

Fredericia Furniture A/S

Treldevej 183
7000 Fredericia
CVR No. 45607313

Annual report 2024

The Annual General Meeting adopted the
annual report on 11.03.2025

Birthe Slot

Chairman of the General Meeting

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Entity details

Entity

Fredericia Furniture A/S

Treldevej 183

7000 Fredericia

Business Registration No.: 45607313

Registered office: Fredericia

Financial year: 01.01.2024 - 31.12.2024

Phone number: 7592 3344

URL: www.fredericia.com

E-mail: economy@fredericia.com

Board of Directors

Lotte Franch, Chairman

Kaja Wiegand Møller, Vice Chairman

Thomas Graversen

Mogens Volmer Simonsen

Finn Kalmar Kristiansen

Executive Board

Rasmus Lehmann Graversen, Managing Director

Thomas Graversen, Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Fredericia Furniture A/S for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 - 31.12.2024.

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.

Fredericia, 11.03.2025

Executive Board

Rasmus Lehmann Graversen
Managing Director

Thomas Graversen
Director

Board of Directors

Lotte Franch
Chairman

Kaja Wiegand Møller
Vice Chairman

Thomas Graversen

Mogens Volmer Simonsen

Finn Kalmar Kristiansen

Independent auditor's report

To the shareholders of Fredericia Furniture A/S

Opinion

We have audited the financial statements of Fredericia Furniture A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 - 31.12.2024 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. 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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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.

Kolding, 11.03.2025

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Peter Kjærsgaard

State Authorised Public Accountant

Identification No (MNE) mne46587

Management commentary

Financial highlights

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	60,368	60,365	82,892	100,364	51,808
Operating profit/loss	7,857	4,448	23,024	38,272	16,466
Net financials	(1,580)	(2,237)	1,719	125	(458)
Profit/loss for the year	4,689	2,278	18,880	29,569	13,055
Total assets	126,022	121,908	140,318	146,765	125,391
Investments in property, plant and equipment	3,680	1,352	5,085	35,166	1,051
Equity	73,826	70,024	67,746	68,486	58,917
Cash flows from (used in) operating activities	5,626	15,709	53	28,606	14,202
Cash flows from (used in) investing activities	(4,918)	(5,540)	(11,331)	12,253	(27,539)
Cash flows from (used in) financing activities	(779)	(12,008)	(4,185)	(30,724)	19,030
Average number of employees	75	85	109	110	57
Ratios					
Return on equity (%)	6.52	3.31	27.72	46.42	24.92
Equity ratio (%)	58.58	57.44	48.28	46.66	46.99
Return on invested capital (%)	6.23	3.61	16.41	26.30	13.40

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

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Return on invested capital (%):

EBIT * 100

Total assets

Primary activities

The Company manufactures and markets high-quality design furniture developed in cooperation with recognized Danish and international architects. The furniture is sold nationally and internationally to the retail as well as the contract markets.

Development in activities and finances

In 2024 Fredericia has changed its top management with Rasmus Graversen as new CEO. This marks a new chapter for the Company and has led to organizational changes and a new management team.

Gross Profit in 2024 was realized with DKK 60,368k compared to DKK 60,365k in 2023, which was practically equal to 2023. This follows the budgeted expectations for a relatively stable turnover recovering to normal market conditions after the extraordinary business environment of the Covid-19 years. The profit before tax of the year 2024 ended at DKK 6,5M compared to DKK 2,4M in 2023. The increase in profitability related to turnover reflects a cost-conscious approach, improved capacity utilization in production and increased activity in Growth markets. The profitability in relation to gross profit is expected to increase further in 2025.

The company has experienced a growth in order intake in the year 2024. This success is the result of a long-term commitment to building relationships with leading interior architects, dealers, and specifiers in strategic growth regions.

The Company has maintained a dual-market approach - serving both the residential and contract segments and at the same time new product development has led to an enhanced presence in the contract market, most notably the Plan series, designed by British duo Barber & Osgerby, the Pioneer Barstool series by Danish designer Maria Bruun, and the Gomo Lounge series by the Copenhagen-based Portuguese designer Hugo Passos.

