrix) where there is a risk of negative impact on human and labour rights. 	<ul style="list-style-type: none"> Potential breach on human and labour rights in the value chain cause reputational risk to Rosendahl Design Group. 	<ul style="list-style-type: none"> Rosendahl Design Group have adopted the Amfori BSCI Code of Conduct signed by all tier 1 suppliers. All tier 1 suppliers in risk-classified countries are third-party audited at least every second year. Product certification standards (FSC®, GOTS, GRS) are used to safeguard working conditions where applicable. 	<ul style="list-style-type: none"> In 2023 we will initiate a closer dialogue with our largest suppliers to start mapping the full supply chain of our products ensuring that all tiers live up to our Code of Conduct.
<p>S2 Living Wage</p> <p>(High)</p>	<ul style="list-style-type: none"> Focus has been on securing minimum wages which is most often lower than calculated living wage. Lack of data on compliance with living wage in the value chain, more data is needed to understand impact. 	<ul style="list-style-type: none"> Potential increase of cost of goods sold due to wage increases to comply with living wage standard. 	<ul style="list-style-type: none"> Suppliers are not required to comply with living wages in their region. During audit they are required to calculate the regional living wage, using the Anker methodology. 	<ul style="list-style-type: none"> In 2023 we aim to develop a living wage policy and initiate data collection on wage levels compared to regional living wages in the value chain.
<p>S2 Working time</p> <p>(Moderate)</p>	<ul style="list-style-type: none"> Compliance to local law regarding working hours is a problem at many production sites, as can be seen in audit reports. COVID pandemic and fluctuating order intake has made capacity planning difficult. 	<ul style="list-style-type: none"> Potential operational risk if working hours are to comply with local regulations, as capacity of factories might decrease, leading to unstable supply of products. 	<ul style="list-style-type: none"> Control of working time is a part of third-party supplier audits. Although we discuss the need for improvements with suppliers, it is not an area where we experience a lot of improvements. 	<ul style="list-style-type: none"> In 2023 we aim to engage in industry networks to finding a common way of addressing the working time challenges.

SOCIAL MATERIAL TOPICS AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
S3 Affected Communities (Low)	<ul style="list-style-type: none"> No major impacts on local communities or indigenous people are identified in the supply chain. Potential negative impacts might occur as data is not sufficient within this area. 	<ul style="list-style-type: none"> Potential reputational risk if negative impact on communities is found. 	<ul style="list-style-type: none"> Third party certifications (FSC® and GOTS) are used for materials (wood and cotton) where a potential negative impact has been identified. 	<ul style="list-style-type: none"> In 2023 we plan to conduct a new materiality assessment, engaging external stakeholders, providing insight to the effect on local communities.
S4 Product safety (chemicals, product information, warnings etc.) (Low)	<ul style="list-style-type: none"> Product information, compliant with regulations in the country of sales, is communicated to consumers on all products, therefore impact is likely to be low. 	<ul style="list-style-type: none"> Potential reputational risk due to misinformation. No previous cases of the same, therefore considered as low. 	<ul style="list-style-type: none"> Product safety is of high importance and product information clearly communicated. Products are subject to strict chemical regulation in the markets where we operate, therefore internal policy and procedures are implemented, including product-testing to ensure compliance with regulation. Suppliers are required to comply with the EU REACH regulation, as well as regulation regarding products in food contact. 	<ul style="list-style-type: none"> We aim for 0 product recalls in 2023.
S4 Ethical product marketing (Moderate)	<ul style="list-style-type: none"> Our marketing and communication focus highly on the function and aesthetics of the products, and we keep environmental claims to a minimum. 	<ul style="list-style-type: none"> Reputational risk if company is accused of greenwashing. 	<ul style="list-style-type: none"> All communication with claims of environmental or social impact is controlled by the sustainability manager before being published 	<ul style="list-style-type: none"> In 2023 we will develop a Rosendahl Design Group policy on ethical marketing.

Workers in value chain – Amfori BSCI

Rosendahl Design Group is a member of Amfori Business Social Compliance Initiative (BSCI). The Amfori BSCI is a business association for companies and interbranch organizations that base their work in the supply chain on the 'Amfori BSCI Code of Conduct' (Amfori BSCI CoC). The Amfori BSCI CoC consists of 11 principles covering the prohibition of child labor, forced labor, and corruption and discrimination, among others. The Amfori BSCI CoC also stipulates requirements that safeguard labor conditions, employee rights to freedom of association, and reasonable working hours and pay. Amfori BSCI is a recognized framework applied by more than 2,000 companies in more than 40 countries. This helps us raise the standards of our business partners and promote constructive cooperation in target areas. As part of their contract with Rosendahl Design Group, our product suppliers, and transporters, must sign the Amfori BSCI CoC. All our suppliers (both in risk classified and non-risk classified countries) have now signed the CoC and we are thereby certain that they are all clear on what we stand for, and what we expect from them and their sub-suppliers, regarding social responsibility and labour rights.



AUDITS OF SUPPLIERS IN RISK-CLASSIFIED COUNTRIES

In addition to the Amfori BSCI CoC, Rosendahl Design Group initiates 3rd party Amfori BSCI Supplier audits. These audits help us continuously improve the transparency of the processes in our global supply chain. With our Amfori BSCI membership, we are the responsible party for initiating Amfori BSCI audits for some of our suppliers and following up on remediation plans. For suppliers not members of Amfori BSCI, corresponding standards are accepted (such as Sedex, SMETA, etc). Rosendahl Design Group generally emphasizes close cooperation through dialogue with our suppliers and supports continuous improvements.

