

# Hjort Knudsen A/S

Stabelhøjvej 1, 6880 Tarm  
CVR No.: 21 62 09 98

Annual Report 2025

1 January - 31 December

The Annual Report has been presented and adopted at the  
Company's Annual General Meeting on 23 March 2026

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Ellen Mønsted

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The BDO logo is positioned on a large red triangle that points towards the bottom right corner of the page. The logo itself consists of the letters 'BDO' in a bold, white, sans-serif font, with a horizontal line underneath the letters.

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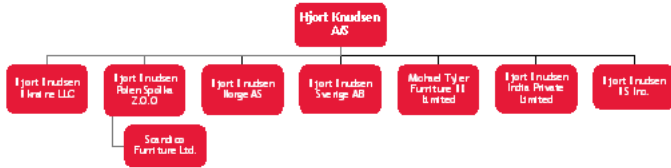
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## Company Details

<b>Company</b>	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
<b>Board of Directors</b>	Ellen Mønsted, chairman Klaus Hjort Knudsen Dennis Vad Lauridsen Torben Skov Villadsen
<b>Executive Board</b>	Klaus Hjort Knudsen Ole Sodtmann Bundgaard
<b>Auditor</b>	BDO Statsautoriseret Revisionspartnerselskab 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 2025.

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 2025 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2025.

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, 23 March 2026

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 2025, 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 2025 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 2025 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.

# Independent Auditor's Report

## 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.

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, 23 March 2026

BDO Statsautoriseret Revisionspartnerselskab  
CVR no. 45 71 93 75

Jørn Jepsen  
State Authorised Public Accountant  
MNE no. mne24824

Stig Petersen  
State Authorised Public Accountant  
MNE no. mne35464

## Financial Highlights of the Group

	2025 DKK '000	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000
<b>Income statement</b>					
Net revenue	869.316	836.642	810.944	786.169	792.070
Gross profit/loss	323.162	275.807	264.695	205.657	257.688
Operating profit/loss before depreciation and amortisation (EBITDA)	93.211	68.749	76.559	21.609	69.872
Operating profit/loss of main activities	73.036	48.535	55.422	2.369	49.028
Financial income and expenses, net	-14.788	-2.785	-1.337	-19.070	-5.802
Profit/loss for the year before tax	58.248	45.750	54.085	-16.701	43.227
Profit/loss for the year	47.257	35.321	43.459	-14.129	34.639
<b>Balance sheet</b>					
Total assets	527.315	535.882	533.517	517.340	543.245
Equity	261.220	259.590	244.236	186.976	224.745
<b>Cash flows</b>					
Investment in property, plant and equipment	-19.018	-48.395	-21.972	-22.851	-80.067
<b>Key ratios</b>					
Gross margin	37,2	33,0	32,6	26,2	32,5
Equity ratio	49,5	48,4	45,8	36,1	41,4
Return on equity	18,1	14,0	20,2	-6,9	16,7

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

Gross margin:

$$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$$

Equity ratio:

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

Return on equity:

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

# 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, Hjort Knudsen India Private Ltd. 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

Due to the ongoing war in Ukraine, there is some uncertainty related to the valuation of the Group's assets located in Ukraine. The affected assets amount to DKK 95 million. Future measurement depends on political and economic developments beyond management's control.

Further details are provided in note 1 of the consolidated and parent financial statements.

## Development in activities and financial and economic position

The Group's annual result for 2025 showed a profit after tax of 47,257 t. DKK, compared to a profit of 35,321 t. DKK in 2024. The result met expectations, and the Board considers it satisfactory.

## Profit/loss for the year compared to the expected development

Our expectations for 2025 were optimistic - despite the high degree of political uncertainty's effect on the economy and the effect of the Ukrainian war on the Group's production facilities - since our product offering continues to be competitive in terms of design, quality and price.

2025 turned out to be better than anticipated. Order intake increased by 6% in DKK compared to 2024 - earnings were negatively affected by high salary increases in Eastern Europe in local currency, but positively affected by the depreciation in the value of American Dollar and the Ukrainian Hryvnia, and this contributed to the higher-than-expected earnings.

Geographically, the Group continued to realize the majority of its revenue in 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

Revenue for 2026 is expected to be at a similar level as in 2025, while earnings before taxes are expected to be lower - in the range of DKK 35-45 million - due to wage inflation and normalization of currency effects.