At the same time, Fredericia's strong focus on sustainability has yielded positive results. The company's refurbishment program has proven to be an effective business driver, particularly in the Scandinavian contract market.

The Company's balance sheet as per balance date, shows an equity of MDKK 73.8 corresponding to an equity ratio of 58.6%.

The Company continues to have a long-term goal of profitable growth and a healthy balance, which means that in 2025, investments will continue to be made in sustainable product development, digital empowerment and various commercial growth initiatives.

Financial risks and use of financial instruments

The company is affected by currency developments. There are no risks other than the common risks for the industry.

Profit/loss for the year in relation to expected developments

The result for the financial year 2024 shows an improved profitability as expected, and the management considers the result to be satisfactory, and the positive development on profit margin to continue in 2025.

Outlook

The Company expect a continuous insecurity in the markets. However focused sales efforts in strategic growth markets combined with and reflected in the Company's growing order intake means that both gross profit and profitability is expected to grow further in 2025. Overall the profit before tax is expected to grow between 10% to 15%, with a minor reservation regarding the insecurity in the markets.

Environmental performance

The Company is committed to continuously improve our sustainability performance, and by setting realistic targets for future achievements, we ensure continued progress and development. Fredericia as a company is FSC certified and ISO 14001 certified on both our production sites, as well as the company is B-Corp certified. In 2024 the Company has implemented Fredericia Circular, a new business unit focused on refurbishment rather than new production. Beyond providing new furniture for large public projects, the Company now offer services that extend furniture lifespan and reduce environmental impact by 1) Furniture Refurbishment - Refurbishing and refreshing stackable chairs, upholstered pieces, and more, with options for modern updates and a new warranty to ensure quality. 2) Buyback and Reselling: Buying back used furniture for renovation or recycling in new projects, optimizing resources and reducing waste (Trinidad Chair and J39).

In 2024 the Company have also made progress in key areas such as responsible material sourcing and reducing environmental footprint in terms of managing waste and carbon emissions. The efforts continue to focus on innovation, long-term impact, and collaboration within the industry. For a detailed overview of the Company's sustainability initiatives, please refer to our annual sustainability report, available online.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss	2	60,368,264	60,365,142
Staff costs	3	(46,534,669)	(50,098,085)
Depreciation, amortisation and impairment losses	4	(5,853,527)	(5,818,771)
Other operating expenses		(122,898)	0
Operating profit/loss		7,857,170	4,448,286
Income from investments in group enterprises		221,890	171,796
Other financial income	5	758,167	712,136
Other financial expenses	6	(2,337,728)	(2,949,251)
Profit/loss before tax		6,499,499	2,382,967
Tax on profit/loss for the year	7	(1,810,182)	(105,195)
Profit/loss for the year	8	4,689,317	2,277,772

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Acquired intangible assets		2,102,752	2,898,658
Acquired licences		188,767	0
Goodwill		8,803,972	10,335,097
Intangible assets	9	11,095,491	13,233,755
Land and buildings		16,205,274	15,572,266
Plant and machinery		1,506,414	2,145,203
Other fixtures and fittings, tools and equipment		3,110,258	3,438,807
Leasehold improvements		970,610	187,766
Property, plant and equipment	10	21,792,556	21,344,042
Investments in group enterprises		407,701	172,830
Investments in associates		25,000	25,000
Deposits		1,621,645	1,621,645
Financial assets	11	2,054,346	1,819,475
Fixed assets		34,942,393	36,397,272
Raw materials and consumables		36,217,252	38,186,345
Work in progress		415,439	300,626
Manufactured goods and goods for resale		12,356,289	14,126,195
Inventories		48,988,980	52,613,166