To prioritize initiatives in our supply chain, we systematically divide our suppliers into segments based on Amfori BSCI's global mapping of risk countries. All suppliers located in risk classified countries (52% of our first-tier supplier base), are now third party audited. All new suppliers located in risk classified countries are third-party audited. Our initiatives cover first-tier suppliers in our supply chain and agents' first link suppliers in their supply chain. In other words, partners with whom we have a direct relationship and whom it is easier for us to influence. Our next step in 2023 will be to initiate a closer dialogue with our largest suppliers to map the full supply chain of our products produced with them, ensuring that all tiers in the supply chain live up to our Code of Conduct and thereby the same standards as tier 1 suppliers.

SUPPLIERS IN RISK-CLASSIFIED COUNTRIES

Audited tier 1 suppliers in risk-classified countries.

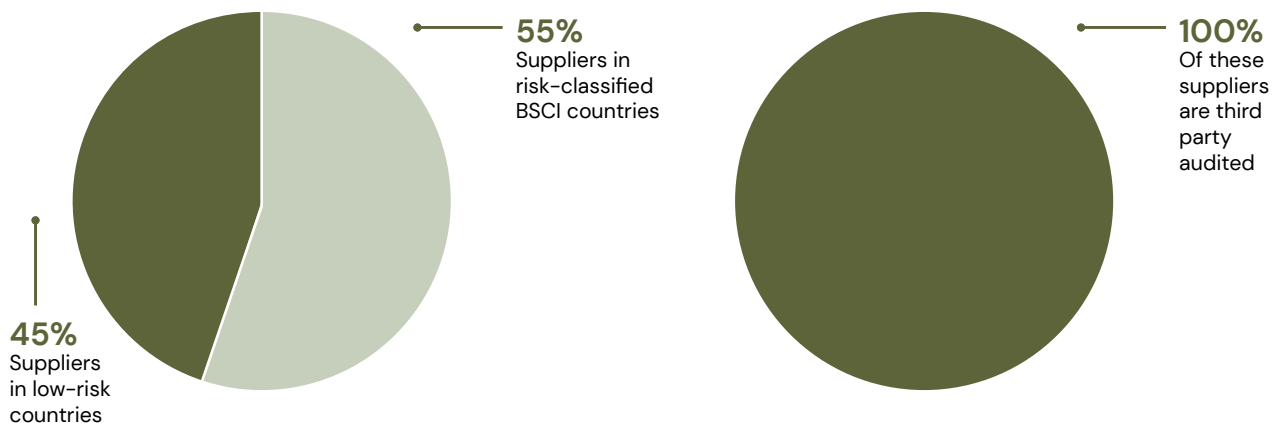


FIGURE 06
Rosendahl Design Group suppliers as of 01/04/2023

COUNTRIES WHERE ROSENDAHL DESIGN GROUP GOODS ARE PRODUCED



Europe 44%

CZECH REPUBLIC	DENMARK	FRANCE	
Glass	Candles Electronics Metal Packaging Paper Plastics Wood	Glass	
GERMANY	LATIVA	POLAND	PORTUGAL
Ceramics	Metal	Glass Packaging	Ceramics Textile Wood
ROMANIA	SLOVAKIA	SPAIN	TURKEY
Ceramics	Glass	Textile	Glass

Asia 56%

BANGLADESH	CHINA & HONG KONG	
Ceramics	Ceramics Metal Glass Packaging Plastic Silicone Wood Electronics	
INDIA	INDONESIA	
Textile Packaging	Ceramics	
SRI LANKA	THAILAND	VIETNAM
Ceramics	Ceramics Glass	Wood Ceramics

Split based on purchased value in 2022.



GOVERNANCE

As an international design company, workplace, and business partner with suppliers around the world, we work actively to take responsibility for the impacts we have on the environment, the climate as well as the people involved in our business. The UN Sustainable Development Goals (SDGs) as well as UN Global Compact 10 principles are guiding us in this work. We have identified five SDGs which are the most important for us. These are SDG 8, 12, 13, 15 and 17. These include areas where Rosendahl Design group might have a possible negative impact that must be mitigated, as well as areas where we can contribute positively to a sustainable development with our own actions, and in cooperation with others.

During 2022 we have also started using the B Impact Assessment, developed by B lab Global. The assessment provides us with a tool and framework to organize our actions and initiatives, via a 360 degree screening of our company activities, to make sure that we act on all necessary parameters within sustainability. It also provides inspiration to further develop our responsibility actions. Rosendahl Design Group has applied for a B Corp certification, and are currently waiting for the review process to begin, expecting to achieve a B Corp certification in 2023.

