Hjort Knudsen A/S

Stabelhøjvej 1, 6880 Tarm
CVR-nr. 21 62 09 98

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 16 May 2025

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Ellen Mønsted

BDO Statsautoriseret revisionsaktieselskab
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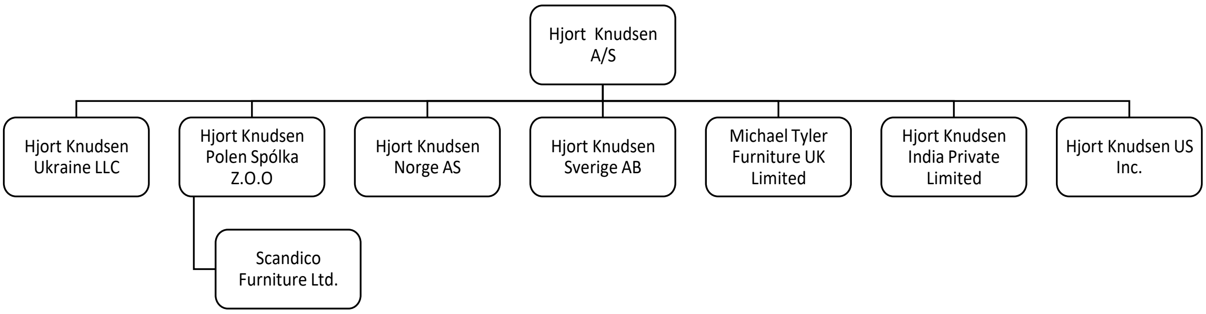
Company Details

Company	Hjort Knudsen A/S Stabelhøjvej 1 6880 Tarm	
	Telephone:	+45 75 25 02 44
	CVR No.:	21 62 09 98
	Established:	19 March 1999
	Municipality:	Ringkøbing-Skjern
	Financial Year:	1 January - 31 December
Board of Directors	Ellen Mønsted, chairman Klaus Hjort Knudsen Dennis Vad Lauridsen Torben Skov Villadsen	
Executive Board	Klaus Hjort Knudsen Ole Sodtmann Bundgaard	
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg	

Group Structure



Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Hjort Knudsen A/S for the financial year 1 January - 31 December 2024.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2024 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Lyne, 16 May 2025

Executive Board

Klaus Hjort Knudsen	Ole Sodtmann Bundgaard

Board of Directors

Ellen Mønsted Chairman	Klaus Hjort Knudsen	Dennis Vad Lauridsen
Torben Skov Villadsen		

Independent Auditor's Report

To the Shareholder of Hjort Knudsen A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Hjort Knudsen A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2024 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company 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 Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 the Parent Company Financial Statements.

Independent Auditor's Report

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Esbjerg, 16 May 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jørn Jepsen
State Authorised Public Accountant
MNE no. mne24824

Stig Petersen
State Authorised Public Accountant
MNE no. mne35464

Financial Highlights of the Group

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Net revenue	836.642	810.944	786.169	792.070	670.345
Gross profit/loss	275.807	264.695	205.657	257.688	261.909
Operating profit/loss before depreciation and amortisation (EBITDA)	68.749	76.559	21.609	69.872	82.129
Operating profit/loss of main activities	48.535	55.422	2.369	49.028	61.745
Financial income and expenses, net	-2.785	-1.337	-19.070	-5.802	-16.426
Profit/loss for the year before tax	45.750	54.085	-16.701	43.227	45.307
Profit/loss for the year	35.321	43.459	-14.129	34.639	37.109
Balance sheet					
Total assets	535.882	533.517	517.340	543.245	419.638
Equity	259.590	244.236	186.976	224.745	190.142
Cash flows					
Investment in property, plant and equipment	-48.395	-21.972	-22.851	-80.067	-27.875
Key ratios					
Gross margin	33,0	32,6	26,2	32,5	39,1
Equity ratio	48,4	45,8	36,1	41,4	45,3
Return on equity	14,0	20,2	-6,9	16,7	19,5

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin: $\frac{\text{Gross profit x 100}}{\text{Net revenue}}$

Equity ratio: $\frac{\text{Equity (ex. minorities), at year-end x 100}}{\text{Total assets, at year-end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Management Commentary

Principal activities
The Group’s activity consists of the design, production and sale of furniture. Production takes place at the Polish subsidiary, Hjort Knudsen Poland Co., Ltd., the Ukrainian subsidiary, LLC Hjort Knudsen Ukraine, the Indian subsidiary, Hjort Knudsen India Private Ltd., and the UK subsidiary, Michael Tyler Furniture UK Ltd., while sales are managed via Hjort Knudsen A/S, Hjort Knudsen US, Scandico Furniture, and Michael Tyler Furniture UK Ltd.