The recent war in Iran and its potential negative effect on petrol prices, raw-material-prices and transportation makes this estimate more uncertain than normally.

## Management Commentary

### Hjort Knudsen's statement on Corporate Social Responsibility (CSR) in 2025

This CSR statement covers policies, actions, due diligence processes, results, risks and KPIs for some of the areas of Environment & Climate, Social & Employee Conditions, Human Rights, and Anti corruption & Bribery.

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.

### EUDR and CSR-D status

In 2025, EUDR was officially postponed by twelve months, following amendments introduced in late 2025. The new compliance deadline for large and medium operators, hereunder Hjort Knudsen, is now 30 December 2026.

The regulation remains unchanged in principle, requiring Hjort Knudsen to have deforestation-free products, compliance with national law and traceability with geolocation coordinates. To support our EUDR-alignment, we have partnered with an EUDR Due Diligence software provider.

This partnership enables us to stay on top of our EUDR compliance and increases the traceability and transparency in our supply chains. Close collaboration with our suppliers—both within and outside the EU—is essential to succeed. Collecting accurate geolocation data and ensuring compliance across all our sourcing regions requires strong engagement and shared responsibility throughout the supply chain.

### CSRD (Corporate Sustainability Reporting Directive)

Following the changes in scope introduced under the Omnibus-package in December 2025, Hjort Knudsen is no longer within the mandatory scope of the Corporate Sustainability Reporting Directive (CSRD). The updated thresholds for legally required reporting now apply only to companies with more than 1,750 employees and annual turnover above €450 million. While sustainability remains an important element in our daily operations—such as increasing supply chain transparency, reducing waste, and optimizing material utilization—Hjort Knudsen will not conduct CSRD-aligned sustainability reporting.

### 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.

# Management Commentary

## Hjort Knudsen's statement on Corporate Social Responsibility (CSR) in 2025 (continued)

### 1. Environment and Climate

#### Policies

Hjort Knudsen aims to reduce its environmental impact by optimizing raw material consumption, reducing waste, minimizing emissions through improved logistics, and sourcing solid wood exclusively from sustainable European forests.

#### Actions

- Optimization of resource use across production sites
- Increased automation reducing chemical and glue consumption
- AI based logistics routing to minimize transport emissions
- Adoption of European sourced sustainable wood

#### Due Diligence Processes

Hjort Knudsen performs occasionally environmental risk assessments across production facilities, and monitors waste handling, emissions and chemical use in certain production countries. Non compliance triggers follow up with corrective action plans supervised by management.

#### Results

During 2025, the Group improved materials utilization, reduced glue consumption due to automation, and increased transportation efficiency. Quantitative performance metrics will be further developed for future reporting periods.

#### Risks

Hjort Knudsen recognizes environmental risks related to production, transportation and energy use, which may negatively impact climate and local environments.

#### KPIs

The Group does not currently apply quantitative KPIs within this area.

The Group continuously monitors developments qualitatively and will evaluate the relevance of introducing KPIs in the future if this is considered meaningful and value adding.

### 2. Social Conditions and Employees

#### Policies

Hjort Knudsen ensures equal opportunities for all employees and applies its core values—innovation, commitment, profitability and decency—as guiding principles. Working conditions comply with local laws, and human rights form the basis of leadership and HR practices worldwide.

#### Actions

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 Knudsen's physical and psychological work environment:

## Management Commentary

### Hjort Knudsen's statement on Corporate Social Responsibility (CSR) in 2025 (continued)

- Mandatory breaks and protective equipment in high risk areas
- Extraction systems in wood and glue departments
- Height adjustable desks and ergonomics initiatives
- Clear safety zoning in production facilities
- Compliance with EU chemical limits
- Annual medical checks (Poland) and occupational therapist visits (offices)
- HR presence on production floors in all countries
- Health, safety and well being incorporated into daily management routines

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.

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.

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.

### 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 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.

### Due Diligence Processes

The Group conducts regular workplace inspections, daily team leader monitoring, structured HR reporting, incident management procedures and annual employee development discussions. Health and safety protocols are documented and reassessed annually.

### Results

In 2025, Hjort Knudsen gave a bigger amount to SOS, Ukraine due to the Groups good financial result. Hjort Knudsen continued production at five locations in Western Ukraine. The situation, although challenging, is considered stable despite the ongoing war.

In 2025, Hjort Knudsen continued its collaboration with an educational institution in Ukraine (partly via ILO) to expand technical training. Hjort Knudsen is prepared to provide machinery to the school and offer internships.