Trade receivables		34,505,366	28,147,956
Receivables from group enterprises		1,868,036	0
Other receivables		3,948,881	2,074,709
Joint taxation contribution receivable		0	15,271
Prepayments	12	1,306,339	2,126,370
Receivables		41,628,622	32,364,306
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Cash		461,961	532,879
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Current assets		91,079,563	85,510,351
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Assets		126,021,956	121,907,623
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Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital	13, 14	2,148,000	2,148,000
Reserve for net revaluation according to the equity method		406,823	171,952
Retained earnings		69,271,202	66,703,775
Proposed dividend		2,000,000	1,000,000
Equity		73,826,025	70,023,727
Deferred tax	15	2,865,916	3,161,668
Provisions		2,865,916	3,161,668
Mortgage debt		15,607,147	16,513,697
Non-current liabilities other than provisions	16	15,607,147	16,513,697
Current portion of non-current liabilities other than provisions	16	884,892	764,941
Bank loans		6,925,508	6,017,865
Lease liabilities		837,311	1,714,859
Prepayments received from customers		2,360,640	3,204,919
Trade payables		12,864,416	11,663,248
Payables to group enterprises		0	375,075
Tax payable		72,023	100,494
Joint taxation contribution payable		2,105,934	0
Other payables		7,672,144	8,367,130
Current liabilities other than provisions		33,722,868	32,208,531
Liabilities other than provisions		49,330,015	48,722,228
Equity and liabilities		126,021,956	121,907,623
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Transactions with related parties	22		
Group relations	23		

Statement of changes in equity for 2024

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	2,148,000	171,952	66,703,775	1,000,000	70,023,727
Dividends from treasury shares	0	0	100,000	0	100,000
Ordinary dividend paid	0	0	0	(1,000,000)	(1,000,000)
Exchange rate adjustments	0	12,981	0	0	12,981
Profit/loss for the year	0	221,890	2,467,427	2,000,000	4,689,317
Equity end of year	2,148,000	406,823	69,271,202	2,000,000	73,826,025

Cash flow statement for 2024

	Notes	2024 DKK	2023 DKK
Operating profit/loss		7,857,170	4,448,286
Amortisation, depreciation and impairment losses		5,853,527	5,818,771
Other provisions		0	(3,800,000)
Working capital changes	17	(6,368,573)	16,985,854
Other adjustments		(122,898)	(139,000)
Cash flow from ordinary operating activities		7,219,226	23,313,911
Financial income received		758,167	712,136
Financial expenses paid		(2,337,728)	(2,949,251)
Taxes refunded/(paid)		(13,200)	(5,368,196)
Cash flows from operating activities		5,626,465	15,708,600
Acquisition etc of intangible assets		(1,121,842)	(1,710,674)
Acquisition etc of property, plant and equipment		(3,796,585)	(1,351,634)
Sale of property, plant and equipment		0	370,000
Acquisition of fixed asset investments		0	(151,957)
Other cash flows from investing activities		0	(2,695,637)
Cash flows from investing activities		(4,918,427)	(5,539,902)
Free cash flows generated from operations and investments before financing		708,038	10,168,698
Repayments of loans etc		(786,599)	(1,155,439)
Dividend paid		(900,000)	0
Change in short term bank loans		907,643	(10,852,969)
Cash flows from financing activities		(778,956)	(12,008,408)
Increase/decrease in cash and cash equivalents		(70,918)	(1,839,710)
Cash and cash equivalents beginning of year		532,879	2,372,589
Cash and cash equivalents end of year		461,961	532,879
Cash and cash equivalents at year-end are composed of:			
Cash		461,961	532,879
Cash and cash equivalents end of year		461,961	532,879

Notes

1 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

2 Gross profit/loss

Gross profit/loss includes other operating income, which includes adjustments to other provisions amounting to DKK 3,800 thousand in 2023.