The Norwegian subsidiary, Hjort Knudsen Norge A/S, and the Swedish subsidiary, Hjort Knudsen Sverige A/B, manage sales in Norway and Sweden, respectively.

Recognition and measurement uncertainty
Reference is made to note 22 in the consolidated financial statements and the parent company's financial statements.

Development in activities and financial and economic position
The Group’s annual result for 2024 showed a profit after tax of 35,321 t. DKK, compared to a profit of 43,459 t. DKK in 2023. The result met expectations, and the Board considers it satisfactory.

Profit/loss for the year compared to the expected development
Our expectations for 2024 were cautious, as the furniture industry saw a decline in sales in many areas, while the war in Ukraine continued to create uncertainty for the Group's production facilities.

2024 turned out overall to be as anticipated. Order intake increased by 6% in DKK compared to 2023, but earnings were negatively affected by unexpected increase in the polish currency Zloty, high salary increases in Eastern Europe and mitigation measures due to frequent blockades on the border between Poland and Ukraine.

Geographically, the Group continued to derive the majority of its revenue from Europe.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

Financial risk
The Group has partially hedged the Polish Zloty and American Dollar through currency future contracts to reduce this uncertainty factor on the Group’s result.

Future expectations
2025 has started with a normal order intake, and we expect revenue and earnings to be slightly better than in 2024.

Corporate social responsibility (CSR) report
Hjort Knudsen's statement on Corporate Social Responsibility (CSR) in 2024

Hjort Knudsen is aware that, as a business, we have a societal responsibility to operate in an ethical and responsible manner. This includes showing consideration for people and the countries, communities, and local areas where we are present.

Hjort Knudsen acknowledges the UN's human rights framework as the overarching guide and beacon for our actions globally. This applies to our views on employees, suppliers, customers, and partners.

Management Commentary

Corporate social responsibility (CSR) report (continued)
Hjort Knudsen's Four Core Values and their definitions in relation to concrete behavior

• **Innovation:** We always strive to develop new products and processes and to improve existing ones.

• **Profitability**: We run a profitable business and we are committed to the future in the interest of our customers. We constantly seek the most economical way to produce, distribute, and administer our products.

• **Commitment**: We endeavor to reach the highest standards and we take personal responsibility for our actions. The effort and knowledge that each of us puts into our work inspires and motivates colleagues and influences the result of the Group.

• **Decency:** We create and maintain positive relationships with our customers, colleagues, and suppliers, and we respect the countries in which the Group operates.

The main contribution to society
Hjort Knudsen's most significant contribution to society—beyond producing furniture that brings joy to many people—is our focus on operating and developing our business with the core values as our guiding principle.

With these values as the backbone of our long-term growth strategy, the Group has grown and created jobs, not only in Denmark, but significantly in Europe and India. The economic value and social stability this brings to the countries and local areas is Hjort Knudsen's greatest contribution to society.

Employment Conditions
Hjort Knudsen is a global Group, where employees and management work across borders and boundaries daily to solve tasks both physically and online.

In Hjort Knudsen's organization, the Group's core values serve as the compass and benchmark for all employees. For example, during recruitment, a candidate's qualifications are considered, and the Group always seeks to hire the most skilled employee, regardless of race, gender, nationality, or personal status.

Employee conditions are regulated by the laws of the respective countries, and Hjort Knudsen ensures that employees have fair wages and working conditions. It is an integrated part of the Group's management guidelines that there is fundamental respect for employees' human rights, including their health and safety.

Some specific implementations of the above include the following requirements for Hjort Knudsens physical and psychological work environment:

• Mandatory breaks
• Hearing protection in noisy departments (wood and metal departments and in areas with the use of stapling machines)
• Extraction systems in wood and glue areas
• Height-adjustable desks to avoid physically stressful postures
• Clear marking of traffic routes for forklifts and transport bikes, as well as pedestrian paths
• Protective shielding around machinery.
• Compliance with driving and rest period regulations for drivers
• Adherence to all EU limits for the use of chemicals in both components and finished products

These measures are implemented via contracts and through the daily work of team leaders and senior management, ensuring clear employment terms, safe physical conditions, regular breaks, maternity and sick leave, vacation, and time-off arrangements. Employee well-being is also an integral management tool, including annual employee development discussions.