In 2025, Hjort Knudsen supported the Danish fundraising campaign for cancer research and treatment "Knæk Cancer".

Furthermore, employee well being programs and ergonomic initiatives have improved local health and safety conditions.

# Management Commentary

## Hjort Knudsen's statement on Corporate Social Responsibility (CSR) in 2025 (continued)

### Risks

Key employee risks relate to physical working conditions, machinery related hazards, repetitive work, and workload peaks in production seasons.

### KPIs

The Group has introduced KPIs such as:

- Absenteeism rate
- Employee turnover
- Employee satisfaction

Hjort Knudsen works with satisfaction surveys and is in an ongoing process of gathering employee input. The work will continue in 2026. The responses from employees are used both to improve conditions in everyday life and as an indicator of general satisfaction.

## 3. Human Rights

### Policies

The Group adheres to the UN human rights framework and applies these principles to employees, suppliers, customers and partners.

### Actions

- Fair wages and working conditions across all countries
- Protection of employee health and safety
- Equal opportunities in recruitment and development

### Due Diligence Processes

The Group performs supplier screenings, monitors country specific labor market risks, and maintains direct HR oversight of all production facilities.

### Results

No human rights violations were identified in 2025. Continuous engagement with suppliers supports high compliance levels.

### Risks

Human rights risks primarily relate to operating in regions with increased political instability or lower regulatory enforcement. Risks include limited transparency in deeper supply chain tiers.

### KPIs

The Group does not currently apply quantitative KPIs within this area.

The Group continuously monitors developments qualitatively and will evaluate the relevance of introducing KPIs in the future if this is considered meaningful and value adding.

## 4. Anti corruption and Bribery

### Policies

The Group maintains a strict zero tolerance policy towards corruption, bribery and other improper business practices. All leaders, sales personnel and agents are subject to the Group's Code of Conduct, which sets clear expectations for ethical behavior in dealings with authorities, suppliers, customers and other stakeholders. Anti corruption guidelines are included in onboarding and reinforced continuously throughout employment.

# Management Commentary

## Hjort Knudsen's statement on Corporate Social Responsibility (CSR) in 2025 (continued)

### Actions

- Training programs on anti corruption, ethical conduct and fraud prevention under our "Code of conduct"-initiative, which we focus more on in 2026
- Strengthening of internal approvals and segregation of duties
- Centralized contract management ensuring transparency and oversight
- Randomized review of sales orders, investment budgets and commercial agreements
- Ongoing communication of ethical standards across the organization

### Due Diligence Processes

The Group performs regular assessments of corruption risks through documented internal control procedures, screening of business partners in higher risk jurisdictions, periodic compliance reviews and well defined escalation processes for suspected irregularities. Transactional and contractual processes are subject to enhanced controls to ensure alignment with the Group's ethical standards.

### Results

The Group's strengthened governance framework and awareness initiatives have contributed to maintaining a robust control environment.

### Risks

Corruption risks primarily relate to cross border sales activities, use of external agents and engagement in markets with elevated regulatory or economic risk. These risks are mitigated through systematic due diligence procedures, partner screening and continuous monitoring of business practices.

### KPIs

The Group does not currently apply quantitative KPIs within this area.

The Group continuously monitors developments qualitatively and will evaluate the relevance of introducing KPIs in the future if this is considered meaningful and value adding.

### 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 responsible use of sensitive data.

In general, the Group emphasizes 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, continue although resource-demanding, since it requires ongoing monitoring and control. This ongoing monitoring and control were systematized further in 2025, and the work continues in 2026 with additional initiatives.

## Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000
<b>Net revenue</b>	2	<b>869.316</b>	<b>836.642</b>	<b>814.457</b>	<b>785.805</b>
Other operating income		3.422	2.641	192	8
Expenses for raw materials and consumables		-416.680	-411.588	-702.792	-696.285
Other external expenses	3	-132.896	-151.888	-64.207	-57.820
<b>Gross profit/loss</b>		<b>323.162</b>	<b>275.807</b>	<b>47.650</b>	<b>31.708</b>
Staff costs	4	-229.951	-207.058	-16.130	-15.749
Depreciation, amortisation and impairment losses for tangible and intangible assets		-20.175	-20.214	-1.423	-1.211
<b>Operating profit</b>		<b>73.036</b>	<b>48.535</b>	<b>30.097</b>	<b>14.748</b>
Income from investments in subsidiaries	5	0	0	24.384	20.417
Other financial income	6	3.174	28.322	4.287	12.262
Other financial expenses	7	-17.962	-31.107	-6.758	-7.901
<b>Profit before tax</b>		<b>58.248</b>	<b>45.750</b>	<b>52.010</b>	<b>39.526</b>
Tax on profit/loss for the year	8	-10.991	-10.429	-4.753	-4.205
<b>Profit for the year</b>	9	<b>47.257</b>	<b>35.321</b>	<b>47.257</b>	<b>35.321</b>