GOVERNANCE MATERIAL IMPACT AND TARGETS

IMPACT TOPIC	IMPACT DESCRIPTION	FINANCIAL RISK DESCRIPTION	MITIGATION ACTION	TARGETS AND AMBITIONS FOR 2023
<p>G1 Ethical business conduct</p> <p>(Moderate)</p>	<ul style="list-style-type: none"> • Our value chain consists of many different suppliers. We only have direct relationship with tier 1. Data regarding tier 2 is not sufficient to assess impact. • When working with suppliers in risk-classified countries there is always a risk of being related to corruption which cannot be fully controlled. 	<ul style="list-style-type: none"> • Reputational risk of being connected to unethical business conduct in the value chain. 	<ul style="list-style-type: none"> • Responsible business conduct is one of our core company values. Meaning we comply with relevant regulation, pay taxes, do not accept corruption and bribery, safeguarding human and labour rights etc. • We have adopted the Amfori BSCI Code of Conduct signed by all tier 1 suppliers. • It is important to us that our relationships with suppliers, are partnership creating value for both parties. This has resulted in long term supplier relationships with many of our suppliers. • Rosendahl Design Group are members of UN Global Compact (UNGC) and committed to the UNGC 10 principles. • In 2022 we implemented a publicly available Whistleblower system, available on our own website. 	<ul style="list-style-type: none"> • In 2023 we aim to achieve our B Corp certification. • In 2023 we will initiate a closer dialogue with our largest suppliers to map the full supply chain of our products ensuring that all tiers live up to our Code of Conduct. • In 2023 we will spread the word about our Whistleblower system to customers and suppliers, making sure that it reaches a larger part of the relevant stakeholders.

Partnerships, Memberships & Certifications

To stay up to date with the development within the CSR area, as well as to take active part in networks, we are members of several organizations and networks within CSR. All memberships and partnerships contribute to keeping us updated on new developments and provide inspiration, as well as generating discussions on the sustainability agenda, sharing experiences with others. We also gladly engage in sharing experiences and generating discussions in relationships with educational institutions such as, Aalborg University, Royal Danish Design School among others.

WE SUPPORT



The mark of responsible forestry



Certified by Control Union, CU1026087

For some materials in our supply chain, we have chosen to work with certification schemes securing supply chain, from raw material to end product. Rosendahl Design Group is certified according to Forest Stewardship Council®, Global Organic Textile Standard, Global recycled Standard and OEKO-TEX. The materials referred to are wood, cotton and recycled textiles and plastic.



STANDARD 100
1876-286 DTI

Data ethics in Rosendahl Design Group

Rosendahl Design Group has a Data Ethical Policy that sets the overall framework for the company's processing of data, supplemented by an External Personal Data Policy regulating personal data originating from consumers, wholesale and retail customers, and business partners as well as an Internal Personal Data Policy regulating personal data belonging to or used by the company's employees. Together, the policies form the data ethical foundation on which the company operates.

The policies address the processing and use of personal data that is in the possession or care of Rosendahl Design Group. However, the company mainly processes ordinary personal data such as names, e-mail addresses, and similar contact information.

Rosendahl Design Group processes personal data only to the extent that is necessary in order to fulfil a contractual, legislative, governance, or management commitment, or in order to provide relevant marketing, the latter only with the informed consent of the data owner.

COMPLIANCE AND REPORTING

Rosendahl Design Group oversees its compliance with GDPR on a regular and organized basis. Through a designated software, Rosendahl Design Group keeps track of Article 30 records and monitors the processing of data, the IT systems used for this purpose, deletion procedures, and security measures. Management continuously reports to the Board on GDPR compliance.

PERSONAL DATA

The most extensive processing of personal data pertains to the employees of the company. Ordinary personal data may here be supplemented by data concerning position, salary, pension, age etc. This data is processed with the exclusive purpose of fulfilling the company's contractual obligations towards the employees.

On rare occasion, sensitive personal data such as the employee's health or family matters may be processed but only to the extent that it is necessary in relation to the employee's professional performance, well-being or otherwise to the relation between employee and management.

In relation to external parties, Rosendahl Design Group processes personal data to the extent that it is necessary for the receiving or delivery of the company's products or for similar operational purposes.

In addition thereto, Rosendahl Design Group processes personal data originating from consumers or other customers with the purpose of marketing the company or its products, however only with the registrant's informed, active and voluntary consent to the processing of the data. In relation to marketing, the personal data processed is ordinary contact data such as name, e-mail address and phone number.

Automatic personal data such as cookies is gathered and processed only in accordance with a cookie consent, which is submitted informed, actively and voluntarily by the registrant.



Since 2022, Rosendahl Design Group has implemented profiled marketing, thereby using personal data to provide targeted marketing to individual consumers. The purpose of the profiling is to appear more relevant to and to improve the purchase experience of the individual consumer. Relevant personal data is for example the consumer's age, geographical location, fields of interest, favorite brands etc. Profiled marketing is only exercised based on an informed, active, and voluntary consent from the consumer. The consent may be withdrawn by the consumer at any time, and efficient deletion procedures have been implemented to ensure compliance with GDPR as well as the immediate cease of marketing activities towards the consumer.

Rosendahl Design Group does not buy from nor does it sell personal data to other legal entities but it does, from time to time, collaborate with other (non-competing) businesses on the gathering of marketing consents. In connection with such collaborations, the consumer consents actively and voluntarily to the data processing by both companies on an informed basis. A compliant data processing agreement will always be established between the two companies.

INTERNAL CONTROL AND TRAINING

Supplementary to the tracking of compliance through a designated software, Rosendahl Design Group's Legal & Compliance department regularly hosts internal GDPR courses and workshops for the purpose of ensuring awareness and compliance throughout the organization. Legal & Compliance also offers advice, tips, and reminders relating to GDPR on the company's intranet every month.