Management Commentary

Corporate social responsibility (CSR) report (continued)

Specific events in 2024

Hjort Knudsen’s management sets the framework and supports HR managers in Poland, Ukraine, India, and the UK, with a continuous focus on promoting employee well-being. HR managers are visible in production departments, maintaining good contact with employees. The HR office is a space where employees can address issues and solve problems.

There is daily contact between the Group office, Poland, Ukraine, and India. In 2024, management visited all four production countries and saw firsthand that working conditions at these workplaces exceed the mandated legal requirements.

Hjort Knudsen in Ukraine 2024

Hjort Knudsen continued production at five locations in Western Ukraine. The situation, although challenging, is considered stable despite the ongoing war. Management has dedicated resources to supporting production, the daily working environment, and employees.

In 2024, Hjort Knudsen Ukraine collaborated with Skive College, funded by the ILO (International Labor Organization), to train a group of women and men as upholsterers, aiming to establish an upholstery training program in Ukraine. Ukrainian participants underwent an 8-week training program in Denmark.

Support for the communities Hjort Knudsen is part of

Hjort Knudsen wishes to engage in respectful cooperation with the countries and communities in which it operates.

In Poland, Hjort Knudsen has partnered with the Polish government to assist in the resocialization of individuals who have had challenges. Hjort Knudsen helps these individuals re-enter the workforce by first offering them work trials and later providing job offers once their resocialization period ends.

Social events such as a children's fun day in Poland on December 6th, a Christmas party in Ukraine, and various team outings were organized in 2024. Hjort Knudsen continues to operate under the Danish leadership model, incorporating employee experiences into daily operations and decisions, along with Lean principles. This approach is fully implemented in Hjort Knudsen Poland, while in Hjort Knudsen Ukraine, several employees underwent Lean training in 2024 and applied these principles.

Furthermore, in Poland, a padel court was constructed for employee use.

Support for the Future of the World - SOS Children’s Villages

Since 2010, Hjort Knudsen has supported development in its production countries, Poland and Ukraine, through annual contributions to the global NGO SOS Children’s Villages.

The main sponsorship is directed towards the SOS Children's Village in Brovary, Ukraine, where orphaned and vulnerable children live. Here, they experience a childhood under the care of responsible adults, ensuring safety, play, care, and education. The village also supports vulnerable families with various initiatives, including internally displaced Ukrainians due to the ongoing war.

Management Commentary

Corporate social responsibility (CSR) report (continued)

Measures to reduce climate impact
Hjort Knudsen recognizes that profitability and climate impact can go hand in hand. As a result, continuous efforts are made to reduce resource consumption in our operations. This includes constant focus to optimize the use of raw materials, minimize waste, increase automation to reduce the use of substances like glue, and more efficient logistics to minimize environmental impact.

This includes efforts to optimize logistics with AI-based routing plans and sourcing all solid wood from European forests committed to sustainable growth strategies.

Hjort Knudsen has in 2024 maintained a good level of used materials in compliance with environmental regulations.

In 2024 the focus continued to be on reducing the waste ratios of used materials in the 4 production countries.

The Group is aware that production, transportation etc. have a potential negative impact on the environment and climate. As described above, it is therefore an integrated part of our operation and development to focus on actions that can reduce our environmental footprint as much as possible – for instance are our trucks always well maintained to reduce their emissions.

We will in 2025 continue to focus on actions in the areas of human rights, working conditions, environment and anti-bribery.

Starting in fiscal year 2025, Hjort Knudsen will prepare reporting on CSR-D (Corporate Social Responsibility - Diversity). We have engaged with leaders, employees, and stakeholders to identify areas within CSR-D that are critical for Hjort Knudsen Group and society, beginning a data-driven reporting process.

Risks in the Work Environment
It is assessed that the main risks for employees at Hjort Knudsen are related to the physical work environment. As described above, Hjort Knudsen has clear protective measures in place. All employees in Poland receive an annual health check.

At the sales offices, employees also benefit from an annual visit by an occupational therapist, who provides individual guidance, as well as height-adjustable desks and different seating options.

Business integrity and practices
Hjort Knudsen's strategy is to avoid corruption, whether in dealings with authorities, production, or sales. All leaders, salespeople, and agents have been made aware of this strategy for many years, and it is part of our onboarding process and continuously communicated. Our cooperation with the authorities is always conducted in accordance with local laws, and sales is based solely on getting Hjort Knudsen’s products placed in our retailers’ stores. All sales is based on transparency in our principles for selling to our customers.