## Balance Sheet at 31 December

		Group		Parent Company	
	Note	2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000
<b>Assets</b>					
Acquired concessions, patents, licences, trademarks and similar rights		1.932	241	1.857	0
Goodwill		220	335	0	0
<b>Intangible assets</b>	10	<b>2.152</b>	<b>576</b>	<b>1.857</b>	<b>0</b>
Land and buildings		112.512	121.778	464	477
Production plant and machinery		25.822	24.684	0	0
Other plant, fixtures and equipment		23.599	19.410	1.272	4.300
Tangible fixed assets in progress and prepayments for tangible fixed assets		4.127	8.981	0	0
<b>Property, plant and equipment</b>	11	<b>166.060</b>	<b>174.853</b>	<b>1.736</b>	<b>4.777</b>
Investments in subsidiaries		0	0	290.079	270.929
Other investments		13	13	13	13
<b>Financial non-current assets</b>	12	<b>13</b>	<b>13</b>	<b>290.092</b>	<b>270.942</b>
<b>Non-current assets</b>		<b>168.225</b>	<b>175.442</b>	<b>293.685</b>	<b>275.719</b>

## Balance Sheet at 31 December

	Note	Group		Parent Company	
		2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000
<b>Assets (continued)</b>					
Raw materials and consumables		106.664	110.764	0	0
Work in progress		67.231	66.010	0	0
Finished goods and goods for resale		65.464	57.617	0	0
Prepayments		285	2.237	0	0
<b>Inventories</b>		<b>239.644</b>	<b>236.628</b>	<b>0</b>	<b>0</b>
Trade receivables		63.688	74.869	55.599	69.186
Receivables from group enterprises		4.175	2.344	56.736	52.626
Deferred tax assets	13	8.423	8.845	0	0
Derivative financial instruments	14	2.170	5.135	2.170	5.135
Other receivables		17.414	17.544	200	63
Prepayments	15	4.519	2.719	657	643
<b>Receivables</b>		<b>100.389</b>	<b>111.456</b>	<b>115.362</b>	<b>127.653</b>
Cash and cash equivalents		19.057	12.356	9.251	2.571
<b>Current assets</b>		<b>359.090</b>	<b>360.440</b>	<b>124.613</b>	<b>130.224</b>
<b>Assets</b>		<b>527.315</b>	<b>535.882</b>	<b>418.298</b>	<b>405.943</b>

## Balance Sheet at 31 December

		Group		Parent Company	
	Note	2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000
<b>Equity and liabilities</b>					
Share capital	16	900	900	900	900
Reserve for net revaluation under the equity method		0	0	207.957	191.789
Fair value reserve for hedge accounting		-100	2.212	-100	2.212
Fair value reserve for currency translation of foreign entities		-43.814	-34.596	0	0
Retained earnings		284.234	283.974	32.463	57.589
Proposed dividend		20.000	7.100	20.000	7.100
<b>Equity</b>		<b>261.220</b>	<b>259.590</b>	<b>261.220</b>	<b>259.590</b>
Provision for deferred tax	17	527	1.580	241	969
Other provisions	18	8.854	7.971	8.854	7.971
<b>Provisions</b>		<b>9.381</b>	<b>9.551</b>	<b>9.095</b>	<b>8.940</b>
Debt to mortgage credit institution		2.045	2.409	2.045	2.409
Bank debt		18.958	26.334	0	0
Lease liabilities		2.966	2.034	104	158
<b>Non-current liabilities</b>	19	<b>23.969</b>	<b>30.777</b>	<b>2.149</b>	<b>2.567</b>