Finally, a new software has been implemented in 2022 for the purpose of deleting GDPR sensitive material from the mailboxes of the company's employees. All employees receive monthly reports, and sensitive material is automatically deleted unless actively excluded by the employee.

ANCHORING IN THE ORGANIZATION

Decisions relating to the implementation and use of new data and/or technology are anchored in Management. Policies and stakes on data ethics originate from Legal & Compliance but are approved by the relevant VP or by Management as a whole.

Whistleblower Scheme at Rosendahl design Group

Rosendahl Design Group has, in 2022, implemented a Whistleblower Scheme accessible to both employees and external parties. The objective of the Whistleblower Scheme is to discover, as early as possible, matters that may be serious or damaging to the company or to others, and which might otherwise not have come forward. Whistleblowers may report confidentially or anonymously according to their choice.

Matters relevant to the Whistleblower Scheme could be illegal, unethical, or irregular conduct, including (but not exhaustive of) matters concerning bribery and corruption, abuse of funds, theft, fraud and the like, as well as violation of environmental regulations, competition law regulations, data security breaches, and sexual or other personal harassment.

Whistleblower reports filed with Rosendahl Design Group's Whistleblower Scheme are reviewed by a Whistleblower Committee consisting of members representing the Board of Directors, HR, and Legal & Compliance.

Since the implementation of the Whistleblower Scheme, Rosendahl Design Group has received only three reports, all of which pertained to matters not relevant under the Whistleblower Scheme (i.e. external party reports on third party counterfeits).



Board of Directors

Rosendahl Design Group's Board of Directors consists of members with experience within the design industry, global branding, international expansion and sustainability



HENRIK ROSENDAHL
Chairman of the board
Owner of Rosendahl Design Group



JIMMI MORTENSEN
Vice Chairman of the board
CEO of Actona Group A/S



JACOB HOLM
Board member
Former CEO of Fritz Hansen A/S



NILLE SKALTS
Board member
Founder & Director of the Nordic B Corp Movement

Management



METTE MAIX
CEO



LISBETH DAU
CFO



JULIE HALLER BAGGESEN
COO



HELLE MERETHE MIKKELSEN
VP

Financial Statements

2022



ROSENDAHL
DESIGN GROUP

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Rosendahl Design Group A/S for the financial year 01.01.2022 – 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 – 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.
Hørsholm, 15.05.2023

EXECUTIVE BOARD

Mette Maix
CEO

Lisbeth Dau
CFO

BOARD OF DIRECTORS

Henrik Rosendahl
Formand

Jimmi Mortensen
Næstformand

Jacob Erik Holm

Nille Nolsø Skalts



ROSENDAHL
DESIGN GROUP

Independent auditor's report

To the shareholders of Rosendahl Design Group A/S

OPINION

We have audited the consolidated financial statements and the parent financial statements of Rosendahl Design Group A/S for the financial year 01.01.2022 – 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 – 31.12.2022 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 15.05.2023

DELOITTE

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Jens Serup

State Authorised Public Accountant
Identification No (MNE) mne45825

Consolidated Financial Statements

2022



ROSENDAHL
DESIGN GROUP

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	1	542,918	657,339
Other operating income		0	27,750
Costs of raw materials and consumables		(317,620)	(384,534)
Other external expenses	2	(94,282)	(103,522)
Gross profit/loss		131,016	197,033
Staff costs	3	(99,130)	(93,700)
Depreciation, amortisation and impairment losses	4	(19,355)	(18,495)
Operating profit/loss		12,531	84,838
Other financial income	5	6,852	10,215
Other financial expenses	6	(21,615)	(8,094)
Profit/loss before tax		(2,232)	86,959
Tax on profit/loss for the year	7	(149)	(19,633)
Profit/loss for the year	8	(2,381)	67,326

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	10	16,929	1,796
Acquired rights		87,584	93,677
Goodwill		51,082	54,373
Development projects in progress	10	134	7,139
Intangible assets	9	155,729	156,985
Other fixtures and fittings, tools and equipment		9,821	10,180
Leasehold improvements		2,584	3,324
Property, plant and equipment in progress		611	3,740
Property, plant and equipment	11	13,016	17,244
Other receivables		15,284	17,589
Financial assets	12	15,284	17,589
Fixed assets		184,029	191,818
Raw materials and consumables		41,416	42,133
Manufactured goods and goods for resale		259,948	171,041
Prepayments for goods		308	510
Inventories		301,672	213,684
Trade receivables		124,878	157,382
Receivables from group enterprises		49,939	43,467
Other receivables		7,926	5,317
Prepayments	13	2,095	2,380
Receivables		184,838	208,546
Cash		8,559	15,472
Current assets		495,069	437,702
Assets		679,098	629,520