Specific incidents in 2024
To date, there have been no cases of corruption or unethical business practices in any of the countries where Hjort Knudsen operates. This high standard is maintained through:
- Ongoing (daily) in-depth discussions with senior management, salespeople, and agents
- Review of investment budgets and spot-checks of received offers
- Central archiving of all contracts to ensure transparency
- Random sampling of sales orders to ensure they reflect the agreed terms

The principles have now been formalized in a Code of conduct policy, which will be distributed to all employees, and we are furthermore in the final stages of going live with our new Group whistleblower portal.

Management Commentary

Corporate social responsibility (CSR) report (continued)

Report of data ethics

The Group has developed and implemented data ethics policy. The policy covers employees, customers and suppliers' data that are collected, stored, and used securely and confidentially. The policy is designed to work in conjunction with the Group's GDPR policy and communicated to the Group's organization. It is the Group's experience that a good knowledge of the Group's GDPR policy among employees helps to support a responsible use of sensitive data.

In general, the Group emphasises that data is only stored to the extent necessary or required by law. Likewise, the aim is that data is, as far as possible, only available to employees who need the relevant data in question. The Group operates in the B2B market, whereby data management is linked to the collection of relevant customer data, as well as from the conclusion of contracts with suppliers and partners. The Group handles data about the companies' employees to the extent relevant to their employment. The Group only strives to collect and use data that is necessary in the specific employment relationship.

The Group's data ethics policy is approved at the Group's management level and communicated to the Group's employees, and it is assessed that the policy contributes to responsible handling of data.

IT Security

The Group continues to focus on IT security. Previous measures, such as authorizations based solely on work needs, removal of un-authorized software, and quick updates of approved software, continues although resource-demanding, since it require ongoing monitoring and control. In 2023, the Group began to upgrade all PCs to Windows 11, replacing devices that cannot be upgraded to ensure all PCs are on Windows 11 when Windows 10 support ends, which continues into 2025.

Income Statement 1 January - 31 December

		Group		Parent Company	
	Note	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Net revenue	1	**836.642**	**810.944**	**785.805**	**761.476**
Other operating income		2.641	3.002	8	67
Expenses for raw materials and consumables		-411.588	-386.154	-696.285	-667.391
Other external expenses	2	-151.888	-163.097	-57.820	-52.019
Gross profit/loss		**275.807**	**264.695**	**31.708**	**42.133**
Staff costs	3	-207.058	-188.136	-15.749	-15.303
Depreciation, amortisation and impairment losses for tangible and intangible assets		-20.214	-21.137	-1.211	-1.416
Other operating expenses		0	0	0	-38
Operating profit		**48.535**	**55.422**	**14.748**	**25.376**
Income from investments in subsidiaries	4	0	0	20.417	22.519
Other financial income	5	28.322	9.126	12.262	9.416
Other financial expenses	6	-31.107	-10.463	-7.901	-7.934
Profit before tax		**45.750**	**54.085**	**39.526**	**49.377**
Tax on profit/loss for the year	7	-10.429	-10.626	-4.205	-5.918
Profit for the year	8	**35.321**	**43.459**	**35.321**	**43.459**

Balance Sheet at 31 December

Assets

	Note	Group 2024 DKK '000	Group 2023 DKK '000	Parent Company 2024 DKK '000	Parent Company 2023 DKK '000
Acquired concessions, patents, licences, trademarks and similar rights		241	72	0	0
Goodwill		335	450	0	0
Intangible assets	9	**576**	**522**	**0**	**0**
Land and buildings		121.778	109.595	477	490
Production plant and machinery		24.684	24.242	0	0
Other plant, fixtures and equipment		19.410	18.311	4.300	4.035
Tangible fixed assets in progress and prepayments for tangible fixed assets		8.981	3.916	0	0
Property, plant and equipment	10	**174.853**	**156.064**	**4.777**	**4.525**
Investments in subsidiaries		0	0	270.929	242.022
Other investments		13	13	13	13
Financial non-current assets	11	**13**	**13**	**270.942**	**242.035**
Non-current assets		**175.442**	**156.599**	**275.719**	**246.560**

Balance Sheet at 31 December

Assets (continued)

	Note	Group 2024 DKK '000	Group 2023 DKK '000	Parent Company 2024 DKK '000	Parent Company 2023 DKK '000
Raw materials and consumables		110.764	116.440	0	0
Work in progress		66.010	56.641	0	0
Finished goods and goods for resale		57.617	35.313	0	0
Prepayments		2.237	17.914	0	0
Inventories		**236.628**	**226.308**	**0**	**0**
Trade receivables		74.869	92.902	69.186	66.576
Receivables from group enterprises		2.344	1.249	52.626	59.797
Deferred tax assets	12	8.845	3.863	0	0
Derivative financial instruments	13	5.135	9.843	5.135	9.843
Other receivables		17.544	20.743	63	53
Corporation tax receivable		0	1.331	0	1.056
Prepayments	14	2.719	2.611	643	2.611
Receivables		**111.456**	**132.542**	**127.653**	**139.936**
Cash and cash equivalents		**12.356**	**18.068**	**2.571**	**159**
Current assets		**360.440**	**376.918**	**130.224**	**140.095**
Assets		**535.882**	**533.517**	**405.943**	**386.655**