## Balance Sheet at 31 December

	Group		Parent Company	
	2025	2024	2025	2024
Equity and liabilities (continued)	DKK '000	DKK '000	DKK '000	DKK '000
Note				
Debt to mortgage credit institution	364	350	364	350
Bank debt	168.400	172.923	107.504	118.618
Lease liabilities	7.901	1.631	314	310
Prepayments from customers	1.785	1.765	1.785	1.765
Trade payables	24.251	27.778	2.995	4.098
Debt to Group companies	0	0	23.263	4.319
Corporation tax payable	2.245	3.755	6.029	1.549
Other liabilities	27.799	27.762	3.580	3.837
<b>Current liabilities</b>	<b>232.745</b>	<b>235.964</b>	<b>145.834</b>	<b>134.846</b>
<b>Liabilities</b>	<b>256.714</b>	<b>266.741</b>	<b>147.983</b>	<b>137.413</b>
<b>Equity and liabilities</b>	<b>527.315</b>	<b>535.882</b>	<b>418.298</b>	<b>405.943</b>

Information on significant uncertainties at recognition and measurement

1

Contractual obligations and contingencies, etc.

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## Equity

DKK '000	Group					Total
	Share capital	Fair value reserve for hedge accounting	Fair value reserve for currency translation of foreign entities	Retained earnings	Proposed dividend	
Equity at 1 January 2025	900	2.212	-34.596	283.974	7.100	259.590
Proposed profit allocation, see note 9				-743	48.000	47.257
<b>Transactions with owners</b>						
Dividend paid					-7.100	-7.100
Extraordinary dividend paid					-28.000	-28.000
<b>Other legal bindings</b>						
Other adjustments to equity value				1.003		1.003
<b>Change fair value reserves</b>						
Value adjustments in the year		-2.964	-9.218			-12.182
<b>Tax on changes in equity</b>		652				652
<b>Equity at 31 December 2025</b>	<b>900</b>	<b>-100</b>	<b>-43.814</b>	<b>284.234</b>	<b>20.000</b>	<b>261.220</b>

## Equity

DKK '000	Parent Company					Total
	Share capital	Reserve for net revaluation under the equity method	Fair value reserve for hedge accounting	Retained earnings	Proposed dividend	
Equity at 1 January 2025	900	191.788	2.212	57.590	7.100	259.590
Proposed profit allocation, jf. note 9		24.384		-25.127	48.000	47.257
<b>Transactions with owners</b>						
Dividend paid					-7.100	-7.100
Extraordinary dividend paid					-28.000	-28.000
<b>Other legal bindings</b>						
Foreign exchange adjustments		-9.218				-9.218
Other adjustments to equity value		1.003				1.003
<b>Change fair value reserves</b>						
Value adjustments in the year			-2.964			-2.964
<b>Tax on changes in equity</b>			652			652
<b>Equity at 31 December 2025</b>	<b>900</b>	<b>207.957</b>	<b>-100</b>	<b>32.463</b>	<b>20.000</b>	<b>261.220</b>

## Cash Flow Statement 1 January - 31 December

	<u>Group</u>	
	2025	2024
	DKK '000	DKK '000
Profit/loss for the year	47.257	35.321
Depreciation and amortisation, reversed	20.175	20.214
Unrealised exchange gains, reversed	2.118	2.082
Tax on profit/loss, reversed	10.991	10.429
Corporation tax paid	-11.833	-7.482
Change in inventories	-3.016	-10.320
Change in receivables (ex tax)	7.681	24.737
Change in other provisions	883	1.671
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-3.470	-17.062
<b>Cash flows from operating activity</b>	<b>70.786</b>	<b>59.590</b>
Purchase of intangible assets	0	-290
Purchase of property, plant and equipment	-19.018	-48.395
Sale of property, plant and equipment	6.223	8.189
<b>Cash flows from investing activity</b>	<b>-12.795</b>	<b>-40.496</b>
Instalments on loans	-11.318	-19.335
Change in bank debt	-4.523	11.694
Dividends paid in the financial year	-35.100	-17.400
Other cash flows from financing activities	-349	235
<b>Cash flows from financing activity</b>	<b>-51.290</b>	<b>-24.806</b>
<b>Change in cash and cash equivalents</b>	<b>6.701</b>	<b>-5.712</b>
Cash and cash equivalents at 1 January	12.356	18.068
<b>Cash and cash equivalents at 31 December</b>	<b>19.057</b>	<b>12.356</b>
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	19.057	12.356
<b>Cash and cash equivalents</b>	<b>19.057</b>	<b>12.356</b>

## Notes

### 1 | Information on significant uncertainties at recognition and measurement

Due to the ongoing war in Ukraine, there is significant uncertainty related to the recognition and measurement of the Group's assets located in Ukraine. The uncertainty primarily concerns the Group's ability to continue to access and use the assets, as well as the assessment of their future recoverable amount.