3 Staff costs

	2024	2023
	DKK	DKK
Wages and salaries	41,301,030	44,383,105
Pension costs	4,618,648	4,746,054
Other social security costs	614,991	968,926
	46,534,669	50,098,085

Average number of full-time employees	80	85
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	Remuneration of Management 2024 DKK	Remuneration of Management 2023 DKK
Executive Board	2,928,368	3,914,818
Board of Directors	399,167	2,327,000
	3,327,535	6,241,818

4 Depreciation, amortisation and impairment losses

	2024	2023
	DKK	DKK
Amortisation of intangible assets	3,260,106	2,790,032
Depreciation of property, plant and equipment	2,593,421	3,028,739
	5,853,527	5,818,771

5 Other financial income

	2024	2023
	DKK	DKK
Other interest income	32,934	5,842
Exchange rate adjustments	725,233	706,294
	758,167	712,136

6 Other financial expenses

	2024	2023
	DKK	DKK
Other interest expenses	1,312,762	1,099,882
Exchange rate adjustments	1,024,966	1,849,369
	2,337,728	2,949,251

7 Tax on profit/loss for the year

	2024	2023
	DKK	DKK
Current tax	2,105,934	0
Change in deferred tax	(295,752)	120,466
Refund in joint taxation arrangement	0	(15,271)
	1,810,182	105,195

8 Proposed distribution of profit and loss

	2024	2023
	DKK	DKK
Ordinary dividend for the financial year	2,000,000	1,000,000
Retained earnings	2,689,317	1,277,772
	4,689,317	2,277,772

9 Intangible assets

	Acquired intangible assets DKK	Acquired licences DKK	Goodwill DKK
Cost beginning of year	11,008,168	9,770,450	15,275,709
Additions	914,078	207,764	0
Cost end of year	11,922,246	9,978,214	15,275,709
Amortisation and impairment losses beginning of year	(8,109,510)	(9,770,450)	(4,940,612)
Amortisation for the year	(1,709,984)	(18,997)	(1,531,125)
Amortisation and impairment losses end of year	(9,819,494)	(9,789,447)	(6,471,737)
Carrying amount end of year	2,102,752	188,767	8,803,972

Goodwill is amortised straight-line over its estimated useful life, which is determined on the basis of management's experience in the individual business areas. It has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years in accordance with the Danish Financial Statements Act.

10 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	46,807,534	13,882,129	19,757,418	2,523,438
Additions	1,498,335	158,722	1,122,432	900,238
Disposals	0	0	(683,128)	0
Cost end of year	48,305,869	14,040,851	20,196,722	3,423,676
Depreciation and impairment losses beginning of year	(31,235,268)	(11,736,926)	(16,318,611)	(2,335,672)
Depreciation for the year	(865,327)	(797,511)	(813,189)	(117,394)
Reversal regarding disposals	0	0	45,336	0
Depreciation and impairment losses end of year	(32,100,595)	(12,534,437)	(17,086,464)	(2,453,066)
Carrying amount end of year	16,205,274	1,506,414	3,110,258	970,610
Recognised assets not owned by entity	-	-	836,409	-

Recognised assets not owned by the entity consists of leased fixed assets.

11 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Deposits DKK
Cost beginning of year	878	25,000	1,621,645
Cost end of year	878	25,000	1,621,645
Revaluations beginning of year	171,952	0	0
Exchange rate adjustments	12,981	0	0
Share of profit/loss for the year	221,890	0	0
Revaluations end of year	406,823	0	0
Carrying amount end of year	407,701	25,000	1,621,645

Investments in subsidiaries	Registered in	Equity interest %
Fredericia Furniture UK Ltd.	London	100.00
Investments in associates	Registered in	Equity interest %
3 Days of Design ApS	København K	20.00

12 Prepayments

Prepayments comprises costs, which are paid in the financial year, but are related to the next financial year.