Balance Sheet at 31 December

Equity and liabilities

		Group		Parent Company	
	Note	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Share capital	15	900	900	900	900
Reserve for net revaluation under the equity method		0	0	191.789	170.267
Fair value reserve for hedge accounting		2.212	5.883	2.212	5.884
Fair value reserve for currency translation of foreign entities		-34.596	0	0	0
Retained earnings		283.974	228.753	57.589	58.485
Proposed dividend		7.100	8.700	7.100	8.700
Equity		**259.590**	**244.236**	**259.590**	**244.236**
Provision for deferred tax	16	1.580	0	969	1.663
Other provisions	17	7.971	6.300	7.971	6.300
Provisions		**9.551**	**6.300**	**8.940**	**7.963**
Debt to mortgage credit institution		2.409	2.756	2.409	2.756
Bank debt		26.334	43.260	0	0
Lease liabilities		2.034	1.119	158	270
Non-current liabilities	18	**30.777**	**47.135**	**2.567**	**3.026**

Balance Sheet at 31 December

Equity and liabilities (continued)

	Note	Group 2024 DKK '000	Group 2023 DKK '000	Parent Company 2024 DKK '000	Parent Company 2023 DKK '000
Debt to mortgage credit institution		350	336	350	336
Bank debt		172.923	161.229	118.618	121.859
Lease liabilities		1.631	4.622	310	302
Prepayments from customers		1.765	1.007	1.765	1.007
Trade payables		27.778	29.684	4.098	3.100
Debt to Group companies		0	0	4.319	52
Debt to owners and Management		0	1.100	0	1.100
Corporation tax payable		3.755	0	1.549	0
Other liabilities		27.762	37.868	3.837	3.674
Current liabilities		**235.964**	**235.846**	**134.846**	**131.430**
Liabilities		**266.741**	**282.981**	**137.413**	**134.456**
Equity and liabilities		**535.882**	**533.517**	**405.943**	**386.655**

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Equity

	Group					
DKK '000	Share capital	Fair value reserve for hedge accounting	Fair value reserve for currency translation of foreign entities	Retained earnings	Proposed dividend	Total
Equity at 1 January 2024	900	5.884	0	228.752	8.700	244.236
Change of equity due to change of policy			-35.701	35.701		0
Adjusted equity at 1 January 2024	**900**	**5.884**	**-35.701**	**264.453**	**8.700**	**244.236**
Proposed profit allocation, see note 8				19.521	15.800	35.321
Transactions with owners						
Dividend paid					-8.700	-8.700
Extraordinary dividend paid					-8.700	-8.700
Change fair value reserves						
Value adjustments in the year		-4.708	1.105			-3.603
Tax on changes in equity		**1.036**				**1.036**
Equity at 31 December 2024	**900**	**2.212**	**-34.596**	**283.974**	**7.100**	**259.590**

Equity

DKK '000	Share capital	Reserve for net revaluation under the equity method	Fair value reserve for hedge accounting	Retained earnings	Proposed dividend	Total
	Parent Company					
Equity at 1 January 2024	900	170.267	5.884	58.485	8.700	244.236
Proposed profit allocation, jf. note 8		20.417		-896	15.800	35.321
Transactions with owners						
Dividend paid					-8.700	-8.700
Extraordinary dividend paid					-8.700	-8.700
Other legal bindings						
Foreign exchange adjustments		1.105				1.105
Change fair value reserves						
Value adjustments in the year			-4.708			-4.708
Tax on changes in equity			**1.036**			**1.036**
Equity at 31 December 2024	**900**	**191.789**	**2.212**	**57.589**	**7.100**	**259.590**