As of the balance sheet date, management assesses that no impairment is required. However, the future measurement of the assets depends on factors beyond management's control, including the security and economic developments in the region.

The gross assets in Ukraine are recognized at approximately DKK 95 million as of December 31, 2025 and the net assets amount to approximately DKK 73 million in the consolidated financial statements. A significant deterioration in conditions after the balance sheet date may result in an impairment of these assets.

	Group		Parent Company	
	2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000

### 2 | Net revenue

#### Segment details (geography)

Europe	841.646	808.241	794.358	765.058
Rest of the world	27.670	28.401	20.099	20.747
	<b>869.316</b>	<b>836.642</b>	<b>814.457</b>	<b>785.805</b>

#### Segment details (activities)

Furniture and related accessories	869.316	836.642	814.457	785.805
	<b>869.316</b>	<b>836.642</b>	<b>814.457</b>	<b>785.805</b>

### 3 | Fee to statutory auditor

#### Total fee

BDO	1.099	750
Auditors of foreign subsidiaries	383	692
	<b>1.482</b>	<b>1.442</b>

#### Specification of fee

Statutory audit	827	819
Tax consultancy	80	392
Other services	575	231
	<b>1.482</b>	<b>1.442</b>

## Notes

	Group		Parent Company	
	2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000
<b>4   Staff costs</b>				
Average number of full time employees	2.151	2.220	21	21
<b>Wages and salaries</b>	191.020	171.392	14.620	13.505
<b>Pensions</b>	25.412	23.218	1.305	2.048
<b>Social security costs</b>	13.519	12.448	205	196
	<b>229.951</b>	<b>207.058</b>	<b>16.130</b>	<b>15.749</b>
Remuneration of Executive Board	3.125	2.807	3.125	2.807
Remuneration of Board of Directors	609	599	609	599
	<b>3.734</b>	<b>3.406</b>	<b>3.734</b>	<b>3.406</b>

### 5 | Income from investments in subsidiaries

Income from investments in subsidiaries	0	0	24.384	20.417
	<b>0</b>	<b>0</b>	<b>24.384</b>	<b>20.417</b>

### 6 | Other financial income

Interest income from group enterprises	86	0	1.793	2.157
Other financial income	3.088	28.322	2.494	10.105
	<b>3.174</b>	<b>28.322</b>	<b>4.287</b>	<b>12.262</b>

Other financial income includes foreign exchange gains amounting to DKK 2.438k for the group in 2025.

### 7 | Other financial expenses

Interest expenses to group enterprises	0	98	0	98
Other financial expenses	17.962	31.009	6.758	7.803
	<b>17.962</b>	<b>31.107</b>	<b>6.758</b>	<b>7.901</b>

Other financial expenses includes foreign exchange losses and interest expenses amounting to DKK 9.412k and DKK 8.550k for the group in 2025.

## Notes

	Group		Parent Company	
	2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000
<b>8   Tax on profit/loss for the year</b>				
Calculated tax on taxable income of the year	10.970	12.795	6.029	3.863
Adjustment of tax in previous years	0	0	-1.200	0
Adjustment of deferred tax	21	-2.366	-76	342
	<b>10.991</b>	<b>10.429</b>	<b>4.753</b>	<b>4.205</b>

<b>9   Proposed distribution of profit</b>				
Proposed dividend for the year	20.000	7.100	20.000	7.100
Extraordinary dividend	28.000	8.700	28.000	8.700
Allocation to reserve for net revaluation under the equity method	0	0	24.384	20.417
Retained earnings	-743	19.521	-25.127	-896
	<b>47.257</b>	<b>35.321</b>	<b>47.257</b>	<b>35.321</b>

## 10 | Intangible assets

DKK '000	Group	
	Acquired concessions, patents, licences, trademarks and similar rights	Goodwill
Cost at 1 January 2025	665	1.153
Exchange adjustment at closing rate	-68	0
Transfer	9.178	0
<b>Cost at 31 December 2025</b>	<b>9.775</b>	<b>1.153</b>
Amortisation at 1 January 2025	424	818
Exchange adjustment at closing rate	-49	0
Transfer	6.370	0
Amortisation for the year	1.098	115
<b>Amortisation at 31 December 2025</b>	<b>7.843</b>	<b>933</b>
<b>Carrying amount at 31 December 2025</b>	<b>1.932</b>	<b>220</b>