Consolidated balance sheet at 31.12.2022

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		3,950	3,950
Retained earnings		240,496	242,558
Proposed dividend for the financial year		0	25,641
Equity belonging to Parent's shareholders		244,446	272,149
Equity belonging to minority interests		(445)	0
Equity		244,001	272,149
Deferred tax	14	21,439	22,925
Other provisions	15	0	15,886
Provisions		21,439	38,811
Other payables	16	6,601	6,392
Non-current liabilities other than provisions	17	6,601	6,392
Current portion of non-current liabilities other than provisions	17	0	106,250
Bank loans		297,150	56,410
Prepayments received from customers		731	1,145
Trade payables		37,597	74,541
Payables to group enterprises		26,875	883
Payables to owners and management		30	30
Tax payable		2,361	2,856
Joint taxation contribution payable		0	21,123
Other payables	18	42,313	48,930
Current liabilities other than provisions		407,057	312,168
Liabilities other than provisions		413,658	318,560
Equity and liabilities		679,098	629,520
Unrecognised rental and lease commitments	20		
Assets charged and collateral	21		
Transactions with related parties	22		
Group relations	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000
Equity beginning of year	3,950	242,558	25,641	272,149	0
Contributed upon formation	0	0	0	0	418
Dividends from treasury shares	0	641	(641)	0	0
Ordinary dividend paid	0	0	(25,000)	(25,000)	0
Exchange rate adjustments	0	(1,185)	0	(1,185)	0
Profit/loss for the year	0	(1,518)	0	(1,518)	(863)
Equity end of year	3,950	240,496	0	244,446	(445)

	Total DKK'000
Equity beginning of year	272,149
Contributed upon formation	418
Dividends from treasury shares	0
Ordinary dividend paid	(25,000)
Exchange rate adjustments	(1,185)
Profit/loss for the year	(2,381)
Equity end of year	244,001

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		12,531	84,838
Amortisation, depreciation and impairment losses		19,355	18,452
Other provisions		0	15,886
Working capital changes	19	(101,574)	(19,250)
Cash flow from ordinary operating activities		(69,688)	99,926
Financial income received		516	639
Financial expenses paid		(10,062)	(7,344)
Taxes refunded/(paid)		(23,979)	(11,849)
Cash flows from operating activities		(103,213)	81,372
Acquisition etc. of intangible assets		(11,879)	(9,200)
Acquisition etc. of property, plant and equipment		(2,076)	(3,064)
Sale of property, plant and equipment		0	43
Cash flows from investing activities		(13,955)	(12,221)
Free cash flows generated from operations and investments before financing		(117,168)	69,151
Loans raised		139,359	0
Repayments of loans etc.		(6,989)	(91,170)
Dividend paid		(25,000)	(3,000)
Other cash flows from financing activities		2,885	2,228
Cash flows from financing activities		110,255	(91,942)
Increase/decrease in cash and cash equivalents		(6,913)	(22,791)
Cash and cash equivalents beginning of year		15,472	38,263
Cash and cash equivalents end of year		8,559	15,472
Cash and cash equivalents at year-end are composed of:			
Cash		8,559	15,472
Cash and cash equivalents end of year		8,559	15,472

Notes to consolidated financial statements

	2022 DKK'000	2021 DKK'000
1. Revenue		
Denmark	279,466	327,014
Other EU-countries	137,201	171,011
Other European countries	81,732	125,723
Other countries	44,519	33,591
Total revenue by geographical market	542,918	657,339

	2022 DKK'000	2021 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	426	344
Tax services	347	50
Other services	345	140
	1,118	534

	2022 DKK'000	2021 DKK'000
3. Staff costs		
Wages and salaries	86,630	83,463
Pension costs	7,675	6,818
Other social security costs	1,319	1,196
Other staff costs	3,506	2,223
	99,130	93,700

Average number of full-time employees	138	125
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	Remuneration of management 2022 DKK'000	Remuneration of management 2021 DKK'000
Executive Board	9,178	8,279
Board of Directors	1,350	1,305
	10,528	9,584

Notes to consolidated financial statements

	2022 DKK'000	2021 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	14,690	13,408
Depreciation on property, plant and equipment	4,665	5,130
Profit/loss from sale of intangible assets and property, plant and equipment	0	(43)
	19,355	18,495

	2022 DKK'000	2021 DKK'000
5. Other financial income		
Financial income from group enterprises	2,975	1,447
Other interest income	15	3
Exchange rate adjustments	3,361	8,129
Other financial income	501	636
	6,852	10,215

	2022 DKK'000	2021 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	1,009	346
Other interest expenses	8,785	5,743
Exchange rate adjustments	10,544	404
Other financial expenses	1,277	1,601
	21,615	8,094

	2022 DKK'000	2021 DKK'000
7. Tax on profit/loss for the year		
Current tax	1,635	22,759
Change in deferred tax	(1,486)	(3,126)
	149	19,633

Notes to consolidated financial statements

	2022 DKK'000	2021 DKK'000
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	25,641
Retained earnings	(1,518)	41,685
Minority interests' share of profit/loss	(863)	0
	<u>(2,381)</u>	<u>67,326</u>

	Completed development projects DKK'000	Acquired rights DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
9 Intangible assets				
Cost beginning of year	3,788	227,424	74,164	7,139
Transfers	6,909	1,654	0	(7,008)
Additions	10,892	984	0	3
Cost end of year	<u>21,589</u>	<u>230,062</u>	<u>74,164</u>	<u>134</u>
Amortisation and impairment losses beginning of year	(1,992)	(133,747)	(19,791)	0
Amortisation for the year	(2,668)	(8,731)	(3,291)	0
Amortisation and impairment losses end of year	<u>(4,660)</u>	<u>(142,478)</u>	<u>(23,082)</u>	<u>0</u>
Carrying amount end of year	<u>16,929</u>	<u>87,584</u>	<u>51,082</u>	<u>134</u>

10. Development projects

Development projects include direct costs in relation to development and designing of E-com platform as well other applications. Completed projects are taken into use in the financial year and are normally depreciated over 5 years. The completed development projects are considered to be an important part of the company's earnings as well as commercial strategy.