Cash Flow Statement 1 January - 31 December

	Group	
	2024 DKK '000	2023 DKK '000
Profit/loss for the year	35.321	43.459
Depreciation and amortisation, reversed	20.214	21.137
Unrealised exchange gains, reversed	2.082	7.763
Tax on profit/loss, reversed	10.429	10.626
Corporation tax paid	-7.482	-9.967
Change in inventories	-10.320	-10.177
Change in receivables (ex tax)	24.737	-2.319
Change in other provisions	1.671	-776
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-17.062	-12.545
Cash flows from operating activity	**59.590**	**47.201**
Purchase of intangible assets	-290	-85
Purchase of property, plant and equipment	-48.395	-21.951
Sale of property, plant and equipment	8.189	3.139
Purchase of financial assets	0	-10
Cash flows from investing activity	**-40.496**	**-18.907**
Instalments on loans	-19.335	-2.840
Change in bank debt	11.694	-17.362
Dividends paid in the financial year	-17.400	0
Other cash flows from financing activities	235	100
Cash flows from financing activity	**-24.806**	**-20.102**
Change in cash and cash equivalents	**-5.712**	**8.192**
Cash and cash equivalents at 1. januar	18.068	9.876
Cash and cash equivalents at 31 December31. december	**12.356**	**18.068**
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	12.356	18.068
Cash and cash equivalents	**12.356**	**18.068**

Notes

	Group		Parent Company	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
1 | Net revenue				
Segment details (geography)				
Europe	808.241	788.794	765.058	748.833
Rest of the world	28.401	22.150	20.747	12.643
	836.642	**810.944**	**785.805**	**761.476**

	Group 2024 DKK '000	Group 2023 DKK '000
2 | Fee to statutory auditor		
Total fee		
BDO	750	632
Auditors of foreign subsidiaries	692	660
	1.442	**1.292**
Specification of fee		
Statutory audit	819	784
Tax consultancy	392	267
Other services	231	241
	1.442	**1.292**

	Group 2024 DKK '000	Group 2023 DKK '000	Parent Company 2024 DKK '000	Parent Company 2023 DKK '000
3 | Staff costs				
Average number of full time employees	2.220	2.246	21	22
Wages and salaries	171.392	155.116	13.505	13.129
Pensions	23.218	21.887	2.048	1.969
Social security costs	12.448	11.133	196	205
	207.058	**188.136**	**15.749**	**15.303**
Remuneration of Executive Board	2.807	2.703	2.807	2.703
Remuneration of Board of Directors	599	479	599	479
	3.406	**3.182**	**3.406**	**3.182**
4 | Income from investments in subsidiaries				
Income from investments in subsidiaries	0	0	20.417	22.519
	0	**0**	**20.417**	**22.519**

Notes

	Group		Parent Company	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
5 | Other financial income				
Interest income from group enterprises	0	0	2.157	2.729
Other financial income	28.322	9.126	10.105	6.687
	28.322	**9.126**	**12.262**	**9.416**

Other financial income includes foreign exchange gains amounting to DKK 28.189k for the group in 2024.

	Group		Parent Company	
6 | Other financial expenses				
Interest expenses to group enterprises	98	310	98	388
Other financial expenses	31.009	10.153	7.803	7.546
	31.107	**10.463**	**7.901**	**7.934**

Other financial expenses includes foreign exchange losses and interest expenses amounting to DKK 19.154k and DKK 11.855k for the group in 2024.

	Group		Parent Company	
7 | Tax on profit/loss for the year				
Calculated tax on taxable income of the year	12.795	8.586	3.863	2.838
Adjustment of deferred tax	-2.366	2.040	342	3.080
	10.429	**10.626**	**4.205**	**5.918**

	Group		Parent Company	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
8 | Proposed distribution of profit				
Proposed dividend for the year	7.100	8.700	7.100	8.700
Extraordinary dividend	8.700	0	8.700	0
Allocation to reserve for net revaluation under the equity method	0	0	20.417	22.361
Retained earnings	19.521	34.759	-896	12.398
	35.321	**43.459**	**35.321**	**43.459**

Notes

9 | Intangible assets

DKK '000	Group: Acquired concessions, patents, licences, trademarks and similar rights	Group: Goodwill
Cost at 1 January 2024	396	1.153
Exchange adjustment at closing rate	-21	0
Additions	290	0
Cost at 31 December 2024	**665**	**1.153**
Amortisation at 1 January 2024	324	703
Exchange adjustment at closing rate	-15	0
Amortisation for the year	115	115
Amortisation at 31 December 2024	**424**	**818**
Carrying amount at 31 December 2024	**241**	**335**