13 Share capital

	Number	Par value DKK	Nominal value DKK
A- share capital	483,300	1	483,300
B- share capital	1,449,900	1	1,449,900
C- share capital	214,800	1	214,800
	2,148,000		2,148,000

14 Treasury shares

	Number	Nominal value DKK	Share of contributed capital %
C- share capital	214,800	214,800	10.00
Holding of treasury shares	214,800	214,800	10.00

15 Deferred tax

	2024 DKK	2023 DKK
Intangible assets	1,064,961	1,237,709
Property, plant and equipment	1,224,907	1,218,690
Inventories	464,653	413,468
Receivables	111,395	291,801
Deferred tax	2,865,916	3,161,668

Changes during the year	2024 DKK	2023 DKK
Beginning of year	3,161,668	3,041,202
Recognised in the income statement	(295,752)	120,466
End of year	2,865,916	3,161,668

16 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK	Due within 12 months 2023 DKK	Due after more than 12 months 2024 DKK	Outstanding after 5 years 2024 DKK
Mortgage debt	884,892	764,941	15,607,147	11,818,912
	884,892	764,941	15,607,147	11,818,912

17 Changes in working capital

	2024 DKK	2023 DKK
Increase/decrease in inventories	3,624,186	7,859,350
Increase/decrease in receivables	(9,279,587)	4,479,064
Increase/decrease in trade payables etc	(713,172)	4,647,440
	(6,368,573)	16,985,854

18 Unrecognised rental and lease commitments

	2024 DKK	2023 DKK
Liabilities under rental or lease agreements until maturity in total	18,672,056	6,763,360

Unrecognised rental and lease commitments consists of operating lease agreements of fixed assets, where the obligations in total amounts to DKK 1,142 thousand.

There has been made an agreement for the commercial lease in Copenhagen and Norway, where the obligations in total amounts to DKK 17,530 thousand.

The agreement in Copenhagen can be terminated earliest 31.12.2030. The agreement in Norway can be terminated earliest 31.05.2027.

19 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Thomas Graversen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The accounting value of the property is DKK 16,205 thousand (2023: DKK 15,572 thousand).

Collateral provided for group enterprises

The Entity has guaranteed rent obligation debt for the group enterprise Fredericia Furniture UK Ltd. The guarantee amounts to DKK 2,641 thousand.

21 Related parties with controlling interest

Thomas Graversen Holding ApS, Fredericia, Business Registration no. 43447890, holds 95% voting rights through A-shares and has therefore controlling influence on the entity.

Thomas Graversen, Fredericia, holds 51% of the voting rights in Thomas Graversen Holding ApS and has therefore controlling influence on the entity.

22 Transactions with related parties

Only transactions with related parties that are not carried out at market terms are disclosed in the annual report. No such transactions have been performed.

23 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

Thomas Graversen Holding ApS, Fredericia, Business Registration no. 43447890

Accounting policies

Reporting class

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

Reclassifications

With reference to the true and fair view of the Danish Financial Statements Act, the company has reclassified individual items in the income statement. The reclassifications have affected Gross profit/loss and staff costs.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The book value-method is applied to mergers in which the participating entities are subject to the Parent's control. Under this method, assets and liabilities of the participating entities are recognised at the amounts at which they are recognised in the consolidated financial statements of the parent forming part of the merger. Vertical mergers are recognised at the merger date without restatement of comparative figures.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, costs of sales and other external expenses.

Revenue

Revenue from the sale of manufactured goods and 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, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to tangible and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss 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 from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, amortisation of financial assets as well as 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 payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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 Entity is jointly taxed with its Danish parent company. 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. It has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

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

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights and acquired licences.

Acquired intellectual property rights are production and sales rights, which are measured at cost less accumulated amortisation. Production and sales rights are straight-line depreciated over the rights lifetime, which is 10 years.

Acquired licences are software, which are measured at cost less accumulated amortisation. Software is straight-line depreciated over 3-4 years, which is its estimated financial lifetime.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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
Buildings	25-35 years
Plant and machinery	3-40 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 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.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

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 positive difference between cost of investments 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 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.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Receivables

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

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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.

Treasury shares

Acquisition and selling prices and dividends for treasury shares are classified directly as equity in retained earnings. Gains and losses on sale are not recognised in the income statement..

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 or the planned settlement of each liability.

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.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

Tax receivable or payable

Current tax receivable or payable 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 as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.