The management has found no indications of impairment in relation to the accounting value of the company's development projects.

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
11. Property, plant and equipment			
Cost beginning of year	57,431	7,121	3,740
Transfers	2,184	0	(3,740)
Additions	1,268	197	611
Cost end of year	60,883	7,318	611
Depreciation and impairment losses beginning of year	(47,251)	(3,880)	0
Depreciation for the year	(3,811)	(854)	0
Depreciation and impairment losses end of year	(51,062)	(4,734)	0
Carrying amount end of year	9,821	2,584	611

	Other receivables DKK'000
12. Financial assets	
Cost beginning of year	17,589
Additions	52
Disposals	(2,357)
Cost end of year	15,284
Carrying amount end of year	15,284

13. Prepayments

Prepayments relates to prepaid expenses.

Notes to consolidated financial statements

	2022 DKK'000	2021 DKK'000
14. Deferred tax		
Changes during the year		
Beginning of year	22,925	26,052
Recognised in the income statement	(1,486)	(3,127)
End of year	21,439	22,925

15. Other provisions

In 2021, other provisions were recognized due to the uncertainty relating to the amount and the settlement timing of certain liabilities. During 2022, other provisions have been settled and actual commitments ended up lower than provisioned in 2021. The effect is recognized in the profit and loss statement in 2022.

	2022 DKK'000	2021 DKK'000
16. Other payables		
Holiday pay obligation	6,601	6,392
	6,601	6,392

	Due after more than 12 months 2022 DKK'000	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000
17. Non-current liabilities other than provisions			
Bank loans	0	0	106,250
Other payables	6,601	0	0
	6,601	0	106,250

Notes to consolidated financial statements

	2022 DKK'000	2021 DKK'000
18. Other payables		
VAT and duties	8,593	14,015
Wages and salaries, personal income taxes, social security costs, etc. payable	4,236	8,933
Holiday pay obligation	3,932	3,802
Other costs payable	25,552	22,180
	42,313	48,930

	2022 DKK'000	2021 DKK'000
19. Changes in working capital		
Increase/decrease in inventories	(87,988)	(31,137)
Increase/decrease in receivables	30,180	(3,328)
Increase/decrease in trade payables etc.	(43,766)	15,215
	(101,574)	(19,250)

	2022 DKK'000	2021 DKK'000
20. Unrecognised rental and lease commitments		
Total liabilities under rental or lease agreements until maturity	30,993	35,614

21. Assets charged and collateral

As security for the group's bank debt, a mortgage deed has been issued with a nominal value of DKK 50,000,000. in the following assets with accounting values per 31 December 2022: Receivables from sales; DKK 124,948 thousand, inventory; DKK 301,672 thousand, leasehold improvements; DKK 2,584 thousand, other operating assets and fixtures; DKK 9,821 thousand and Property, plant and equipment in progress; DKK 611 thousand.

In addition, payment guarantees have been provided for a total of DKK 389 thousand and security of DKK 273 thousand to Illums Bolighus the group per balance sheet date.

22. Transactions with related parties

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Notes to consolidated financial statements

23. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
HRO Corporate ApS, Hørsholm

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Rosendahl Design Group A/S, Hørsholm

	Registered in	Corporate form	Ownership %
24. Subsidiaries			
Rosendahl Trading Co. Ltd.	Shenzhen, China	Co. Ltd.	100.00
Rosendahl Design Group Norge AS	Oslo, Norway	AS	100.00
Rosendahl Design Group AB	Hørsholm, Denmark	AB	100.00
Rosendahl Design Group Holding US LLC	New York, USA	LLC	100.00
Rosendahl Design Group US LLC	New York, USA	LLC	60.00

Parent Income Statements

2022



ROSENDAHL
DESIGN GROUP

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	1	518,537	625,246
Other operating income		0	27,750
Costs of raw materials and consumables		(316,279)	(383,471)
Other external expenses	2	(80,574)	(90,715)
Gross profit/loss		121,684	178,810
Staff costs	3	(91,819)	(88,227)
Depreciation, amortisation and impairment losses	4	(18,920)	(18,189)
Operating profit/loss		10,945	72,394
Income from investments in group enterprises		2,581	10,027
Other financial income	5	6,866	10,163
Other financial expenses	6	(22,550)	(8,417)
Profit/loss before tax		(2,158)	84,167
Tax on profit/loss for the year	7	683	(16,841)
Profit/loss for the year	8	(1,475)	67,326