10 | Property, plant and equipment

DKK '000	Group: Land and buildings	Group: Production plant and machinery
Cost at 1 January 2024	144.513	77.859
Exchange adjustment at closing rate	-901	-739
Additions	22.001	9.755
Disposals	-3.740	-1.710
Cost at 31 December 2024	**161.873**	**85.165**
Depreciation and impairment losses at 1 January 2024	34.918	53.617
Exchange adjustment	126	-262
Reversal of depreciation of assets disposed of	-136	-1.237
Depreciation for the year	5.187	8.363
Depreciation and impairment losses at 31 December 2024	**40.095**	**60.481**
Carrying amount at 31 December 2024	**121.778**	**24.684**
Finance lease assets		4.124

Notes

10 | Tangible fixed assets (continued)

	Group	
DKK '000	Other plant, fixtures and equipment	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2024	82.388	3.916
Exchange adjustment at closing rate	801	-66
Additions	11.508	5.131
Disposals	-5.463	0
Cost at 31 December 2024	**89.234**	**8.981**
Depreciation and impairment losses at 1 January 2024	64.076	0
Exchange adjustment	718	
Reversal of depreciation of assets disposed of	-1.404	
Depreciation for the year	6.434	
Depreciation and impairment losses at 31 December 2024	**69.824**	**0**
Carrying amount at 31 December 2024	**19.410**	**8.981**
Finance lease assets	743	

Notes

10 | Tangible fixed assets (continued)

DKK '000	Parent Company Land and buildings	Parent Company Other plant, fixtures and equipment
Cost at 1 January 2024	10.071	11.651
Additions	0	1.462
Cost at 31 December 2024	**10.071**	**13.113**
Depreciation and impairment losses at 1 January 2024	9.581	7.615
Depreciation for the year	13	1.198
Depreciation and impairment losses at 31 December 2024	**9.594**	**8.813**
Carrying amount at 31 December 2024	**477**	**4.300**

Finance lease assets		743

11 | Financial non-current assets

DKK '000	Group Investments in subsidiaries	Group Other investments
Cost at 1 January 2024	0	13
Cost at 31 December 2024	**0**	**13**
Carrying amount at 31 December 2024	**0**	**13**

DKK '000	Parent Company Investments in subsidiaries	Parent Company Other investments
Cost at 1 January 2024	71.756	13
Additions	7.384	0
Cost at 31 December 2024	**79.140**	**13**
Revaluation at 1 January 2024	170.383	0
Exchange adjustment	1.105	0
Profit/loss for the year	20.531	0
Revaluation at 31 December 2024	**192.019**	**0**
Impairment losses and amortisation of goodwill at 1 January 2024	115	0
Amortisation of goodwill	115	0
Impairment losses and amortisation of goodwill at 31 December 2024	**230**	**0**
Carrying amount at 31 December 2024	**270.929**	**13**

Notes

11 | Fixed asset investments (continued)

Investments in subsidiaries

Name and domicil	Ownership
Hjort Knudsen Polen Spólka Z.O.O., Polen	100 %
Hjort Knudsen Norge AS, Norge	100 %
Hjort Knudsen Sverige AB, Sverige	100 %
Michael Tyler Furniture (UK) Limited, England	100 %
Hjort Knudsen India Private Limited, Indien	100 %
Hjort Knudsen US INC, USA	100 %
Hjort Knudsen Ukraine LLC, Ukraine	100 %
Scandico Furniture Ltd., Polen	100 %

Notes

12 | Deferred tax assets

	Group		Parent Company	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Deferred tax assets, beginning of year	3.863	5.903	0	0
Deferred tax of the year, income statement	3.946	-2.040	0	0
Deferred tax of the year, equity	1.036	0	0	0
Deferred tax assets 31 December 2024	**8.845**	**3.863**	**0**	**0**

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

13 | Derivative financial instruments

The group has entered into forward exchange contracts for currency hedging of future sales denominated in PLN and USD for a total of approx. DKK 155.058k. The contracts expires in the period January 2025 - June 2026.

Compared to the forward rate at the balance sheet date, the contracts have a positiv value of approx. DKK 5.135k.

The unrealised exchange adjustment has been deducted from the equity.

14 | Prepayments

Prepayments refer to transactions that have been paid but are deferred, ensuring expenses are allocated to the correct accounting period

15 | Share capital

	2024 DKK '000	2023 DKK '000
Allocation of Share capital:		
A-shares, 900 unit in the denomination of 1.000 DKK	900	900
	900	**900**

16 | Provision for deferred tax

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

Notes

	Group		Parent Company	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Deferred tax, beginning of year	0	0	1.663	-3.068
Deferred tax of the year, income statement	1.580	0	342	3.080
Deferred tax of the year, equity	0	0	-1.036	1.651
Provision for deferred tax 31 December 2024	**1.580**	**0**	**969**	**1.663**

17 | Other provisions

Other provisions refer to anticipated costs for claims in the upcoming financial years.