## Notes

### 10 | Intangible fixed assets (continued)

DKK '000	Parent Company
	Acquired concessions, patents, licences, trademarks and similar rights
Transfers to/from other items	6.846
<b>Cost at 31 December 2025</b>	<b>6.846</b>
Transfer	4.212
Amortisation for the year	777
<b>Amortisation at 31 December 2025</b>	<b>4.989</b>
<b>Carrying amount at 31 December 2025</b>	<b>1.857</b>

### 11 | Property, plant and equipment

DKK '000	Group	
	Land and buildings	Production plant and machinery
Cost at 1 January 2025	161.873	85.165
Exchange adjustment at closing rate	-8.340	-4.985
Additions	3.128	10.818
Disposals	0	-644
<b>Cost at 31 December 2025</b>	<b>156.661</b>	<b>90.354</b>
Depreciation and impairment losses at 1 January 2025	40.095	60.481
Exchange adjustment	-1.261	-2.766
Reversal of depreciation of assets disposed of	0	-591
Depreciation for the year	5.315	7.408
<b>Depreciation and impairment losses at 31 December 2025</b>	<b>44.149</b>	<b>64.532</b>
<b>Carrying amount at 31 December 2025</b>	<b>112.512</b>	<b>25.822</b>
Finance lease assets		12.831

## Notes

### 11 | Tangible fixed assets (continued)

DKK '000	Group	
	Other plant, fixtures and equipment	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2025	89.234	8.981
Exchange adjustment at closing rate	-1.396	-581
Transferred	-9.171	0
Additions	20.139	0
Disposals	-12.721	-4.273
<b>Cost at 31 December 2025</b>	<b>86.085</b>	<b>4.127</b>
Depreciation and impairment losses at 1 January 2025	69.824	0
Exchange adjustment	-577	
Transferred	-6.370	
Reversal of depreciation of assets disposed of	-6.631	
Depreciation for the year	6.240	
<b>Depreciation and impairment losses at 31 December 2025</b>	<b>62.486</b>	<b>0</b>
<b>Carrying amount at 31 December 2025</b>	<b>23.599</b>	<b>4.127</b>

Finance lease assets 855

## Notes

### 11 | Tangible fixed assets (continued)

DKK '000	Parent Company	
	Land and buildings	Other plant, fixtures and equipment
Cost at 1 January 2025	10.071	13.113
Transferred	0	-6.846
Additions	0	241
Disposals	0	-125
<b>Cost at 31 December 2025</b>	<b>10.071</b>	<b>6.383</b>
Depreciation and impairment losses at 1 January 2025	9.594	8.814
Transferred	0	-4.212
Reversal of depreciation of assets disposed of	0	-125
Depreciation for the year	13	634
<b>Depreciation and impairment losses at 31 December 2025</b>	<b>9.607</b>	<b>5.111</b>
<b>Carrying amount at 31 December 2025</b>	<b>464</b>	<b>1.272</b>
Finance lease assets		683

### 12 | Financial non-current assets

DKK '000	Group
	Other investments
Cost at 1 January 2025	13
Cost at 31 December 2025	13
<b>Carrying amount at 31 December 2025</b>	<b>13</b>

## Notes

### 12 | Financial non-current assets (continued)

DKK '000	Parent Company	
	Investments in subsidiaries	Other investments
Cost at 1 January 2025	79.138	13
Additions	2.984	0
<b>Cost at 31 December 2025</b>	<b>82.122</b>	<b>13</b>
Revaluation at 1 January 2025	192.020	0
Exchange adjustment	-9.218	0
Profit/loss for the year	24.498	0
Equity movements	1.003	0
<b>Revaluation at 31 December 2025</b>	<b>208.303</b>	<b>0</b>
Impairment losses and amortisation of goodwill at 1 January 2025	231	0
Amortisation of goodwill	115	0
<b>Impairment losses and amortisation of goodwill at 31 December 2025</b>	<b>346</b>	<b>0</b>
<b>Carrying amount at 31 December 2025</b>	<b>290.079</b>	<b>13</b>

#### Investments in subsidiaries

Name and domicil	Ownership
Hjort Knudsen Polen Spółka 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

### 13 | Deferred tax assets

	Group		Parent Company	
	2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000
Deferred tax assets, beginning of year	8.845	3.863	0	0
Deferred tax of the year, income statement	-1.074	3.946	0	0
Deferred tax of the year, equity	652	1.036	0	0
<b>Deferred tax assets 31 December 2025</b>	<b>8.423</b>	<b>8.845</b>	<b>0</b>	<b>0</b>

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.