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	10	16,929	1,796
Acquired rights		87,302	93,677
Goodwill		51,082	54,373
Development projects in progress	10	134	7,139
Intangible assets	9	155,447	156,985
Other fixtures and fittings, tools and equipment		9,808	10,166
Leasehold improvements		455	714
Property, plant and equipment in progress		611	3,740
Property, plant and equipment	11	10,874	14,620
Investments in group enterprises		11,491	18,899
Other receivables		15,232	17,589
Financial assets	12	26,723	36,488
Fixed assets		193,044	208,093
Raw materials and consumables		41,416	42,133
Manufactured goods and goods for resale		257,584	169,983
Prepayments for goods		308	510
Inventories		299,308	212,626
Trade receivables		124,739	155,504
Receivables from group enterprises		49,939	43,467
Other receivables		4,174	4,651
Prepayments	13	5,596	2,375
Receivables		184,448	205,997
Cash		4,365	12,297
Current assets		488,121	430,920
Assets		681,165	639,013

Parent balance sheet at 31.12.2022

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		3,950	3,950
Reserve for net revaluation according to equity method		7,731	19,216
Reserve for development costs		13,309	6,970
Retained earnings		219,499	216,372
Proposed dividend for the financial year		0	25,641
Equity		244,489	272,149
Deferred tax	14	22,244	22,927
Other provisions	15	0	15,886
Provisions		22,244	38,813
Other payables	16	6,601	6,396
Non-current liabilities other than provisions	17	6,601	6,396
Current portion of non-current liabilities other than provisions	17	0	106,250
Bank loans		297,149	56,410
Prepayments received from customers		601	900
Trade payables		36,944	73,003
Payables to group enterprises		35,435	16,648
Payables to owners and management		30	30
Joint taxation contribution payable		0	21,123
Other payables	18	37,672	47,291
Current liabilities other than provisions		407,831	321,655
Liabilities other than provisions		414,432	328,051
Equity and liabilities		681,165	639,013
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000
Equity beginning of year	3,950	19,216	6,970	216,372	25,641
Dividends from treasury shares	0	0	0	641	(641)
Ordinary dividend paid	0	0	0	0	(25,000)
Exchange rate adjustments	0	(1,185)	0	0	0
Other entries on equity	0	1,793	0	(1,793)	0
Dividends from group enterprises	0	(14,674)	0	14,674	0
Transfer to reserves	0	0	6,339	(6,339)	0
Profit/loss for the year	0	2,581	0	(4,056)	0
Equity end of year	3,950	7,731	13,309	219,499	(0)

	Total DKK'000
Equity beginning of year	272,149
Dividends from treasury shares	0
Ordinary dividend paid	(25,000)
Exchange rate adjustments	(1,185)
Other entries on equity	0
Dividends from group enterprises	0
Transfer to reserves	0
Profit/loss for the year	(1,475)
Equity end of year	244,489

Notes to parent financial statements

	2022 DKK'000	2021 DKK'000
1. Revenue		
Denmark	279,362	326,640
Other EU-countries	126,880	158,040
Other European countries	81,732	108,620
Other countries	30,563	31,946
Total revenue by geographical market	518,537	625,246

	2022 DKK'000	2021 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	345	286
Tax services	296	29
Other services	345	115
	986	430

	2022 DKK'000	2021 DKK'000
3. Staff costs		
Wages and salaries	80,227	78,507
Pension costs	7,304	6,548
Other social security costs	1,319	1,168
Other staff costs	2,969	2,004
	91,819	88,227

Average number of full-time employees	118	108
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	Remuneration of Management 2022 DKK'000	Remuneration of Management 2021 DKK'000
Executive Board	9,178	8,279
Board of Directors	1,350	1,305
	10,528	9,584

Notes to parent financial statements

	2022 DKK'000	2021 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	14,654	13,409
Depreciation on property, plant and equipment	4,266	4,823
Profit/loss from sale of intangible assets and property, plant and equipment	0	(43)
	18,920	18,189

	2022 DKK'000	2021 DKK'000
5. Other financial income		
Financial income from group enterprises	2,990	1,447
Other interest income	15	3
Exchange rate adjustments	3,361	8,129
Other financial income	500	584
	6,866	10,163

	2022 DKK'000	2021 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	2,179	893
Other interest expenses	8,776	5,531
Exchange rate adjustments	10,340	410
Other financial expenses	1,255	1,583
	22,550	8,417

	2022 DKK'000	2021 DKK'000
7. Tax on profit/loss for the year		
Current tax	0	19,976
Change in deferred tax	(683)	(3,135)
	(683)	16,841

Notes to parent financial statements

	2022 DKK'000	2021 DKK'000
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	25,641
Retained earnings	(1,475)	41,685
	(1,475)	67,326

	Completed development projects DKK'000	Acquired rights DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
9. Intangible assets				
Cost beginning of year	3,788	227,424	74,164	7,139
Transfers	6,909	1,654	0	(7,008)
Additions	10,892	666	0	3
Cost end of year	21,589	229,744	74,164	134
Amortisation and impairment losses beginning of year	(1,992)	(133,747)	(19,791)	0
Amortisation for the year	(2,668)	(8,695)	(3,291)	0
Amortisation and impairment losses end of year	(4,660)	(142,442)	(23,082)	0
Carrying amount end of year	16,929	87,302	51,082	134

10. Development projects

Development projects include direct costs in relation to development and designing of E-com platform as well other applications. Completed projects are taken into use in the financial year and are normally depreciated over 5 years. The completed development projects are considered to be an important part of the company's earnings as well as commercial strategy.

The management has found no indications of impairment in relation to the accounting value of the company's development projects.