18 | Long-term liabilities

	Group			
DKK '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Debt to mortgage credit institution	2.759	350	1.540	3.092
Bank debt	26.334	0	0	43.260
Lease liabilities	3.665	1.631	0	1.421
	32.758	**1.981**	**1.540**	**47.773**

	Parent Company			
DKK '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Debt to mortgage credit institution	2.759	350	1.540	3.092
Lease liabilities	468	310	0	572
	3.227	**660**	**1.540**	**3.664**

19 | Contingencies etc.

Contingent liabilities
Unrecognized rental and leasing contracts until expiry amount to DKK 6.607k for the group as of December 31, 2024.

Joint liabilities
The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Ellen og Klaus Hjort Holding ApS, which serves as management Company for the joint taxation.

Notes

20 | Charges and securities

Group
Mortgage debt and bank debt are secured by property collateral. The accounting value amounts to DKK 47.116k.

Parent Company
Mortgage debt and bank debt are secured by property collateral. The accounting value amounts to DKK 477k.

Guarantees for Affiliated Companies
The parent company has guaranteed the bank debt of affiliated companies. The bank debt in affiliated companies amounts to DKK 80.529k.

21 | Related parties

The Company's related parties include:

Controlling interest
Klaus Hjort Knudsen, Lunddalsvej 17 6800 Varde, is the principal shareholder.

Transactions with related parties
The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

22 | Information on significant uncertainties at recognition and measurement

Due to the war in Ukraine, there is some uncertainty associated with the recognition of the group's assets in Ukraine. The events are not expected to affect the recognition of assets as of December 31, 2024 but the valuation after the balance sheet date depends on several external factors that management cannot influence.

The gross assets in Ukraine are recognized at approximately DKK 98 million as of December 31, 2024 and the net assets amount to approximately DKK 74 million in the consolidated financial statements.

23 | Consolidated Financial Statements

The company is included in the consolidated financial statements of Ellen and Klaus Hjort Knudsen ApS, Lunddalsvej 17, 6800 Varde, CVR number: 31 49 80 74.

Accounting Policies

The Annual Report of Hjort Knudsen A/S for 2024 has been presented in accordance with the provisions of the Danish large-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Change in accounting policies and classification
The accounting policies have been changed in the following areas:

As of the financial year 2024, the Group has changed its accounting policy regarding the presentation of the fair value reserve for currency translation of foreign entities. This item is now presented in a separate line item within the specification of consolidated equity.

The change is solely a reclassification between equity components and has no effect on total equity, net assets, or profit for the year. The purpose of the change is to enhance the transparency and clarity of the equity breakdown in the consolidated financial statements.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Hjort Knudsen A/S and the subsidiaries in which Hjort Knudsen A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Income Statement

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Accounting Policies

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group’s and the Company’s activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries
The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company’s accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company’s Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Balance Sheet

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired Company’s position in the market and earnings profile, and the industry-specific conditions.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Accounting Policies

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Buildings	10-40 years
Production plant and machinery	5-22 years
Other plant, fixtures and equipment	2-7 years

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets
for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Accounting Policies

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Investments in subsidiaries with negative equity value are measured at DKK 0. Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment. To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

Fixed asset investments also include other investments that are not expected to be disposed of. These are measured at cost, as the equity investments are unlisted."

Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Accounting Policies

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

Warranty obligations include commitments to rectify defects and deficiencies within the warranty period.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Accounting Policies

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

The capitalised remaining lease liability on finance lease contracts is also recognised as financial liabilities.

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in the fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in the fair value of derivative financial instruments related to hedging of future cash flows are recognised in Equity to the extent, that the conditions for this purpose are fulfilled. The value adjustments are recognised in a fair value reserve for hedging for accounting purposes until the hedged transaction is realised or the hedging ceases is adjusted downward. Upon realisation the accumulated value of the hedging instrument together with the hedged transaction is recognised in the Income Statement, unless the hedging transaction results in recognition of a non-financial asset or a non-financial liability. In this case, the amount is transferred from Equity to the cost price or carrying amount of this asset or liability.

Where a hedging is no longer effective, in part or in full, the accumulated value in Equity is transferred in full or proportionally to the financial income or expenses in the Income Statement. Changes in the fair value of derivative financial instruments which the Company might elect not to transfer to hedging for accounting purposes are also recognised here. Tax on the movements in the hedging reserve is recognised, which is transferred to tax in the Income Statement as the reserve is being dissolved.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Accounting Policies

Cash Flow Statement

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include cash at bank.