### 14 | 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 142.614k. The contracts expires in the period January 2026 - June 2027.

Compared to the forward rate at the balance sheet date, the contracts have a positiv value of approx. DKK 2.170k.

The unrealised exchange adjustment has been deducted from the equity.

The hedging instuments impact the Balance Sheet, Income Statement and Equity as follows:

	Group
	Currency hedging (DKK '000)
Fair value at 31 December 2025	
Assets	2.170
	<b>2.170</b>
Value adjustment in the year recognised in Equity	-2.964

### 15 | Prepayments

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

## Notes

	2025 DKK '000	2024 DKK '000
<b>16   Share capital</b>		
Allocation of Share capital:		
A-shares, 900 unit in the denomination of 1.000 DKK	900	900
	<b>900</b>	<b>900</b>

### 17 | 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.

	Group		Parent Company	
	2025 DKK '000	2024 DKK '000	2025 DKK '000	2024 DKK '000
Deferred tax, beginning of year	1.580	0	969	1.663
Deferred tax of the year, income statement	-1.053	1.580	-76	342
Deferred tax of the year, equity	0	0	-652	-1.036
<b>Provision for deferred tax 31 December</b>				
<b>2025</b>	<b>527</b>	<b>1.580</b>	<b>241</b>	<b>969</b>

### 18 | Other provisions

0-1 years	8.854	7.971	8.854	7.971
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Other provisions refer to anticipated costs for claims in the upcoming financial years.

## Notes

### 19 | Long-term liabilities

DKK '000	Group			
	31/12 2025 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2024 total liabilities
Debt to mortgage credit institution	2.409	364	446	2.759
Bank debt	18.958	0	0	26.334
Lease liabilities	10.867	7.901	0	3.665
	<b>32.234</b>	<b>8.265</b>	<b>446</b>	<b>32.758</b>

DKK '000	Parent Company			
	31/12 2025 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2024 total liabilities
Debt to mortgage credit institution	2.409	364	446	2.759
Lease liabilities	418	314	0	468
	<b>2.827</b>	<b>678</b>	<b>446</b>	<b>3.227</b>

### 20 | Contractual obligations and contingencies, etc.

#### 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.

	Group	Parent Company
	2025 DKK '000	2025 DKK '000
<b>Other financial commitments</b>		
The group has unrecognized rental and leasing contracts		
The total other financial commitments as of the balance sheet date amount to:	13.791	0

## Notes

### 21 | Charges and securities

#### Group

Mortgage debt and bank debt are secured by property collateral. The accounting value amounts to DKK 43.462k.

#### Parent Company

Mortgage debt and bank debt are secured by property collateral. The accounting value amounts to DKK 464k.

#### Guarantees for Affiliated Companies

The parent company has guaranteed the bank debt of affiliated companies. The bank debt in affiliated companies amounts to DKK 30.897k.

### 22 | 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.

### 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 2025 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.

### 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.

### Costs of raw materials and consumables

Raw materials and consumables comprises the costs of raw materials and consumables used to reach the revenue for the year. Additionally, decrease or increase of inventories of raw materials and consumables for the year is included, as well as normal impairment of inventories 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.

### 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.

### 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.

## Accounting Policies

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.

### 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 property, plant and equipment 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.

## Accounting Policies

### 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.

Land and buildings, plants and machines, as well as other fixtures, fittings, tools and equipment are measured at cost with deduction of accumulated depreciations. Land is not depreciated. Investment properties are measured at fair value corresponding to the open market value of the property, where changes to the fair value are recognised in the Income Statement. Inventories are measured at cost according to the FIFO principle with deductions of any depreciations at a lower net realisation value. Receivables and payables are measured at amortised cost.

Received dividend is deducted in the carrying amount of the equity investment.

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.

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.

The portfolio of mortgage deeds includes mortgages, that are expected to be held to maturity and are measured at amortised cost.

## Accounting Policies

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 property, plant and equipment 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.

### 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.

## Accounting Policies

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.

### 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.

## Accounting Policies

### 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.