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
11. Property, plant and equipment			
Cost beginning of year	57,391	3,826	3,740
Transfers	2,184	0	(3,740)
Additions	1,268	197	611
Cost end of year	60,843	4,023	611
Depreciation and impairment losses beginning of year	(47,225)	(3,112)	0
Depreciation for the year	(3,810)	(456)	0
Depreciation and impairment losses end of year	(51,035)	(3,568)	0
Carrying amount end of year	9,808	455	611

	Investment in group enterprises DKK'000	Other receivables DKK'000
12. Financial assets		
Cost beginning of year	3,132	17,589
Additions	628	0
Disposals	0	(2,357)
Cost end of year	3,760	15,232
Revaluations beginning of year	15,767	0
Exchange rate adjustments	(1,185)	0
Share of profit/loss for the year	3,872	0
Adjustment of intra-group profits	(1,291)	0
Dividend	(11,225)	0
Investments with negative equity value depreciated over receivables	1,793	0
Revaluations end of year	7,731	0
Carrying amount end of year	11,491	15,232

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

Notes to parent financial statements

13. Prepayments

Prepayments relates to prepaid expenses.

	2022 DKK'000	2021 DKK'000
14. Deferred tax		
Changes during the year		
Beginning of year	22,927	26,062
Recognised in the income statement	(683)	(3,135)
End of year	22,244	22,927

15. Other provisions

In 2021, other provisions were recognized due to the uncertainty relating to the amount and the settlement timing of certain liabilities. During 2022, other provisions have been settled and actual commitments ended up lower than provisioned in 2021. The effect is recognized in the profit and loss statement in 2022.

	2022 DKK'000	2021 DKK'000
16. Other payables		
Holiday pay obligation	6,601	6,396
	6,601	6,396

	Due after more than 12 months 2022 DKK'000	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000
17. Non-current liabilities other than provisions			
Bank loans	0	0	106,250
Other payables	6,601	0	0
	6,601	0	106,250

Notes to parent financial statements

	2022 DKK'000	2021 DKK'000
18. Other payables		
VAT and duties	8,605	14,088
Wages and salaries, personal income taxes, social security costs, etc. payable	3,581	8,560
Holiday pay obligation	3,932	3,802
Other costs payable	21,554	20,841
	37,672	47,291

19. Assets charged and collateral

As security for the group's bank debt, a mortgage deed has been issued with a nominal value of DKK 50,000,000. in the following assets with accounting values per 31 December 2022: Receivables from sales; DKK 124,739 thousand, inventory; DKK 299,308 thousand, leasehold improvements; DKK 455 thousand, other operating assets and fixtures; DKK 9,808 thousand and Property, plant and equipment in progress; DKK 611 thousand.

In addition, payment guarantees have been provided for a total of DKK 389 thousand and security of DKK 273 thousand to Illums Bolighus the group per balance sheet date.

20. Related parties with controlling interest

HRO Corporate ApS, 2970 Hørsholm (ultimate parent) owns all shares in the Entity, thus exercising control.

21. Transactions with related parties

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

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

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

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved

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

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

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

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on secu-

Accounting policies

rities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate

assets. Useful lives are reassessed annually. The amortisation periods used are 10–20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of

amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Useful life

- Other fixtures and fittings, tools and equipment: 3–5 years
- Leasehold improvements: 5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be

separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10–20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Accounting policies

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.

CO2 Absolute Scope 1 Emission

Absolute CO2e direct emissions from sources that are owned or controlled/leased by Rosendahl Design Group. Including on-site fossil fuel combustion and fleet fuel consumption. Calculated according to the GHG Protocol.

CO2 Absolute Scope 2 Emission

Absolute CO2e emissions from purchased energy for electricity, heating and cooling. Calculated according to GHG protocol.

CO2 Absolute Scope 3 Emission

Absolute CO2e emissions generated from the 6 most material categories identified, in SCOPE 3 in the GHG protocol.

CO2 Total

Total absolute CO2e emissions from SCOPE 1, 2 and 3.

Carbon Intensity

Total CO2 emissions / turnover

Energy Consumption

Σ (used fuel * energy factor per fuel type) per fuel type + (used electricity (MWh) * 3,6 + (used district heating (GJ))

Energy Intensity

Total energy consumption / turnover

Share Of Renewable Energy

(Renewable energy / energy consumption) * 100

Water Consumption

Total water consumption for all facilities in operational control.

Hazardous Waste

Share of hazardous waste sent for destruction.

Recyclable waste

Total waste sent for recycling (kg) / Total waste (kg)

Sickness Absence

Sickness absence hours / total working hours * 100

Lost Time Injury Frequency

(Number of work accidents * 1.000.000) / total number of working hours for all FTE's

Employee Turnover

(Voluntary + non-voluntary leaving FTE's) / FTE's * 100

Employee Satisfaction

Share of employees that would recommend the company to others (eNPS-score)

Gender Diversity All Employees

(Female FTE's + female temporary employees) / (Total number of FTE's) * 100

Gender Diversity Management

(Female members of management team / total members of management team) * 100

Gender Diversity Other Management Levels

(Female leaders / total number of leaders) * 100

Gender Diversity Board Of Directors

(Female members of the board / total number of members of the board) * 100

CEO Pay Ratio

CEO pay / median employee pay

Gender Pay Ratio

Difference of the average pay for male workers and the average pay for female workers. A positive result indicates a higher pay for female workers.

